

MINUTES OF REGULAR MEETING
ROLLING CREEK UTILITY DISTRICT
HARRIS COUNTY, TEXAS

1 November 2017

STATE OF TEXAS
COUNTY OF HARRIS

The Board of Directors (the "Board") of Rolling Creek Utility District (the "District") of Harris County, Texas, met in regular session, open to the public, on the 1st day of November, 2017, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1100, Harris County, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Brian Gardner	President
Adrian Shapiro	Vice President and Investment Officer
Gary Brown	Secretary/Treasurer
Kenneth B. Levenson	Assistant Secretary
Clay Deaton	Assistant Vice President and Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Patricia Rodriguez of Bob Leared Interests, Inc. ("Leared"), representing Bob Leared, the District's Tax Assessor/Collector; Karrie Kay of Myrtle Cruz, Inc., the District's Bookkeeper; Mark Eyring representing Roth & Eyring, PLLC ("Roth & Eyring"), the District's Auditor; Gregg Haan, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Severn Trent – North America, the District's Operator; Matthew May of Best Trash, LLC ("Best Trash"), the District's Solid Waste Collector; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Dick Yale, Will Yale, and David Green of Coats Rose, P.C., the District's Attorney.

Director Gardner called the meeting to order.

Approval of Minutes

First, the Board considered approval of the minutes of the meeting of 4 October 2017. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 4 October 2017, as written.

Harris County Contract Deputy Program / Security Patrol Report

The Directors discussed matters relating to the Contract Deputy Program. Mr. Yale stated that, to date, the Harris County Sheriff's Department had not provided the District's Attorney with the Security Patrol Report for October 2017. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for October 2017, a copy of which is attached hereto as an exhibit to these minutes.]

Tax Assessor/Collector's Report

Next, Ms. Rodriguez submitted the Tax Assessor/Collector's Report for the Board's consideration. She summarized the activity in the District's Tax Account and noted that Leared was requesting approval for two checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$321.21 in penalties and interest assessed on delinquent taxes paid to the District, and two transfers by wire as follows: \$22,759.49 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$50,000.00 to the District's Debt Service Fund. Ms. Rodriguez also noted that the District's 2016 tax levy was 99.3% collected and the 2017 tax levy was 3.4% collected. She called the Board's attention to the list of Top Delinquent Taxpayers, a copy of which is included in the Tax Assessor/Collector's Report.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Report of the Tax Assessor/Collector and to authorize disbursement of the sums from the District's Tax Account as listed therein. A copy of the Report of the Tax Assessor/Collector is attached to and shall be considered to be part of these minutes.

Aerial Photograph of District

Next, Ms. Rodriguez inquired if the Directors desired a new aerial photograph of the District (the "Photograph"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Tax Assessor/Collector to order the Photograph.

Bookkeeper's Report

Next, Ms. Kay distributed the Bookkeeper's Report for the Board's review. She listed the balances in each of the District's accounts and noted investments in each account. Ms. Kay reviewed the activity in each account. She called the Board's attention to the District's bills and the checks prepared in payment thereof.

The Directors then reviewed: (1) the Operating Budget for the fiscal year ending 31 July 2018; (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the Budget Comparison for September 2017; (4) the Cash Flow Comparison table; (5) a table listing the District's power consumption and the amount billed to the District

for electric service; and (6) the Investment Report, copies of which are included with the Bookkeeper's Report.

The Board then completed the review of the District's bills. Upon a motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report and to authorize payment of the District's bills. A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes.

Solid Waste Collection Report

The Directors then reviewed the Monthly Account Summary for the District's solid waste collection service (the "Service") for October 2017 as submitted by Best Trash. A copy of the Monthly Account Summary is attached hereto as an exhibit to these minutes. The Board discussed matters relating to the Service with Mr. May. After review, upon a motion duly made and seconded, the Board voted unanimously to accept the Solid Waste Collection Report.

West Harris County Regional Water Authority

Director Gardner presented a brief report on recent activities of the West Harris County Regional Water Authority (the "Authority"). Mr. Yale submitted to and reviewed with the Board a memorandum from Coats Rose regarding the meeting held on 11 October 2017 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Bridges Lawn Equipment

Next, the Board discussed the request from the owners of the Bridges Lawn Equipment store located at 18502 Clay Road (the "Store") for the installation of a check valve (the "Check Valve") on the sanitary sewer service line for the Store in order to prevent sanitary sewer backups into the building. Mr. Yale reported that pursuant to the discussion at the Board's meeting on 4 October 2017, the District's Attorney had revised the proposed Letter Agreement between the District and the owners of the Store (the "Owners") so that the District would offer the Owners: (1) a credit to the Store's service account with the District in an amount equivalent to the Owners' cost to install the Check Valve but not to exceed \$500.00 (the "Credit"); and (2) an additional Credit in the amount of \$500.00 for the future billing for water and sanitary sewer service from the District, said Credits to be contingent upon execution by the Owners of the Letter Agreement and submission to the District's Operator of proof of installation of the Check Valve. He added that the District's Attorney had transmitted the Letter Agreement to the Owners for review and had not received a response as of this date.

Board of Directors Meeting / 6 December 2017

The Directors next discussed matters relating to the 6 December 2017 meeting of the Board to be held in or near the District (the "December Meeting"). Mr. Yale

reported that the Pine Forest Country Club located at 18003 Clay Road would not be available for the December Meeting due to ongoing repair work related to the Hurricane Harvey flooding event (the "Flooding Event"). He informed the Board that a residence located at 4203 Grand Sunnyview Lane in the District would be available for the December Meeting. Mr. Yale then distributed to the Board copies of a map denoting the location of the residence, a copy of which is attached hereto. After discussion, the Directors agreed to meet at 4203 Grand Sunnyview Lane on Wednesday, 6 December 2017.

Annual Financial Report for Fiscal Year Ended 31 July 2017

The President recognized Mr. Eyring, who submitted to and reviewed with the Board the draft Annual Financial Report for the District (the "Report") for the fiscal year ended 31 July 2017 (the "Fiscal Year"). He reviewed with the Board (1) the District's combined fund balances as of the end of the Fiscal Year; (2) the District's total net assets; (3) the District's capital assets; (4) the amount of the District's bonded debt payable; (5) the Notes to Financial Statements; and (6) the Statement of Net Position and Governmental Funds Balance Sheet. Mr. Eyring reviewed with the Board the draft Management Letter prepared in connection with the Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) approve the draft of the Annual Financial Report for the District for the fiscal year ended 31 July 2017; (2) authorize Mr. Eyring to finalize the Annual Financial Report; (3) authorize Director Gardner to execute the Affidavit of Filing of Annual Financial Report and the letter of representations to Roth & Eyring; and (4) authorize the District's Attorney to file the finalized Annual Financial Report with the Texas Commission on Environmental Quality (the "Commission") and other governmental agencies as required. Copies of the draft Annual Financial Report are filed in the permanent records of the District. Attached hereto as exhibits to these minutes are (1) the letter of representations; and (2) a letter from the District's Attorney in connection with the Annual Financial Report.

Review of District's Investment Policy

Next, the Board reviewed the District's investment strategies, pursuant to the requirements of the Public Funds Investment Act. The Board reviewed the strategies for each of the District's accounts. The Board also reviewed the List of Authorized Brokers included as Exhibit "A" to the RESOLUTION EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

Continuing Disclosure

Mr. Yale reported that the District's consultants are preparing the necessary materials to fulfill the continuing disclosure requirements of the Securities and Exchange

Commission ("SEC") pursuant to SEC Rule 15c2-12 prior to the deadline of 31 January 2018.

Proposed Website for the District

Next, the Board discussed matters relating to the proposed establishment of an internet website for the District (the "Website"). After discussion, the Board directed the District's Attorney to solicit proposals from Off Cinco and Triton Consulting Group for (1) the design and creation of the Website; and (2) hosting services for the Website.

Engineer's Report

Next, Mr. Haan reviewed the Engineer's Report with the Board. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

Proposed Relocation of Water Line and Sanitary Sewer Force Main on Clay Road Bridge

The Board discussed matters relating to the proposed relocation of the District's 12-inch water line and 10-inch sanitary sewer force main (the "District Lines") that are mounted on the side of the Clay Road Bridge over Bear Creek in the District (the "Bridge") pursuant to the Interlocal Agreement dated 3 May 2017 between the District and Harris County (the "County") in connection with the construction contract between Harris County and WadeCon/Menade, Inc. ("WadeCon") for the widening of Clay Road and the Clay Road Bridge (the "Bridge Project"). Mr. Haan reported that WadeCon had completed the temporary relocation of the District Lines and anticipates that the installation of the new Bridge deck would begin in two weeks. Installation of the permanent District Lines on the new Bridge is expected to begin in mid-December 2017, he told the Board. Mr. Haan noted that he was attending the construction meetings between the County and WadeCon relating to the Bridge Project.

Wastewater Treatment Plant / Proposed Expansion

Next, the Board discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for construction of the 200,000 gallons-per-day package plant Train 3 Section (the "Plant Expansion") of the District's Wastewater Treatment Plant (the "Plant"). Mr. Haan reported that T&C had mobilized on-site and had begun foundation preparation and improvements to the access road. He stated that the Train 3 Section is being manufactured off-site and will be delivered to the Plant site during the week of 4 December 2017.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 5

The Directors then discussed the contract between Woodmere and Clearwater Utilities, Inc. ("Clearwater") for the construction of water, sanitary sewer, and drainage

facilities to serve Grand Oaks Subdivision, Section 5 (the "Section 5 Utilities"). Mr. Haan reported that Clearwater had completed the installation of the water lines and sanitary sewer lines, as well as most of the storm sewer lines. He stated that the storm sewer outfall and storm water quality feature will be installed once the Outfall Permit is issued by the U.S. Army Corps of Engineers (the "Corps"). He added that issuance of the Outfall Permit was anticipated within a few days.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 6

The Directors then discussed the contract between Woodmere and Clearwater for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 6 (the "Section 6 Utilities"). Mr. Haan reported that the Notice to Proceed on the Section 6 Utilities was issued to Clearwater with a commencement date of 30 October 2017 and a contract completion date of 8 January 2018.

Storm Water Drainage / Grand Oaks Subdivision, Sections 5 and 6

Mr. Haan reported that LJA had been working with Horizon Environmental Services, Inc., an LJA company, in order to procure the necessary permits (the "Drainage Permits") for storm water drainage from Sections 5 and 6 of Grand Oaks Subdivision ("Grand Oaks") into Bear Creek and the drainage ditch that runs north of Grand Oaks, Sections 6 and 10. He informed the Board that the District's applications for the Drainage Permits had been submitted to the Corps and were undergoing review.

Wastewater Discharge Permit Renewal

Then Mr. Haan discussed the status of the renewal application (the "Application") for the District's discharge permit that was submitted to the Commission on 22 August 2017. He reported that the Commission had acknowledged receipt of the Application and had deemed it to be administratively complete. Mr. Haan added that authorization from the Commission to publish the first public notice in connection with the Application was expected this week.

Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate

Next, the Board discussed the proposed installation of a flap gate (the "Flap Gate") on the 10-inch storm sewer outfall (the "Outfall") through which storm water drains from Amesbury Park Subdivision ("Amesbury Park") into Bear Creek in order to prevent the possible backflow of storm water from Bear Creek into Amesbury Park under certain conditions (the "Backflow"). Mr. Haan recalled that the estimated cost to purchase and install the Flap Gate was approximately \$70,000. He explained to the Board that the proposed Flap Gate would potentially protect Amesbury Park from Backflow to the level of Bear Creek when it is within its banks. Mr. Haan explained further that the Flap Gate could protect Amesbury Park from Backflow when the level of Bear Creek was below 113.4 feet above sea level, which is the elevation of the high

bank of Bear Creek (the "Bank Elevation"). When the level of Bear Creek exceeds the Bank Elevation, he continued, the flood waters would overtop Bear Creek and enter Amesbury Park via overland flow. Mr. Haan submitted to and reviewed with the Board a chart prepared by the District's Engineer showing that the Flap Gate would operate to prevent Backflow when the level of Bear Creek was between 113 feet and 113.4 feet above sea level. A copy of the chart is included with the Engineer's Report. He pointed out to the Board that the level of Bear Creek was recorded at 114.9 feet above sea level during the 18 April 2016 flooding event in portions of Harris County and 114.6 feet above sea level during the Hurricane Harvey Flooding Event. A discussion ensued regarding the proposed Flap Gate. The Directors agreed that construction of the Flap Gate would provide moderate mitigation of the flood risk for Amesbury Park with regard to the Backflow. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer move forward with the Flap Gate project.

Mr. Haan then mentioned to the Board that the Harris County Flood Control District (the "HCFCD") was investigating the current condition and capacity of all drainage channels for which it has property rights that flow into the Addicks and Barker Reservoirs. He recalled that on 6 December 2016 the Harris County Commissioners Court had authorized a pilot project to survey and remove silt from three channels, including Bear Creek, in order to restore them to their design capacity, as needed (the "Desilting Project"). Included with the Engineer's Report is a copy of a page from the HCFCD website regarding the status of the Desilting Project.

Request for Service / JTR Constructors, Inc.

Mr. Haan reported that the District's Engineer had received a request from JTR Constructors, Inc., for water and sanitary sewer service to a tract located at 18484 Clay Road in the District.

5.32-Acre Tract on Clay Road / Harris County

Mr. Haan then reported that the District's Engineer had been contacted by the County in connection with the possible development of two tracts in the District totaling 5.32 acres (the "County Tracts") that are owned by the County and are located on Clay Road, west of the Westlake RV Resort. Mr. Haan stated that the County had requested that the District's Engineer provide a Letter of No Objection to the County with regard to the possible development of the County Tracts for use as a County Park. Director Levenson expressed his concern that the County Tracts could possibly be used by the County as a car impoundment lot or similar facility. Mr. Yale remarked that the District's consultants would need to obtain additional information regarding the proposed development of the County Tracts.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report.

Operations Report

Ms. Bonilla-Odums distributed the Operations Report for the Board's consideration. She reported that the District had produced 129,000 gallons of water from its own wells and had purchased 12,439,000 gallons of water from the Authority during the period of 6 September to 5 October 2017, with an accountability rate of 115.5% (the "Accountability Rate"). Ms. Bonilla-Odums reported that the District has 1,217 active connections. She informed the Board that one residential connection was installed during October 2017. She noted that the Plant operated with its average level of flow at 55% of its rated capacity during the reporting period.

A discussion ensued regarding the Accountability Rate. Ms. Bonilla-Odums explained that because of the Flooding Event the District's Operator had to estimate the water usage by the District's customers during the September 2017 billing period.

Ms. Bonilla-Odums then reviewed with the Board (1) the Major Expenses Maintenance Summary for the District's water distribution and sanitary sewer systems; and (2) the Major Sewer Plant Maintenance Summary for the Plant for October 2017, copies of which are included with the Operations Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Operations Report. A copy of the Operations Report is attached to these minutes as an exhibit.

Storm Sewer System / Proposed Flushing and Cleaning

The Board discussed matters relating to the proposed flushing and cleaning of the District's storm sewer system in stages, beginning with Amesbury Park (the "Flushing"). Ms. Bonilla-Odums reported that the District's Operator was soliciting a proposal for the Flushing.

Termination of Service

Ms. Bonilla-Odums then requested that the Board authorize termination of services to the accounts delinquent in the payment of invoices from the District for water and sewer services. A copy of the Termination Letter list is included with the Operations Report. Ms. Bonilla-Odums said that all of the accounts on the list had been provided with the required notifications pursuant to the District's Consolidated Rate Order. She noted that 61 letters had been sent out with a due date of 13 November 2017. The Board observed that there were no persons present to protest their billings from the District. Upon a motion duly made and seconded, the Board voted unanimously to authorize termination of services to the accounts that remain unpaid on the deadline date. Consideration was then given to waiving termination of water service to delinquent accounts for residences in Amesbury Park for the October 2017 billing period in view of the Hurricane Harvey Flooding Event.

Upon a motion duly made and seconded, the Board voted unanimously to (1) authorize termination of water service to the accounts that remain unpaid on the deadline date; and (2) waive termination of water service to delinquent accounts for residences in Amesbury Park for the October 2017 billing period.

Customer Write-Off Report

Ms. Bonilla-Odums reviewed with the Board the list of delinquent utility service accounts to be written off (the "Customer Write-Off Report") as prepared by the District's Operator. A copy of the Customer Write-Off Report is included with the Operations Report. It was noted by the Board that there were three delinquent service accounts in the total amount of \$184.85 that would be written off and turned over to a collection agency, and one delinquent service account in the amount of \$10.29 that would be written off. After review, upon a motion duly made and seconded, the Board voted unanimously to write-off the delinquent utility service accounts and direct the District's Operator to engage a collection agency to pursue collection of the amounts owed to the District by the delinquent utility service accounts listed in the Customer Write-Off Report.

Developer's Report

Next, Mr. Patel and Mr. Rue each presented a brief report on development in Grand Oaks. Mr. Rue informed the Board that during the period of January to October 2017 there had been 58 sales of lots in Grand Oaks. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Developer's Report.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Grand Oak Subdivision / Utility Easements

Mr. Yale reported that the District's Attorney was preparing certain utility easements in connection with the development of Grand Oaks (the "Easements") as requested by Richfield and Woodmere. He proposed that all future requests for the Easements be submitted to Mr. Haan, who would then forward said requests to the District's Attorney. The Directors expressed their agreement with this proposed procedure.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Attorney's Report.

There being no further business to come before the Board, the meeting was adjourned.

Secretary, Board of Directors

SEAL

Rolling Creek Utility District
Meeting of 1 November 2017
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Solid Waste Collection Report;
5. Map of 42013 Grand Sunnyview Lane;
6. Letter of Representations / Annual Financial Report;
7. Coats Rose letter / Annual Financial Report;
8. RESOLUTION EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES;
9. Engineer's Report; and
10. Operations Report.