

MINUTES OF MEETING OF BOARD OF DIRECTORS  
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT  
OF GALVESTON COUNTY, TEXAS

THE STATE OF TEXAS  
COUNTY OF GALVESTON  
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT OF  
GALVESTON COUNTY, TEXAS

§  
§  
§  
§

The board of directors (the "Board") of Flamingo Isles Municipal Utility District of Galveston County, Texas (the "District") met in special session, open to the public, at Harborwalk Yacht Club, 1301 Harborwalk Boulevard, Hitchcock, Texas, on June 14, 2013 at 1:00 p.m.; whereupon the roll was called of the directors, to-wit:

Arnold J. Cross, Jr., President  
Ronald Ray Holley, Vice President  
Richard Couch, Secretary  
Michael L. Andries, Treasurer  
Jane O. McKenzie, Assistant Secretary

All members of the Board were present except Directors Holley and McKenzie. Also attending all or portions of the meeting were Mr. Marcus Michna of Shelmark Engineering, LLC ("Shelmark"), engineer for the District; and members of the public – Ms. Marion Cross, Ms. Cheryl Steller and Ms. Audrey Gidney and Mr. Jason Toby Gidney.

Notice of the meeting was posted in accordance with law at the locations and at the times shown on Exhibit "A" attached hereto. The meeting was called to order at 1:00 p.m. and the following business was transacted:

1. **Public Comments, including any necessary action per customer complaints.** The President recognized Mr. Gidney of 12 Largo. Mr. Gidney said he is having a pool constructed at his residence. Extensive discussion ensued regarding construction of a pool backing up to the District's bulkhead. The Board expressed concern regarding the possible disruption or destruction of the tie-backs under the lots and damage to the bulkheads. The President informed Mr. Gidney that he has the original design drawings for the bulkhead system and offered to let the Gidneys review such drawings at a mutually agreeable time and location. It was the consensus of the Board that such item be included on the next regular agenda.

There were no additional comments from the public at this time.

It was noted that the Developer representative, Mr. Haythem Dawlett, requested that he be able to attend the Board meeting via telephone conference. It was the consensus of the Board that conference calls with the developer are not an appropriate procedure for Board meetings.

2. **Review survey of channel depths, ratify payment of survey costs.** Mr. Michna presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "B." Mr. Michna reviewed the survey of channel depths in the main channel and three options for dredging the channel provided in a proposal from Marine, Inc. He

noted the options ranged from removal of high spots for an estimated cost of \$5,600 to dredging the full channel width to -8.0 feet for an estimated cost of \$232,000.

Mr. Michna presented to the Board an invoice for the surveying from Ellis Surveying in the amount of \$4,560 and recommended payment. Upon motion by Director Couch, seconded by Director Andries, after full discussion and the question being put to the Board, the Board voted unanimously to approve payment of the invoice to Ellis Surveying. A copy of the invoice is included in the engineer's report.

3. **Authorize necessary design and bidding services for maintenance dredging.** Mr. Michna advised the Board that a major dredging project will require preparation of design and bid documents. The Board discussed whether to undertake a major dredging project. It was the consensus of the Board to authorize the District's engineer to proceed with the necessary design and bidding services for a major maintenance dredging project and to include the project in its budget for the fiscal year ending March 31, 2015, instead of fiscal year ending March 31, 2016.

Director Couch requested all previous documentation in connection with all dredging work completed with the District since the inception of the current Board. It was the consensus of the Board that such matter be included on the next meeting agenda for discussion.

4. **Accept proposal for spot-maintenance dredging of main channel.** The Board reviewed the options for dredging presented in the proposal from Marine, Inc. Upon motion by Director Couch, seconded by Director Andries, after full discussion and the question being put to the Board, the Board voted unanimously to accept option one of the proposal from Marine, Inc. to dredge the main channel at Harborwalk for a cost of \$5,600 and to authorize an expenditure not to exceed \$10,000 if required to remove obstructions in the channel .

5. **Authorize borrowing under agreement with developer for maintenance dredging.** Discussion ensued regarding borrowing under the District's agreement with the developer in order to finance dredging of the main channel. It was the consensus of the Board that borrowing from the developer under such agreement is premature at this time. No action was taken.

6. **Discuss and take necessary action in connection with necessary bulkhead cap repairs and 2013 bulkhead inspection, including bulkhead damage by contractor of Fleming.** Mr. Michna presented to and reviewed with the Board Pay Application No. 1 from Marine, Inc. in the amount of \$20,958 in connection with the channel marker, buoy, and bulkhead repairs, a copy of which is attached to the Engineer's Report. Upon motion by Director Couch, seconded by Director Andries, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize payment of Pay Application No. 1 to Marine, Inc.

Mr. Michna noted that Director McKenzie had asked him to ascertain whether a contractor on Fleming had damaged any District property, including the bulkhead. Mr. Michna noted that the contractor replaced the bulkhead caps with treated lumber and there was no damage to the bulkhead.

Discussion ensued regarding the damage to land within the District because of the City of Hitchcock activating the "flush" fire hydrant every day (sometimes two to three times

a day) in an effort to maintain correct chlorine levels. Upon motion by Director Andries, seconded by Director Couch, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the District's engineer to draft a letter to the City of Hitchcock explaining that the hydro-flushing is causing damage and erosion to land and request that the City of Hitchcock attach a four-inch hose to the hydrant to let water drain into the canal rather than flushing water directly onto the ground.

7. **Confirm next meeting date.** It was the consensus of the Board to further discuss the next meeting date as the engineer will be on vacation the week of July 26, 2013.

8. **Other Matters.** There were no other matters to come before the Board at this time.