

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

5 December 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 5th day of December, 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, thus constituting a quorum.

Also present were Patricia Rodriguez of Bob Leared Interests, Inc. ("Leared"), representing Bob Leared, the District's Tax Assessor/Collector; Julie Williams representing Rathmann & Associates, L.P., the District's Financial Advisor; 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; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); Deputy Carlos Escobar of the Harris County Sheriff's Department (the "Sheriff's Department"); 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 meetings of 29 October 2018 and 7 November 2018. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of meetings of 29 October 2018 and 7 November 2018, as written.

Harris County Contract Deputy Program / Security Patrol Report

The Directors discussed matters relating to the Contract Deputy Program. Mr. Will Yale presented the Board with copies of the Security Patrol Report for October 2018 as prepared by the Sheriff's Department. A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. Deputy Escobar discussed security related items with the Board. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Security Patrol Report.

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 five checks written on the District's tax account, and two transfers by wire as follows: \$20,079.01 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$35,000.00 to the District's Debt Service Fund. Ms. Rodriguez also noted that the District's 2017 tax levy was 99.5% collected and the 2018 tax levy was 4.7% 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.

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 October 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 November 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 14 November 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 15 November 2018 from the Authority (the "Authority Letter"), a copy of which is attached hereto. He noted that the Authority Board had approved the proposed increase in its groundwater pumpage fee (the "Pumpage Fee") and surface water fee (the "Surface Water Fee") at its meeting on 14 November 2018. Effective 1 January 2019, he continued, the Pumpage Fee will be increased to \$2.95 per 1,000 gallons ("k/gal") of groundwater pumped, and the Surface Water Fee will be increased to \$3.35 per k/gal.

District Website

Next, the Directors discussed matters relating to the operation of the District's internet website (the "Website"). Mr. Yale reviewed with the Board an electronic mail message from Off Cinco, the District's Webmaster, stating that as of 1 December 2018 there were 35 individuals who had registered through the Website to receive alerts and other messages from the District by electronic mail. A copy of the electronic mail message is attached hereto. Mr. Yale then reviewed with the Board an electronic mail message dated 21 November 2018 that was received through the Website from Lloyd Granger, who inquired about a sinkhole that was developing near a storm sewer line at 4826 Magnolia Creek Road. Mr. Yale reviewed an email dated 29 November 2018 from the District's Operator to Mr. Granger, in which Ms. Bonilla-Odums explained that the area described by Mr. Granger was being handled by Harris County (the "County"). Ms. Bonilla-Odums explained in the electronic mail message that the County was performing work on the storm sewer inlet and the sinkhole. Copies of the electronic mail messages from Mr. Granger and the District's Operator are attached hereto as exhibits to these minutes.

Series 2019 Bonds

The Board discussed matters relating to the proposed sale of the District's Series 2019 Bonds (the "Bonds"). Ms. Williams stated that the Texas Commission on

Environmental Quality (the "Commission") had issued the Staff Memorandum recommending approval of the Bonds in the amount of \$6,595,000.00. She recommended that the District issue the Bonds in the full amount of \$6,595,000.00 as approved by the Commission. The Board agreed with the recommendation of the District's Financial Advisor. Ms. Williams submitted to and reviewed with the Board the revised Draft Preliminary Official Statement (the "Draft POS"). A copy of the Draft POS is filed in the permanent records of the District. She reviewed with the Board the contents of the Draft POS, and explained the schedule of events pertaining to the sale of the Bonds. She called attention to the Notice of Sale and the bid forms. She noted that the proposed sale had been submitted for a rating and for bond insurance. Ms. Williams reviewed the Selected Financial Information in detail. She noted that the debt-to-value ratios for the District after the proposed sale of the Bonds were favorable. The numbers demonstrate that the District does not require any growth in assessed valuation to amortize its outstanding bonds and the proposed Bonds, Ms. Williams told the Board.

Ms. Williams recommended that the District have The Bank of New York Mellon Trust Company, N.A., serve as the paying agent/registrars for the Bonds. She then recommended that McCall, Parkhurst & Horton L.L.P. serve as the disclosure counsel for the issue. The Directors agreed to review the bids for the sale of the Bonds at the Board's meeting on 8 January 2019.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Draft POS, as amended, subject to further review by the District's consultants; and (2) adopt the RESOLUTION ADOPTING OFFICIAL NOTICE OF SALE, PRELIMINARY OFFICIAL STATEMENT, AND BID FORM; AUTHORIZING DISTRIBUTION THEREOF; AND AUTHORIZING PUBLICATION OF NOTICE OF SALE. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

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 the County's project to dredge and remove silt from Bear Creek (the "Desilting Project"). Mr. Yale recalled that on 12 November 2018 the District's Attorney had transmitted to the Harris County Flood Control District (the "HCFCD") the execution originals of the Interlocal Agreement between the District and the HCFCD, as approved at the Board's meeting on 3 October 2018, in which the District would grant to 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. Mr. Yale stated that earlier this date the District's Attorney had received from Brandie Johnson, P.E., of the HCFCD a copy of the Interlocal Agreement with proposed revisions as requested by Laura Cahill, Assistant Harris County Attorney (the "Revisions"). Copies of the electronic mail message dated 5 December 2018 from

Ms. Johnson and the Interlocal Agreement with the Revisions are attached hereto as exhibits to these minutes. A discussion ensued regarding the Interlocal Agreement and the Revisions. Mr. Yale remarked that Ms. Cahill objected to certain provisions in the Interlocal Agreement that would require the HCFCD to refund to the District any legal expenses related to (1) the District's review and revisions to the Interlocal Agreement; and (2) arbitration, mediation, or court proceedings used to resolve any dispute that might arise between the District and the HCFCD related to the HCFCD's obligation to restore the Lift Station site to the condition it was in prior to commencement of the Desilting Project. The Directors discussed the need for the HCFCD to proceed with the Desilting Project. Mr. Yale stated that the District's Attorney would confer with Ms. Cahill regarding the Revisions and would strive to present a revised Interlocal Agreement for consideration at the Board's meeting on 8 January 2019.

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 (the "Expansion") of the District's Wastewater Treatment Plant (the "Plant"). Mr. Haan reported that T&C had provided the District's Engineer with the record drawings and also the operation and maintenance manuals for the Expansion project. He stated that the District's Engineer was awaiting submittal of the final pay estimate on the Expansion project from T&C.

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 through which storm water drains from Amesbury Park Subdivision into Bear Creek (the "Flap Gate Project"). Mr. Haan reported that Division III intended to commence construction on the Flap Gate Project during the following week. He noted that construction activity on the Flap Gate Project had been delayed by recent rainfall events in the Houston area

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 re-schedule the County's re-inspection of the Section 6 Utilities.

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 the Clearing was complete and that Crosstex had submitted Pay Estimate No. 1 and FINAL in the amount of \$169,000.00. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve payment of Pay Estimate No. 1 and FINAL on the Clearing project. A copy of Pay Estimate No. 1 and FINAL is attached hereto as an exhibit to these minutes.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 8 Grand Oaks Subdivision

Mr. Haan reported that LJA had received bids for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 8 (the "Section 8 Utilities"). He stated that LJA was now evaluating the bidders and checking references. Mr. Haan stated that the District's Engineer would present a recommendation for the award of the contract for the Section 8 Utilities at the Board's meeting on 8 January 2019.

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

Mr. Haan stated that he had nothing new to report with regard to the proposed development by the 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.

Request for Service / JTR Constructors, Inc.

Mr. Haan stated that he had nothing new to report in connection with the request from JTR Constructors, Inc., for water and sanitary sewer service to a tract located at 18484 Clay Road in the District.

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 259,000 gallons of water from its own wells and had purchased 8,879,000 gallons of water from the Authority during the period ending 2 November 2018, with an accountability rate of 100.9%. Ms. Bonilla-Odums reported that the District has 1,266 active connections. She

informed the Board that five residential connections were installed during November 2018. She noted that the Plant operated with its average level of flow at 62% 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 November 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.

Violation Notice / pH Concentration

Ms. Bonilla-Odums reviewed with the Board a Violation Notice dated 12 November 2018 from the Harris County Pollution Control Service Department (the "Service Department") in connection with a sample taken from Plant Outfall 001 on 18 October 2018 in which the pH concentration exceeded the permitted level. A copy of the letter is attached hereto as an exhibit to these minutes. Mr. Haan remarked that the pH concentration in the effluent was affected by the drinking water being provided by the Authority. He observed that the District's Operator could compensate for the pH concentration by using a liquid feed system at the Plant to add magnesium hydroxide to the effluent (the "Feed System"). Ms. Bonilla-Odums stated that the District's Operator had obtained a price quote in the amount of \$5,680 to install the Feed System at the Plant. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the installation of the Feed System.

Wastewater Treatment Plant / Proposed Autosampler System

Ms. Bonilla-Odums informed the Board that in view of the increased wastewater flow at the Plant following the Expansion project, the District's Operator was required to increase the frequency of sampling and prepare a composite sampling report. She explained that three daily samples would have to be taken on several days each week. Ms. Bonilla-Odums expressed her view that the use of an autosampler system at the Plant (the "Autosampler") would be cost-effective for this procedure. She estimated the cost to install the Autosampler, including labor and construction of a platform, at approximately \$15,700. The Board asked Ms. Bonilla-Odums to prepare a cost-benefit analysis regarding the Autosampler. The Directors then deferred further discussion regarding the Autosampler to a future meeting of the Board.

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 11 December 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.

Developer's Report

Next, Mr. Rue presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that during November 2018 there were six sales and eight closings in Grand Oaks. Mr. Rue added that, year-to-date, there had been 52 sales and 52 closings in Grand Oaks. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Developer's Report.

Mr. Rue then discussed with the Board matters relating to the proposed development of Grand Oaks, Section 6 (called "Section 6"). He informed the Board that the extension of Cypress Bay Drive into Section 6 (the "Roadway Extension") would cross a pipeline easement. Mr. Rue stated that the construction of the elevated portion of the Roadway Extension over the pipeline easement would necessitate the temporary removal of a certain section of existing pavement on Cypress Bay Drive west of Section 6.

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.

Directors Election

Next, the Board discussed matters relating to the 4 May 2019 Directors Election required for the District. Mr. Yale remarked that Directors Shapiro and Brown have terms of office that would expire in 2019. Mr. Yale submitted to and reviewed with the Board a memorandum prepared by the District's Attorney regarding the key dates for the Directors Election, a copy of which is attached hereto as an exhibit to these minutes. Mr. Yale added that the Board would need to adopt an order calling the Directors Election at the 6 February 2019 Board of Directors meeting.

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 2019.

Public Information Act Request

Next, Mr. Dick Yale reported that the District's Attorney had received an electronic mail message dated 23 November 2018 from Paul Martin in which Mr. Martin requested the address of any residences in certain water districts represented by Coats Rose, including the District, for which the water service had been terminated during the period of 1 October to 31 October 2018. A copy of the electronic mail message is attached hereto as an exhibit to these minutes. Mr. Yale stated that the District's Attorney was working to respond to Mr. Martin's request for information.

Violation Notice / Stormwater Quality Management

Then Mr. Will Yale reviewed with the Board two letters dated 1 November 2018 from Sara Briggs Valladares of the Harris County Engineering Department Permit Office, stating that the permanent stormwater quality features located in Grand Oaks Subdivision, Sections 2 and 10 (the "SWQ Features") were in violation of the regulations of the County. Copies of the letters are attached hereto as exhibits to these minutes. According to Ms. Valladares, Mr. Yale told the Board, the SWQ Features were in violation for being in operation without having received a Certificate of Compliance. Mr. Yale stated that the letters had been forwarded to the District's Engineer. Mr. Haan reported that LJA was working with Costello, Inc., the engineer of record for the SWQ Features, to address this matter.

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

Rolling Creek Utility District
Meeting of 5 December 2018
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Solid Waste Collection Report;
5. Coats Rose memo / WHCRWA;
6. Letter from WHCRWA;
7. Email from Off Cinco;
8. Email from Lloyd Granger;
9. RESOLUTION ADOPTING OFFICIAL NOTICE OF SALE, PRELIMINARY OFFICIAL STATEMENT, AND BID FORM; AUTHORIZING DISTRIBUTION THEREOF; AND AUTHORIZING PUBLICATION OF NOTICE OF SALE;
10. Email from Brandie Johnson of HCFCD with proposed revisions to Interlocal Agreement;
11. Engineer's Report;
12. Pay Estimate No. 1 and FINAL / Clearing & Grubbing in Grand Oaks, Sections 7,8 and 9;
13. Operations Report;
14. Letter from Harris County Pollution Control Service Department / Violation Notice;
15. Coats Rose memo / Directors Election;
16. Email from Paul Martin; and
17. Letters from Harris County Engineering Department.