

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 September 11, 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. Jack Baber of The GMS Group, financial advisor for the District; Mr. Haythem Dawlett and Mr. Hunter Fendley of Legend Communities, Inc., developer for the District (the "Developer"); Ms. Cheryl Steller and Ms. Judy Andries, residents in the District; and Ms. Kathleen Ellison 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 and the following business was transacted.

1. **Discussion regarding public comments from prior meetings.** There were no comments for discussion.

2. **Public Comments.** Ms. Stellar noted the absence of Director Holley at District meetings. It was the consensus of the Board to review its attendance requirements at a later meeting.

3. **Minutes.** Proposed minutes of the meeting of August 14, 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 August 14, 2015 as presented.

4. **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 "B." Ms. Bryant noted that the District collected 99.86% of its 2014 taxes as of August 31, 2015.

Ms. Bryant reviewed the unpaid tax roll. She noted that the invoice addressed to Marten Trycor Inc. was returned, and stated that she will check to see whether a forwarding address for the owner can be found.

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.

**5. Review delinquent tax attorney's report and take necessary action in connection with same.** There was no report.

**6. Bookkeeper's report and payment of bills.** The President recognized Ms. Grimes, who reviewed with the Board the Bookkeeper's report dated September 11, 2015, a copy of which is attached hereto as Exhibit "C." 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 approve the Bookkeeper's report and authorize payment of the checks identified therein.

**7. Order Designating Officer to Calculate and Publish Tax Rate.** Mr. Baber presented to and reviewed with the Board the results of the District's Unlimited Tax Refunding Bonds, Series 2015, a copy of which is attached hereto as Exhibit "D." He noted that the refunding bonds will result in a savings of approximately \$30,000 per year in debt service payments.

Mr. Baber presented to and reviewed with the Board the financial advisor's recommendation on the District's 2015 Tax Rate, a copy of which is attached hereto as Exhibit "E."

Mr. Dawlett noted that the Developer will ask the District to issue bonds to reimburse the Developer in the near future, and discussion ensued regarding the Developer Financing Agreement.

Director Cross requested that the financial advisor prepare an analysis of a potential \$1,500,000 bond issue.

The Board reviewed an Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in connection with the Levy of a Tax for 2015 (the "Order"), a copy of which is attached hereto as Exhibit "F." 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, thereby authorizing the District's tax assessor and collector to publish the proposed tax rate of \$0.58 per \$100 assessed valuation.

**8. Developer's Report.** Mr. Dawlett updated the Board on the status of development in the District. He reported that the Developer is considering a different product than bungalows, such as attached town homes and a cul-de-sac of four detached units. He stated that the plans would increase the number of units from 37 to 60, and that the added units would be marketed at different price points than the bungalow lots.

Mr. Dawlett stated that the Developer may do wetlands mitigation on both sides of the bridge on Harbor Drive.

Director Cross noted security concerns and stated that an unauthorized person started the contractor's dredging machine on-site.

**9. 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, a copy of which is attached hereto as Exhibit "G."

Director Andries read into the record an email from Mr. Lynn Watkins regarding the regulations and inspection fees, a copy of which is attached hereto as Exhibit "H." 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 adopt the Order Adopting Regulations on Construction of Improvements in the District, as presented.

The Board discussed disseminating of the regulations. It was determined that it should be posted on the website, recorded in the real property records, and sent to Jill Bryant of the Development Review Committee.

**10. Update on 17 Hawkeye encroachment.** Ms. Ellison presented to and reviewed with the Board a consent to encroachment for paving for an outdoor hot-tub and fire-pit at 17 Hawkeye, Hitchcock, Texas, a copy of which is attached hereto as Exhibit "I." She explained it had been signed by the owners.

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 approve the consent to encroachment and authorize its execution and filing.

**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 "J."

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 Engineer's report.

**12. Attorney's Report.** Ms. Ellison reviewed a memorandum regarding new disclosure requirements for public officials, a copy of which is attached hereto as Exhibit "K."

**13. Discuss and take necessary action in connection with receipt of website correspondence and emails.** There was no action on this item.

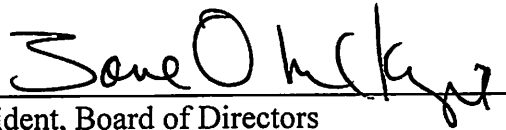
**14. Next meeting date.** It was the consensus of the Board to tentatively schedule the next regular meeting for Friday, October 23, 2015, at 10:00 a.m.

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


THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned at 4:04 p.m.

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The foregoing minutes were passed and approved by the Board of Directors on November 6, 2015.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

