

**SOUTH SHORE HARBOUR MUNICIPAL UTILITY DISTRICT NO. 7  
MINUTES OF MEETING OF BOARD OF DIRECTORS  
APRIL 10, 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 April 10, 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 - 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; 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. Thereupon, on a motion by Director Larsen, seconded by Director Hill, the Board unanimously approved the March 13, 2018 Minutes as presented.

Next, Counsel recognized Ms. Claudia Foutz, and asked if she had any questions for the Board. Ms. Foutz stated that she did have questions about repairs to the “Kroger Lake,” which she would address during the Engineer’s Report.

Next, the Board considered the Engineer’s Report. Mr. Carter stated that Storm Water Solutions (SWS) had completed the repair work to the detention system’s wall along the six (6) areas in the original proposal, and he presented pictures of the repaired areas. He stated that they will return for final touch up work that will include either applying seed or sod to the areas that were repaired. Ms. Foutz then added that she did walk the perimeter and it appears that all the areas were repaired, however, one area she noted looked rather odd where they backfilled with concrete and

attached a concrete bar with a large bolt at the water line. She noted that she was not sure how sturdy of a repair this appeared to be. She also asked if the Engineer were able to assess the trough/sink hole area discussed last month that is pooling water which has nowhere to drain. Mr. Carter stated that he was not able to locate specifically the area to which Ms. Foutz was referring, and stated that he would like her to show him the area after the meeting.

Ms. Foutz then raised questions about the original development plan for the “Kroger Lake,” which she noted has significant erosion on the Kroger side of the lake. She also noted that a resident who lives near that side of the lake has expressed some concerns. She inquired about why the Austin Lake was bulkheaded originally, but not the “Kroger Lake.” She then added that the lakes in the Tuscany Lakes development were not bulkheaded, and they are now also experiencing significant erosion problems. Mr. Carter then explained that Kroger Lake or the Linear Lake was initially designed as a long linear detention basin (dry ditch). South Shore Harbour Development decided not to bulkhead after the plans were changed to turn the dry detention basin into a lake. There was a discussion as to options for repairing the erosion problems and Mr. Carter stated that the options are quite expensive, including the geo sock discussed at an earlier meeting, which is a fine mesh that costs approximately \$25.00 - \$40.00 per linear foot. He noted that installing concrete along the perimeter would be significantly more expensive. There was also a discussion regarding the HOA involving Commercial Management Association (CMA) in this matter. Director Hopkins stated that he would obtain contact information on the CMA and forward this to Ms. Foutz to provide to the HOA. He noted that one of the Board Members on the CMA is Mr. Bob Kirchner, who also works for American National Insurance Company (ANICO). The Board agreed that the HOA should coordinate with the CMA on this matter and develop a plan that they can then present to the MUD. The Board noted that given the costs, a 5-year or so plan to gradually repair the entire linear lake would make the most economic sense and that the geo sock or mesh fabric overlay also makes the most economic sense. The Board then accepted the Engineer’s Report as presented and no action was taken.

At this point, Director Doan entered the meeting room. Counsel briefly updated Director Doan on matters related to the District's detention system.

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 \$111,841.34, total collections of 15,968.02 and disbursements totaling \$70,248.50, for an ending balance of \$57,560.86, as of March 31, 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 March 31, 2018, noting that 98.36 % of the 2017 taxes have been collected to this point. Ms. Yanez then reported collections to date received in the amount of \$47.44. She then presented one (1) wire transfer to the Debt Service Fund (\$20,000.00) and three (3) checks for the Board's approval. The checks for payment included a transfer to the Operating Fund (\$1,374.85) and payment of Delinquent Tax Attorney and TAC fees, leaving a cash balance of \$31,508.47 as of April 10, 2018.

Ms. Yanez then presented the delinquent tax roll for review, noting several Lakes of South Shore HOA unpaid accounts. She noted that they are mostly very small amounts owed, and stated that her office would verify if they have the correct address on file, as there may have been a change in management. She then discussed the two accounts that are paying under installment agreements and noted that the Arthur account is current. She noted that her office did also receive a payment for the Leslie account. There was a discussion regarding the amount still owed for the Leslie account and Ms. Walker noted that her office will stay on the case. Following due discussion, and on a motion by Director Hill, seconded by Director Larsen, the Board unanimously accepted the Tax Collector's Report as presented, approved the wire transfer to the Debt Fund (\$20,000.00) and checks numbered 1376, 1377 and 1378 to be paid from the tax account.

Next, the Board considered renewal of the Delinquent Tax Attorney's Contract. Counsel noted that the contract for collection of delinquent taxes is of no cost to the District. He


noted that Section 33.07 of the Texas Property Code provides for collection penalty of 20% for all taxes that are delinquent six months or more, if there is contract in place with an attorney to collect delinquent taxes. Counsel stated that 20% delinquent fee is in addition to the penalties and interest that the District collects. As a result, the District will continue to collect all penalties and interest it is owed. Following due discussion, on a motion by Director Larsen, seconded by Director Chuoke, the Board unanimously approved renewal of the Delinquent Tax Attorney's Contract for 2018.

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 \$581.57, interest earned, maintenance tax collections (\$8,060.95) and one (1) wire transfer (\$1,800) 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 the United States Treasury for First Quarter Payroll Taxes and to McCall, Parkhurst & Horton for Disclosure Counsel services (Annual Disclosure Filing). Next, Ms. Grimes reviewed the District's Account Balances for all funds, noting \$557,660.42 in total Operating Funds and \$4,671,848.92 in the Debt Service Fund. She reported a grand total balance across all District funds of \$5,229,509.34. Ms. Grimes then reported the Texas Class Money Market Funds interest rate has increased to 1.74%.

Ms. Grimes then reviewed the Actual vs. Budget comparison for March 31, 2018 and the District's Balance Sheet as of March 31, 2018. She noted that then next debt service payment is due on September 1, 2018. Counsel noted that the District is planning to cash defease all of the outstanding maturities in the Series 2008 Bonds, and that he has begun preliminary work on the defeasance documents. He noted that he will have documentation to present at the May or June meetings. Ms. Grimes then reported on current registration for the AWBD Summer Conference, being held in San Antonio from June 21 - June 24. She reported that Director Doan is registered to attend the conference. Lastly, Ms. Grimes presented the Quarterly Investment Report for the period ending February 28, 2018. She noted that all funds were properly secured and noted Compass

Bank's Letter of Credit. Thereupon, on a motion by Director Hill, seconded by Director Chuoke, the Board unanimously accepted the Bookkeeper's report, 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 February 28, 2018.

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 April 10, 2018

Num	Name	Memo	Amount	Balance
BALANCE AS OF 03/14/2018				\$581.57
<b>Receipts</b>				
	Interest on Checking		0.68	
	Maintenance Tax Collections		8,060.95	
	Wire Transfer		1,800.00	
<b>Total Receipts</b>				9,861.63
<b>Disbursements</b>				
3245	Nghiem Doan	VOID: Fees of Office - 3/13/2018	0.00	
3247	Robert C Chuoke III	VOID: Fees of Office - 3/13/2018	0.00	
3252	Gene Hill	Fees of Office - 4/10/2018	(138.53)	
3253	Holly Larsen	Fees of Office - 4/10/2018	(138.53)	
3254	Nghiem Doan	Fees of Office - 4/10/2018	(138.52)	
3255	Paul Hopkins, Jr.	Fees of Office - 4/10/2018	(138.52)	
3256	Robert C Chuoke III	Fees of Office - 4/10/2018	(138.52)	
3257	United States Treasury	2018 1st Qtr Payroll Taxes	(275.42)	
3258	McCall, Parkhurst & Horton LLP	Disclosure Council	(600.00)	
3259	Municipal Accounts & Consulting, LP	Bookkeeping Fees	(1,742.57)	
3260	Dannenbaum Engineering Corporation	Engineering Fees	(2,730.12)	
3261	Paul A. Plulbin & Assoc., P.C.	Legal Fees	(4,331.75)	
SVC CHG	Compass Bank	Service Charge	(0.68)	
<b>Total Disbursements</b>				(10,373.16)
BALANCE AS OF 04/10/2018				\$70.04

South Shore Harbour Municipal Utility District No. 7

Account Balances

As of April 10, 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		1.74 %	317,590.38	
<b>Checking Account(s)</b>					
COMPASS BANK-CHECKING (XXXX8767)			0.15 %	70.04	Checking Account
<b>Totals for Operating Fund:</b>				<b>\$557,660.42</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		1.74 %	2,217,145.64	
<b>Totals for Debt Service Fund:</b>				<b>\$4,671,848.92</b>	
<b>Grand total for South Shore Harbour Municipal Utility District No. 7:</b>				<b>\$5,229,509.34</b>	