

MINUTES OF MEETING OF BOARD OF DIRECTORS
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT
OF GALVESTON COUNTY, TEXAS
May 5, 2017

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 May 5, 2017 at 1:00 p.m.; whereupon the roll was called of the directors, to-wit:

Jane O. McKenzie, President
Beverly Holmes, Vice President
Arnold J. Cross, Jr., Secretary
Michael L. Andries, Treasurer
Mac DeLaup, Assistant Secretary

All members of the Board were present. Also attending all or portions of the meeting were Marcus Michna of Shelmark Engineering, LLC ("Shelmark"), engineer for the District; Cindy Grimes of Municipal Accounts & Consulting, Bookkeeper for the District; Donna Bryant of Assessments of the Southwest, Inc., Tax Assessor for the District; Marian Cross, resident of the District; and Kathleen Ellison and Jane Maher 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 1:05 p.m. and the following business was transacted.

1. **Approve Minutes of January 26, 2017.** Proposed minutes of the meeting of January 26, 2017, previously distributed to the Board, were presented for review and approval. 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 minutes of January 26, 2017 as presented.

2. **Receive Public Comments (2 min. each), and document for discussion at next meeting.** The President reported a resident requested "No Wake" signs be installed on the south channel. 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 authorize Shelmark to purchase "No Wake" signs at a cost not to exceed \$500.

3. **Developer Report.** The Developer was not present to give a report.

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

85.03% of its 2016 taxes as of May 1, 2017. Ms. Bryant presented five checks for the Board's approval. Ms. Bryant stated that delinquent notices were sent out May 1.

Upon motion by Director DeLaup, seconded by Director Holmes, 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. Bookkeeper's Report, including payment of bills, and review of budget and investment report. The President recognized Ms. Grimes, who reviewed with the Board the Bookkeeper's report dated May 5, 2017, a copy of which is attached hereto as Exhibit "C."

Ms. Grimes presented checks 1543 through 1547 for the Board's approval. She reviewed the five year cash flow forecast with the Board. Discussion ensued.

The Board discussed the District's debt service payments.

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 to authorize payment of the checks identified therein.

6. Engineer's Report: The President recognized Mr. Michna, who presented to the Board the Engineer's report, a copy of which is attached hereto as Exhibit "D."

(a) Review and discuss results of inspections. Mr. Michna reviewed with the Board the current status of his inspection reports.

1) pre-development – Mr. Michna presented a bulkhead repair and pre-development schedule.

2) new construction – Mr. Michna presented a new construction inspections schedule.

3) dredging – Mr. Michna presented a dredging inspection schedule.

4) bulkhead cap inspections – Mr. Michna presented a cap repair schedule.

(b) Request authorization for repairs. Mr. Michna asked for authorization to spend up to \$15,000 for 11 bulkhead repairs. Upon motion by Director Andries, seconded by Director McKenzie, after full discussion and the question being put to the Board, the Board voted unanimously to approve an additional \$15,000 for bulkhead repairs.

In response to an inquiry from Director Andries, Mr. Michna said that Marine, Inc. will be performing the bulkhead repairs. Director Andries suggested that Mr. Michna contact the individual working with the HOA to see if he could make some repairs. He said the bulkhead caps should be checked once a month. 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 allocate funds not to exceed \$4,000 to bulkhead cap maintenance.

Mr. Michna stated that there are two spots where he would recommend maintenance dredging. 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 allocate additional funds not to exceed \$5,000 for maintenance dredging.

(c) Review proposals/bids and award contracts. Mr. Michna proposed that the Board consider accepting a proposal from DunRite for bulkhead and bulkhead cap repairs. He stated that the District will continue to use their current contractor, and that DunRite will be an alternative contractor. It was the consensus of the Board to authorize use of DunRite as a contractor if Marine, Inc. is not available.

(d) Approve pay estimates, change orders, and final acceptance, as appropriate. Mr. Michna reported that he had no invoices to present to the Board. He said Marine, Inc. is scheduled to perform dredging, bulkhead repairs and bulkhead cap repairs in about four weeks.

7. **Discuss east marina bulkhead and take any necessary action.** The President proposed that rocks be placed in the voids at the east marina bulkhead. Mr. Michna stated that Shelmark will request two bids for the work. Upon motion by Director McKenzie, seconded by Director Andries, after full discussion and the question being put to the Board, the Board voted unanimously to allocate an amount not to exceed \$10,000 from the East Bulkhead expenditure budget for filling the voids at the east marina bulkhead with rocks.

8. **Amend District Regulations on Bulkheads and Canals (prohibit use of bulkheads for boat maintenance).** The Board discussed the issue of boats mooring on unprotected bulkheads. The Board reviewed the District's current regulations on bulkheads and canals. Director DeLaup proposed the Board amend the District regulations on bulkheads and canals to prohibit boats from mooring on unprotected bulkheads without authorization from the Board. The Board said they would authorize such mooring in an emergency or if they were provided with insurance coverage.

The President proposed that the District's attorney send a letter to the marina with the District's amended regulations on bulkheads and canals.

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 amend the District's regulations on bulkheads and canals as set forth on Exhibit "E" and to authorize NRF to send a letter to the marina with the amended regulations.

9. **Authorize Construction Projects.** There was no report.

10. **Discuss permit transfer and take any necessary action.** Mr. Michna stated that the District's developer is renewing the Army Corps permit and proposed the Board consider transferring the permit to the District.

11. **Proposed encroachment at 21 Long Key.** The President said that she had constructed a palapa on her property and the contractor had encroached on the space between the bulkhead easement and the build line. She said she had followed the Board's procedures and

Shelmark had inspected the construction. She said she would abstain from acting with regard to this matter.

Mr. Michna said that Shelmark inspected the palapa and concluded that it had no impact on the bulkhead. He said he would provide a letter to that effect. Ms. Ellison said the Board's policy required that the homeowner execute a standard form of Consent to Encroachment when there is construction between the build line and the bulkhead easement. It was the consensus of the Board to follow its policy and seek a Consent to Encroachment from the homeowners.

12. **Other Consultant Reports.** The Board set a tentative meeting date of Thursday, August 4, 2017 at 1:00 p.m.

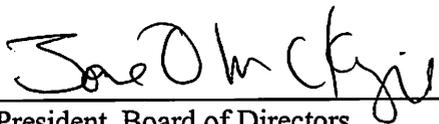
THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned at 2:34 p.m.

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The foregoing minutes were passed and approved by the Board of Directors on August 4, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

