

**EMERALD BAY MUNICIPAL UTILITY DISTRICT**  
**FINAL AND APPROVED**  
**MINUTES OF REGULAR MEETING**  
**DECEMBER 18, 2006**

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, December 18, 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. Only one Emerald Bay resident was present.

President Harris called the meeting to order at 10:07 a.m. and asked for approval of the Minutes of November 16 and November 20 meetings. **Director Rutherford made a motion to approve said Minutes as written. Upon second by Director Hartley, all Minutes were approved by unanimous consent.**

Director Hartley presented the November financial statements for review and comment. Overall, both sewer and water operations are better than budgeted. Property tax collections equaled \$24,894—which is \$2,165 more than budgeted for this period. **After further discussion, Director Hartley made a motion to approve the November 30 financial package. Upon second by Director Johnson, the financials were approved by unanimous consent.**

The Emerald Bay Club collects the District's sewer and water billings. Director Hartley suggested the District bond the Club accounting personnel for these collections in the amount of \$50,000. This matter was tabled until Director Hartley can research coverage and pricing.

There was additional discussion regarding the District creating its own monthly water and sewer billing statements to comply with State reporting requirements. The monthly water and sewer usage fees will continue to be billed through and payable to the EBClub. A separate statement will be mailed by the District for informational purposes only. **Director Rutherford made a motion to institute the new utility statement containing all required information. Upon second (Worsham), the motion was approved by unanimous consent.**

Director Hartley asked for clarification of procedure for collection of past due accounts and disconnection of service. The Club's Office Manager (Marian Gardner) notifies the District, on or about the 10<sup>th</sup> day of the month after the billing date, of any delinquent accounts (40 days past due). Director Hartley will then prepare a certified letter to the delinquent account holder. On or about the 20<sup>th</sup> day of the month, Director Hartley will verify with the Club Office Manager which accounts remain delinquent. At that time, Director Hartley will mail the certified delinquency notice to the account holder

of record advising the delinquent account must be paid in full within ten (10) days after the date of the notice or service will be disconnected. If the account has not been paid by the next billing cycle (60 days past due), a District representative will be directed to disconnect service of water and/or sewer service on the next business day. **Director Rutherford made a motion to accept the proposed procedure for collection of past due accounts and disconnection of service. Motion was seconded by Director Worsham and approved by unanimous consent.** Director Johnson will prepare the new procedure in the format of the District's Rules and Regulations to be reviewed prior to publication. (Note: Effective January 1, 2007, the District will charge a \$100 fee to lock and/or unlock a water meter.)

Director Rutherford reported on the District's field operations. Mr. Rutherford noted the importance of the Club/HOA notifying the District of all applications for building permits, change of property ownership, and other matters involving the District's provision of water and sewer service. Mr. Rutherford will prepare a letter to the Club Board addressing these issues. Mr. Rutherford also suggested a form be designed to note customer complaints and resolution thereof.

Rutherford reported a building contractor cut a water line at the Bullard residence on Ridgecrest. The construction crew cut the water line between the meter and main line while digging a French drain. Director Rutherford and Dale Huffman of Wilkins supervised the repairs. All line breaks shall be the responsibility of the account holder of record. In this particular case, the damaging party is a builder, Emmett Smart, and he will be billed for the parts and labor for the necessary repairs. Director Johnson was directed to refer to the District's rules regarding service line breaks and, if rule is not definitive, draft language stating that the customer of record will be billed for parts and labor to repair any damage to water and/or sewer lines.

Mr. Harris reported on the District's plant operations. He noted the electricity at wellsite #1 is being monitored by TXU as power is fluctuating during peak usage periods in cold weather. The generator can be used during unbalanced power draw until TXU fixes the problem. Mr. Harris has completed one chlorine analyzer and will test it before completing the other analyzer. BLOC must finish wiring the units. An electrical contractor is working on the wiring of the sewer plant chlorine building. Mr. Harris will solicit contractor bids to clear trees and brush from the MUD plant perimeter fencing and make repairs thereto.

Mr. Harris advised the Board the fire control system is now operational. If the pump is in automatic mode, it will launch. If a power outage occurs, the pump shuts down until the generator starts up. The pump must be cycled regularly as prime only lasts about 24 hours. Mr. Worsham will draft a letter to the Club Board advising the liabilities associated with inadequate fire protection in case of a power outage. There are four pumps (2 affluent, 2 vertical) and only one vertical pump runs during power outage. The auxiliary pump suction side needs to be permanently connected to the golf course water distribution system in order to keep the suction line full of water.

Director Harris addressed the need to plot the location of all collection lines, manholes, clean-outs, isolation valves, and other facilities of the District's sewer and water systems into a database. A GPS system (approximate cost \$2,000) will plot the latitude and longitude of all attributes of the sewer and water system to within one meter of its location. Director Rutherford will take responsibility for mapping the District's systems with the assistance of two or three residents to be appointed by the Board.

Director Harris is researching the possible expansion of the District's office facility. He has been assured that the present 2-ton air-conditioning unit is sufficient for the proposed expansion. The expansion project will require moving the compressor, wiring, power line for water tower, and some bushes. Construction information, drawings, bid proposals, etc. will be obtained for Board consideration.

Director Johnson advised the new fees and charges adopted at the November 20 meeting will be published in the Bullard Banner and will become effective January 1, 2007. Said fees are \$350 new member utility transfer fee (combined fee for water and sewer), \$150 member/member utility transfer fee (divided equally for both water and sewer), and the new \$100 fee to lock and/or unlock water meters to terminate service.

In regard to other matters affecting the District, Mr. Harris advised he has obtained quotes from two water well drilling companies to assist the Club in drilling a well to irrigate the golf course. Mr. Harris will draft a letter to the Club regarding this matter.

Mr. Harris commented on the low water pressure existing in some parts of the subdivision. Mr. Harris asked Director Hartley to compute the number of gallons used on the west end (from #3 tee box to Fairway #6 tee box) and east end (fire hydrant at Fairway to Key Allegro) of the water system. The system needs two-15 HP variable pumps and some houses will need pressure regulators to correct the low pressure problem.

In a discussion regarding the replacement of water meters, **a motion was made by Director Hartley stating the District will replace all defective water meters at its cost. If a customer of record requests a new water meter, and tests indicate the meter is not defective, all labor and parts shall be paid by the customer. The motion was seconded (Worsham) and approved by unanimous consent.**

Director Harris advised that Terry Cowan has executed an access easement and a utility easement to the District's third well site. The District must also obtain a sanitary easement and two additional easements from other landowners.

Mr. Harris has contracted completion of the District's web page for \$550 and moved it to another host (Go Daddy) for \$106 annually. Director Harris asked Director Rutherford to add water emergency information to web page. Harris also noted the EBClub would return the District's computer which he will then upgrade and update with current District information.

There being no further business, the meeting was adjourned at 12:19 p.m. upon motion duly made (Harris) and seconded (Rutherford) with unanimous consent.

Respectfully submitted,

Deena M. Johnson  
Secretary

William F. Harris  
President

Attachments:  
Financial Statements 11/30/06