

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
OCTOBER 19, 2009

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, October 19, 2009, at 5:30 p.m. in the Emerald Bay Club, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Deena Johnson, Paul Randolph, and Jo Sharp. Eighteen (18) Emerald Bay residents attended.

President Harris called the meeting to order at 5:31 p.m. and asked for comments on the minutes of the September 19 (Regular) meeting. **Director Randolph made a motion to approve the minutes as written with a second (Hartley); the minutes were approved by unanimous consent.**

Treasurer Hartley presented for review a list of checks written during the month of September, 2009. Director Randolph asked for clarification of the check written to AAA Sanitation for \$3,038. Hartley noted sludge had to be pumped out of north tank prior to repairs; the south tank had to be pumped out also. Some of this expense will be offset with the amount owed to Wilkins as they were responsible for bagging sludge under their contract. **Director Hartley moved to approve the checks written for September 2009 with a second (Randolph); the September check detail was approved by unanimous consent.**

Treasurer Hartley presented the financial report as of September 30, 2009 (which is fiscal year end). Hartley noted that depreciation (\$170,086 for sewer and \$87,423 for water) was included as part of administrative expenses for the respective operations. Under sewer system operations, this produced a negative (loss) net operating income year-to-date of \$103,538. However, net income for the year to date is \$109,289. Under water system operations, net operating income year to date is \$90,576 and net income is \$69,961. Also noted was the transfer of \$50,000 from the sewer fund (expense) to the water fund (other income) to eliminate the debt incurred during the initial water system start up project. The balance sheet shows total cash as \$560,014; an increase over last year of \$71,925. **Director Randolph made a motion to accept the financial summary with second (Sharp); the summary was approved by unanimous consent.**

President Harris then addressed some of the statements recently printed in "*The Reporter*." The District takes ad valorem tax money collected by the county tax collector and uses it for other expenses. That statement is a "lie." All tax money that is collected is placed in a special account and used to pay off the District's current bond indebtedness.

Secondly, the District (MUD) collects taxes from residents outside the District. That statement is also a "lie." Hartley added some 28 residents of neighboring Windcliff Harbor have their wastewater processed by the EBMUD on a contractual basis only and they pay a monthly fee for such service. This arrangement was in place when the sewer system was initially set up and is continued by contract.

Under field/plant operations, Director Harris further clarified some “misrepresented statements” stated in “*The Reporter*” article. Wilkins Contracting is no longer providing an operator for the sewer and water systems. Joe Wilkins did not come to the MUD and ask for a price/rate increase. Wilkins advised MUD he would terminate service with only five days notice instead of the 30 days notice required by the operating contract. Wilkins has been in severe financial difficulty and is out of business. Joe Wilkins and his employees have gone to work for Algonquin (owns several other utility companies). Wilkins left the District in bad shape with too much sludge in the plant. The District owes Wilkins \$5,500 and plans to withhold payment because he did not bag sludge.

Harris noted that someone at Emerald Bay reported to the TCEQ that the MUD does not have a licensed operator. This is false. Harris called the TCEQ to advise them that the District has an “A” licensed operator for both the water and wastewater systems. Bryan Johnson (licensed “A” operator) of Brannon Corp. will operate the water system on a contractual basis for the foreseeable future. The District has also hired one of the Wilkins employees (Leonard Timms) to operate the wastewater plant. Leonard holds a current “C” wastewater treatment plant license and is working on his “C” groundwater license.

Harris made one last comment on the rumor that the District’s #2 well is sanded up and out of service. Absolutely NOT. The well is working fine.

Six (6) bids have been received for drilling the #3 well. Director Harris and Jerry Ball will meet with the low bidder to ask some important questions before awarding the project. The third well is necessary to ensure sufficient water for the community in case of an emergency such as pump failure in one of the other wells, high summer usage or drought.

Hartley noted the District has purchased a new meter reading program that is supported and written by a company in Tyler. The District has 5 test meters with telemetry. If the District changes to meters that can be read remotely, it will have to borrow the money. Harris added that within 18-24 months, it may be possible to read the meters by satellite for a fee. District presently paying 65 cents per meter for manual reading. No decision has been made on this issue.

HOA President, J. B. Featherston, stated that nobody wanted to lose the privacy of the streets. He asked that MUD agree to add language to the contract stating: If any governmental authority determines such a contract is illegal or the privacy of the community’s streets is in jeopardy, the contract would become null and void. Mr. Featherston indicated a motion to include said language in contract would be on the HOA agenda for October 21 meeting.

Harris reminded those present that he, Ray Hartley, Jim Stafford, and Les Bonner had met with Glen Patrick (the District’s local attorney who is a former deputy district attorney for Smith County) last year on this same matter. Mr. Patrick gave the same information at that time for \$200. The District has now spent \$15,234 in legal expenses year to date. The District obtained three opinions from its Austin-based law firm, Potts & Reilly, regarding maintenance of the streets within the community.

There being no further business, the meeting was adjourned at 6:34 p.m. upon a motion by (Hartley) and a second (Sharp) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Check Detail 9/30/09
Financial Summary 9/30/09