

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
JANUARY 18, 2010

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, January 18, 2010, at 5:30 p.m. in the Emerald Bay Club, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Deena Johnson, Paul Randolph, and Jo Sharp. Fifteen (15) Emerald Bay residents attended.

Director Harris called the meeting to order at 5:30 p.m. and asked for comments on the Minutes of the December 14 (Regular), December 16 and December 28 (Special) meetings. **Director Randolph made a motion to approve the aforementioned Minutes as written with a second (Hartley); the Minutes were approved by unanimous consent.**

Treasurer Hartley reviewed the December 31, 2009, financial summary. Under sewer system operations, the net operating income is \$4,599 (only slightly less than budgeted); utility expense \$1,752 more than budgeted and property taxes collected are \$2,804 more than budgeted YTD. Under water system operations, net operating income is \$25,168 (\$3,418 more than budgeted YTD). Balance sheet shows the accounts payable are \$20,004 less than budgeted YTD and total cash account is \$767,270. Treasurer Hartley also presented the December 2009 check detail for review. **Director Hartley made a motion to approve the December 31, 2009 financial summary and checks paid. Upon second (Randolph), the December 2009 financials were approved by unanimous consent.**

Treasurer Hartley presented the auditor's report for the fiscal year ended September 30, 2009, and read the accompanying letter prepared by Norman L. White, CPA. There was only one immaterial instance of noncompliance whereby the investment officer had not attended ten (10) hours of continuing education every two years related to the Public Funds Investment Act. Director Hartley explained it is the District's policy to only invest in certificates of deposit at banks or other financial institutions with federally insured deposits. **Director Randolph made a motion to approve the 2009 audit report as presented. Upon second (Harris), the 2009 audit was approved by unanimous consent.** President Harris will execute the audit report and copies will be distributed to the District's banks and the TCEQ.

Director Hartley reviewed three options for water rate increases to cover the cost of retiring a \$300,000, 10-year note at 4.18%, projected to complete the third water well including the pipeline and chlorination equipment. The bid to drill the well is \$249,000 less up to \$25,000 if test well is not required to be completed. Hartley pointed out the average water usage per month is 5,262,530 gallons. The options presented for review are #1-- charge \$3.25/gallon over 10,000 gallons; #2-- charge \$3.25/gallon over initial 2,000 gallons up to \$4.25/gallon over 10,000 gallons; and #3—charge 2.75/gallon over 2,000 gallons up to \$3.75/gallon over 10,000 gallons. Director Hartley recommended option #3. Another option is to increase the base rate (presently \$25.00/month). The rate increase should go into

effect when the District starts paying interest on the loan/line of credit. The third water well should be completed by April. No action was taken on the rate increase at this time.

Director Sharp presented a draft of the proposed employment policies and procedures manual. It was noted that there were eight (8) recognized holidays including the Friday after Thanksgiving and the day after Christmas. Further consideration will be made regarding termination policies; i.e. one month's pay upon involuntary termination of employment after one year.

Director Randolph explained the three medical plans available for District employees through the Texas Municipal League (TML). Option #1 is a PPN (preferred provider plan) with a \$500 deductible, \$30 co-pay (doctor visits); pays 80% up to \$3,000 out of pocket. Option #2 is the same as Option #1 with \$1,000 deductible. Option #3 has no deductible; office visits are payable under a benefit percentage, and pays 70% up to \$3,000 out of pocket. The plans were further explained by insurance representative, David Johnson; who suggested the District also offer \$10,000 life insurance for \$25/month. The insurer is UnitedHealthcare and the enrollment period ends February 1, 2010. Randolph recommended Option #2 and that the District pay 75% of the premium (monthly contribution). Director Harris noted the District is exempt from OSHA laws. David Johnson speculated it would be 2012 before the new proposed healthcare plan (if passed) would become effective. **Director Hartley made a motion to approve Option #2 as discussed, contribute 75% of the premium cost, and authorize Director Harris to discuss the policy plan with the only full-time employee (Leonard Timms). Upon second (Sharp), the motion was approved by unanimous consent.**

Field/plant operations update given by Director Harris. Andrews & Foster drilling the third water well and should reach 900 feet within 3-4 days. A wireline analysis will be run to determine if it will be necessary to complete the test well. Estimate the well will produce 350-400 gallons of water per minute.

Director Harris advised that two engineers are evaluating the South Bay bridge to determine the best options for repairs. The repair options are being considered provided the engineers' final report recommends that the bridge be repaired and not demolished. Repairs will include blasting and painting the bridge, capping the pilings with non-welded caps, installing wing walls, redoing bridge abutments, and grinding off the old asphalt on bridge top surface. Director Harris noted a town hall meeting will be held to bring everyone up to date on engineers' proposals along with drawings, etc.

Milt Price, a District resident, advised a pipe runs under his property (100 Clearview) to drain water from South Bay into the lake. The pipe is corroded and the water flow is eroding his yard. Director Harris and Dale Leath (Club/HOA director) will look at the pipe to determine whether it affects the roads.

There being no further business, the meeting was adjourned at 6:34 p.m. upon motion duly made (Randolph) and seconded (Hartley) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary 12/31/09

Check Detail 12/31/09

Financial Audit as of 9/30/09

Water Rate Options

Employment/Insurance Policies