

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
APRIL 17, 2006

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, April 17, 2006, at 10:00 a.m., at the Emerald Bay Club, Emerald Bay, Bullard, TX 75757. Present were Directors Jerry Ball, Bill Harris, Ray Hartley, Deena Johnson, and Howard Rutherford. Three other Emerald Bay residents were also in attendance.

The meeting was officially called to order by President Bill Harris at 10:00 a.m. First on the agenda was discussion of the drafted Minutes from the March 20 regular meeting and March 27 special meeting. **A motion to approve the Minutes as written was made by Director Hartley (seconded by Director Rutherford) and approved by unanimous consent.**

Director Hartley reviewed the financial report for the period ended March 31, 2006. Mr. Hartley noted that sewer system expenses were higher than budgeted due to \$5,268 charge by Brannon Corporation for preparation of TCEQ wastewater permit renewal application. Director Ball inquired about the \$500 payable to Southside Bank, and Director Hartley clarified this as an agent fee specified in the bond contract. Southside waived the outstanding agent fees of \$1,000 for the last two years. Mr. Hartley noted the District is in good financial condition and operating within its budget. **Upon motion duly made (Hartley) and seconded (Rutherford), the March financial report was approved by unanimous consent.**

In discussion regarding the pay request from Wilkins to reduce their pipeline contract retainage by five percent (5%) or \$18,823.27, Director Johnson enumerated items to be addressed by the contractor before finalization; i.e., erosion protection (grading and seeding) and fencing. **Director Harris made a motion to approve the pay request for \$18,823.27 with payment withheld until resolution of all issues.** Mr. Harris will contact Joe Wilkins, Scott McCurley, and Kirk Bynum to physically inspect the entire pipeline construction route and review the remaining requirements before release of funds. **Director Ball seconded the motion with the aforementioned parameters and it was approved unanimously.**

Columbian TecTank submitted a request for final payment in the amount of \$20,075 for the erection of the 212,000-gallon ground storage tank at Well Site #1. Director Harris noted that Columbian must send a flange for the pressure regulator sensor and also must send a crew to tighten the bolts after testing procedures. **Director Rutherford made a motion to approve payment to Columbian TecTank in the amount of \$20,075. After second by Director Hartley, the motion was approved by unanimous consent of the Board.**

An update of District wastewater operations was given by Director Rutherford. Mr. Rutherford noted a plug would be installed on the emergency generator to be compatible with the connections at all lift stations, the Club and the MUD. Mr. Rutherford also advised that all rewiring for the lift station disconnects has been completed and testing can be done this week. If testing is satisfactory, payment can be released to Griffith Electric.

Director Hartley reviewed the status of the water billing system and meter reading program. Mr. Hartley will meet with the system programmer to correct some errors. The programmer must provide written step-by-step instructions on how to operate the meter reading program.

Wilkins Contracting offered a proposal for operating the new water system and reading the meters. Wilkins (the present operator of the wastewater plant) would operate the water system for an additional monthly fee of \$1,650. The Board considers Wilkins' proposal of \$975/month for meter reading excessive and is exploring other possibilities to handle this service. The Board estimates the meters could be read for a cost of \$240/month (two contractors for 8 hours at \$15/hr). However, the District must purchase insurance on all outside contractors/laborers. A District member, John Morley, suggested costs could be reduced by only reading the meters every two months and adjusting or estimating the charge every other month. Mr. Hartley also noted there are 540 members (meters) within the District. Two customers are outside the boundaries of Emerald Bay and will be disconnected from our system upon completion.

The District is awaiting notification by Bonded Inspections for an on-site inspection of the elevated water storage tower. Ameritank will be notified of the scheduled inspection date so their representative may be present.

Director Johnson presented the preliminary draft of the District's Rules and Regulations for both water and wastewater systems. The directors shall review and comment on the proposed rules. Upon acceptance of the Rules, same shall be published in the Tyler newspaper for public comment. Five days after publication, the Rules will be in force. President Harris offered his personal appreciation for Ms. Johnson's work to draft the regulations.

Ray Hartley explained the latest water project status as of 3/31/06. The water system construction project cost-to-date is \$1,232,298 with remainder of estimated cost at \$299,583. The Committed total of \$154,427 represents all pending orders covered by a purchase order (PO). Interest amount will increase until completion of the project. Net funds available are \$638,160.

Director Harris gave an update on the water system construction project. The yard piping is on order. Well site #2 is now connected to the pipeline to well site #1. The chlorination building is blocked and the wiring must be completed. A small alteration had to be made to move the vent for the generator. BLOC has to start up the

SCADA system after completion of all the other wiring. Well site #1 has to be completed and all testing done to get the system on line. Director Ball stated the system components must be flushed and tested which may take several days to complete.

There being no further business, the meeting was adjourned at 10:54 p.m. upon motion duly made (Hartley) and seconded (Ball) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Report for 3/31/06

Water Project Status Report

Wilkins Pay Request for \$18,823.27

Notes on Wilkins Pipeline Project