

MINUTES OF MEETING OF BOARD OF DIRECTORS
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT
OF GALVESTON COUNTY, TEXAS
July 18, 2018

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 former Harborwalk Restaurant, 1301 Harborwalk Boulevard, Hitchcock, Texas, on July 18, 2018 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 Donna Bryant of Assessments of the Southwest, Inc., tax assessor and collector for the District; Marcus Michna of Shelmark Engineering, LLC ("Shelmark"), engineer for the District; Tim Connolly of Corporate Strategies, LLC; Angela Leviner, owner of the commercial property in Harborwalk; Rea Berry, resident of the District; Chris Tiemann, resident of the District; and Kathleen Ellison and 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. **Approve Minutes of June 12, 2018.** Proposed minutes of the meetings of June 12, 2018, 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 June 12, 2018, as presented.

2. **Receive public comments.** The Board discussed an email to its website from Mikael Moal complaining about the depth of the main channel and asking when it would be dredged. Director DeLaup said the entrance to the channel coming off the Intercoastal Waterway has a hump. The Board discussed signage advising boaters to stay in the middle of the channel. The Board directed Mr. Michna to check on potential contractors who can clear the hump at the entrance of the channel on a regular basis since the hump keeps reforming. Director DeLaup said he would investigate the depth. The Board asked Director Cross to respond to Mr. Moal. Ms. Leviner asked the Board about dredging and bulkhead caps.

3. **Developer Report.** The Board contacted Mr. Haythem Dawlett of Legend Communities, Inc., acting for HD Flamingo Isles Holdings, L.P. (the “Developer”) by phone. Mr. Dawlett said he would rescind the Amendment to the Declaration of Covenants, Restrictions, Easements, Charges and Liens of Harborwalk that he had inadvertently filed. He said the amendment would be redone to everyone’s satisfaction or he would leave the deed restrictions in their present state. The Board ended the call with Mr. Dawlett.

Mr. Connolly updated the Board on the sale to Ersae Grae. He said the sale of the mitigation bank land must take place before Ersae Grae could close.

4. **Amendment to Master Financing Agreement and Consent to Assignment.** This item was deferred.

5. **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 had collected 97.11% of its 2017 taxes as of June 30, 2018. Ms. Bryant presented three checks for the Board’s 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 Tax Assessor and Collector’s report and to authorize payment of the checks identified therein.

6. **Bookkeeper’s Report, including payment of bills, and review of budget and investment report.** The Board reviewed the Bookkeeper’s report dated July 18, 2018, a copy of which is attached hereto as Exhibit “C.” Director Cross asked if the dredging budget should change, and the Board decided to wait until Mr. Michna got more information on dredging. Upon motion by Director Holmes, seconded by Director Cross, 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.

7. **Review bids and award the sale of the Bonds, adopt Order Authorizing \$1,500,000 Unlimited Tax Bonds, Series 2018, a Paying Agency Agreement, and other matters in connection therewith, authorize the Board of Directors to sign all documents relating to the bond sale and authorize attorney and financial advisor to take all necessary actions to deliver the Bonds to the initial purchaser, and authorize Amended District Information Form.** The President said the bond sale had been postponed after discussion with the financial advisor due to the turmoil raised by the amendment to the Harborwalk Covenants, Restrictions, Easements, Charges and Liens and possible impact of the amendment on market values in Harborwalk. Director Andries said the Board has a responsibility to bondholders to accurately describe the risks associated with purchase of the District’s bonds. He said the current offering document may need to be revised once the impact of the amendment has been determined.

Ms. Leviner said the community's response to the proposed amendment hurt her and Mr. Leviner.

Mr. Berry said the community needs to support the marina. He asked who would receive the bond proceeds.

8. **Engineer's Report.** The President recognized Mr. Michna, who reviewed with the Board the Engineer's Report, a copy of which are attached hereto as Exhibit "D."

The Board discussed using dredge spoil to fill in voids caused by erosion and discussed whether to allow residents to take spoil to use on their property. Ms. Ellison said that if the District did not have a use for the spoil and it would cost the District to move it if the resident did not do so, then there would be no legal impediment to allowing a resident to take spoil. The Board decided that residents should sign a waiver document first.

Mr. Michna reported on the progress of Putnam Incorporated. The President said Putnam needed to blade the mud it spread. Mr. Michna said the work on Water Key can't be completed until FEMA looks at the Thru-Flow bulkhead caps.

The Board discussed self-dredging by residents and decided against it due to potential damage to the bulkhead.

The Board directed Mr. Michna to complete a drone survey once Putnam is complete with its work.

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 engineer's report.

9. **Authorize Filing of Continuing Disclosure Report.** The President recognized Ms. Ellison, who reviewed with the Board District's annual report on financial information and operating data pursuant to S.E.C. Rule 15c2-12 (the "Continuing Disclosure Report"), a copy of which is attached hereto as Exhibit "E." Ms. Ellison stated the Continuing Disclosure Report needs to be approved by the Board prior to its filing on the website of the Municipal Securities Rulemaking Board. Upon motion by Director Cross, seconded by Director Holmes, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Continuing Disclosure Report and authorize its filing.

10. **Discussion of Reimbursement Obligations.** Ms. Ellison told the Board that she had posted those documents in her possession relevant to the reimbursement obligations of the District and of City of Hitchcock, Texas Reinvestment Zone No. 1 (the "TIRZ"). She presented to the Board a draft summary of reimbursement obligations. She said she had asked the auditor and engineer to review the draft.

11. **Order Designating Officer to Calculate and Publish Tax Rate.** This item was deferred.

12. **Adopt Order Calling Directors Election to be held on November 6, 2018.** Ms. Ellison presented to the Board an Order Calling Directors Election, a copy of which is attached hereto as Exhibit "F." Ms. Ellison said the election was to elect three directors to the Board.

Upon motion by Director Cross, seconded by Director DeLaup, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Order Calling Directors Election.

13. **Approval of agreements with Galveston County for joint election.** Ms. Ellison presented to the Board a Contract for Election Services with Galveston County, a copy of which is attached hereto as Exhibit "G." She explained that Galveston County was willing to provide election services to the District and the elections could be held jointly.

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 Contract for Election Services with Galveston County.

14. **Next Meeting Date.** The Board tentatively decided to hold their next meeting on Friday August 24, 2018 at 1 p.m.

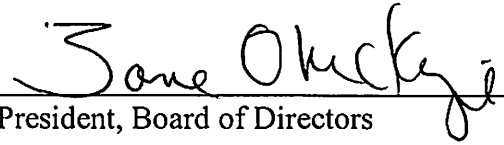
THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned at 2:50 p.m.

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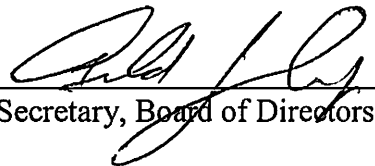
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The foregoing minutes were passed and approved by the Board of Directors on August 24, 2018.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

