

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
JUNE 9, 2008

The Board of Directors (Board) of the Emerald Bay Municipal Utility District (District) met in regular session on Monday, June 9, 2008, at 5:30 p.m., at the Emerald Bay Club, Emerald Bay, Bullard, TX 75757. Directors William (Bill) Harris, Ray Hartley, Paul Misso, Paul Randolph and Howard Rutherford were present. Six other persons from the public also attended all or part of the meeting.

President Harris called the meeting to order at 5:30 p.m. As a first order of business President Harris administered the Oath of Office to Director Paul Morris Misso and thereafter called for an election of officers. Director Ray Hartley made a motion to elect officers for the District as follows:

William F. (Bill) Harris: President
Ray Hartley: Treasurer
Paul Misso: Secretary
Howard Rutherford: Vice-President, Operations
Paul Randolph: Vice-President, Administration

Director Paul Randolph seconded, and the motion carried unanimously.

Director Howard Rutherford tendered a letter to President Harris along with copies to each of the other Directors. He then read the letter aloud to all in attendance. In the letter Mr. Rutherford advised that he is experiencing health problems and is considering the possibility of resigning from the Board in the near future pursuant to his doctor's recommendations.

Mr. Harris asked for comments on the Minutes of both the May 12, 2008 Regular Meeting and the June 6, 2008 Special Meeting. Mr. Randolph made a motion to approve the Minutes. Mr. Rutherford seconded, and the motion carried unanimously.

Treasurer Hartley reviewed the Cash Flow Statements and the Financial Summary, including the checks written, for the period(s) ended May 31, 2008. **Mr. Randolph made a motion to approve the checks paid and accept the Financial Statement Summaries. Mr. Rutherford seconded, and the motion carried unanimously.**

Mr. Harris read relevant portions of the Fire Control System Agreement proposed between the District and both the Emerald Bay Homeowners Association (Association) and the Emerald Bay Club, Inc. (Club), and he discussed the necessity of cooperation between elements of Emerald Bay security operations, the Club, the Association and the District in assuring that the fire safety system was operating properly and was being tested on a reasonable schedule. Noting that no members of the Club or the Association or the security operations were present, he emphasized that he would continue efforts to impress on the Association and the Club the importance of the issue and the vulnerability of residents to the danger of an unprepared and unrehearsed fire response system.

Mr. Harris read the Resolution providing for the amendment and restatement of bond resolution authorizing the issuance of the Emerald Bay Municipal Utility District revenue notes, Series 2005; authorizing the modification of certain of the terms thereof, and enacting other provisions relating to the purposes and subject of...(the resolution). There followed an examination and discussion of the terms of the Modification and Extension Agreement between Capital One Bank and the District, dated June 9, 2008, and the Note Owner Consent given by Capital One Bank. **Mr. Rutherford made a motion to accept these instruments as written and formalize the agreement with Capital One Bank. Mr. Hartley seconded, and the motion carried unanimously.**

Mr. Hartley reported on the progress and status of the insurance claim for hail damage to certain of the District's metal buildings.

There followed a somewhat lengthy discussion on problems and solutions related to the installation of backflow prevention devices on properties served by the District water system. Mr. Rutherford reported that inquiries he made with persons associated with the Texas Commission on Environmental Quality (TCEQ) led to some uncertainty as to exactly what the TCEQ standards are. Clarification of the requirements of the TCEQ are essential to the draft of the Emerald Bay Municipal Utility District Plumbing & Irrigation Inspection Program, the draft of the Schedule for Plumbing Code & Inspections, the draft of the Plumbing Inspection Requirements, and the draft of the Emerald Bay Municipal Utility District Plumbing Report Form. All Directors generally recognized both the urgency and the need for accuracy in the above-named documents. **Mr. Misso made a motion to table further work by the Board on the proposed drafts pending adequate clarifications from TCEQ to assure that the District is in compliance with TCEQ requirements. Mr. Rutherford seconded, and the motion carried unanimously.**

Mr. Rutherford reported on field operations, noting general problems with meters and common problems with other equipment of a routine nature.

Mr. Harris reported on plant operations, especially treatment of bahia grass on the District's properties. Mr. Tommy Jones is to coordinate with Mr. Harris in controlling the fast-growing grass.

Following this Mr. Harris read relevant parts of a letter dated June 9, 2008 from Mr. Steven M. Mason of Flowers Davis, P.L.L.C., representing the District, to Joyce Cowan Fountain and A. Dean Fountain, 21334 County Road 178, Flint, Texas. The letter informed the addressees that if the final offer of the District to purchase a thirty foot permanent utility easement on property described in the letter for the sum of \$1,948.00 was not accepted by them by close of business on June 20, 2008, the District would proceed with all steps necessary to bring a lawful condemnation proceeding in court to secure the required permanent utilities easement. Mr. Harris observed that the District would follow the advice of its counsel in securing the easement and that the status of the matter would be discussed in the next regular meeting.

There being no further business requiring action of the Board, the meeting was adjourned at 6:58 p.m., upon motion duly made by Mr. Harris, seconded by Mr. Rutherford, and approved by unanimous consent.

Respectfully Submitted,

Paul M. Misso
Secretary

William F. Harris
President

Attachments:

Financial Summary for May, 2008

Letter from Howard D. Rutherford to Bill Harris dated June 9, 2008

Proposed Fire Control System Agreement

Resolution regarding Bond Resolution

Letter from Mr. Steven M. Mason of Flowers Davis, P.L.L.C., to Joyce Cowan Fountain and A. Dean Fountain dated June 9, 2008