

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
FEBRUARY 16, 2009

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, February 16, 2009, at 5:30 p.m., at the Emerald Bay Clubhouse, Presidents Room, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Paul Randolph, and Deena Johnson. Eleven (11) Emerald Bay residents attended.

President Harris called the meeting to order at 5:30 p.m. President Harris asked for comments on the Minutes of the January 12 (regular) and January 16 (special) meetings. **Director Hartley made a motion to accept the January 12 and January 16 Minutes as written. Upon second (Randolph), the Minutes were approved by unanimous consent.**

Director Hartley presented the January 2009 check detail for review and comment. Mr. Hartley explained the delinquent accounts appearing on the customer balance summary—specifically noting Pillsbury is six months past due for sewer services and connection fees owed for the marina and real estate office on CR 344.

Director Hartley reviewed the profit and loss statements and balance sheet figures as of January 31, 2009, noting both sewer and water operations are better than budgeted. In accordance with its new investment policy, Mr. Hartley advised the District has purchased certificates of deposit (12-month maturity) paying approximately 2.79%-2.96% interest at Corus Bank and Nationwide Bank in the amount of \$100,000 each. On the balance sheet under long term liabilities, Mr. Hartley explained the Capital One revenue bond financed the construction of the water system and Southside Bank ad valorem tax bond financed the effluent distribution system (aka golf course sprinkler system) with final payment of \$90,000 due February 2010. Mr. Hartley also advised members their MUD property tax valuation rate would be lowered by approximately 66 percent in 2009. **Director Randolph made a motion to approve the January 2009 financial statements and check detail. Upon second (Hartley), the motion was approved by unanimous consent.**

President Harris stated the District's monthly financial statements could not be completed by the second Monday of each month, and Treasurer Hartley had requested the regular board meetings be changed to the **third** Monday of each month. **Director Randolph made a motion to change the regular District meetings to the third Monday of each month in the Presidents Room of the Emerald Bay Clubhouse at 5:30 p.m. Upon second (Harris), the motion was approved by unanimous consent.**

Director Harris advised Director Howard Rutherford had tendered his resignation from the District board for medical reasons. The state mandates the District must have

five directors. District member, Jo Sharp, has agreed to accept an appointment to the board. **Director Randolph made a motion to appoint Jo Sharp to assume Mr. Rutherford's unexpired term (May 2010). Upon second (Hartley), the motion was approved by unanimous consent.**

To comply with state mandates, the District must elect officers after any election or appointment. **Director Hartley made a motion to accept the slate of officers as follows: Bill Harris, President; Paul Randolph, VP-Administration; Jo Sharp, Operational VP; Ray Hartley, Treasurer; and Deena Johnson, Secretary. Upon second (Randolph), the new slate of officers was approved by unanimous consent.**

President Harris noted the District had requested a legal opinion from its attorneys as to whether the District (a political subdivision) is exempt from the laws governing utility companies; i.e. Chapter 291. Director Johnson read the legal opinion provided by District attorney, Glen Patrick, and Austin attorney, Roger Borgelt, whereby they agree said Rule 291.88(c)(8) does **not** apply to the District. **Director Randolph made a motion to authorize the District's attorney, Glen Patrick, to contact each of the customers who refused to sign service agreements by phone to verbally resolve this issue and follow up with a certified letter to each party in question. Upon second (Hartley), the motion was approved by unanimous consent.** Director Johnson was instructed to draft a letter to Glen Patrick stating the above motion along with a copy of the citation from the Texas Commission on Environmental Quality (TCEQ) and the contact information for all parties refusing to execute said utility agreements.

Director Harris gave a brief update on the District's field and plant operations noting towers are being installed to monitor the lift stations through the SCADA system, a valve was repaired at lift station #3, diffusers in the holding ponds have been rebuilt, various water leaks repaired, and gravel will be put in base of elevated water tower. Mr. Harris advised the sewer system operating manual (45-pages) is complete as well as the water system operating manual required by the TCEQ. Mr. Harris asked former director Howard Rutherford to update the manual on the operation of the District's generators.

There being no further business, the meeting was adjourned at 6:25 p.m. upon motion duly made (Randolph) and seconded (Harris) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Budget Performance 1/09
Check Detail 1/09
Patrick Ltr dated 2/5/09