

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

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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 1301 Harborwalk Boulevard, Hitchcock, Texas, on April 22, 2010, 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 except Director Corona. 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; 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 February 22, 2010.** Upon motion by Director Towner, 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. **Adopt Order Declaring Unopposed Candidates Elected.** Ms. Christensen noted that no one other than the incumbents filed an application for a place on the ballot by the regular filing deadline of March 8, 2010 and no declarations of write-in candidacy were filed by March 15, 2010. Upon motion by Director Hartman, seconded by Director Atchison, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Declaring Unopposed Candidates Elected to Office, a copy of which is attached hereto as Exhibit "B."

3. **Ratify engagement of auditor for fiscal year ended March 31, 2010.** 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 ratify the engagement of McGrath & Co., PLLC to perform the District's audit for fiscal year ending March 31, 2010 and execution of the auditor engagement letter.

4. **Tax Assessor and Collector report and payment of bills.** There was no Tax Assessor and Collector's Report at this time.

5. **Review Delinquent Tax Attorney report and take necessary action in connection with same.** There was no Delinquent Tax Attorney's Report at this time.

6. **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 Towner, seconded by Director Hartman, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, and to authorize payment of the checks identified therein.

7. **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.** There was no Engineer's Report at this time.

8. **Authorize necessary maintenance, including dredging and pump maintenance.** Mr. Watkins reported that floating buoys are in need of replacement or re-setting. Mr. Watkins also reported that a few minor bulkhead repairs are necessary. Upon motion by Director Hartman, seconded by Director Atchison, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the replacement/re-setting of the floating buoys and the bulkhead repairs for a total cost not to exceed \$15,000.

9. **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.

10. **Developer's Report.** Mr. Watkins stated that Harborwalk is still coordinating with its bank, BBVA Compass, regarding the Chapter 11 proceedings.

Mr. Watkins reported that one house is currently under construction and one lot was recently sold.

11. **Set next meeting date.** Discussion ensued. It was the consensus of the Board to tentatively schedule the next meeting for Thursday, August 12, 2010.

12. **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  
August 12, 2010.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

(DISTRICT SEAL)