

MINUTES OF MEETING OF BOARD OF DIRECTORS  
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT  
OF GALVESTON COUNTY, TEXAS  
September 28 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 the Hitchcock Public Library, 8005 Barry Ave., Hitchcock, Texas, on September 28, 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 Rhonda Patterson of Assessments of the Southwest, Inc., tax assessor and collector for the District; Marcus Michna of Shelmark Engineering, LLC ("Shelmark"), engineer for the District; Cindy Grimes of Municipal Accounts & Consulting, Bookkeeper for the District; Kathleen Ellison and Amanda Dykmann of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; and members of the public listed on Exhibit "A," attached hereto and by this reference made a part hereof. Mr. Bill Hays of Legend Communities, Inc., Developer for the District (the "Developer") joined the meeting by telephone.

Notice of the meeting was posted in accordance with law at the locations and at the times shown on Exhibit "B" attached hereto. The meeting was called to order and the following business was transacted.

1. **Approve Revisions to Minutes of June 12, 2018 and approve Minutes of August 24, 2018.** Amended minutes of the meeting of June 12, 2018, 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 amended minutes of June 12, 2018.

Minutes of the meeting of August 24, 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 August 24, 2018, as presented.

2. **Receive public comments.** The President welcomed residents to the meeting. She said that the Board would take public comments. Numerous public comments were made at this time and throughout the meeting. Among the comments were the following:

Mrs. Leviner asked what duty to the District and residents NRF and Ms. Ellison's have. Ms. Ellison responded.

Mr. Leviner talked about the bulkheads and referenced prior District minutes on the subject. Director Cross responded.

Mr. Berry asked about the Bond approval from the Texas Commission on Environmental Quality ("TCEQ"). The President responded.

Ms. Shields suggested the District's attorney and financial advisor may have pushed the Board into approving a bond issue. She questioned the impact on the tax rate of a bond issue. Ms. Ellison responded.

Mr. Ring had questions regarding engineering. The President stated his questions will be addressed during the engineer's report.

3. **Public Hearing on proposed tax rate.** The President convened the public hearing on the proposed tax rate for 2018. Discussion ensued regarding tax rates. The President closed the hearing.

4. **Adopt Order Setting Tax Rate and Levying Tax for 2018.** The President recognized Ms. Ellison, who presented to and reviewed with the Board, the Order Setting Tax Rate and Levying Tax for 2018, a copy of which is attached hereto as Exhibit "C." Discussion ensued regarding the amount of each component of the tax rate. Director Cross suggested a tax rate of \$0.57 per \$100 assessed valuation with \$0.32 allocated to debt service and \$0.25 allocated to maintenance and operations. The President said she would like to get input from the financial advisor. This item was deferred until later in the meeting.

5. **Amendment to District Information Form.** This item was deferred until later in the meeting.

6. **Developer Report.** The President welcomed Mr. Hayes to the meeting via telephone.

Mr. Hayes reported the Developer would be closing on the sale of the mitigation land within 10 days. He reported that the Developer would be refinancing its property in Harborwalk soon.

Mr. Hayes suggested having a special meeting to discuss the Bond issue. He stated the Developer would consider contributing \$200,000 from the Bond proceeds, if approved, to assist the District in dredging the canal.

The President recognized Mr. Dunn who stated the construction of Harborwalk Lodge is almost finished and he may be able to take reservations for Thanksgiving.

The President recognized Mr. Leviner who discussed closing the marina and restaurant if the canals do not get dredged. Director Andries responded and discussed the District's dredging plans. He asked Mr. Leviner if he would consider assisting with the cost of dredging. Mr. Leviner discussed the amount of money he said he was losing.

**7. Discuss the District's proposed bond issue and authorize any necessary action in connection therewith.** The Board discussed the pending Bond issue. 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 defer discussion until the next meeting.

**8. Tax Assessor and Collector Report and payment of bills.** The President recognized Ms. Patterson, who reviewed with the Board the Tax Assessor and Collector's report, a copy of which is attached hereto as Exhibit "E." Ms. Patterson noted that the District had collected 98.83% of its 2017 taxes as of August 31, 2018. Ms. Patterson presented six 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.

**9. 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 September 28, 2018, 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 approve the Bookkeeper's report and to authorize payment of the checks identified therein.

**10. Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.** The President recognized Ms. Ellison, who presented to and reviewed with the Board the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "G." She said there were no recommended changes to the Investment Policy.

Upon motion by Director Andries, seconded by Director Cross, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto.

**11. Adopt Order Setting Tax Rate and Levying Tax for 2018 and Amended District Information Form.** Ms. Ellison reported that the financial advisor had no objection to the proposed tax rate or its components. 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 Order Setting Tax Rate and Levying Tax for 2018, thereby levying a total tax rate of \$0.57 per \$100 assessed value, with \$0.32 dedicated to debt service and \$0.25 dedicated to maintenance and operations.

12. **Amendment to District Information Form.** Upon motion by Director Andries, seconded by Director Cross, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amendment to District Information Form, a copy of which is attached hereto as Exhibit "D," to reflect the 2018 tax rate.

13. **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 "H."

Mr. Michna discussed bulkhead repairs and the order of priority for repairs.

Mr. Michna stated he submitted another claim to FEMA to request additional funds for repairs from damage caused by Hurricane Harvey.

Mr. Michna reviewed contractor invoices with the Board and recommended payment of the invoice of High Tide Land Surveying in the amount of \$4,000 and Putnam Incorporated in the amount of \$12,500.

Mr. Michna reviewed the District's four prior dredging projects. He said the dredging is a continual maintenance issue and made more difficult because the channel into the marina is one of the widest channels in the area with a width of 175 feet. He said the last dredging project covered a width of 40 feet in the middle of the channel to a depth of 8 feet.

Discussion ensued regarding dredging and the problem of finding a new disposal site for spoil. Mr. Michna stated he would investigate a site owned by Galveston Bay Foundation and a site owned by the Developer. Mr. Michna presented various dredging options to the Board.

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 invoices and authorize the engineer to design and solicit bids for the dredging of the main channel and south channel to a depth of 8 feet over a width of 40 feet, including the disposal of spoil.

14. **Resolution Designating Meeting Locations and Posting of Meeting Notices.** The President recognized Ms. Ellison, who presented to and reviewed with the Board a Resolution Designating Meeting Locations and Posting of Meeting Notices, a copy of which is attached hereto as Exhibit "I."

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 Resolution Designating Meeting Locations and Posting of Meeting Notices.

15. **Election Matters.** The President recognized Ms. Ellison who reported on registering to vote for the November 6, 2018 election.

16. **Other Consultant Reports.** Ms. Ellison suggested the District set up an account with the Galveston County Clerk to save money on posting agendas and mailing costs.

Upon motion by Director Andries, seconded by Director Cross, after full discussion and the question being put to the Board, the Board voted unanimously to authorize NRF to set up account with Galveston County Clerk with \$100.00 to cover agenda posting fees.

The business meeting was adjourned at 3:46 p.m. and there was a short break.

17. **Candidate Forum.** The President opened the candidate forum for candidates in the District Directors Election on November 6, 2018. The President stated that the candidates would draw straws for the order in which they would give their presentations and each was limited to 10 minutes. At this time each of the candidates in attendance gave a presentation to the persons in attendance.

The meeting was adjourned at approximately 4:30 p.m.

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