

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
APRIL 20, 2009

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, April 20, 2009, at 5:30 p.m., at the Emerald Bay Clubhouse, Presidents Room, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Ray Hartley, Paul Randolph, Deena Johnson, and Jo Sharp. Director Bill Harris was excused. Finance Group members--George Holmes, Edd Clark, and Jim Parker were present. Twenty-two (22) Emerald Bay residents attended.

Director Hartley called the meeting to order at 5:30 p.m. and introduced George Holmes, chairman of the District Finance Group, to present their recommendations on the District assuming repair of South Bay traffic bridge and maintenance of community streets. Mr. Holmes noted the Group was appointed by the MUD board to work as an independent organization to review financial items that were directly the responsibility of the District.

The District instructed the finance group to build a realistic long-term financing plan to assume the obligation and future construction for the community's roads and bridge. George Holmes read the finance committee's report and recommendations into the record for all in attendance. **Director Sharp made a motion to approve the committee's recommended negotiating terms with the Emerald Bay Club and Homeowners Association boards on said matter. The motion was seconded by Director Randolph.**

A lengthy discussion ensued and questions were directed to the finance group regarding aspects of their report. Club board director, Bob Breedlove, queried their proposed phases for the road repair project. Mr. Holmes responded that two separate asphalt contractors had suggested a 20-year plan at a cost of \$2 million (section replaced every 5 years). Director Hartley noted the condition of the roads must first be evaluated before the District can initiate a plan for repairs and/or reconstruction of both the bridge and roads. Hartley suggested doing a half mile a year or every 5 years. Hartley also noted street drainage would have to be addressed prior to constructing the road base. Edd Clark advised that homebuilder's will be required to install a 15-inch culvert to get a building permit. Inge Grant (District resident) stated the project allows the District to redo infrastructure; therefore, the water, sewer and streets should be under one entity—the municipal utility district (MUD).

Director Hartley noted that repair or replacement of the South Bay traffic bridge would be the District's first priority of the street project. Director Hartley reminded residents the MUD has the ability to borrow money for the project at a cheaper rate, does not pay tax on materials, and could get the job done quicker with better quality. He also noted that financing for the project must be approved by vote of the District's electorate.

Director Hartley asked for a vote on the motion made (Sharp) and seconded (Randolph) to approve the committee's recommended negotiating terms with the Emerald Bay Club and Homeowners Association boards on said matter. The motion was approved by unanimous consent (Hartley, Johnson, Randolph, and Sharp).

J. B. Featherston, President of the Emerald Bay Club/HOA, stated the board members will work on the proposed negotiating points. Featherston reiterated that any plan or proposal developed by the Club/HOA board regarding responsibility for repair or reconstruction of the bridge and roads must be presented to the membership for approval.

Director Hartley asked for comments on the Minutes of the March 16 regular meeting. **Director Randolph made a motion to approve the March 16 minutes as written. Upon second (Sharp), the Minutes were approved by unanimous consent.**

Treasurer Hartley presented the March 2009 check detail for review. During the review, Director Hartley noted that an insurance claim for \$2,900 resulting from the 2008 hail damage to District facilities is still outstanding from the Municipal League. **Director Randolph made a motion to approve the checks as written in March. Upon second (Sharp), the motion was approved by unanimous consent.**

Treasurer Hartley then presented the financial summary as of March 31, 2009, for review and comment. Sewer and water system operations are less than budgeted for the period and close to last year to date figures. Mr. Hartley mentioned the cost to replace a leaking section in the effluent distribution pipe near the MUD plant will run \$10,000-\$15,000. Director Hartley also explained the March 31 statement of cash flows. **Director Randolph made a motion to approve the March 31 financial summary as presented. Upon second (Sharp), the motion was approved by unanimous consent.**

Treasurer Hartley reviewed the budget for the second half of the fiscal year and noted categories to be revised accordingly. In particular, income category--sewer and water transfer fees are under budget and will be reduced to \$1,200. Budgeted expense items to be reduced are engineering and consulting, legal expenses, and plant operating costs. Mr. Hartley noted the District should negotiate with Wilkins (plant operator) on the scope of their services. Repairs and maintenance category for both sewer and water operations are over budget and should be adjusted upward. **A motion was made by Director Randolph to approved the proposed budget revisions for the second half of the 2009 fiscal year. Upon second (Sharp), the motion was approved by unanimous consent.**

Director Hartley noted a District resident, Jim West, had requested the Board consider waiving his member/member transfer fee of \$150 for his upcoming move within the District. Mr. West had paid the higher new member utility transfer fee of \$500 and the fee had been reduced to \$350 shortly thereafter. **Director Randolph made a motion to waive the \$150 member/member transfer fee this time. Upon second (Sharp), the motion was approved by unanimous consent.**

Director Hartley recommended discussion of the professional software program for the meter reading system be tabled until the next regular meeting at which time Director Harris could address the issue.

In a brief operations update, Director Hartley advised efforts to test the repaired effluent pipeline were delayed by low pressure causing air bubbles. The pipeline has been pumped out and our contractor will begin filling the excavation. The sewer tap behind Hubert Mathis' resident failed. Since the original tap had been inspected and approved by District personnel, the MUD will bear the entire cost of the repair.

There being no further business, the meeting was adjourned at 7:00 p.m. upon motion duly made (Randolph) and seconded (Johnson) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

Ray Hartley
Treasurer/Presiding Officer

Attachments:
Check Detail 3/09
Financial Summary 3/31/09
Finance Team Report 3/16/09