

**SOUTH SHORE HARBOUR MUNICIPAL UTILITY DISTRICT NO. 7  
MINUTES OF MEETING OF BOARD OF DIRECTORS  
OCTOBER 10, 2017**

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 October 10, 2017 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 - Present  
Holly Larsen, Deputy Secretary - Present  
Nghiem V. Doan, Director - Present

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; Kristin Hooker, HOA Community Manager; Eric Froeschner, HOA President and District resident; 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, Counsel recognized and welcomed the visitors present at the meeting and asked if they had any questions for the Board. Ms. Claudia Foutz, said she had an item for consideration to present to the Board and stated that many MUDs in Galveston County authorize exemptions for 65 and over and disabled residents. She noted that at least 30 MUDs in the County offer at least a \$10,000 exemption for 65 and over as does Clear Creek ISD. Ms. Foutz asked if the District could match the ISD with a tax exemption for 65 and over and/or disabled residents. Upon inquiry, Ms. Yanez confirmed that the District for the 2017 tax year authorized a \$40,000 tax exemption for tax payers who are 65 and over or disabled and noted that there are currently 142 taxpayers receiving the exemption for 65 and over and 16 who qualify as disabled. Ms. Foutz stated she was unable to find information about the District’s tax exemptions and asked how a senior would go about applying for the exemption. Ms. Yanez stated that she would e-mail Ms. Foutz an exemption

application form from the Galveston Central Appraisal District. Ms. Foutz thanked the Board for authorizing such exemptions. Ms. Foutz also added that she will be interested in hearing the Engineer's report on the drainage issues that occurred on her street during Hurricane Harvey.

At this point, Mr. Eric Froeschner introduced himself as the President of the Lakes of South Shore and addressed the Board with concerns about the condition of the area near the ditch on South Shore Blvd. and Austin. He noted that post Hurricane Harvey several vehicles created deep ruts which are now posing safety hazards for walkers and those riding bikes in the area. He asked if the MUD may be able to assist in figuring out a solution, which may include regrading of the area. He noted that the HOA is looking into its finances and if insurance may cover repair of the ruts. He then went on to discuss the concerns with erosion around the detention ponds/lakes and issues with the bulkheading. He acknowledged that the District's Engineer has been looking into the matter and asked if the MUD could work with the HOA financially on the erosion and bulkhead repair. Mr. Froeschner noted several options for repair, including planting of certain vegetation to control the erosion. Counsel noted that they can discuss this item further under agenda items numbered 3 and 4 regarding the Engineer's analysis of damage and cost estimates recommended for the repair of the District's detention ponds/lakes and when Mr. Carter arrives at the meeting.

Next, the Board considered the approval of prior Minutes. Thereupon, on a motion by Director Larsen, seconded by Director Hopkins, the Board unanimously approved the September 12, 2017 Minutes as presented.

At this point, Mr. Carter entered the Meeting room. He then addressed agenda items numbered 3 and 4 regarding the Engineer's analysis of damage to and costs for repair of the District's Detention Ponds/Lakes. Mr. Carter first proceeded to explain the drainage process that occurred during Harvey and how the water ultimately had to make its way to Galveston Bay, noting the extraordinary amounts of rain that fell within a very short period of time. He noted that the street flooding that occurred was not the result of any flow obstructions, but rather the extraordinary and unprecedented amount of rainfall.

Mr. Carter then went on to review a proposal from Storm Water Solutions. He noted that there are different options, but the option that appears to be the most cost effective and beneficial for the long term includes doing some excavation of the banks and installing a steel plate in various places along the ponds. He then showed the areas ( 6 areas) where the steel plates would be installed. He said another product on the market that has shown to be effective, is called shore sox, which is a fabric you lay along the banks and put mulch over so that grass can grow on it. Mr. Carter presented a proposal from Storm Water Solutions to repair the six areas of concern for \$24,000. Counsel at this point noted that he has reviewed the Detention Pond Maintenance Agreement between the HOA and the District which outlines that the HOA is responsible for all of the non storm water detention functions (i.e. aesthetics, etc.) and that the District is responsible for maintaining the storm water detention/drainage capacity of the ponds. Counsel noted that in the past, the District contracted with Storm Water Solutions for erosion and mesh repair on the perimeter of the ponds. Counsel said that, in his opinion, it seemed fair to split the costs of the detention system repairs 50/50 with the HOA. Following due discussion, and on a motion by Director Chuoke, seconded by Director Hopkins, the Board unanimously approved the Storm Water Solutions proposal (\$24,000) subject to the HOA approving payment for half of the project for a total of \$12,000. Mr. Froeschner stated that he would present the proposal to the HOA and get back to the District on the matter. Director Hopkins then asked if the Board could execute the proposal now. Counsel said yes, the Board can sign the proposal and his office will hold it pending the HOA's approval. The Board's President then duly executed the proposal. At this point, Mr. Froeschner mentioned another issue for further discussion. He noted the need for expansion of the sidewalk on the West side of 96 which was never completed by the developer as planned. No action was taken regarding the sidewalk.

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

\$25,472.76, total collections of \$975.69 and disbursements totaling \$1,201.97, for an ending balance of \$25,246.48 as of September 30, 2017. She then reviewed the Tax Rate and Value Report on page 2, noting the District's 2016 total net taxable value of \$342,415,671. Next, Ms. Yanez reviewed the Receivables Report as of September 30, 2017, noting that 99.59% of the 2016 taxes have been collected to this point. Ms. Yanez then presented four (4) checks for the Board's approval, and one check to be voided due to a misprint. The checks for payment included a transfer to the Operating Fund (\$21.67), and payment for Delinquent Tax Attorney, TAC Quarterly and TAC Bond Premiums fees, leaving a cash balance of \$20,234.23 as of October 10, 2017. Ms. Yanez then presented the delinquent tax roll for review. Thereupon, on a motion by Director Hopkins, seconded by Director Chuoke, the Board unanimously accepted the Tax Collector's Report as presented and approved checks numbered 1350, 1351, 1352 and 1353 to be paid from the tax account, and approved the voiding of check numbered 1349.


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 \$625.19, interest earned, maintenance tax collections and one (1) wire transfer (\$15,000) from the money market account to pay 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 the US Treasury for 3<sup>rd</sup> Quarter Payroll Taxes (\$459.00) and payment to McDonald Wessendorff for payment of the District's Insurance Premium (2017-2018). She noted that the Board will discuss renewal of its Insurance policies on the next agenda item. She also noted check numbered 3207 not listed on the report for payment of lunch for today's meeting. Next, Ms. Grimes reviewed the District's Account Balances for all funds, noting \$478,458.71 in total Operating Funds and \$3,763,662.62 in the Debt Service Fund. She reported a grand total balance across all District funds of \$4,242,121.33. Ms. Grimes then reviewed the Summary of Pledged Securities, noting that all of the District's funds are secured and in compliance with the District's Investment Policy.

Next, Ms. Grimes reviewed the Actual vs. Budget comparison for the current month and the fiscal year to date (September 30, 2017) and the Balance Sheet as of September 30, 2017, noting that the budget looks good for the last month of the fiscal year. She then reported that the next debt service payment is due on March 1, 2018 for interest only. Lastly, Ms. Grimes presented the Quarterly Investment Report for the period ending August 31, 2017. She reviewed the Money Market and CD accounts, and noted that all funds were properly secured. Thereupon, on a motion by Director Chuoke, seconded by Director Hill, the Board unanimously accepted the Bookkeeper's report and approved payment of all of the checks/transfers listed in the attached Bookkeeper's Report, and approved the Quarterly Investment Report for the period ending August 31, 2017.

Next, the Board considered approval of the District's Insurance Renewal Policies and Bonds for 2017-2018. Counsel then reviewed the Insurance Renewal policies and bond coverages received from McDonald & Wessendorff, noting the total premium for the renewal was \$4,763.00, which was a slight increase from the prior year. Counsel noted that the increase was due to an increase in coverage for the lakes. Following due discussion and review of the documents, and upon a motion by Director Chuoke, seconded by Director Larsen, the Board unanimously approved the renewal of the Insurance Policies from McDonald & Wessendorff for 2017-2018 term and authorized the President to execute the renewal coverage forms which included coverage for General Liability (linear ponds and Tucker Lake), Directors and Officers Liability, Director's Bond, Public Employee Blanket Crime coverages and Umbrella coverage.

Next, the Board considered agenda item numbered 8 regarding amendment the District's Ethics and Travel Policy. Counsel noted that, at last month's meeting the Board discussed amending its Ethics and Travel Policy to set a parameter for reimbursement of all meals and incidental expenses to not exceed \$100.00 per day. Thereupon, on a motion by Director Hopkins, seconded by Director Larsen, the Board unanimously approved an amendment to the District's Ethics and Travel Policy setting a parameter for reimbursements of all meals and related expenses not to exceed \$100.00 per day while traveling for District business or events.

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



Secretary

South Shore Harbour MUD 7 - GOF  
**Cash Flow Report - Checking Account**  
 As of October 10, 2017

Num	Name	Memo	Amount	Balance
BALANCE AS OF 09/13/2017				\$625.19
<b>Receipts</b>				
	Maintenance Tax Collections		222.69	
	Interest on Checking		0.53	
	Wire Transfer		15,000.00	
<b>Total Receipts</b>				15,223.22
<b>Disbursements</b>				
3190	Gene Hill	VOID: Fees of Office - 9/12/2017	0.00	
3197	Gene Hill	Fees of Office - 10/10/2017	(138.52)	
3198	Holly Larsen	Fees of Office - 10/10/2017	(138.52)	
3199	Nghiem Doan	Fees of Office - 10/10/2017	(138.53)	
3200	Paul Hopkins, Jr.	Fees of Office - 10/10/2017	(138.53)	
3201	Robert C Chuoke III	Fees of Office - 10/10/2017	(138.52)	
3202	United States Treasury	2017 3rd Qtr Payroll Taxes	(459.00)	
3203	Dannenbaum Engineering Corporation	Engineering Fees	(2,313.00)	
3204	Municipal Accounts & Consulting, LP	Bookkeeping Fees	(2,064.25)	
3205	Paul A. Philbin & Assoc., P.C.	Legal Fees	(4,373.75)	
3206	McDonald & Wessendorff	Insurance - 11/18/17 - 11/18/18	(4,763.00)	
SVC CHG	Compass Bank	Service Charge	(0.53)	
<b>Total Disbursements</b>				(14,666.15)
BALANCE AS OF 10/10/2017				<u>\$1,182.26</u>

COMPASS BANK-CHECKING - #XXXX8767

South Shore Harbour Municipal Utility District No. 7

Account Balances

As of October 10, 2017

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
<b>Fund: Operating</b>					
<b>Certificates of Deposit</b>					
INDEPENDENT BANK (XXXX5271)	02/26/2017	11/23/2017	0.35 %	100,000.00	
GREEN BANK (XXXX0386)	05/09/2017	02/02/2018	0.65 %	120,000.00	
SPIRIT OF TEXAS BANK (XXXX4813)	07/24/2017	07/24/2018	1.10 %	120,000.00	
<b>Money Market Funds</b>					
TEXAS CLASS (XXXX0001)	04/14/2016		1.27 %	137,276.45	
<b>Checking Account(s)</b>					
COMPASS BANK-CHECKING (XXXX8767)			0.15 %	1,182.26	Checking Account
<b>Totals for Operating Fund:</b>				<b>\$478,458.71</b>	
<b>Fund: Debt Service</b>					
<b>Certificates of Deposit</b>					
PLAINS STATE BANK - DEBT (XXXX8723)	02/02/2017	02/01/2018	0.40 %	240,000.00	
SPIRIT OF TX BANK - DEBT (XXXX3745)	02/07/2017	02/07/2018	0.51 %	245,000.00	
THIRD COAST BANK-DEBT (XXXX2696)	02/16/2017	02/15/2018	0.50 %	245,000.00	
PREFERRED BANK-DEBT (XXXX8568)	02/16/2017	02/16/2018	0.50 %	245,000.00	
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	
<b>Money Market Funds</b>					
COMPASS BANK-DEBT (XXXX4504)	09/01/2013		0.25 %	8,454.30	
TEXAS CLASS (XXXX0002)	04/14/2016		1.27 %	1,310,208.32	
<b>Totals for Debt Service Fund:</b>				<b>\$3,763,662.62</b>	
<b>Grand total for South Shore Harbour Municipal Utility District No. 7:</b>				<b>\$4,242,121.33</b>	