

**SOUTH SHORE HARBOUR MUNICIPAL UTILITY DISTRICT NO. 7
MINUTES OF MEETING OF BOARD OF DIRECTORS
OCTOBER 9, 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 October 9, 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 Chuoke, the Board unanimously approved the September 11, 2018 Minutes as presented.

Next, Counsel recognized Ms. Foutz to the meeting, and asked if she had any questions and/or comments for the Board at this time. Ms. Foutz followed up on her HOA report from the prior month, noting that many residents appear to be interested in better understanding the HOA’s operations and getting more involved with the HOA. She noted that 5 residents attended the last HOA meeting. She also noted that they are still working to figure out the terms for the officers as well as determining when the last HOA election was held. Ms. Foutz reported that they are now planning to hold the Annual HOA Meeting on December 5, at which meeting an election is scheduled to be conducted. She noted that there is some confusion regarding the ballots and the ability to submit proxy votes. She then indicated that biographies of the candidates should be posted

on the HOA's website later in November. Counsel stated that it is customary for candidates to file a Lastly, Ms. Foutz reported that a CPA is conducting an active audit and reviewing the HOA's financials. The Board then thanked Ms. Foutz for this information.

Next, the Board considered agenda item numbered 3 regarding the status of the District's bulletin board and posting of the notices of meeting. Ms. Foutz reported that she has been in communication with the HOA and was able to access the key in the lockbox so as to post the October Notice of Meeting in the bulletin board. She noted that she is ready and willing to assist the District with this duty. The Board thanked Ms. Foutz for her assistance.

Next, the Board considered the Engineer's Report. Mr. Carter reported that after last month's meeting he delivered the down payment and signed landscaping agreement to Lynn's Landscaping. He noted that he received a call today regarding the check. Mr. Carter stated that he will be meeting with Mr. Gripon this evening on another matter and will make sure everything is cleared up with respect to the iris planting project. Next, Mr. Carter addressed agenda item numbered 5 regarding the status of Tucker Lake, lake maintenance, and related issues Counsel noted that he received a listing of the owners around Tucker Lake, but that it did not include the area in question. Ms. Yanez apologized and stated that she is working to provide the lots/owners for the area in question. There was a discussion regarding the current state of the property. Director Hopkins inquired about the ability of the District to go after the individual property owners to clean up the area. Counsel said that the District can file a nuisance complaint, but that it is a slow process. He said that it was his opinion, that, based on the photos provided by Mr. Carter, the problem area is relatively small and does not warrant any great effort to get it cleared up. The Board reviewed the matter and unanimously agreed to hold the matter under advisement and accepted the Engineer's report.

Next, the Board considered the Tax Collector's Report. 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 \$31,812.71, total collections of \$650.37 and disbursements

totaling \$1,582.24, for an ending balance of \$30,880.84, as of September 30, 2018. She then reviewed the Tax Rate and Value Report on page 2, noting the District's 2017 total net taxable value of \$337,427,869. Ms. Yanez reported that next month's report will begin showing the 2018 net taxable value. Next, Ms. Yanez reviewed the Receivables Report as of September 30, 2018, noting that 99.88 % of the 2017 taxes have been collected to this point. She then presented three (3) checks for the Board's approval. The checks for payment included a transfer to the Operating Fund (\$50.41) and payment of Delinquent Tax Attorney and TAC Quarterly/Postage fees, leaving a cash balance of \$25,287.28 as of October 9, 2018. Ms. Yanez then presented the delinquent tax roll for review. Following due discussion, and on a motion by Director Larsen, seconded by Director Hopkins, the Board unanimously accepted the Tax Collector's Report as presented, and approved checks numbered 1397, 1398 and 1399 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 \$350.13, interest earned, maintenance tax collections (\$405.15) and two (2) wire transfers (\$2,000 and \$19,000) from the money market account for payment of bills. Ms. Grimes stated that her office did receive the \$12,000 payment from the HOA yesterday for its share of the detention repair. She then reviewed the checks for approval today including the standard disbursements for Director per diems and consultants' fees. Ms. Grimes noted that the checks included payment to SourceMedia, LLC (defeasance publication), the US Treasury (3rd Quarter Payroll) and McDonald & Wessendorff for the renewal premium which will be considered for approval later on the agenda. She noted that she is awaiting a W-9 from Lynn's Landscaping for the down payment issued last month.

Next, Ms. Grimes reviewed the District's Account Balances for all funds, noting \$481,106.64 in total Operating Funds and \$3,057,884.75 in the Debt Service Fund. She reported a grand total balance across all District funds of \$3,538,991.39 and noted that several 12 month CDs were opened last month. Ms. Grimes then reviewed the Actual vs. Budget comparison for September 30, 2018 and the District's Balance Sheet as of September 30, 2018. She then reviewed

the Debt Service Schedule and reported that the next debt service payment is due on March 1, 2019 for interest only. Lastly, Ms. Grimes presented the Quarterly Investment Report for the period ending August 31, 2018. She reviewed the activity between June 1, 2018 and August 31, 2018 noting the various money market and CD account activity. She reported that all funds were properly secured per the District's Investment Policy, noting the pledged security (letter of credit) on file with Compass Bank. Thereupon, on a motion by Director Hill, seconded by Director Doan, 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 August 31, 2018.

Next, the Board considered approval of the District's Insurance Renewal Policies and Bonds for 2018-2019. Counsel then reviewed the Insurance Renewal policies and bond coverages received from McDonald & Wessendorff, noting the total premium for the renewal is \$4,763.00, which is the same cost as the prior year. 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 2018-2019 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.

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 October 9, 2018

Num	Name	Memo	Amount	Balance
BALANCE AS OF 09/12/2018				\$350.13
Receipts				
	Wire Transfer		2,000.00	
	Maintenace Tax Collections		405.15	
	Interest on Checking		0.55	
	Wire Transfer		19,000.00	
Total Receipts				21,405.70
Disbursements				
3296	Gene Hill	VOID: Fees of Office - 9/11/2018	0.00	
3303	Lynn's Landscaping Inc.	Erosion Control - Iris - Down Payment	(1,025.23)	
3304	Gene Hill	Fees of office - 10/9/2018	(138.53)	
3305	Holly Larsen	Fees of office - 10/9/2018	(138.53)	
3306	Nghiem Doan	Fees of office - 10/9/2018	(138.52)	
3307	Paul Hopkins, Jr.	Fees of office - 10/9/2018	(138.52)	
3308	Robert C Chuoke III	Fees of office - 10/9/2018	(138.52)	
3309	United States Treasury	2018 3rd Qtr Payroll Taxes	(413.08)	
3310	Dannenbaum Engineering Corporation	Engineering Fees	(2,006.25)	
3311	McDonald & Wessendorff	Insurance - 11/18/18 - 11/18/19	(4,763.00)	
3312	Municipal Accounts & Consulting, LP	Bookkeeping Fees	(2,035.04)	
3313	SourceMedia, LLC	Defeasance	(3,109.00)	
3314	Paul A. Philbin & Assoc., P.C.	Legal Fees	(3,469.75)	
SVC CHG	Compass Bank	Service Charge	(0.55)	
Total Disbursements				(17,514.52)
BALANCE AS OF 10/09/2018				<u><u>\$4,241.31</u></u>

South Shore Harbour Municipal Utility District No. 7

Account Balances

As of October 9, 2018

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Fund: Operating					
Certificates of Deposit					
THIRD COAST BANK, SSB (XXXXX9253)	02/02/2018	10/30/2018	1.20 %	120,000.00	
CADENCE BANK (XXXXX1612)	07/24/2018	07/27/2019	2.40 %	120,000.00	
Money Market Funds					
TEXAS CLASS (XXXXX0001)	04/14/2016		2.23 %	236,865.33	
Checking Account(s)					
COMPASS BANK-CHECKING (XXXXX8767)			0.15 %	4,241.31	Checking Account
Totals for Operating Fund:				\$481,106.64	
Fund: Debt Service					
Certificates of Deposit					
ICON BANK - DEBT (XXXXX5136)	02/02/2018	02/01/2019	1.25 %	240,000.00	
SPIRIT OF TX BANK - DEBT (XXXXX3745)	02/07/2018	02/07/2019	1.25 %	245,000.00	
THIRD COAST BANK-DEBT (XXXXX2696)	02/15/2018	02/15/2019	1.30 %	245,000.00	
COMPASS BANK-DEBT (XXXXX6307)	02/16/2018	02/19/2019	1.30 %	245,000.00	
GREEN BANK - DEBT (XXXXX4410)	09/21/2018	09/20/2019	2.40 %	245,000.00	
FRONTIER BANK - DEBT (XXXXX2114)	09/21/2018	09/21/2019	2.40 %	245,000.00	
PIONEER BANK-DEBT (XXXXX1506)	09/21/2018	09/21/2019	2.40 %	245,000.00	
PLAINS STATE BANK - DEBT (XXXXX0092)	09/21/2018	09/21/2019	2.45 %	245,000.00	
Money Market Funds					
COMPASS BANK-DEBT (XXXXX4504)	09/01/2013		0.25 %	9,703.84	
TEXAS CLASS (XXXXX0002)	04/14/2016		2.23 %	1,093,180.91	
Totals for Debt Service Fund:				\$3,057,884.75	
Grand total for South Shore Harbour Municipal Utility District No. 7:				\$3,538,991.39	