

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF SPECIAL MEETING
JULY 10, 2009

The Board of Directors of the Emerald Bay Municipal Utility District met in special session on Friday, July 10, 2009, at 12:30 p.m., at the District's office, 155 LaSalle Drive, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Deena Johnson, Paul Randolph, and Jo Sharp. Six other Emerald Bay residents attended.

President Harris called the meeting to order at 12:30 p.m. President Harris noted the purpose of the meeting is to discuss and act on a Resolution regarding the MUD assuming responsibility for the streets. The District's previous proposal (April 20, 2009) was met with strong opposition by members of the Emerald Bay Homeowners Association and the District withdrew/rescinded its offer. Due to strong membership demands, the Club/HOA board will put the issue of responsibility for the community's streets and drainage out for membership vote.

Director Harris stated the question asked most often is, "What is in it for the MUD?" It is economically and technically the best solution for the community. The District has more options for borrowing funds for its projects. The MUD is bondable and can issue two (2) types of general obligation bonds--both are saleable to the public and income to investors (purchasers) of both is considered tax-exempt interest. Fees paid to retire revenue based bonds are not tax deductible by payers. Taxes paid to retire ad valorem based bonds are tax deductible by payers. Ad valorem bonds must be approved by District's registered voters at a general election. The HOA cannot issue tax-exempt bonds. The HOA can only get a commercial loan and must pledge assets (collateral). The other matter is the economics of scale. Certain administrative expenses justify the hiring of a manager to handle the sewer, water and streets. Technically, the consolidation of the water, sewer and streets makes it much easier to document, organize and manage the community's infrastructure.

Subject to a favorable membership vote, the District has revised its offer/proposal to assume responsibility for roads. Director Harris asked Director Johnson to read into the record the proposed Resolution (copy attached) to the HOA. After more discussion, **Director Randolph made a motion to approve the Resolution as read. Upon second (Sharp), the motion was approved by unanimous consent of all directors.** President Harris also noted a letter would be prepared to the HOA board (Featherston) to give more definition to the Resolution.

There being no further business, the meeting was adjourned at 1:35 p.m. upon motion duly made (Johnson) and seconded (Hartley) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachment:
Resolution to HOA on roads