

MINUTES OF MEETING OF BOARD OF DIRECTORS
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT
OF GALVESTON COUNTY, TEXAS

THE STATE OF TEXAS §
COUNTY OF GALVESTON §
FLAMINGO ISLES MUNICIPAL UTILITY DISTRICT OF §
GALVESTON COUNTY, TEXAS §

The board of directors (the “Board”) of Flamingo Isles Municipal Utility District of Galveston County, Texas (the “District”) met in special session, open to the public, at 1435 Harborwalk Boulevard, Hitchcock, Texas, on October 8, 2009, at 2:00 p.m.; whereupon the roll was called of the directors, to-wit:

Larry M. Corona, President
Sidney J. Worthy, Vice President
John Towner, Secretary
Edward F. Hartman III, Treasurer
Rick Atchison, Assistant Secretary

All members of the Board were present. Also attending all or portions of the meeting were Mr. Lynn Watkins of Harborwalk, L.P., developer of property in the District (the “Developer”); Mr. Bob Ideus of Municipal Business Services, bookkeeper for the District; Mr. Tommy Lee of Assessments of the Southwest, tax assessor and collector for the District; Mr. Marcus Michna of Shelmark Engineering, L.L.C.; engineer for the District; and Ms. Carla Christensen, paralegal, of Fulbright & Jaworski L.L.P. (“F&J”), attorneys for the District.

Notice of the meeting was posted in accordance with law at the locations and at the times shown on Exhibit “A” attached hereto. The meeting was called to order and the following business was transacted:

1. **Approval of Minutes of August 20, 2009.** Upon motion by Director Atchison, seconded by Director Hartman, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes as presented.

2. **Public hearing on tax rate.** The President opened the hearing on the proposed 2008 tax rate. There were no comments on the tax rate from the public. The hearing was closed.

3. **Adopt Order Setting Tax Rate and Levying Tax for 2009.** The Board reviewed the Order Setting Tax Rate and Levying Tax for 2009, a copy of which is attached hereto as Exhibit “B.” Ms. Christensen reported that, according to the tax assessor and collector, the Notice of Public Hearing on the Tax Rate was published. Upon motion by Director Hartman, seconded by Director Worthy, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Tax Rate and Levying Tax for 2009, thereby levying a tax rate of \$0.50 per \$100 assessed valuation (\$0.40 for debt service and \$0.10 for operations and maintenance).

4. **Bookkeeper's report and payment of bills.** The President recognized Mr. Ideus, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Worthy, seconded by Director Towner, after full discussion and the question being put to the Board, the Board voted unanimously to approve the bookkeeper's report, as amended, and to authorize payment of the checks identified therein.

5. **Engineer's report and any necessary action regarding construction projects, including status report from Shelmark Engineering, L.L.C. regarding analysis and determination of a maintenance dredging program for the Harborwalk canal system.** The President recognized Mr. Michna, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "D." Mr. Michna stated that there are no construction projects to report on at this time.

Mr. Michna reported that the Board previously engaged Shelmark to assist the District in the analysis and preparation of a maintenance dredging program for the Harborwalk canal system. Mr. Michna reported that Shelmark is obtaining cost estimates for the creation and placement of excavated materials. Mr. Michna noted that he is coordinating with Parks & Wildlife, who recommended that the District utilize the Pierce Marsh for a disposal site. Discussion ensued.

6. **Authorize necessary maintenance, including dredging and pump maintenance.** There was no further discussion on this item.

7. **Approve and authorize execution of Exhibit(s) A to Master Financing Agreement with Harborwalk, L.P.** Ms. Christensen noted that no exhibits would be presented.

8. **Developer's Report.** Mr. Watkins said that he received the necessary permit from the Army Corps of Engineers to do further work in Harborwalk, including completion of Section 6. Mr. Watkins reported that the mitigation construction is complete and paving is underway.

9. **Tax Assessor and Collector report and payment of bills.** The President recognized Mr. Lee, who reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as Exhibit "E." Mr. Lee noted that 97.64% of the District's 2008 taxes had been collected as of September 30, 2009. Upon motion by Director Atchison, seconded by Director Hartman, after full discussion and the question being put to the Board, the Board voted unanimously to approve the tax assessor and collector's report and to authorize payment of the checks identified therein.

10. **Set next meeting date.** Ms. Christensen stated that there are no meetings scheduled for the rest of the year.

11. **Other Matters.** No other matters came before the Board.

THERE BEING NO FURTHER BUSINESS to come before the Board, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on _____, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)