

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

2 October 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 2nd day of October, 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, thus constituting a quorum.

Also present were Patricia Rodriguez of Bob Leared Interests, Inc. ("Leared"), the District's Tax Assessor/Collector; Vanessa Hernandez of Myrtle Cruz, Inc., the District's Bookkeeper; Patrick Newton, P.E., and Travis Harrison, E.I.T., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Don Self representing Inframark LLC ("Inframark"), the District's Operator; 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 4 September 2019. Director Deaton requested a revision to page 2 of the minutes. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 4 September 2019, as amended.

Public Comments

Mr. Green reviewed with the Board an electronic mail message from former District customer LaTanya Mayes regarding the balance of the security deposits on her utility service account with the District. A copy of the electronic mail message is

attached hereto as an exhibit to these minutes. Mr. Self stated that the District's Operator was working with Ms. Mayes to resolve this matter.

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 August 2019 as prepared by the Harris County Sheriff's Department. A copy of the Security Patrol Report 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 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 \$140.28 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of \$292.35 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 99.4% 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 2019 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 2019 Tax Rate.

Amendment to Information Form

The Board then considered Amendment Number 44 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. Hernandez 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. Hernandez 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 2020; (2) the Summary of Costs relating to the District's Series 2019 Bonds; (3) the Budget Comparison for September 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.

Solid Waste Collection Report

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

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 August 2019 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 20 September 2019 from the Authority, a copy of which is attached hereto. He noted that the Authority Board would consider an increase in its groundwater pumpage fee (the "Pumpage Fee") and surface water fee (the "Surface Water Fee") at its meeting on 13 November 2019. If approved by the Authority Board, he continued, the Pumpage Fee would increase from \$2.95 per 1,000 gallons ("k/gal") of groundwater pumped to \$3.20 per k/gal, and the Surface Water Fee would increase from \$3.35 per k/gal of water purchased to \$3.60 per k/gal. Upon approval, he told the Board, both of the proposed rate increases would become effective on 1 January 2020.

Amend Rate Order

Consideration was then given to amending the District's Consolidated Rate Order with respect to the required frequency for inspections to be performed by the District's Operator on the grease traps on sanitary sewer connections of the commercial customers of the District (the "Inspections"). Mr. Self recommended that Section 2.04.D of the Rate Order be revised to state that (1) the Inspections would be performed monthly, rather than once every three months; and (2) the grease traps shall be cleaned a minimum of once every three months. After discussion, the Board agreed to revise the first paragraph of Section 2.04.D of the Rate Order to read as follows:

"D. Grease Trap Inspection and Fees. The District shall require the Customer (the person paying the water/sewer bill) for any establishment that discharges or plans to discharge grease into the District's sanitary sewer system to install a trap to prevent the entry of the discharge into the system, as set forth in the District's Wastewater Control Order. Any person responsible for a discharge requiring a trap shall provide equipment and facilities of a type and capacity approved by the District, locate the trap in a manner that provides ready and easy access for cleaning and inspection, and maintain the trap in effective operating condition. For restaurants and similar developments, the District will require as a minimum one trap and one sampling well per restaurant. It shall be the responsibility of the responsible party that the traps are maintained and serviced. All traps shall be cleaned a minimum of once every three months (quarterly). The District's Operator will inspect the traps at least monthly, more often if conditions warrant. The cost for inspections and analysis will be billed to the party responsible for water and sewer service charges as follows:"

Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to amend the Rate Order as described above. A copy of the amended Rate Order is on file in the permanent records of the District.

Formal Approval / Abandonment of Temporary Utility Easements / Grand Oaks Subdivision, Section 8

The Directors then considered formal approval of their action at their meeting of 4 September 2019, at which they approved the Termination and Release of Temporary Utility Easement instruments for the abandonment by the District of (1) a 4,215-square-foot Temporary Utility Easement; and (2) a 4,223-square-foot Temporary Utility

Easement in Grand Oaks Subdivision, Section 8. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said action.

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.

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

The Directors 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 Facilities"). Mr. Newton stated that he had nothing new to report at this time with regard to the Section 6 Facilities.

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

The Directors next 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 final lot grading for the Section 7 Facilities. He noted that the District's Attorney had prepared a Storm Sewer Easement instrument for execution by Bene Vista Venture for the conveyance to the District of a 0.5512-acre Storm Sewer Easement on the west side of Section 7 of Grand Oaks Subdivision in connection with the proposed Prima Terra development in the District.

Mr. Newton then reported that Clearwater had submitted Pay Estimate No. 3 in the amount of \$15,261.75 in connection with the Section 7 Facilities project. A copy of Pay Estimate No. 3 is included with the Engineer's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve payment of Pay Estimate No. 3.

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 had completed the final lot grading for the Section 8 Facilities. He noted that LJA was preparing the acceptance package on the Section 8 Facilities for submission to Harris County (the "County"). He then informed the Board that there was significant erosion around the offsite storm sewer outfall. LJA is working with Harris County Flood Control District (the "HCFCD") to correct this issue, he told the Board.

Mr. Newton then reported that Clearwater had submitted Pay Estimate No. 6 in the amount of \$22,495.43 in connection with the Section 8 Facilities project. A copy of Pay Estimate No. 6 is included with the Engineer's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve payment of Pay Estimate No. 6.

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

Mr. Newton stated that he had nothing new to report at this time regarding the proposed construction of the water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 9.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 12

Mr. Newton reported that LJA is responding to comments from the reviewing agencies regarding the plans for the proposed construction of the water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 12.

Bear Creek Desilting Project / Harris County

The Board then discussed the status of the project undertaken by the County to dredge and remove silt from Bear Creek (the "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 called the Board's attention to an electronic mail message from Joseph Muniz, P.E., of HCFCD regarding the Desilting Project, a copy of which is included with the Engineer's Report. According to Mr. Muniz, he told the Board, LECON, Inc., had mobilized to the area after completing work at the north end of Bear Creek and will use those crews to work in the Bear Creek area adjacent to the District's sanitary sewer lift station site located at 3910 Barker-Cypress Road.

Request for Water Interconnection / Addicks Utility District

Next, the Board discussed the request from Addicks Utility District ("Addicks UD") regarding the proposed construction of an 8-inch metered water interconnection between the District and Addicks UD. Mr. Newton reported that the attorney for Addicks UD was preparing the proposed Water Supply Agreement between the District and Addicks UD for review by the District's Attorney. He added that the LJA was updating the tables that list the District's water supply capacity and wastewater treatment capacity for review at a future meeting of the Board.

Stormwater Quality Permit Renewal / Sections 2 and 10 of Grand Oaks Subdivision

Mr. Newton reported that Storm Water Solutions, LLC was working to renew the permits for the stormwater quality features in Sections 2 and 10 of Grand Oaks Subdivision.

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 2,870,000 gallons of water from its own wells and had purchased 14,973,000 gallons of water from the Authority during the period ending 5 September 2019, with an accountability rate of 97.1%. Mr. Self reported that the District has 1,333 active connections. He informed the Board that no residential connections were installed during September 2019. He noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 60% 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 September 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.

Request for Adjustment to Service Account

Mr. Self reviewed with the Board an email from Peta Forrester at 4710 Plum Forest Road in the District, who requested an adjustment to her service account with the District. A copy of the electronic mail message is included with the Operations Report. Mr. Self noted that Ms. Forrester's monthly bill for water and sanitary sewer service had increased to \$90 and \$111 recent billing periods, up from the usual amount of approximately \$70. In the electronic mail message, Ms. Forrester that the increased water usage was the result of a leak in the water service line at her residence. The Board noted that Ms. Forrester had provided documentation confirming that the leak in the water service line had been repaired. After discussion, the Board authorized the District's Operator to offer Ms. Forrester a credit of \$60 on her service account.

Water Distribution System / Proposed Survey of Isolation Valves

Next, the Board discussed the condition of the District's water distribution system. Mr. Self reported that on 12 September 2019 the District's Operator repaired a major leak in a main District water line (the "Water Line Repairs"). He remarked that Inframark had to temporarily suspend water to service to the customers in the southern half of the District for 3.5 hours while the Water Line Repairs were completed. Mr. Self then recommended that a survey (the "Survey") be performed on the isolation valves (the "Valves") on the District's water distribution system in order to confirm and map the location of each Valve. He stated that the Survey would include the exercising of each Valve. Mr. Self commented that it would be more advantageous for the District's Operator to invoice the District for the Survey on the basis of time and materials used, rather than according to a unit price for each Valve. The Board agreed.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the Survey.

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. He noted that 96 letters had been sent out with a due date of 9 October 2019. 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 there had been three sales and ten closings in Grand Oaks during September 2019. He added that since 1 January 2019 there had been 53 sales and 53 closings in Grand Oaks. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Developer's Report.

Proposed Development and Financing Agreement / 44-acre Tract / Prima Terra, LLC

Next, Mr. Dick Yale presented the Board with copies of a draft Development and Financing Agreement (the "Agreement") between the District and Prima Terra, LLC ("Prima Terra") in connection with the proposed development of a certain 44-acre tract of land in the District that is located south of Clay Road (the "Prima Terra Tract"). Mr. Yale reviewed the draft Agreement with the Board in depth. He noted that under the

Agreement, the District would reimburse Prima Terra for 70% of its eligible development costs relating to the development of the Prima Terra Tract. He then noted that Richfield would execute the Agreement in its capacity as the manager for Prima Terra. Mr. Yale presented Mr. Patel with a copy of the draft Agreement for review by Richfield. The Directors then deferred action on the Agreement to a future meeting of the Board.

Attached hereto as an exhibit to these minutes is a copy of a letter dated 12 September 2019 from Dominic Leung of Richfield to the District's Attorney, requesting the preparation of the Agreement for the Prima Terra Tract.

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."

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 2 October 2019
Attachments

1. Email from LeTanya Mayes;
2. Security Patrol Report;
3. Tax Assessor/Collector's Report;
4. ORDER LEVYING TAXES;
5. Affidavit of Publication for the Notice of Public Hearing;
6. Amendment Number 44 to the District's Information Form;
7. Bookkeeper's Report;
8. Solid Waste Collection Report;
9. Coats Rose memo / WHCRWA;
10. Letter from WHCRWA / anticipated increase in groundwater pumpage fee and surface water fee;
11. Engineer's Report;
12. Operations Report;
13. Letter from Richfield Real Estate Corporation; and
14. TCEQ Advanced Review of Compliance History report.