

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 §

The board of directors (the "Board") of Flamingo Isles Municipal Utility District of Galveston County, Texas (the "District") met in regular session, open to the public, at Floyd's on the Water, 1301 Harborwalk Boulevard, Hitchcock, Texas, on November 6, 2015 at 2:00 p.m.; whereupon the roll was called of the directors, to-wit:

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

All members of the Board were present, except for Director Holley. Also attending all or portions of the meeting were Ms. Donna Bryant of Assessments of the Southwest ("ASW"), tax assessor and collector for the District; Ms. Cindy Grimes of Municipal Accounts & Consulting, LP ("Municipal Accounts"), bookkeepers for the District; Mr. Marcus Michna of Shelmark Engineering, LLC ("Shelmark"), engineer for the District; Ms. Cheryl Steller, Ms. Marian Cross, and Mr. Matthew Chiara, residents in the District; and Ms. Kathleen Ellison, attorney, and Ms. Corey Knight, project assistant, of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

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 2:04 p.m. and the following business was transacted.

1. **Discussion regarding public comments from prior meetings.** The President referred to the comments made by Ms. Stellar at the previous meeting regarding Director Holley's absence and the attendance requirements. She noted that the District does not have an attendance policy and has always met its quorum requirements.

2. **Public Comments.** There were no comments from members of the public.

3. **Minutes.** Proposed minutes of the meeting of September 11, 2015, previously distributed to the Board, were presented for review and approval. Upon motion by Director DeLaup, seconded by Director Cross, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of September 11, 2015 as presented.

4. **Developer's Report and necessary action relating to construction projects.** There was no report. Ms. Ellison stated that she has not heard any updates from the developer.

5. **Public Hearing on Tax Rate.** The President opened the hearing on the proposed 2015 tax rate.

In response to the President, Ms. Bryant confirmed that the proposed tax rate of \$0.58 was advertised to the public.

Discussion ensued regarding the allocation of the tax rate between debt service and operations and maintenance. Director Andries then expressed his concern about the condition of the bulkhead caps in the District and suggested setting a debt service tax rate of \$0.35 per \$100 assessed value and an operations and maintenance tax rate of \$0.23 per \$100 assessed value.

In response to a question from Director Cross, Mr. Michna stated that the increased operation and maintenance rate would enable the District to repair more of the bulkheads, provided that the rate of development does not increase. He then reviewed the current issues affecting the bulkheads.

Director Cross noted that a \$0.23 operations and maintenance tax rate could be "rolled back." Ms. Ellison stated that a challenge must be made within 30 days. The Board confirmed that debt service can be satisfied at a \$0.35 tax rate.

It was consensus of the Board to set a debt service tax rate to \$0.35 per \$100 assessed value and an operations and maintenance tax rate of \$0.23 per \$100 assessed value.

Hearing no further comments on the tax rate, the President closed the hearing.

6. **Order Setting Tax Rate and Levying Tax for 2015 and authorize filing of Amended District Information Form.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2015, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Andries, seconded by Director Delaup, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2015 with a total tax rate of \$0.58 per \$100 assessed valuation (\$0.35 for debt service and \$0.23 for operations and maintenance).

7. **Tax Assessor and Collector report and payment of bills.** The President recognized Ms. Bryant, who reviewed with the Board the Tax Assessor and Collector's report, a copy of which is attached hereto as Exhibit "C." Ms. Bryant noted that the District collected 99.86% of its 2014 taxes as of October 31, 2015.

Upon motion by Director Cross, seconded by Director Andries, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's report and to authorize payment of the checks identified therein.

8. **Bookkeeper's report and payment of bills.** The President recognized Ms. Grimes, who reviewed with the Board the Bookkeeper's report dated November 6, 2015, a copy of which is attached hereto as Exhibit "D." Following discussion of the District's investments and expenditures, Director Cross asked Ms. Grimes to make sure the Operating Fund contains sufficient liquid funds for projected expenditures. Upon motion by Director DeLaup, seconded by Director Andries, after full discussion and the question being put to the Board, the Board

voted unanimously to approve the Bookkeeper's report and authorize payment of the checks identified therein.

9. **Resolution Reviewing Investment Policy.** The President recognized Ms. Ellison, who presented to and reviewed with the Board a Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "E." Ms. Ellison summarized the Investment Policy and stated that no changes are recommended at this time. Upon motion by Director Andries, seconded by Director DeLaup, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Reviewing the Investment Policy and approve the list of authorized brokers as presented.

10. **Order Adopting Regulations on Construction of Improvements in the District.** Ms. Ellison reviewed with the Board a revised Order Adopting Regulations on Construction of Improvements in the District (the "Order"), a copy of which is attached hereto as Exhibit "F."

Ms. Ellison stated that the Order was revised to include comments from the previous meeting, including a requirement that in the event a property owner's construction plans change, the owner must submit the revised plans to the District's engineering company and obtain written District consent to construction of improvements pursuant to the revised plans. Ms. Ellison noted that the revised Order will be posted on the website, recorded in the real property records of Galveston County, and sent to Jill Bryant of the Development Review Committee.

Upon motion by Director DeLaup, seconded by Director Andries, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Adopting Regulations on Construction of Improvements in the District, as presented.

11. **Engineer's report and authorization of capital improvement and maintenance actions.** The Board reviewed the report provided by the District's engineer, a copy of which is attached hereto as Exhibit "G."

a. **Review and discuss results of inspections.** The Board reviewed an updated schedule for new construction inspections, a copy of which is attached to the Engineer's report.

b. **Request authorization for repairs.** The Board reviewed an updated bulkhead repair schedule, a copy of which is attached to the Engineer's Report. Mr. Michna requested that the Board authorize \$8,000 for bulkhead repairs through the next scheduled meeting of February 5, 2016.

c. **Review proposals/bids and award contracts.** There was no action on this item.

d. **Approve pay estimates, change orders, and final acceptance as appropriate.** There was no action on this item.

Mr. Michna requested that the Board authorize payment to Green Light for bulkhead cap maintenance prior to the next meeting. Discussion ensued. Upon motion by Director DeLaup, seconded by Director Cross, after full discussion and the question being put to the Board, the

Board voted unanimously to approve the Engineer's report, to authorize \$8,000 for additional bulkhead repairs in the District, and to authorize a payment to Green Light for bulkhead cap maintenance, not to exceed the amount of \$1,000, subject to review of the work by the engineer.

12. **Discuss and take necessary action in connection with receipt of website correspondence and emails.** Ms. Ellison confirmed that notice of the 2015 tax rate, and the Board's adoption of the Order Adopting Regulations on Construction of Improvements in the District will be posted on the website.

13. **Next meeting date.** It was the consensus of the Board to tentatively schedule the next regular meeting for Friday, February 5, 2016, at 10:00 a.m.

14. **Other matters.** There were no other matters.

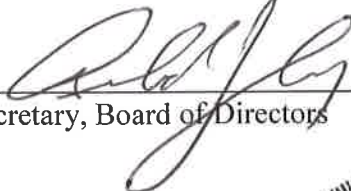
THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned at 3:37 p.m.

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The foregoing minutes were passed and approved by the Board of Directors on February 5, 2016.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

