

**SOUTH SHORE HARBOUR MUNICIPAL UTILITY DISTRICT NO. 7  
MINUTES OF MEETING OF BOARD OF DIRECTORS  
MAY 8, 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 May 8, 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; Eric Froeschner, District resident/HOA representative; 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 post election procedures. Counsel noted that the General Election of Directors was cancelled pursuant to the Election Code, which authorizes cancellation if the candidates are unopposed. He then presented the Board with two Certificates of Duly elected Officer for Directors Hopkins and Chuoke, as well as the Oaths of Office and Statements of Elected Official. The Certificates of Duly Elected Officer certified that each of the named Directors was duly elected to the office of Director pursuant to the Order of Cancellation of the May 5, 2018 Director’s Election. Directors Hopkins and Chuoke then took the Oaths and duly executed the Oath and Statement of Elected Officer, and on a motion by Director Hill, seconded by Director Larsen, the Board unanimously approved and accepted the certification of election results, the Oaths of Office and the Statements of Elected Officials. The Board then considered the election of officers.

Thereupon, on a motion by Director Chuoke, seconded by Director Hill, the Board unanimously voted to maintain the same officers as listed above.

Next, the Board considered the approval of prior Minutes. Thereupon, on a motion by Director Hopkins, seconded by Director Chuoke, the Board unanimously approved the April 10, 2018 Minutes as presented.

Next, Counsel recognized Ms. Claudia Foutz and Mr. Eric Froeschner to the meeting, and asked if they had any questions for the Board. They both indicated that they had questions and comments for the Board. Mr. Froeschner commented first regarding the District's detention repair project and stated that several residents have expressed concerns about the state of the detention pond behind the Kroger store. He suggested that the planting of water lilies in the area near the pond will prevent more erosion. Both Counsel and the Engineer noted that they have seen this type of erosion prevention being used on golf courses, with some effectiveness. Mr. Carter stated that it will not solve the problem completely, but that it certainly is a good erosion control measure that is relatively cost effective. Mr. Froeschner asked if the HOA could determine a location to plant several lilies and observe their effectiveness over a 6 month period. There were questions regarding the maintenance of the lilies and the ownership of the area to be planted. Upon inquiry, Mr. Carter stated that the area in question was platted as a drainage reserve and that the District owns the property from the back lot line to wherever the commercial property or fence is. He estimated approximately 50' on either side of the water. Director Hopkins inquired about the need to obtain multiple quotes/estimates for the planting and Counsel replied that this project would not fall within the TCEQ's bidding requirements, given that it will likely be under \$1,000. Counsel recommended that the Board authorize the HOA to plant the lilies in certain areas approved by the District's engineer for erosion control purposes. Thereupon, on a motion by Director Hopkins, seconded by Director Larsen, the Board unanimously authorized the HOA to plant the lilies in the Drainage Reserve areas approved by the District's engineer.

At this point, Counsel welcomed Ms. Foutz's questions/comments. Ms. Foutz then stated that she has had a few residents inquire about the proposed fence replacement by the MUD. Counsel noted that a few years ago, the MUD was approached by the HOA President regarding assistance with fence replacement along Austin Street. Counsel noted that the MUD had proposed to utilize its surplus construction funds for fence improvements and also authorize Park/Recreational Bonds. He noted that the surplus construction funds were not authorized for park improvements (including fences/walls), so the District would have had to have held a Park Bond Election to be able to utilize the funds for fence improvements. The plan was to utilize the surplus funds to keep the tax rate from increasing, to keep the bond issuance amount lower, and to be able to make fence improvements for the entire District versus only for a portion of the District. The District's Financial Advisor prepared a schedule showing that issuance of such park bonds would not raise the District's tax rate, which was the biggest concern voiced by residents. The MUD wanted feedback from the residents and to have the proposal presented at the HOA's annual meeting. In the end, there was not enough consensus or community support to move forward with the project and the Board determined that it was best to take that option off the table for consideration. There were questions regarding costs for holding a bond election and Counsel stated that it would have likely cost the District several thousand dollars to hold a Park Bond Election.

Next, the Board considered the Engineer's Report. Mr. Carter first addressed the six (6) repair sites to the detention system, noting that he and Ms. Foutz toured the repair sites. He stated that the sites have not as yet been sodded. He noted that he will not recommend payment of the project until the sites have been properly sodded. He then discussed the status of the sink hole near Austin St. and noted that it appears to be the remains of a backslope (swale) that was used as part of the lake drainage system. He noted the hole was probably caused when the sidewalk was installed. He recommended spreading dirt in the area and Counsel stated that it may be good to have Storm Water Solutions (SWS) do this fill while they are working on finishing up with sodding around the detention system. The Board concurred and thereupon, on a motion by Director Hill,

seconded by Director Doan, the Board unanimously accepted the Engineer's Report as presented and authorized Mr. Carter to coordinate with SWS on repair of the sink hole near Austin Street.

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 \$57,560.86, total collections of \$7,020.97 and disbursements totaling \$26,099.83, for an ending balance of \$38,482.00, as of April 30, 2018. She then reviewed the Tax Rate and Value Report on page 2, noting the District's 2017 total net taxable value of \$361,856,335. Next, Ms. Yanez reviewed the Receivables Report as of April 30, 2018, noting that 99.03 % of the 2017 taxes have been collected to this point. She then presented one (1) wire transfer to the Debt Service Fund (\$10,000.00) and three (3) checks for the Board's approval. The checks for payment included a transfer to the Operating Fund (\$881.53) and two current value reduction refunds, leaving a cash balance of \$27,241.93 as of May 8, 2018.

Ms. Yanez then reported on the 2018 preliminary assessed valuation received, which totaled \$363,484,553. She noted that this was up approximately 0.45% from the prior year, however, she stated that this represents the pre-protest value and that this increase will likely be adjusted downward by a small amount following tax protest hearings. Next, she presented the delinquent tax roll for review, noting that her office received an updated address for the HOA Management Company, which has several Lakes of South Shore HOA unpaid tax accounts. Ms. Foutz stated that she has also been in contact with Ms. Kristin Hooker (HOA Property Manager) and noted that Ms. Hooker is looking into payment of these accounts. She then discussed the two installment payment accounts and noted that the Arthur account is current. She noted that the last payment received for the Leslie account was on March 26. Counsel noted that the Tax Office will be issuing notice to each unpaid account of the forthcoming 20% collection penalty for those accounts still unpaid as of July 1, 2018. 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 (\$10,000.00) and checks numbered 1379, 1380 and 1381 to be paid from the tax account.

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 \$70.04, interest earned, maintenance tax collections (\$1,374.85) and one (1) wire transfer (\$5,000) 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. Next, Ms. Grimes reviewed the District's Account Balances for all funds, noting \$551,858.43 in total Operating Funds and \$4,695,415.09 in the Debt Service Fund. She reported a grand total balance across all District funds of \$5,247,273.52. Ms. Grimes then reviewed the Actual vs. Budget comparison for April 30, 2018 and the District's Balance Sheet as of April 30, 2018. She noted that the next debt service payment is due on September 1, 2018. Ms. Grimes then reported on current registration for the AWBD Summer Conference (June 21 - June 24), noting that Director Doan is registered to attend the conference. Counsel then discussed the proposed defeasance of certain maturities from the Series 2008 bonds, which are callable on September 1, 2018. He stated that next month, he will have the Notice of Redemption, Instruction Letter to the Paying Agent and related documents for the Board to approve relative to the defeasance of those bonds. Thereupon, on a motion by Director Hill, seconded by Director Chuoke, the Board unanimously accepted the Bookkeeper's report and approved payment of all of the checks/transfers listed in the attached Bookkeeper's Report.

Under pending business, Mr. Froeschner noted that the city is scheduled to complete the sidewalk on the west side of 96 so that people may be able to walk across 96 without being on South Shore Blvd. There being no further business to come before the Board, and on a motion made by Director Chuoke, seconded by Director Larsen, the meeting was unanimously adjourned.

  
Secretary

South Shore Harbour MUD 7 - GOF  
**Cash Flow Report - Checking Account**  
 As of May 8, 2018

Num	Name	Memo	Amount	Balance
BALANCE AS OF 04/11/2018				\$70.04
<b>Receipts</b>				
	Maintenance Tax Collections		1,374.85	
	Interest on Checking		1.23	
	Wire Transfer		<u>5,000.00</u>	
<b>Total Receipts</b>				6,376.08
<b>Disbursements</b>				
3262	Gene Hill	Fees of Office - 5/8/2018	(138.52)	
3263	Holly Larsen	Fees of Office - 5/8/2018	(138.52)	
3264	Nghiem Doan	Fees of Office - 5/8/2018	(138.53)	
3265	Paul Hopkins, Jr.	Fees of Office - 5/8/2018	(138.53)	
3266	Robert C Chuoke III	Fees of Office - 5/8/2018	(138.53)	
3267	Municipal Accounts & Consulting, LP	Bookkeeping Fees	(1,160.98)	
3268	Paul A. Philbin & Assoc., P.C.	Legal Fees	(4,029.25)	
SVC CHG	Compass Bank	Service Charge	<u>(1.23)</u>	
<b>Total Disbursements</b>				<u>(5,884.09)</u>
BALANCE AS OF 05/08/2018				<u><u>\$562.03</u></u>

South Shore Harbour Municipal Utility District No. 7

Account Balances

As of May 8, 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		2.00 %	311,296.40	
<b>Checking Account(s)</b>					
COMPASS BANK-CHECKING (XXXX8767)			0.15 %	562.03	Checking Account
<b>Totals for Operating Fund:</b>				<b>\$551,858.43</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		2.00 %	2,240,711.81	
<b>Totals for Debt Service Fund:</b>				<b>\$4,695,415.09</b>	
<b>Grand total for South Shore Harbour Municipal Utility District No. 7:</b>				<b>\$5,247,273.52</b>	