

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
MAY 12, 2008

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, May 12, 2008, at 5:30 p.m., at the Emerald Bay Club, Emerald Bay, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Deena Johnson, and Howard Rutherford. Director Paul Randolph was excused. Twelve Emerald Bay residents attended the meeting.

President Harris called the meeting to order at 5:31 p.m. As the first order of business, Director Johnson administered the oath of office to William F. Harris, elected a director for a four year term expiring May 2012.

Director Hartley then made a motion to elect the current slate of officers for the District as follows: Bill Harris, President; Howard Rutherford, Vice President-Operations; Ray Hartley, Vice President-Treasurer; Paul Randolph, Vice President-Administration. As Director Johnson's term expires on May 15, 2008, a vacancy exists which must be filled by appointment. In the interim, Director Johnson will serve as acting secretary. **The motion was seconded by Director Rutherford and the slate of officers was approved by unanimous consent.**

Director Harris asked for comments on the Minutes of meetings on April 14 (Regular), April 23 and April 28 (Special). **Director Hartley made a motion to approve all three meeting Minutes as written. Upon second (Rutherford), the Minutes were approved by unanimous consent.**

Treasurer Hartley presented the April 30, 2008, financial summary. Year-to-date income and expenses for sewer operations were better than budgeted resulting in a net income of \$317,207. Likewise, year-to-date income and expenses for water operations were better than budgeted resulting in a net income of \$51,678. Cash balances are increasing primarily because construction projects have been postponed. **Director Rutherford made a motion to approve the April 30 financial report as presented. Upon second (Harris), the financials were approved by unanimous consent.**

Director Rutherford discussed the fire control system to be operated and maintained jointly by the District and Emerald Bay Club. Director Rutherford read the proposed fire control system agreement outlining the actions and responsibilities to be performed by both the District and the Club. He also read the instructions to be followed by security personnel in a fire emergency. Director Hartley drafted an executable fire control system agreement to be reviewed by all directors and the District's attorney before presentation to the Club board for its review and execution. Further action on this matter is tabled until the agreement is finalized for presentation to the Club.

Director Hartley contacted Capital One (Kenneth George) and was advised the refinancing documents have not been finalized for execution by the District. Mr. Harris outlined the terms of the new note whereby Capital One will extend the existing loan maturity to July 1, 2026 (120 months) and lower the interest rate from 4.68 to 4.18 percent fixed for the life of the loan. Mr. Hartley confirmed the refinancing will save the District approximately \$135,000 in interest over the ten year period. This matter is tabled pending notification by the bank that the documents are ready for execution.

Director Hartley advised the Texas Municipal League provides insurance coverage for the District. The TML adjuster inspected and estimated the hail damage at \$23,137.94 for all buildings at the sewer plant, well site #1, irrigation pump house, and #3 lift station. Mr. Hartley has two repair quotes for 30-year composition roofing: GNA - \$2,800; Acme-\$2,390. Metal building roof repairs quoted by Lewis for sewer plant buildings at \$8,469, well site #1 at \$3,695, and bagging building repair at \$3,192 (approximately \$15,500). Athens Building quoted all metal roof repairs at \$10,500. Further action on the hail damage claim for District buildings is tabled until the TML adjuster re-evaluates the damage to lift station #3.

Director Hartley also noted the District has purchased sewage backup insurance through the TML to cover any backup except one caused by the homeowner. This policy will also reimburse homeowner's deductible if the homeowner's insurance provides coverage for such sewage backup damage.

Director Rutherford discussed the plumbing inspection procedures under study by the task force comprised of himself, Director Randolph, George Holmes and John Murphy. The District has interviewed the City of Tyler inspector, Ken Horrell, regarding conducting plumbing inspections on all new construction and major remodeling projects within the District. Mr. Rutherford is reviewing the state regulations governing plumbing inspectors/inspections to incorporate into the District rules and regulations; therefore, this matter is tabled pending completion thereof.

Mr. Rutherford is also working on procedures governing the installation of backflow devices. The TCEQ requires these devices on all lawn irrigation systems and any other potential sources of contamination. The District must conduct customer service inspections on all residences to determine which customers do or do not have backflow devices and whether there are any sources of contamination. The District is researching the possibility of hiring a contractor to purchase and install backflow devices at a quantity discount (backflow device-\$70; installation-\$100).

Director Rutherford gave an update on field operations: (1) fix paving at the sewer plant; (2) Peterson building site on Holly Hill must be adjusted for sewer easement/right of way; (3) Pinkston sewer line to be fixed by contractor; (4) repair water leak at 266 South Bay.

Director Harris gave update of plant operations. The District will run a camera through the Henry Drive sewer lines to identify location of hammer taps. The cost to sleeve the lines and repair taps will be shared with the homeowners. Mr. Harris plans to connect all the District's wastewater lift stations to the SCADA system and made an appeal to residents to donate any unwanted radio/TV aerials (Cecil Holmes offered his). The installation of sewer lines for the Cawthon/LaSalle development should be completed by May 13.

In closing, President Harris announced this was Director Johnson's last official meeting and thanked her for her diligence in preparing the District's rules and regulations, transcribing Minutes of all meetings, handling correspondence and filing for the District over the last three years. He also advised the vacancy would be filled by appointment and asked that any member interested in serving on the District board apply therefor.

There being no further business, the meeting was adjourned at 6:32 p.m. upon motion duly made (Johnson) and seconded (Harris) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Financial Summary for 4/30/08
Fire Control System Agreement