MINUTES
INTERSTATE MUNICIPAL UTILITY DISTRICT

September 11, 2018

The Board of Directors (the "Board") of Interstate Municipal Utility District (the "District") met in regular session, open to the public, on the 11th day of September, 2018, at the offices of Allen Boone Humphries Robinson, LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Barry Kaplan	President
Clark Glickman	Vice President
James P. ("Rick") Ellis	Secretary/Treasurer
Larry Smith	Assistant Vice President
Thomas W. Clark	Assistant Secretary/Treasurer

and all of the above were present, except Directors Clark and Smith, thus constituting a quorum.

Also present at the meeting were Mark McGrath of McGrath & Co.; Jan Bartholomew of Robert W. Baird ("Baird"); Tara Klein of Four and One; Kerry Crellin; James Terry of Terry's Landscape LLC; David Patterson of Assessments of the Southwest; Avik Bonnerjee of B&A Municipal Tax Service, LLC; Rose Montalbano of F. Matuska, Inc.; Donnie Reed of LJA Engineering, Inc. ("LJA"); Don Self of Inframark Water & Infrastructure Services ("Inframark"); and Robert A. Seale and Patti Hopper of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the previous meeting. Director Ellis moved to approve the minutes. Director Kaplan seconded the motion, which carried unanimously.

AUDIT FOR FISCAL YEAR ENDED MAY 31, 2018

Mr. McGrath reviewed the audit for the fiscal year ended May 31, 2018. After review and discussion, Director Ellis moved to approve the audit and filing of the same with all required agencies. Director Kaplan seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

Mr. Patterson reviewed the tax assessor/collector's report, a copy of which is attached. He reported that the District's 2017 taxes are 99.12% collected. Following

review and discussion, Director Kaplan moved to approve the tax report and payment of the tax bills. Director Ellis seconded the motion, which was approved by unanimous vote.

Mr. Bonnerjee reviewed the quarterly sales tax report, a copy of which is retained in the District's permanent records. After review and discussion, Director Kaplan moved to approve the report. Director Glickman seconded the motion, which carried unanimously.

2018 TAX RATE

Ms. Bartholomew reviewed Baird's 2018 tax rate recommendation of $0.20 per $100 assessed valuation for maintenance and operation expenses and $0.19 per $100 assessed valuation for debt service, for a total tax of $0.39 per $100 assessed valuation. Mr. Seale stated the District is required to publish the proposed tax rate in a newspaper which has general circulation in the District which also notifies the public of the date of the adoption of the tax rate. After review and discussion, Director Glickman moved to set the public hearing date to adopt the recommended tax rate for October 9, 2018, and authorize the tax assessor/collector to publish notice of same in the Katy Times. Director Ellis seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT AND APPROVE PAYMENT OF BILLS

Ms. Montalbano distributed the bookkeeper's report, including a list of checks presented for payment, and the investment report, copies of which are attached. Director Kaplan then moved to approve the bookkeeper's report, including payment of the bills. Director Glickman seconded the motion. All Directors voted in favor of the motion, thus the motion carried.

SECURITY REPORT

Mr. Crellin discussed security matters. A copy of the security report is attached. After review and discussion, Director Ellis moved to approve the report. Director Glickman seconded the motion, which carried unanimously.

PARK, LAKE, AND TRAIL MAINTENANCE REPORT

Mr. Terry reviewed the monthly park maintenance report and irrigation report. After review and discussion, Director Glickman moved to approve the report and the action items. Director Kaplan seconded the motion, which carried unanimously.

REPORT FROM FOUR AND ONE

Ms. Klein reviewed a proposal from McDonald Electric to reconnect the power line to a church building which was accidentally cut when CenterPoint lowered its

lines. She stated the estimated cost is $21,500. Ms. Klein updated the Board regarding the security building and requested authorization to advertise for bids. After discussion, Director Kaplan moved to approve the proposal submitted by McDonald Electric and authorize advertisement for bids for the security building. Director Glickman updated the Board regarding District park matters.

ENGINEER'S REPORT

Mr. Reed reviewed the engineer's report, a copy of which is attached.

Mr. Reed updated the Board regarding the line relocations and plans for the security building. He stated the estimated cost to run electricity to the building is $10,000.

Mr. Reed updated the Board regarding the design status of the water plant control panel and generator replacement and water plant recoating projects and requested authorization to advertise for bids.

After discussion, Director Ellis moved to approve the engineer's report and the action items, including advertisement for bids for the water plant control panel and generator replacement and water plant recoating projects. Director Glickman seconded the motion, which carried unanimously.

OPERATOR'S REPORT

Mr. Self reviewed with the Board the operator's report, a copy of which is attached. He reported that water accountability for the previous month was 98.8% and stated there were no excursions at the wastewater treatment plant. Director Ellis moved to approve the report and the action items. Director Kaplan seconded the motion, which passed by unanimous vote.

HEARING ON TERMINATION OF SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

The Board next considered termination of utility service to delinquent accounts. Mr. Self reported that the customers on the termination list were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Director Ellis moved that, since the customers on the list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with procedures set forth in the Rate Order. Director Kaplan seconded the motion, which carried unanimously.

Director Kaplan requested Mr. Self to keep Director Ellis and himself apprised of any changes regarding the Carl's Jr. account.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA") MATTERS

The Board discussed the WHCRWA and concurred no action was necessary.

UPDATE ON WEST MEMORIAL MUNICIPAL UTILITY DISTRICT WASTEWATER TREATMENT PLANT ADVISORY COMMITTEE

Director Ellis updated the Board regarding committee matters.

KATY AREA ECONOMIC DEVELOPMENT COUNCIL MATTERS

Director Ellis updated the Board regarding Council matters.

WEBSITE

Director Kaplan stated several issues have been corrected.

PROGRAMMING PARK FACILITIES

Director Kaplan stated a Nottingham Country resident is willing to help with community outreach and the development of a public relations plan for programming the park. He stated he would request additional information from her.

RESIGNATION OF DIRECTOR CLARK

Mr. Seale stated Director Clark submitted his resignation after the last Board of Directors meeting. Director Kaplan moved to accept Director Clark's resignation. Director Ellis seconded the motion, which carried unanimously.

MEETING SCHEDULE

The Board concurred to hold the October 9, 2018, regular meeting at the offices of ABHR.

EXECUTIVE SESSION

At 12:50 p.m., the Board convened in Executive Session.

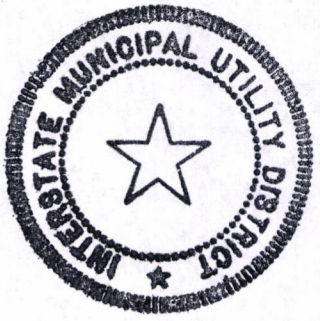
OPEN SESSION

At 1:20 p.m., the Board reconvened in Open Session. Director Kaplan moved to approve the proposal to appraise property. Director Glickman seconded the motion, which carried unanimously.

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

Secretary, Board of Directors

(SEAL)



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ACTION LIST

1. The Board will hold the October 9, 2018, regular meeting at the offices of Allen Boone Humphries Robinson LLP.

LIST OF ATTACHMENTS TO MINUTES

	Minutes Page
Tax assessor/collector's report	1
Bookkeeper's report, list of checks presented for payment, and investment report	2
Security report	2
Engineer's report	3
Operator's report	3