

**SOUTH SHORE HARBOUR MUNICIPAL UTILITY DISTRICT NO. 7  
MINUTES OF MEETING OF BOARD OF DIRECTORS  
MARCH 13, 2018**

The Board of Directors (“Board”) of South Shore Harbour Municipal Utility District No. 7 (“District”) met in regular session at its regular meeting place on March 13, 2018 in accordance with the duly posted notice of meeting, with a quorum of Directors present as follows:

Paul Hopkins, Jr., President - Present  
Gene Hill, Vice President - Present  
R. “Chris” Chuoke, Secretary - Absent  
Holly Larsen, Deputy Secretary - Present  
Nghiem V. Doan, Director - Absent

Also present were Delia Yanez (Assessments of the Southwest) (“ASW”), tax collector representative; Cindy Grimes (Municipal Accounts & Consulting, L.P.) (“MAC”), bookkeeper representative; Jack Carter (Dannenbaum Engineering), engineer representative; Claudia Foutz, District resident; and Alexis Walker and Paul Philbin, Counsel, of Paul A. Philbin & Assoc., P.C.

First, the President called the meeting to order and declared it open for such business as might regularly come before it.

Next, the Board considered the approval of prior Minutes. Director Larsen noted a correction to Page 1. She stated that Mr. Matthew Dustin should be added to list of those in attendance at the February 13, 2018 Board Meeting. Thereupon, on a motion by Director Hopkins, seconded by Director Larsen, the Board unanimously approved the February 13, 2018 Minutes as corrected.

Next, Counsel recognized Ms. Claudia Foutz to the meeting, and asked if she had any questions for the Board. Ms. Foutz stated that she did have questions regarding posting of the District’s Minutes on the HOA’s website. She stated that the HOA’s website provided a link for the MUD, but it is not a link to the MUD’s website. Counsel then stated that the MUD several years ago discussed the addition of a website, but determined based on expense and other related factors that it was not cost effective or the best option at the time for the MUD to create and maintain a website. Counsel pointed out that, if the MUD has a website, state laws require the posting of a number of

documents and impose a long list of requirements. Counsel said that the Board, back then, concluded that it could coordinate with the HOA to get information out to the residents.

Next, the Board considered the upcoming Directors Election scheduled for May 5, 2018, and the status of candidate filings. Counsel reported that Directors Hopkins and Chuoke, who had applied to be on the ballot for the May 5, 2018 Directors Election were unopposed. Counsel then presented a certificate certifying the candidates (Hopkins and Chuoke) as unopposed. Thereupon, on a motion by Director Hill, seconded by Director Larsen, the Board unanimously approved certification of the candidates as unopposed, and the Certificate of Unopposed Candidates was duly executed by the Board's President. Counsel then stated that it would be appropriate at this point to approve the Order of Cancellation, cancelling the general election of Directors to be held on May 5, 2018. Thereupon, on a motion by Director Larsen, seconded by Director Hill, the Board unanimously approved the Order of Cancellation for the May 5, 2018 Directors Election. Counsel then noted that the Texas Election Code authorizes the cancellation of the election and requires that the District post the Order of Cancellation at the polling place of the District on the day of the election. He noted that his office would coordinate in making sure this Order is posted by the morning of the election.

Next, the Board considered the Engineer's Report. Mr. Carter stated that Storm Water Solutions (SWS) is reported to be on site and should be completed with the bulkhead repair project by the end of the week. Ms. Foutz stated that she visited the lake this morning and did not see evidence of any workers being on site, or work having commenced. She also inquired about sink hole that has formed near Austin Street between the sidewalk and lake and asked if this too was going to be repaired. Mr. Carter stated that the original proposal did not include repair of this sink hole, but rather six (6) locations where dirt has washed out under the wall. Mr. Carter then stated that there could be a storm sewer in the area that Ms. Foutz is describing. Upon inquiry, Mr. Carter noted that typically repair of a such a sink hole near a storm sewer involves filling in the area. Ms. Foutz indicated that it looks like a trough. Mr. Carter stated that he will double check with SWS

regarding their time-line for being on site and stated that with the Board's authorization, he could request a change order in the project to include repair of the aforementioned sink hole. The Board agreed that this would be the quickest way to solve the problem. Thereupon, on a motion by Director Hill, seconded by Director Larsen, the Board accepted the Engineer's Report as presented and authorized the Engineer to prepare a change order to the SWS contract to include repair of the sink hole, if SWS could do that work.

Next, the Board considered the Tax Collector's Report and approval of payment of bills from the tax account. Ms. Yanez then presented the Tax Collector's written report and reviewed the receipts and disbursements for the current period. She noted a beginning balance of \$419,965.44, total collections of 82,403.49 and disbursements totaling \$390,527.59, for an ending balance of \$111,841.34, as of February 28, 2018. She then reviewed the Tax Rate and Value Report on page 2, noting the District's 2017 total net taxable value of \$361,902,115. Next, Ms. Yanez reviewed the Receivables Report as of February 28, 2018, noting that 97.45% of the 2017 taxes have been collected to this point. Ms. Yanez then reported collections to date received in the amount of \$3,471.86. She then presented one (1) wire transfers to the Debt Service Fund (\$60,000.00), six (6) checks for the Board's approval and one (1) check to void due to misprint. The checks for payment included a transfer to the Operating Fund (\$8,060.95) several refunds, and payment of Delinquent Tax Attorney fees, leaving a cash balance of \$45,064.70 as of March 13, 2018. Ms. Yanez then presented the Collateral Analysis showing sufficient collateralization of funds in the tax account. Lastly, Ms. Yanez presented the delinquent tax roll for review, noting that this list does now include the 2017 unpaid accounts. She then discussed the two accounts that are paying under installment agreements and noted that the Arthur account is current. She noted that the Leslie account is now past due for the 2017 taxes and that her office has confirmed that no installment payments have been received as yet from the Leslie account.

Ms. Walker then stated that she spoke with Ms. Leslie on February 21<sup>st</sup> regarding the lack of installment payments, past due 2017 taxes and breach of the installment agreement. She

noted that Ms. Leslie conveyed several hardships including the death of a family member overseas as well as awaiting several outstanding payments from business clients per bankruptcy orders. Ms. Walker stated that Ms. Leslie stated that she would submit a \$200.00 payment before today's meeting and indicated that she would be able to pay the 2017 taxes in full very soon. Mr. Hopkins stated his concerns for non payment on the account and the Board then discussed the matter further. The Board noted that there needs to be payments received prior to next month's meeting, or the Board may authorize suit against the Leslies to collect taxes owed. Counsel stated that his office would again follow up with the Leslies regarding their outstanding payments. Thereupon, on a motion by Director Hopkins, seconded by Director Larsen, the Board unanimously accepted the Tax Collector's Report as presented, approved the wire transfer to the Debt Fund (\$60,000.00), checks numbered 1370, 1371, 1372, 1373, 1374 and 1375 to be paid from the tax account, and the voiding of check numbered 1369.


Next, Ms. Grimes reviewed the Bookkeeping Report. First, she reviewed the Cash Flow Report for the General Fund Checking Account noting a beginning balance of \$3,031.72, interest earned and one (1) wire transfer (\$6,000) from the money market account for payment of bills. Ms. Grimes then reviewed the checks for approval today including the standard disbursements for Director per diems and consultants' fees. She noted payment to AWBD for Summer Conference registration and PFIA training registration for Director Doan. She noted that checks numbered 3245 and 3247 to Directors Doan and Chuoke respectively, would be voided, given their absence from today's meeting. Next, Ms. Grimes reviewed the District's Account Balances for all funds, noting \$557,418.37 in total Operating Funds and \$4,608,598.27 in the Debt Service Fund. She reported a grand total balance across all District funds of \$5,166,016.64. Ms. Grimes then reported the Texas Class Money Market Funds interest rate has increased to 1.61%.

Ms. Grimes then reviewed the Actual vs. Budget comparison for February 28, 2018 and the District's Balance Sheet as of February 28, 2018. She noted that the March 1, 2018 debt service payment was made on February 28, 2018 for interest only, and that the next debt service

payment is due on September 1, 2018. Counsel at this point reported that his office is doing the preliminary work for a cash defeasance of the outstanding 2008 Bonds, which are callable on September 1, 2018. He noted that he is working on preparing Notice to the Bank of New York (Paying Agent for Series 2008 Bonds), who in turn will alert the Bondholders of the redemption of the outstanding bonds. Ms. Grimes then reported on current registration for the AWBD Summer Conference, which takes place in San Antonio this year from June 21 - June 24. She reported that Director Doan is registered to attend the conference as well as the Public Funds Investment Act training during the conference. Thereupon, on a motion by Director Hill, seconded by Director Larsen, the Board unanimously accepted the Bookkeeper's report and approved payment of all of the checks/transfers listed in the attached Bookkeeper's Report.

Next, under pending business, Counsel reported that his office has reviewed the new Texas State Comptroller requirements for Local Government Debt Reporting. He noted that the District files annually with the MSRB, its Annual Audit as well as a disclosure of its updated financial information. The Comptroller's Office is also requiring disclosure of the District's debt obligations. Counsel noted that he has filed with the Comptroller, the Local Government Debt Report.

There being no further business to come before the Board, and on a motion made by Director Hopkins, seconded by Director Larsen, the meeting was unanimously adjourned.

  
Secretary

South Shore Harbour MUD 7 - GOF  
**Cash Flow Report - Checking Account**  
 As of March 13, 2018

Num	Name	Memo	Amount	Balance
BALANCE AS OF 02/14/2018				\$3,031.72
<b>Receipts</b>				
	Interest on Checking		1.46	
	Wire Transfer		6,000.00	
<b>Total Receipts</b>				6,001.46
<b>Disbursements</b>				
3238	Paul Hopkins, Jr.	VOID: Fees of Office - 2/13/2018	0.00	
3243	Gene Hill	Fees of Office - 3/13/2018	(138.52)	
3244	Holly Larsen	Fees of Office - 3/13/2018	(138.52)	
3245	Nghiem Doan	Fees of Office - 3/13/2018	(138.52)	
3246	Paul Hopkins, Jr.	Fees of Office - 3/13/2018	(138.53)	
3247	Robert C Chuoke III	Fees of Office - 3/13/2018	(138.52)	
3248	Association of Water Board Directors	Summer Conference & PFLA - N Doan	(530.00)	
3249	Dannenbaum Engineering Corporation	Engineering Fees	(1,607.25)	
3250	Municipal Accounts & Consulting, LP	Bookkeeping Fees	(1,098.83)	
3251	Paul A. Philbin & Assoc., P.C.	Legal Fees	(4,798.50)	
SVC CHG	Compass Bank	Service Charge	(1.46)	
<b>Total Disbursements</b>				(8,728.65)
BALANCE AS OF 03/13/2018				<u><u>\$304.53</u></u>

South Shore Harbour Municipal Utility District No. 7

Account Balances

As of March 13, 2018

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
<b>Fund: Operating</b>					
<b>Certificates of Deposit</b>					
SPIRIT OF TEXAS BANK (XXXX4813)	07/24/2017	07/24/2018	1.10 %	120,000.00	
THIRD COAST BANK, SSB (XXXX9253)	02/02/2018	10/30/2018	1.20 %	120,000.00	
<b>Money Market Funds</b>					
TEXAS CLASS (XXXX0001)	04/14/2016		1.61 %	317,113.84	
<b>Checking Account(s)</b>					
COMPASS BANK-CHECKING (XXXX8767)			0.15 %	304.53	Checking Account
<b>Totals for Operating Fund:</b>				<b>\$557,418.37</b>	
<b>Fund: Debt Service</b>					
<b>Certificates of Deposit</b>					
FRONTIER BANK - DEBT (XXXX1880)	07/13/2017	07/13/2018	1.00 %	245,000.00	
INTEGRITY BANK - DEBT (XXXX2145)	07/13/2017	07/13/2018	1.00 %	245,000.00	
TEXAS CAPITAL BANK-DEBT (XXXX0215)	08/09/2017	08/10/2018	1.25 %	245,000.00	
CENTRAL BANK - DEBT (XXXX0518)	08/18/2017	08/15/2018	1.15 %	245,000.00	
FIRST STATE BANK-DEBT (XXXX1589)	08/20/2017	08/20/2018	1.10 %	245,000.00	
GREEN BANK - DEBT (XXXX4222)	08/20/2017	08/21/2018	1.10 %	245,000.00	
ICON BANK - DEBT (XXXX5136)	02/02/2018	02/01/2019	1.25 %	240,000.00	
SPIRIT OF TX BANK - DEBT (XXXX3745)	02/07/2018	02/07/2019	1.25 %	245,000.00	
THIRD COAST BANK-DEBT (XXXX2696)	02/15/2018	02/15/2019	1.30 %	245,000.00	
COMPASS BANK-DEBT (XXXX6307)	02/16/2018	02/19/2019	1.30 %	245,000.00	
<b>Money Market Funds</b>					
COMPASS BANK-DEBT (XXXX4504)	09/01/2013		0.25 %	9,703.28	
TEXAS CLASS (XXXX0002)	04/14/2016		1.61 %	2,153,894.99	✓
<b>Totals for Debt Service Fund:</b>				<b>\$4,608,598.27</b>	
<b>Grand total for South Shore Harbour Municipal Utility District No. 7:</b>				<b>\$5,166,016.64</b>	