

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

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, March 16, 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. Four (4) Emerald Bay residents attended.

Director Hartley called the meeting to order at 5:33 p.m. and asked for comments on the Minutes of the February 16 (regular) and February 17 (special) meetings. **Director Randolph made a motion to accept the February 16 and February 17 Minutes as written. Upon second (Sharp), said Minutes were approved by unanimous consent.**

Director Hartley presented the February 2009 check detail for review and comment. **Director Randolph made a motion to approve the checks as presented. Upon second (Hartley), the February check detail was approved by unanimous consent.**

Director Hartley reviewed the financial summary as of February 28, 2009, noting both sewer and water operations are better than budgeted. The balance sheet reflected a large total cash account of \$516,038 as monies had not yet been spent on budgeted construction projects. The statement of cash flows, budget performance, and balance sheet reports were also reviewed and discussed by Mr. Hartley. **Director Sharp made a motion to approve the February 2009 financial statements. Upon second (Randolph), the motion was approved by unanimous consent.**

Director Hartley moved to item #6 on the agenda to discuss and act on the proposed third water well and pipeline. Mr. Hartley advised the #2 water well was down at present due to an electrical line short located near the #1 water well site. Due to present low water usage, recent heavy rainfalls, and generator power, if necessary, this is not an emergency and the repairs will be made in a timely manner. However, this re-enforces the need to proceed with the drilling of the third well and construction of the pipeline. The political atmosphere, the increased demand for water from other cities such as Dallas, and anticipated new state and federal restrictions on water rights enforce the need to proceed with this project now. The estimated cost to drill a 900-foot well and build the pipeline is \$500,000. The District will have to retain C. T. Brannon to draft the specifications and put the project out for bid. The District will have to arrange financing for the project. **Director Randolph made a motion to undertake all necessary steps to proceed with the drilling of a third water well and construction of the pipeline to the #1 well site. Upon second (Hartley), the motion was approved by unanimous consent (Hartley, Johnson, Randolph, and Sharp).**

Director Hartley gave brief update on District operations noting the electrical short in the line between well site #1 and #2 and the leak in the effluent distribution line. The two holding ponds must be pumped down via the golf course sprinkler system to ensure the ponds can hold any excess water from rainfall while the repairs are underway. The leak in the pipeline is at an elbow connection located off LaSalle Drive across from the plant.

Director Hartley introduced the members of the District's Long Term Planning Finance Committee (George Holmes (chairman), Jim Parker, and Edd Clark) to discuss their long-term financing plan and minimum requirements to assume responsibility for bridge and street maintenance. George Holmes presented a letter stating the terms for any negotiations with the Club/HOA to the District directors for their perusal. Holmes gave some background information regarding the basis for this plan and recommendations; such as a 50-year projection of water rates, long-term expenditure plan for maintenance of the facilities and replacement of equipment, and discussions with the Club/HOA board.

Edd Clark noted the necessity to negotiate a lease on the streets (preferably for 99 years) as the District could NOT obtain financing (specifically bonds) under the terms of a maintenance contract. The District (a "political subdivision") would be taking responsibility for the streets--not just maintenance thereof. Furthermore, the District must accrue funds for future street repairs through the collection of fees. It is advisable to develop a 20-year plan to repair and/or rebuild the streets. Preliminary legal investigation established the District could lease the streets and keep the community's private gated entrance.

George Holmes stated the terms of any agreement with the Club/HOA must be approved by the District's electorate in a general election (next election date is November 3, 2009). Holmes read an email from Club president, J. B. Featherston, stating that no action will be taken on the South Bay traffic bridge at the upcoming March 18 meeting. The matter will be discussed at the next Club board work session set for March 30.

Director Hartley thanked the members of the finance team for their time and diligence dedicated to this study and its recommendations. Mr. Hartley proposed any action on this matter be tabled until a special meeting can be scheduled to give all directors time to consider the many aspects of the Committee's proposals. The MUD will advise the Club/HOA of its decision at that time.

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 2/09
Financial Summary 2/28/09
Finance Team Report 3/16/09