

MINUTES
INTERSTATE MUNICIPAL UTILITY DISTRICT

March 12, 2019

The Board of Directors (the "Board") of Interstate Municipal Utility District (the "District") met in regular session, open to the public, on the 12th of March, 2019, at the regular meeting place 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
Chris Townsend	Assistant Secretary/Treasurer

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

Also present at the meeting were Tara Klein of Four and One; Kerry Crellin; James Terry and Katie Leatherwood of Terry's Landscape LLC; Brittini Silva 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 Townsend moved to approve the minutes. Director Ellis seconded the motion, which carried unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Silva reviewed the tax assessor/collector's report, a copy of which is attached. She reported that the District's 2018 taxes are 96.84% collected. In response to a question from the Board, Ms. Silva stated \$225,000,000 in value is currently being litigated for present and all past years. The Board asked Ms. Montalbano to only budget 90% collections going forward. The Board also asked Ms. Silva to research what percentage of previous years' value was litigated and the settlement total. Following review and discussion, Director Kaplan moved to approve the tax report and payment of the tax bills. Director Townsend 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. He stated he visited with the Comptroller's Office to ensure all businesses are being reported properly. After discussion, Director Kaplan moved to approve the report. Director Townsend seconded the motion, which carried unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board reviewed a proposed Resolution Concerning Exemptions from Taxation. The Board concurred to grant a \$10,000 exemption for persons over 65 and/or disabled as well as a 20% exemption for the residence homesteads of married or unmarried adults, including one living alone, pursuant to Article VII, Section 1-b(e), Texas Constitution. Director Ellis then moved to adopt the Resolution Concerning Exemptions from Taxation granting a \$10,000 exemption for persons over 65 and/or disabled and a 20% exemption for the residence homesteads of married or unmarried adults. Director Townsend 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 Ellis then moved to approve the bookkeeper's report, including payment of the bills. Director Kaplan seconded the motion. All Directors voted in favor of the motion, thus the motion carried.

SECURITY REPORT

Mr. Crellin discussed security matters. Discussion ensued regarding persons using the park for group functions like birthday parties. The Board concurred that all persons should be provided a copy of the rules and asked to acknowledge receipt. Mr. Terry stated his company plans to hold a function at the park. Director Kaplan asked Mr. Terry to take pictures of the function for the website.

Discussion ensued regarding feral hogs. The Board concurred to take action on a case by case basis. After review and discussion, Director Townsend moved to approve the report. Director Ellis seconded the motion, which carried unanimously.

PARK, LAKE, AND TRAIL MAINTENANCE REPORT

Mr. Terry reviewed the monthly park maintenance report and irrigation report, a copy of which is attached. Mr. Terry stated the irrigation at the dry pond near Francesca's Garden is leaking and his team is looking for the shut off valve to turn the system off. Mr. Terry reviewed a task order to mulch and add color to the beds and decomposed granite on the trail. After review and discussion, Director Kaplan moved to approve the report and the action items, including the task order. Director Townsend seconded the motion, which carried unanimously.

REPORT FROM FOUR AND ONE

Ms. Klein updated the Board regarding the security building. Ms. Klein stated the driveway has potholes in need of repair between the Westgreen driveway apron and the west end of the ball fields. She recommended repairing and resealing the area at the driveway apron. After discussion, Director Kaplan moved to proceed with the repairs at a cost not to exceed \$25,000.00. Director Townsend seconded the motion, which carried unanimously. Director Kaplan moved to approve the report and the Spark 1200 proposal. Director Townsend seconded the motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Reed reviewed the engineer's report, a copy of which is attached. Mr. Reed first updated the Board regarding capacity reservations and stated no action was necessary.

Mr. Reed updated the Board regarding the line relocations. He stated CenterPoint is complete and AT&T is underway with their work.

Mr. Reed stated his office is still reviewing the televising survey video. He stated a portion of the concrete trunk line to West Memorial may need to be replaced.

Mr. Reed updated the Board regarding the Water Plant Control Panel and Generator Replacement and stated he is waiting for electrical equipment to arrive to proceed.

Mr. Reed updated the Board regarding the Water Plant and Remote Well Coating Project and stated no action was necessary.

After discussion, Director Kaplan moved to approve the engineer's report. Director Ellis 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 94.7% and stated there were no excursions at the wastewater treatment plant.

Discussion ensued regarding Carl's Jr. Mr. Self stated the account currently stands at \$10,682.48 due, and has been sent to collections.

Mr. Self stated Kingston Villas had a leak and asked that the District adjust their bill. After review and discussion of the known facts, the Board requested Mr. Self to request Kingston Villas to be specific as the type and amount of adjustment they are seeking.

Mr. Self reviewed a list of accounts to be sent to collections.

Director Ellis moved to approve the report. Director Kaplan seconded the motion, which passed by unanimous vote.

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

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.

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

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

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

Mr. Self updated the Board regarding committee matters.

KATY AREA ECONOMIC DEVELOPMENT COUNCIL MATTERS

Director Ellis updated the Board regarding Council matters.

WEBSITE

Director Kaplan updated the Board and stated pictures will be updated soon.

ADOPT ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Mr. Seale stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. He added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Mr. Seale explained that the Board is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. He added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the Board has previously adopted such procedures in writing. Mr. Seale stated that, because the

United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. Mr. Seale reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Kaplan moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Townsend seconded the motion, which passed by unanimous vote.

AGREEMENT WITH HARRIS COUNTY

Mr. Seale stated Mason Creek Utility District is willing to pay for water, sewer, and drainage facilities associated with the project. He stated they have requested an Interlocal Agreement with a 60/40 split. He stated the aggregate amount of the project is approximately \$50,000. After discussion, Director Kaplan moved to authorize an agreement. Director Townsend seconded the motion, which carried unanimously.

MEETING SCHEDULE

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

EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE

At 1:00 p.m., the Board convened in Executive Session to deliberate the purchase, exchange, lease, or value of real property.

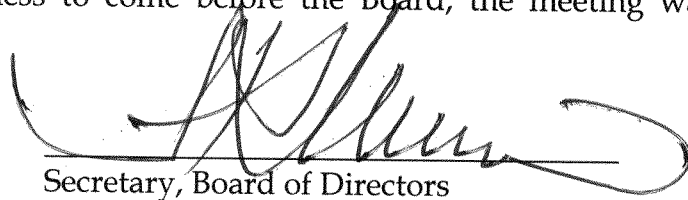
OPEN SESSION

At 1:15 p.m., the Board reconvened in Open Session. No action was taken.

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

(SEAL)




Secretary, Board of Directors

ACTION LIST

1. The Board will hold the April 9, 2019 meeting at the offices of ABHR.

LIST OF ATTACHMENTS TO MINUTES

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