

**FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT  
OF GALVESTON COUNTY, TEXAS**

**SCHEDULE OF BULKHEAD REPAIRS**

TO HARBORWALK OWNERS AND BUILDERS:

Flamingo Isles Municipal Utility District of Galveston County, Texas (the “District”) is a political subdivision of the State of Texas which was formed as a water control and improvement district pursuant to Chapters 49 and 51 of the Texas Water Code. It is governed by a board of five directors (the “Board”), who are elected by the eligible voters within the jurisdiction of the District, which covers the Harborwalk development.

The District was formed (i) to finance the cost of the water, sewer and bulkhead facilities in Harborwalk, (ii) to dredge the Harborwalk canals, and (iii) to maintain the bulkheads. The District has been granted a maintenance easement over the bulkheads in Harborwalk. It is funded by property owners’ taxes.

Since the District was activated in 2003, the District has performed bulkhead maintenance in Harborwalk. In recent years, the Board has adopted an annual schedule for bulkhead repairs, which consists of the following:

(1) District engineer inspects the bulkhead in November-December, taking into account input which has been received from residents and property owners regarding bulkhead problems;

(2) District engineer prepares an inspection report for consideration of the Board in January or February;

(3) Board discusses inspection report and provides engineer with guidance on establishing the priority of repairs. The Board will consider:

- Location of problem—is it near existing houses or a lot where building is expected to occur?
- Severity of problem—is it a safety issue?
- Impact on system—will the problem worsen unless it is repaired soon?

(4) Board adopts an annual fiscal year budget by March 31 of each year, which includes an amount for bulkhead repairs;

(5) During the spring, the District engineer follows public bidding laws to solicit bids for repair of the bulkhead;

(6) Board awards a contract for bulkhead repairs in late spring, in accordance with public bidding laws;

(7) During the summer, contractor makes as many bulkhead repairs as possible within the budget amount (25 locations have been repaired in 2013);

(8) In the fall, the Board considers an incidental repair budget for the remainder of the year and may direct the engineer to make incidental bulkhead repairs which arise before the next annual inspection;

(9) In the fall, the Board determines the tax rate and levies an operations and maintenance tax to pay for the District's operating budget for the next year;

(10) Board continues to adjust its five-year operating forecast in light of needed repairs and tax revenues.

The District is committed to making bulkhead repairs on a regular basis; however, the District cannot guarantee when any specific repair will be made since it depends upon the District budget and the condition of the overall facilities. The Board will attempt to respond to incidental urgent requests that fall outside the normal inspection/repair cycle if necessary.

The Board encourages owners and builders to notify the District of building plans as soon as possible.

The Board further encourages owners and builders to notify the District of the location of any bulkhead problems.

The easiest way to report these activities is by using the website. Thank you for your cooperation.

#### YOUR BOARD OF DIRECTORS

Arnold J. Cross, Jr.  
Ronald Ray Holley  
Richard Couch  
Michael L. Andries  
Jane O. McKenzie