

MINUTES OF MEETING OF BOARD OF DIRECTORS
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT
OF GALVESTON COUNTY, TEXAS
October 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 the Harborwalk Community Yacht Club & Marina Club, 2nd floor, 1445 Harborwalk Boulevard, Hitchcock, Texas, on October 5, 2017 at 2:00 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 except Director Cross. Also attending all or portions of the meeting were Marcus Michna of Shelmark Engineering, LLC ("Shelmark"), engineer for the District; Mark Burton of Municipal Accounts & Consulting, Bookkeeper for the District; Delia Yanez of Assessments of the Southwest, Inc., Tax Assessor for the District; Jason Ross, marina operations manager of HarborWalk; Tim Connolly of Corporate Strategies, LLC; Frank Schilero, manager of Harborwalk POA; 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 2:05 p.m. and the following business was transacted.

1. **Approve Minutes of August 4, 2017.** Proposed minutes of the meeting of August 4, 2017, previously distributed to the Board, were presented for review and approval. 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 minutes of August 4, 2017 as presented.

2. **Receive Public Comments (2 min. each), and document for discussion at next meeting.** There were no public comments.

3. **Public hearing on proposed tax rate.** The President opened the hearing on the proposed 2017 tax rate. The Board discussed the proposed tax rate of \$0.57. Hearing no further comments on the tax rate, the President closed the hearing.

4. **Adopt Order Setting Tax Rate and Levying Tax for 2017.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2017, a copy of which is attached hereto as

Exhibit "B." Upon motion by Director Holmes, 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 2017, with a total tax rate of \$0.57 per \$100 assessed valuation (\$0.33 for debt service and \$0.24 for operations and maintenance).

5. **Approve Amended District Information Form.** The President recognized Ms. Ellison, who presented to and reviewed with the Board the Amendment to Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "C." Ms. Ellison stated that when the District changes its tax rate the District is required to file an amended district information form with the Galveston County Real Property Records.

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 Amended District Information Form.

6. **Developer Report.** The President welcomed Mr. Connolly to the meeting. Mr. Connolly introduced himself to the Board and said his company was retained by the Harborwalk investors. Mr. Connolly stated that his top priority is to rejuvenate the marketing and sales of Harborwalk, and to update the common areas, pool and restaurant. The Board stated that the District and residents will be more than willing to work with Mr. Connolly.

7. **Tax Assessor and Collector Report and payment of bills.** The President recognized Ms. Yanez, who reviewed with the Board the Tax Assessor and Collector's report, a copy of which is attached hereto as Exhibit "D." Ms. Yanez noted that the District collected 88.72% of its 2016 taxes as of September 30, 2017. Ms. Yanez presented seven checks for the Board's approval.

Ms. Yanez reported that the District's 2017 taxable value is \$99,401,655.

Upon motion by Director Andries, 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.

8. **Bookkeeper's Report, including payment of bills, and review of budget and investment report.** The President recognized Mr. Burton, who reviewed with the Board the Bookkeeper's report dated October 5, 2017, a copy of which is attached hereto as Exhibit "E." Mr. Burton pointed out two proposed changes to the budget.

Mr. Burton presented checks 1555 through 1559 for the Board's approval.

Upon motion by Director Holmes, 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, and to amend the budget.

9. **Review Investment Policy.** The President recognized Ms. Ellison, who presented to and reviewed with the Board the Resolution Reviewing Investment Policy and Making Any

Desirable Changes Thereto (the “Resolution”) and a revised Investment Policy, copies of which are attached hereto as Exhibit “F.” Ms. Ellison stated that the Investment Policy was revised to include the recent legislative changes. 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 Resolution and revised Investment Policy.

10. **Revise Ethics Policy.** The President recognized Ms. Ellison, who presented to and reviewed with the Board a Resolution Adopting an Amended Code of Ethics, Fees and Expense Policy, Policies and Procedures for Selection and Review of Consultants, Policies Concerning the Use of Management Information Including the Formation of an Audit Committee, and Certain Other Matters (the “Resolution”) revised Ethics Policy, a copy of which is attached hereto as Exhibit “G.” Ms. Ellison stated that the Ethics Policy was revised to include the recent legislative changes. She reviewed the Ethics Policy. 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 Resolution.

11. **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 “H.”

(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 requested \$6,500 to replace the bulkhead caps displaced by Hurricane Harvey. He noted that a new contractor, Putnam Inc., could replace the bulkhead caps. The Board discussed the damage associated with Hurricane Harvey and Mr. Michna stated that he inspect the entire community for washouts.

Mr. Michna stated that the “No Mooring” signs are \$16 each and suggested the Board order 19 signs. Mr. Schilero stated that neither the developer nor the POA Board want to remove the cleats and ties on the POA property adjacent to Shell Key, but had no objection to the “No Mooring” signs.

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 \$10,000 to the budget for the repairs associated with Hurricane Harvey, including the bulkhead cap repairs and washouts, to authorize Putnam Inc. as an additional contractor, and to order 19 “No Mooring” signs at \$16 apiece.

(c) Review proposals/bids and award contracts. There was no report.

(d) Approve pay estimates, change orders, and final acceptance, as appropriate.

12. **Discuss east marina bulkhead and take any necessary action.** Mr. Michna stated that this item can be removed from the agenda.

13. **Discuss use of marina bulkhead and any necessary action.** This item was addressed under the engineer's report.

14. **Discuss damage survey from Galveston County.** Mr. Michna reviewed the damage survey from Galveston County, a copy of which is attached hereto as Exhibit "I." He stated that the damage survey is for any damage associated with Hurricane Harvey. Upon motion by Director Holmes, seconded by Director DeLaup, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Mr. Michna to complete and turn in the survey on behalf of the District.

15. **Discuss permit transfer and take any necessary action.** Mr. Michna stated that there was nothing to report, and that this item can be taken off the agenda until further notice.

16. **Other Consultant Reports.** There were no other reports.

THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned at 3:35 p.m.

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The foregoing minutes were passed and approved by the Board of Directors on February 2, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

