

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

3 October 2018

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 3rd day of October, 2018, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, 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 with the exception of Director Shapiro, 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; Gregg Haan, P.E., and Patrick Newton, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Treacy Ware of Off Cinco, the District's Webmaster; 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. ("Coats Rose"), the District's Attorney.

Director Gardner called the meeting to order.

Approval of Minutes

The Board first considered approval of the minutes of the meeting of 5 September 2018. Director Brown requested a revision to page 5 of the minutes. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 5 September 2018, as amended.

Harris County Contract Deputy Program / Security Patrol Report

The Directors discussed matters relating to the Contract Deputy Program. Mr. Will Yale stated that, to date, the Harris County Sheriff's Department had not provided the District's Attorney with the Security Patrol Report for September 2018. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for September 2018, 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 seven checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$1,533.34 in penalties and interest assessed on delinquent taxes paid to the District, and the transfer of \$1,307.95 in revenues from the tax for maintenance and operations to the District's Operating Fund. Ms. Rodriguez also noted that the District's 2017 tax levy was 99.4% 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.

Hearing on Proposed Tax Rate

The Board then convened a public hearing to discuss the proposed tax rate for the 2018 tax year (the "Tax Rate"). The Directors noted that there were no taxpayers of the District in attendance who desired to address the Board regarding the Tax Rate.

Adopt Order Levying Taxes

Next, the Directors reviewed an ORDER LEVYING TAXES as prepared by the District's Attorney. Then, upon a motion duly made and seconded, the Board voted unanimously to adopt a debt service tax rate of \$0.45 per \$100 of assessed valuation. The Board then, upon a motion duly made and seconded, voted unanimously to adopt a maintenance tax rate of \$0.25 per \$100 of assessed valuation and to adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered a part of these minutes. Also attached as an exhibit to these minutes is an Affidavit of Publication for the Notice of Public Hearing on the 2018 Tax Rate.

Amendment to Information Form

The Board then considered Amendment Number 42 to the District's Information Form (the "Amendment") that states the District's most recent tax rate and will be filed with the Texas Commission on Environmental Quality (the "Commission") and in the Official Public Records of Real Property of Harris County, Texas. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the Amendment as approved is attached hereto and shall be considered part of these minutes.

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 2019; (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the Budget Comparison for September 2018; (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

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for September 2018 on behalf of Best Trash, LLC, the District's Solid Waste Collector. A copy of the Monthly Account Summary is attached hereto as an exhibit to these minutes. 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 reported 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 12 September 2018 by the Authority's board of directors (the "Authority Board"). A copy of the memorandum is attached hereto as an exhibit to these minutes.

Mr. Yale then called the Board's attention to a letter dated 13 September 2018 from the Authority (the "Authority Letter"), a copy of which is attached hereto. He noted that the Authority Board anticipates implementing increases in its groundwater pumpage fee (the "Pumpage Fee") and surface water fee (the "Surface Water Fee") in order to fund the water supply projects that are needed to meet the Harris-Galveston Subsidence District (the "Subsidence District") groundwater reduction regulations and to avoid the \$8.75 per 1,000 gallons ("k/gal") that the Subsidence District imposes for noncompliance. According to the letter, he continued, the Authority Board anticipates increasing the Pumpage Fee from \$2.70 per k/gal to \$2.95 per k/gal and the Surface Water Fee from \$3.10 per k/gal to \$3.35 per k/gal, effective 1 January 2019. Mr. Yale noted that the Authority Board would consider adoption of the proposed Pumpage Fee and the Surface Water Fee at its meeting on 14 November 2018.

District Website

Next, the Directors discussed matters relating to the operation of the District's internet website (the "Website"). The Board discussed the proposed distribution of postcard mailers (the "Postcard Mailers") to encourage the District's customers to register through the Website to receive alerts and other messages from the District by electronic mail. Ms. Ware submitted for the Board's consideration a proposal from Off Cinco (the "Proposal") to prepare and mail approximately 1,251 Postcard Mailers to the District's customers at a cost of \$1,650. She stated that the Postcard Mailers would include photographs taken of the entrances to the Grand Oaks and Amesbury Park subdivisions (the "Entrances"). Ms. Ware noted that Off Cinco would submit a proof of the Postcard Mailer for review prior to printing and distribution. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Proposal and authorize Off Cinco to prepare the Postcard Mailers; and (2) authorize Off Cinco to take photographs of the Entrances, as needed. A copy of the executed Proposal is attached hereto as an exhibit to these minutes.

Series 2018 Bonds / Bond Application Report

Then the Board discussed matters relating to the proposed sale of the District's Series 2018 Bonds (the "Bonds"). Mr. Yale recalled that the District's Bond Application Report had been received by the Commission and had been declared to be administratively complete of 14 August 2018. He stated that, to date, the Commission had not issued its Staff Memorandum or the Order authorizing the sale of the Bonds. A discussion ensued regarding the possible schedule for the sale of the Bonds. Mr. Yale remarked that it would likely be necessary for the Board to schedule special meetings in order to market the Bonds and close the sale of same by the end of calendar year 2018.

Bear Creek Desilting Project / Harris County

The Board then discussed matters relating to the request from Lecon, Inc., for vehicular access to Bear Creek through the District's sanitary sewer lift station site located at 3910 Barker-Cypress Road (the "Lift Station") in connection with Harris

County's project to dredge and remove silt from Bear Creek (the "Desilting Project"). Mr. Yale submitted to and reviewed with the Board a draft Interlocal Agreement between the District and the Harris County Flood Control District (the "HCFCD"), in which the District would grant to the HCFCD a temporary right of entry and construction easement for the purpose of contractor ingress and egress through the Lift Station site, and conducting certain construction activities in connection with the Desilting Project. A discussion ensued regarding the Interlocal Agreement. Director Levenson requested that Section 5 of the Interlocal Agreement be revised to state that HCFCD would restore the Lift Station site, including any damage caused to the Lift Station components, the perimeter fence, or residential fences or barriers adjacent to the Lift Station site, to the condition it was in prior to commencement of the Desilting Project. The Board agreed.

Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Interlocal Agreement as amended. A copy of the Interlocal Agreement as approved by the Board is attached hereto as an exhibit to these minutes.

Association of Water Board Directors – Texas / Fall Seminar

The Board discussed the Fall Seminar to be held on 30 October 2018 by the Association of Water Board Directors – Texas at the Omni Houston Hotel at Westside. The Directors noted that the upcoming 86th Regular Session of the Texas Legislature would be the topic of the Fall Seminar. Director Brown stated that he would attend the Fall Seminar.

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.

Wastewater Treatment Plant / Proposed Expansion

The Board discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for the construction of the 200,000 gallons-per-day package plant Train 3 Section of the District's Wastewater Treatment Plant (the "Plant Expansion"). Mr. Haan recalled that no deficient items were noted by the District's Engineer during the final inspection that took place on 4 September 2018. He stated that, to date, T&C had not submitted the final Pay Estimate for the Plant Expansion project.

Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate

Next, the Board discussed the contract with Division III + Constructors, Inc. ("Division III") to construct a flap gate on the storm sewer outfall (the "Flap Gate") through which storm water drains from Amesbury Park Subdivision ("Amesbury Park") into Bear Creek (the "Flap Gate Project"). Mr. Haan recalled that the contractor submittals had been approved and that Division III had ordered the Flap Gate components. Mr. Haan remarked that Division III would proceed with the rehabilitation

of a portion of the storm sewer outfall prior to the delivery of the Flap Gate components. A discussion ensued with regard to providing notification to the residents of Amesbury Park regarding the construction activity relating to the Flap Gate project. Mr. Dick Yale recommended that the District's Engineer prepare a statement regarding the Flap Gate Project and the Desilting Project that could be posted on the Website.

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

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 6 (the "Section 6 Utilities"). Mr. Haan reported that Clearwater had addressed the punch list items that were noted during the final inspection of the Section 6 Utilities that was conducted on 27 August 2018. Accordingly, he continued, LJA was striving to schedule the re-inspection of the Section 6 Utilities with Harris County.

Clearing and Grubbing / Sections 7, 8, and 9 Grand Oaks Subdivision

Then the Board discussed the contract between Woodmere and Crosstex Construction, Inc. ("Crosstex") for the proposed clearing and grubbing of Sections 7, 8, and 9 of Grand Oaks Subdivision (the "Clearing"). Mr. Haan reported that Change Order No. 1 to the Clearing contract had been approved by Woodmere to provide for the recommended cleaning of siltation and debris from an existing storm sewer outfall that was not anticipated during the bidding of the Clearing project. He noted that Change Order No. 1 would increase the cost of the Clearing contract by \$4,000.00. A copy of Change Order No. 1 is attached hereto as an exhibit to these minutes.

Mr. Haan then informed the Board that Woodmere intended to advertise for bids for the construction of water, sanitary sewer, and drainage facilities to serve Sections 7, 8, and 9 of Grand Oaks Subdivision.

Request for Service / JTR Constructors, Inc.

The Directors briefly discussed the request from JTR Constructors, Inc., for water and sanitary sewer service to a tract located at 18484 Clay Road in the District (the "JTR Tract"). Mr. Haan stated that the District's Engineer had been informed that the owners of the JTR Tract intended to sell the property.

5.32-Acre Tract on Clay Road / Harris County / Bear Creek Community Center

The Board next discussed matters relating to the possible development by Harris County of two tracts in the District totaling approximately 5.32 acres (the "County Tracts") that are located on Clay Road, west of the Westlake RV Resort. Mr. Haan recalled that on 5 September 2018 the District's Engineer had received a request on behalf of Harris County Precinct 3 for the commitment of water and wastewater

treatment capacity equal to 18 equivalent single-family connections ("ESFQ") for a proposed development by Harris County in the County Tracts, which would consist of the Bear Creek Community Center (the "Community Center"). Attached hereto as an exhibit to these minutes is a copy of a letter dated 5 September 2018 from Edward C. Streich, P.E. of Lockwood, Andrews & Newnam, Inc., (called "LAN"), the engineer for the Community Center project. Mr. Haan stated that the District's Engineer had determined that the District's Wastewater Treatment Plant (the "Plant") has sufficient organic capacity and hydraulic capacity so that 18 ESFQs of wastewater treatment capacity may be committed for the Community Center. He noted that Harris County was seeking to replat the County Tracts into a single tract. Mr. Haan then distributed to the Board copies of the elevations and schematic design for the Community Center as provided by LAN (the "Elevations"). A copy of the Elevations is attached hereto as an exhibit to these minutes.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to transmit a letter to LAN stating that the District has sufficient water and wastewater capacity to serve the proposed Bear Creek Community Center project. A copy of a letter dated 8 October 2018 from the District's Engineer to LAN is attached hereto as an exhibit to these minutes.

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 276,000 gallons of water from its own wells and had purchased 16,353,000 gallons of water from the Authority during the period ending 6 September 2018, with an accountability rate of 96.8%. Ms. Bonilla-Odums reported that the District has 1,261 active connections. She informed the Board that two residential connections were installed during September 2018. She noted that the Plant operated with its average level of flow at 54% of its rated capacity during the reporting 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 September 2018, 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.

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 79 letters had been sent out with a due date of 10 October 2018. 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.

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. The Board noted that there were two delinquent service accounts in the total amount of \$17.80 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 listed in the Customer Write-Off Report.

Possible Sale of Auxiliary Generator

The Board then discussed matters relating to an auxiliary generator at the Plant (the "Generator") that was no longer in use. Mr. Dick Yale discussed with the Board the procedures to be followed with regard to selling the surplus Generator. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to investigate options for selling the Generator as surplus equipment.

Developer's Report

Next, Mr. Rue presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that during September 2018 there were three sales in Grand Oaks. Mr. Rue added that, year-to-date, there had been 41 sales and 36 closings in Grand Oaks. He then reported that Woodmere was working to obtain agency approval for the proposed construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Sections 7 and 9. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Developer's Report.

Attorney's Report

Mr. Will Yale presented the Attorney's Report.

Advanced Review of Compliance History

Mr. Yale reviewed with the Board the TCEQ Advanced Review of Compliance History ("ARCH") report, a copy of which is attached hereto as an exhibit to these minutes. He explained that the Commission rates the compliance history of all organizations under Title 30, Texas Administrative Code, Chapter 60, evaluates the compliance history of each site, and classifies each site as "High," "Satisfactory," "Unsatisfactory," or "Unclassified." Mr. Yale stated that the District's Attorney had registered as an ARCH user for the District and had forwarded copies of the ARCH reports for the District to the District's Engineer and Operator. He noted that the District and the Plant had each received a Compliance History Classification of "High."

H2Bid Energy

Mr. Yale reviewed with the Board an electronic mail message received though the Website from Glenn Oliver of H2bid, regarding the H2bid Energy program for the group purchase of electricity by utility districts. A copy of the electronic mail message is attached hereto. The Board declined to take any action with regard to this matter.

Drought Contingency Plan and Water Conservation Plan

Finally, Mr. Yale reviewed with the Board a letter dated 14 September 2018 from the Commission stating that under Texas Water Code Chapter 11 and Title 30 Texas Administrative Code Chapter 288, certain entities are required to submit an updated Water Conservation Plan, Water Conservation Implementation Report, or updated Drought Contingency Plan to the Commission every five years. A copy of the letter is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the District would be required to update its Drought Contingency Plan but would not be required to submit the updated Drought Contingency Plan to the Commission. He noted that the District would not be required to submit a Water Conservation Plan to the Texas Water Development Board.

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.

SEAL



Secretary, Board of Directors

Rolling Creek Utility District
Meeting of 3 October 2018
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. ORDER LEVYING TAXES;
4. Affidavit of Publication for the Notice of Public Hearing;
5. Amendment Number 42 to the District's Information Form;
6. Bookkeeper's Report;
7. Best Trash Monthly Account Summary;
8. Coats Rose memo / WHCRWA;
9. Letter from WHCRWA / anticipated increases in groundwater pumpage fee and surface water fee;
10. Proposal from Off Cinco / Postcard Mailers;
11. Interlocal Agreement with Harris County Flood Control District;
12. Engineer's Report;
13. Change Order No. 1 / Clearing and Grubbing contract;
14. Letter from Lockwood, Andrews & Newnam, Inc. / capacity request for Bear Creek Community Center;
15. Elevations of Bear Creek Community Center;
16. Letter from LJA Engineering to Lockwood, Andrews & Newnam, Inc. / capacity request for Bear Creek Community Center;
17. Operations Report;
18. TCEQ Advanced Review of Compliance History report;
19. Email from H2Bid; and
20. Letter from TCEQ / Water Conservation Plan and Drought Contingency Plan.