

Minutes of Regular Meeting
Northeast Texas Municipal Water District
Board of Directors
September 27, 2010 –10:00 A. M.

The Board of Directors of the Northeast Texas Municipal Water District met in an open meeting on Monday, September 27, 2010 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
 Tom Taylor - Texas Municipal League

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 Uvalde Stoermer.

Stan Wyatt made a motion to approve the minutes of the August 23, 2010 meeting. Uvalde Stoermer seconded the motion. Motion carried, all voting aye.

Joseph W. Weir, III made a motion to approve the financial reports and investment report on all current accounts and funds. Carol H. Leftwich seconded the motion. Motion carried, all voting aye. Stan Wyatt made a motion to approve for payment the invoices for professional services, as presented. William W. Brown seconded the motion. Motion carried, all voting aye.

Walt Sears gave the Southside report. Mr. Sears informed the Board that the Southside Committee met and approved the Southside variable and fixed expenses for August 2010. Mr. Sears also told the Board that Tryon Road SUD was the largest user of water for August 2010.

Stan Wyatt, Insurance Sub-Committee Chair, gave the report from the September 7, 2010 meeting and recommended to the Board that the District renew the property insurance, workers compensation insurance and director's and officer's insurance with Capps Insurance. Mr. Wyatt recommended the Option A coverage for the new fiscal year. William W. Brown made a motion to accept the recommendation. Carol H. Leftwich seconded the motion. Motion carried, all voting aye.

The Board of Directors and Walt Sears reviewed the Major Objectives and Goals for the fiscal year starting on October 1, 2010. William W. Brown made a motion to adopt the goals, as presented. Stan Wyatt seconded the motion. Motion carried, all voting aye.

Walt Sears discussed the maintenance payment to the US Army Corp of Engineers involving Lake O' the Pines. Mr. Sears recommended unrestricted funds to make the approximate \$410,000 payment to the Corp. Stan Wyatt made a motion to use unrestricted funds to make the payment. Joseph Weir seconded the motion. Motion carried, all voting aye, except Patrick Smith voting no.

The following items were addressed during the General Managers' report given by Walt Sears: Special Study Commission's draft report, the Tanner Water Treatment Plant's peak months of production and the summary of water elevations for Lake O' the Pines.

Mr. Salmon reported to the Board that a memorial service for Homer Tanner would be in November 2010.

Pete Wright gave the Operations Report. Mr. Wright informed the committee that the purchase of the new truck from Dewey Moore Dealership was completed. Mr. Wright also told the Board that the Tanner Water Treatment Plant set a new production record for August 2010. The production exceeded 100 million gallons in August, which is slightly more than 40% of total rated capability. Mr. Wright reported that Tryon Road SUD was the largest user of water for August, 2010, taking 20% of the Tanner total production. Mr. Wright informed the Board that plans were underway to initiate the winter procedures for the plants.

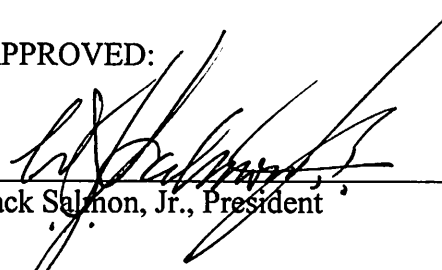
Joseph W. Weir made a motion to set the next regular meeting date for October 25, 2010. Stan Wyatt seconded the motion. Motion carried, all voting aye.

President Salmon then announced that the Board would go into Executive Session for the purpose of deliberating the annual evaluation of the General Manager as permitted by Section 551.074 of the Texas Government Code.

The Board of Directors reconvened in open session. Carol Leftwich made a motion to increase the General Manager's salary by 3% effective October 1, 2010 and to give the General Manager a \$5,000 bonus, effective January 1, 2011. Patrick Smith seconded the motion. Motion carried, all voting aye.

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

APPROVED:



Jack Salmon, Jr., President

ATTEST:



Patrick Smith, Secretary/Treasurer