

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
OCTOBER 16, 2006

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, October 16, 2006, at 10:00 a.m., at the Emerald Bay Club, Emerald Bay, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Deena Johnson, Howard Rutherford, and Bob Worsham. Two Emerald Bay residents were also in attendance.

President Harris called the meeting to order at 10:05 a.m. and asked for comments on the Minutes of September 18 (Regular), September 20 (Town Hall), and two Special meetings (October 5 and October 9) regarding the District's proposals to supply water to irrigate the Emerald Bay golf course. Director Harris made a revision to the October 9 Minutes noting that—Even though the Emerald Bay Club would agree to pay 60 percent of the well expansion cost; the Club would actually be paying only 50 percent of the well expansion as 10 percent of the cost would be for installation of the pipeline, piping, meter, backflow prevention device and other parts. The Club would pay only 60 percent of the actual cost of the project not the projected cost. **Director Rutherford made a motion to approve the Minutes as written with the above noted revisions to Special meeting Minutes of October 9, 2006. The motion was seconded by Director Worsham and accepted by unanimous consent.**

The financial statements for September 30, 2006, were presented by Treasurer Hartley for review and comment. Mr. Hartley noted the calculated electricity charge to pump 1,000 gallons of water had decreased from \$0.63 to \$0.43. Review of the Profit & Loss Budget Performance for September showed net income \$5,742 more than budgeted and total expense \$3,700 less than budgeted for the month. Mr. Hartley noted the water fund owed \$52,000 to the sewer fund and a determination should be made as to repayment.

Director Hartley is working with the District's auditor on fiscal year end statements. Tap fees should go into the Capital Fund for future system maintenance and improvements; such as clean out of the sedimentation tank (removal of grit), etc. In regard to the District's balance sheet, Mr. Hartley will move the Construction in Progress figure to Property, Plant & Equipment. Mr. Hartley will also figure in depreciation. Under Accrued Expenses, Mr. Hartley noted the \$720 was an estimate of the charge by Wilkins to replace defective water meters (\$45/hour *16 hours).

Director Hartley reviewed the latest water project status as of September 30, 2006. The only items remaining are the chlorine analyzers (\$13,286), fencing around well site #1 and elevated tower (\$5,661), automation of lift station #1 to send out alarm,

and \$6,000 to obtain easements for third well site. **Director Worsham made a motion (seconded by Director Harris) to approve all financial information. The motion was approved by unanimous consent.**

Wilkins Contracting submitted a pay request (including retainage) in the amount of \$10,330.78 along with a change order credit of \$7,002.00 to reconcile the contract amount. **Director Hartley made a motion to formally accept the finalization of Contract "A" by Wilkins and set the one-year warranty period start date as October 16, 2006. Said motion was seconded by Director Rutherford and approved by unanimous consent. President Harris executed the reconciliation contract change order.** Director Hartley will adjust the retainage amount to reduce recorded cost of the project.

In a brief operations update, Director Rutherford noted one wastewater treatment plant blower was taken to Dallas for repairs and one new blower had been ordered with delivery scheduled the end of October. Overall, the wastewater plant is running well. Bill Harris gave update on water system chloride project and monitoring process.

Director Hartley reminded the Board that the use of District equipment for other than District business was against the law.

Mr. Harris noted that he had heard Jerry Ball has one of his tandem trailers for sale. The Board will investigate the cost of a comparable trailer to determine its value and consider the purchase of either Mr. Ball's trailer or another trailer.

After brief discussion regarding member requests for disconnection of water service to undeveloped lots and unoccupied residences, it was determined the matter should be tabled for further investigation of policies enacted by other water districts. Mr. Hartley and Mrs. Johnson will contact Dean Water Company, Southern Utilities, Tyler Utilities, Anderson Mills MUD, and Acton MUD.

Director Hartley addressed the issue of delinquent accounts and disconnection of service for nonpayment of billings. The Emerald Bay Club pays the MUD for all water and wastewater billings after collection. (The Contract calls for the Club to pay the percentage of billing collected as of the 25th of the billing month and the balance on the 5th of the following month.) If an account is 90 days past due, the MUD must notify the customer the delinquent account is 90 days past due and that service can be disconnected. It was determined this matter should be tabled for further investigation of policies enacted by other water districts.

Director Harris noted the Emerald Bay Club is investigating alternative water sources for irrigation of the golf course during drought conditions. One possible solution is to drill a well to pump water into Lake Palestine and withdraw same amount from Lake Palestine as needed. The TCEQ and Lake Authority would have to grant permits to drill and to pump; Tom Mallory of the Lake Authority indicated it was highly unlikely such permits would be granted. Another option is to drill a well and pump

water into the MUD holding ponds. A water well producing 70-80 gallons per minute would solve the Club's irrigation problems permanently. Mr. Harris informed Club President, Jim Speiran, that he felt the MUD Board would have no problem granting the Club an easement for a well site on MUD property to accomplish that goal.

There being no further business, the meeting was adjourned at 11:27 a.m. upon motion duly made (Rutherford) and seconded (Hartley) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Statements 9/30/06

Water Project Status 9/30/06

Wilkins Pay Request for \$10,330.78

Wilkins Change Order for \$7,002.00