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

3 July 2019

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 July, 2019, 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 Gardner, 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; Patrick Newton, P.E., and Juan Perez, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Don Self representing Inframark LLC, the District's Operator; Deputy Carlos Escobar of the Harris County Sheriff's Department (the "Sheriff's Department"); Kirti Patel representing Richfield Real Estate Corporation; and Dick Yale, Will Yale, and David Green of Coats Rose, P.C., the District's Attorney.

Director Shapiro called the meeting to order.

Approval of Minutes

The Board first considered approval of the minutes of the meeting of 5 June 2019. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 5 June 2019, as written.

Harris County Contract Deputy Program / Security Patrol Report

The Directors discussed matters relating to the Contract Deputy Program. Mr. Will Yale distributed to the Board copies of the Security Patrol Report for May 2019 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, said checks including: the transfer to the District's Operating Fund of $454.19 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of $1,372.05 in revenues from the tax for maintenance and operations to the District's Operating Fund. Ms. Rodriguez also noted that the District's 2018 tax levy was 99.2% 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.

Proposed Agreement for Services of Tax Assessor and Collector

Ms. Rodriguez then submitted for the Board's review and approval a proposed Agreement for Services of Tax Assessor and Collector (the "Agreement") between the District and BLICO, Inc. dba Bob Leared Interests, Inc. (called "BLICO"). Mr. Yale stated that the District's Attorney had reviewed the proposed Agreement. He pointed out to the Board that the Agreement would be between the District and BLICO, rather than with Bob Leared. Ms. Rodriguez called the Board's attention to Exhibit A of the Agreement, which lists the basic services to be provided by the District by BLICO under the Agreement (the "Basic Services"); and Exhibit B of the Agreement, which lists the compensation due to BLICO for providing the Basic Services, as well as the rates to billed for certain additional services. She noted that BLICO would charge a monthly fee of $1,800.00 for 1,572 accounts listed on the District's 2018 tax roll, with additional tax accounts (over 1,572) to be billed at an additional $1.00 per month. She remarked that consulting services would be billed at an hourly rate of $110.00 and clerical services would be billed at an hourly rate of $65.00.

A discussion ensued regarding Article III.(B), which states that the Tax Assessor/Collector shall receive an amount equal to the fees paid by title companies or other for issuing tax certificates (the "Fees"). Mr. Yale requested that Article III.(B) be revised in order to clarify whether the Fees were to be paid by District or by the requesting party. He then recommended that the list of basic on-line computer services referenced in Exhibit "C" be alphabetized.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Agreement with the revisions as proposed by the District's Attorney. The Directors deferred execution of the Agreement to the Board's meeting on 7 August 2019.

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 2019 Bonds; (3) the Budget Comparison for May 2019; (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.

Proposed Operating Budget for Fiscal Year ending 31 July 2020

Ms. Kay called the Board's attention to the proposed Operating Budget for the fiscal year starting 1 August 2019 and ending 31 July 2020 (the "2020 Budget"), a copy of which is included with the Bookkeeper's Report. A discussion ensued regarding the 2020 Budget. The Board then directed Ms. Kay to increase the expense item in the 2020 Budget for the purchase of chemicals from $15,000 to $20,000. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the 2020 Budget, as amended.

Solid Waste Collection Report

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for June 2019 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.

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 stating that as of 2 July 2019 there were 55 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.

Resolution Requesting Approval of Texas Commission on Environmental Quality To Release Funds From Escrow

Mr. Yale then submitted for the Board's review and approval a RESOLUTION REQUESTING THE APPROVAL OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY TO RELEASE FUNDS FROM ESCROW. Mr. Yale recalled that there was $5,784.31 in remaining escrowed funds from the sale of the District's Series 2002 Bonds that could potentially be used to help finance the costs of the emergency repairs to the sanitary sewer lift station serving the Amesbury Park Subdivision (the "Lift Station") as authorized at the Board's meeting on 1 May 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) adopt the Resolution; and (2) authorize the District's Engineer to submit the Resolution to the Texas Commission on Environmental Quality. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

Engineer's Report

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

Sanitary Sewer Lift Station at 3910 Barker-Cypress Road / Emergency Repairs

The Directors then discussed the condition of the Lift Station. Mr. Newton reported on the status of the emergency repairs to the Lift Station as authorized at the Board's meeting on 1 May 2019 (the "Lift Station Repairs"). He stated that the Lift Station Repairs were complete. He stated that the contractor engaged by Harris County (the "County") to dredge and remove silt from Bear Creek (the "Desilting Project") could now access Bear Creek through the Lift Station site.

Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate

Then 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. Newton reported that the Flap Gate Project is complete and that the District's Engineer had issued the Certificate of Completion listing a completion date of 19 June 2019 for the Flap Gate Project. A copy of the Certificate of Completion is included with the Engineer's Report. Mr. Newton then reviewed with the Board several photographs of the Flap Gate Project, copies of which are included with the Engineer's Report.

Then Mr. Newton reported that Division III had submitted Pay Estimate No. 3 and FINAL in the amount of $64,884.00 in connection with the Flap Gate Project. A copy of

Pay Estimate No. 3 and FINAL is included with the Engineer's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 3 and FINAL.

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

The Directors then discussed the contract between Woodmere Development Company, Ltd. ("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 Facilities"). Mr. Newton reported that LJA had received a letter of substantial completion from the County in connection with the Section 6 Facilities.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 7

Then the Directors discussed the contract between Woodmere and Clearwater for the construction of the water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 7 (the "Section 7 Facilities"). Mr. Newton reported that Clearwater had completed the installation of the Section 7 Facilities.

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

The Board then discussed the contract between Woodmere and Clearwater for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 8 (the "Section 8 Facilities"). Mr. Newton reported that Clearwater was continuing the grading activities and had completed construction of the Section 8 Facilities.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 9

Mr. Newton reported that LJA had received the final plan approvals from the County for the proposed construction of the water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 9 (the "Section 9 Facilities"). He stated that advertising for bids on the Section 9 Facilities would follow upon authorization from Woodmere to proceed.

Bear Creek Desilting Project / Harris County

The Board then discussed the status of Desilting Project. Mr. Newton reviewed with the Board several photographs taken of the Desilting Project in the vicinity of the District. Copies of the photographs are included with the Engineer's Report. Mr. Newton informed the Board that on 5 July 2019 the District's Engineer would meet with the

contractor for the Desilting Project and the inspector for the Harris County Flood Control District to initiate the portion of the Desilting Project that will require contractor access through the Amesbury Park Lift Station site. He mentioned to the Board that the driveway at the Lift Station site (the "Driveway") was in poor condition. Mr. Newton recommended that repairs to the Driveway be deferred until the County has completed the Desilting Project.

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

The Directors briefly discussed the proposed development by the County of the Bear Creek Community Center (the "Community Center") on two tracts in the District totaling approximately 5.32 acres that are located on Clay Road, west of the Westlake RV Resort. Mr. Newton recalled that in May 2019 the District's Engineer had transmitted a "No Objection" letter regarding the plans for the Community Center to the design engineer for the Community Center project.

Stormwater Quality Features / Grand Oaks Subdivision, Section 5

Mr. Yale then informed the Board that Woodmere had requested a letter from the District (the "SWQ Letter") to the Harris County Engineering Department (the "Engineering Department") stating that the District would assume responsibility for the management of the Stormwater Quality Features in Grand Oaks Subdivision, Section 5 ("Section 5"). He explained that the SWQ Letter was required by the Engineering Department in connection with its review of the plans for the construction of the water, sanitary sewer, and drainage facilities to serve Section 5. Mr. Yale then submitted for the Board's review and approval the SWQ Letter for Section 5 as prepared by the District's Attorney. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Shapiro to execute the SWQ Letter. A copy of the executed SWQ Letter is attached hereto and shall be considered to be part of these minutes.

Mr. Newton called the Board's attention to the proposal from Storm Water Solutions, LLC (called "SWS"), to perform (1) the inspection and maintenance of the Storm Water Quality Features in Section 5 (the "SWQ Features"); and (2) the annual renewal of the permit for the SWQ Features (collectively, the "SWQ Services"). A copy of the proposal is included with the Engineer's Report. The Board noted that SWS was proposing to perform the SWQ Services for the Section 5 Utilities at an annual cost of $4,250.00.

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

Operations Report

Mr. Self distributed the Operations Report for the Board's consideration. He reported that the District had produced 335,000 gallons of water from its own wells and

had purchased 13,055,000 gallons of water from the West Harris County Regional Water Authority during the period ending 6 June 2019, with an accountability rate of 98.4%. Mr. Self reported that the District has 1,305 active connections. He informed the Board that nine residential connections were installed during June 2019. He noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 62% of its rated capacity during the reporting period.

Mr. Self 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 June 2019, 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.

District Main Water Line

Mr. Self reported that a telecommunications contractor (the "Contractor") had damaged the District's main water line located along Barker-Cypress Road, which resulted in a temporary loss of water service to certain residents of the District. In response to a question from Director Deaton, Mr. Dick Yale stated that the District's Attorney could prepare a letter to the Contractor demanding payment for the District's cost to repair the main water line and for the loss of drinking water.

Wastewater Treatment Plant

The Board discussed the condition of the Plant. Mr. Self reported that the repairs to Blower No. 3 at the Plant, as authorized at the Board's meeting on 5 June 2019, were pending. He then discussed with the Board the status of the replacement of the freeboard on the aeration basin at the Plant (the "Freeboard Replacement") as authorized at the Board's meeting on 5 June 2019. Mr. Self stated that the Freeboard Replacement was expected to be complete in approximately two weeks.

Termination of Service

Mr. Self 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. Mr. Self said that all of the accounts on the list had been provided with the required notifications pursuant to the District's Consolidated Rate Order. 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.

Collections Accounts Listing

Mr. Self reviewed with the Board the Collection Accounts Listing regarding the delinquent utility service accounts to be turned over to a collection agency. The Board noted that there were three delinquent service accounts in the Collection Accounts Listing to be turned over to a collection agency. After review, upon a motion duly made and seconded, the Board voted unanimously to direct the District's Operator to engage a collection agency to pursue collection of the amount owed to the District by the delinquent utility service account listed in the Collection Accounts Listing.

Developer's Report

Next, Mr. Dick Yale presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks") on behalf of Andrew Rue of Woodmere. According to Mr. Rue, he told the Board, there had been there had been six sales and six closings in Grand Oaks during June 2019. Since 1 January 2019, he continued, there had been 40 sales and 32 closings 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. Will Yale presented the Attorney's Report.

86th Texas Legislature

Mr. Yale submitted to and reviewed with the Board a memorandum prepared by the District's Attorney that summarizes certain bills approved by the 86th Texas Legislature – Regular Session (2019) that could affect water district operations. A copy of the memorandum is attached to and shall be considered to be part of these minutes. Mr. Yale discussed in detail the actions that would need to be taken by the District and its consultants with respect to Senate Bill 239; House Bill 305; House Bill 3001; Senate Bill 943; Senate Bill 944; Senate Bill 2; House Bill 933; House Bill 1048; and House Bill 1850. He called the Board's attention to House Bill 1640, which modifies the Texas Government Code regarding open meetings. Mr. Yale commented that the definition of "deliberation" has been modified to include a written exchange as well as a verbal exchange. He added that the law now states that a member of a governmental body commits an offense if the member "knowingly engages in at least one communication among a series of communications that occur outside of a meeting" that concern an issue related to the governmental body in which the individual communications involve fewer than a quorum of Directors but the series of communications involves a quorum.

House Bill 3693 Compliance / Electricity Consumption

Finally, Mr. Yale informed the Board that Chapter 2265 of the Texas Government Code requires Texas political subdivisions to record and make available their utility usage and costs pursuant to House Bill 3693 ("HB 3693") as approved by the 80th

Texas Legislature in 2007. He then submitted for the Board's review the HB 3693 Report for the District for calendar year 2018 as prepared by Public Power Pool. A copy of the HB 3693 Report is attached hereto as an exhibit to these minutes. He noted that the HB 3693 would be posted on the District's Website.

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 3 July 2019
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Solid Waste Collection Report;
5. Email from Off Cinco;
6. RESOLUTION REQUESTING THE APPROVAL OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY TO RELEASE FUNDS FROM ESCROW;
7. Engineer's Report;
8. Letter to Harris County Engineering Department;
9. Operator's Report;
10. Coats Rose memo / 86th Texas Legislature; and
11. HB 3693 Report from P3.