

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
SEPTEMBER 19, 2011

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, September 19, 2011, at 5:30 p.m. at the Emerald Bay Club, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Dwight Cole, Jaymie Foote, Bill Harris, Deena Johnson, and Paul Randolph. Nine (9) Emerald Bay residents attended and Alicia Freeman, District Administrative Assistant.

Director Harris called the meeting to order at 5:30 p.m. Director Harris asked for comments on the Minutes of the August 17, 2011, Regular meeting. **Director Cole made a motion to approve the Minutes of August 17 as written. Upon second (Randolph), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for August 31, 2011. Under sewer system operations, total income was \$27,132, total expenses were \$14,379, and net operating income was \$12,753, resulting in net income for August of \$11,114 (\$97,253 YTD compared to \$77,181 YTD in 2010). Director Cole pointed out greens service charges collected YTD of \$58,113. Director Harris stated the greens service charge should be changed to **greens drainage surcharge** as the revenue from this charge is committed to repay the \$499,950 note for the improvement of the storm drainage system and absorption of effluent water on the golf course.

Under water system operations, total income was \$54,285, total expenses were \$13,052, net operating income was \$41,233, and interest expense of \$5,804, resulting in net income for August of \$35,550 (\$153,964 YTD compared to \$317,613 YTD in 2010). Director Cole added that the District billed 9,798,000 gallons in July 2011 compared to 6,500,100 gallons in July 2010—a fifty percent (50%) increase over July 2010. In August, the District billed 13,791,000 gallons or forty percent (40%) more while on watering restrictions than billed in July 2011. Usage in August 2011 was twenty-six percent (26%) more than the 10,870,000 gallons billed in August 2010 (see attached chart).

Under road and bridge operations, Director Cole noted total income was \$8,044 (initiation fees were \$4,000 for two new members and \$34,000 YTD) for net income for the month of \$7,700 (\$127,883 YTD compared to \$299,429 YTD in 2010).

The balance sheet shows total cash accounts at \$769,520 (\$475,799 in August 2010) and construction in progress of \$502,793 (which will be transferred into property, plant and equipment category with completion of the drainage project and water well #3). The only major expense in the August check detail was the \$22,443 to Thedford Construction for generator rental and cable repairs between wells #1 and #2. **Director Randolph made a motion to approve the August financial summary and check detail as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Director Harris explained the Club wishes to transfer ownership of the auxiliary lake water supply pump near Hole #10 of the golf course to the District. The Club does not have the manpower, knowledge or capability to service and maintain said pump which pumps water from the lake into the golf course pumphouse. **A motion was made by Director Randolph to accept the transfer of ownership of said pump. Upon second (Cole), the Board accepted ownership of the pump by unanimous consent.** Director Harris asked Director Cole to list the pump with the Texas Municipal League for insurance purposes.

Director Harris noted the Club's Director of Golf, Bob Breedlove, had approached the District to purchase potable water to irrigate the golf course. The Lake Authority's allotment of 34 million gallons for 2011 will be exhausted by the first of October. With the continuing drought, the Club needs another source of water and is researching the requirements, costs, and location for a nonpotable water well to provide irrigation for the golf course in the future. Per Sales Agreement (copy attached), the Club agrees to (1) reimburse the cost (approximately \$1,000) for the parts and equipment to facilitate the pumping of potable water from the ground storage tank into the effluent ponds; (2) reimburse the District for the cost of the electricity to remove water from the effluent ponds; and (3) to pay the District for water as used at a cost of \$2.50 per 1,000 gallons. As well #3 is on line and providing approximately 500 GPM, the District has lifted the outdoor watering restrictions (copy attached). **Director Randolph made a motion to ratify the Potable Water Sale Agreement between the Emerald Bay Club and the Emerald Bay Municipal Utility District. Upon second (Foote), the Agreement was approved by unanimous consent.**

Director Harris advised that an infrastructure advisory group of 15 District residents had been assembled to advise and assist the Emerald Bay Municipal Utility District Board of Directors with the definition and resolution of long-term infrastructure issues that confront the Emerald Bay community. In the initial meeting held on September 16, the Group was informed regarding the TCEQ Chapter 290 requirements regarding water distribution lines and pressure for public water systems. The Group asked for definitive information as to engineering designs, timetables, and cost estimates to resolve these infrastructure issues. To answer these questions, the Board must authorize President Harris to engage the District's engineering firm to begin preliminary design and budgetary estimates to bring the District's distribution system up to TCEQ requirements. Director Johnson read the Group's proposed actions to resolve the infrastructure issues (copy attached). **Director Foote made a motion to accept the Group's proposed actions and authorize President Harris to engage the District's engineering firm. Upon second (Randolph), the motion was approved by unanimous consent.** President Harris stated the results of the engineering firm's preliminary findings will be presented to the community in a town hall meeting before Thanksgiving.

Director Harris gave an update on the District's operations. There were several operating and equipment problems during the month: (1) Chlorination equipment problem at Well #3 : (2) equipment failure at #3 lift station; and (3) low water pressure problems throughout community.

Director Harris recounted that 1-1/2 years ago a District contractor damaged a resident's brass sprinkler head while repairing a large leak in the street. As a brass sprinkler head replacement was no longer available, the District purchased and the resident accepted

two manufacturer's standard plastic replacement heads. Now the resident wants a larger size replacement sprinkler head. After further discussion, the directors agreed that a letter should be written to the resident customer advising that the District had fulfilled its responsibility by providing replacement sprinkler heads at the time the damage occurred and recommend customer contact a licensed sprinkler company (a list of licensed sprinkler companies will be provided).

There being no further business, the meeting was adjourned at 6:40 p.m. upon motion duly made (Randolph) and seconded (Foote) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for August 31, 2011

Check Detail for August 2011

Water Usage Chart

Auxiliary Pump Transfer

Potable Water Sale Agreement with EB Club

Revised Water Restrictions as of 9/19/11

Review of Infrastructure Situation (Motion)