

Minutes of Regular Meeting  
Northeast Texas Municipal Water District  
Board of Directors  
August 23, 2010 –10:00 A. M.

The Board of Directors of the Northeast Texas Municipal Water District met in an open meeting on Monday, August 23 at 10:00 A.M. The meeting was held at Northeast Texas Municipal Water District's Executive Office located at 4180 Farm Road 250, Hughes Springs, Texas 75656. Notice of the meeting was legally posted.

Present:        Jack Salmon, Jr.        - President, Avinger  
                  Stan Wyatt                - Daingerfield  
                  Carol H. Leftwich        - Hughes Springs  
                  William W. Brown        - Jefferson  
                  Uvalde Stoermer        - Lone Star  
                  Joseph W. Weir, III      - Ore City  
                  Patrick Smith            - Pittsburg

Staff:            Walt Sears, Jr.  
                  Pete Wright  
                  Lou Richards

Others:          Joncie Young            - KSA Engineers

President Jack Salmon, Jr. called the meeting to order and welcomed everyone to the meeting. President Salmon recognized the guests in attendance. Invocation was given by Stan Wyatt.

Joseph W. Weir, III made a motion to approve the minutes of the July 15 and July 26, 2010 meetings, with an amendment to the July 15, 2010 minutes for a correction to David Simpson's title. Carol H. Leftwich seconded the motion. Motion carried, all voting aye.

President Salmon opened the public hearing for the District's Budgets for the fiscal year 2010 – 2011. There were no written or verbal comments received on the budgets during the meeting. Patrick Smith made a motion to close the public hearing. The motion was seconded by Stan Wyatt. Motion carried, all voting aye.

Walt Sears presented the budgets for approval of the Board, explaining the increase in payroll for Fund 100 for the new accountant and related positions, the SWEPCO increase in the contract rate of 20% that would allow for the member city fire hydrant reimbursements to be funded in the new fiscal year. Patrick Smith made a motion to approve the budgets for 2010 – 2011 as presented. Joseph Weir seconded the motion. Motion carried, all voting aye.

Carol Leftwich made a motion to approve the financial reports, investment report on all current accounts and funds and invoices for professional services. Stan Wyatt seconded the motion. Motion carried, all voting aye.

Walt Sears gave the Southside report. Mr. Sears informed the Board that the timber sales were progressing nicely. Uvalde Stoermer made a motion to retain the timber revenue in the Southside's Interest and Sinking Fund in anticipation of the need to prepare land for disposal of sludge generated by the water purification process. It was noted that the motion was to allow the revenue to accumulate until the timber harvest was completed. It was further noted that decisions about the expenditure of the timber sales income would occur at a later date. President Salmon noted that the favorable amount from the timber sales are a result of the good timing on the decision to sell. Joseph Weir seconded the motion. Motion carried, all voting aye.

On motion by Patrick Smith and a second by Carol Leftwich, the proposed rate increase of 20% for the next five years for SWEPCO/AEP Welsh Power Plant was approved. Motion carried, all voting aye, except Stan Wyatt abstaining.

Mr. Sears informed the Board that we had received the engagement letter from Fox, Byrd and Company for audit purposes and the projected costs of the audit would be approximately \$30,000. Mr. Sears further informed the Board that a letter from Arnold, Walker and Arnold of Mt. Pleasant, Texas indicated it could perform the audit for \$22,000. The Board discussed the proposed engagement letter and possible options. Following discussion, Joseph Weir made a motion to approve Arnold, Walker and Arnold for auditors for the Fiscal Year ending September 30, 2010. Carol Leftwich seconded the motion. Motion carried, all voting aye except Patrick Smith and Stan Wyatt voting no.

The following items were addressed during the General Managers' report given by Walt Sears: final adopted plan for regional water planning, Special Study Commission activities, the upcoming TRWA/TWCA conferences, water quality issues in Mt. Pleasant and the US Corp of Engineers' consideration of a study to explore reallocation of water in Lake O' the Pines.

Pete Wright gave the Operations Report. Mr. Wright presented the bids for the budget year 2010 – 2011 for bulk chemicals. Stan Wyatt made a motion accept the bids from General Chemical for alum, DPC for chlorine, and Air Gas for ammonia for the next fiscal year. William Brown seconded the motion. Motion carried, all voting aye. On a motion by Patrick Smith and a second by Joseph Weir, the bid from Dewey Moore Ford in Hughes Springs was accepted for the truck bid. Motion carried, all voting aye. Mr. Wright explained that the Diana #4 site was working well now and that operations had had some difficulty in keeping the VFD equipment cool because of the prolonged high temperatures. Mr. Wright also told the Board that the Tanner Plant had hit a new instantaneous high raw water flow rate of 6.58 M.G.D.

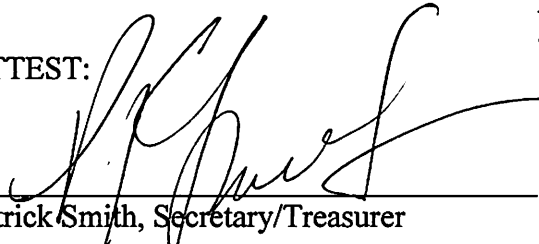
William Brown made a motion to set the next regular meeting date for September 27, 2010. Patrick Smith seconded the motion. Motion carried, all voting aye.

Patrick Smith made a motion to adjourn. Joseph Weir seconded the motion. Motion carried, all voting aye.

APPROVED:

  
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Jack Salmon, Jr., President

ATTEST:

  
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Patrick Smith, Secretary/Treasurer