

Emerald Bay Municipal Utility District
Regular Meeting Minutes
July 25, 2016

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, July 25, 2016 at 3:00PM at the District Office, 155 LaSalle Road, Bullard, TX 75757. Present were Directors Barry Botti, Dwight Cole, William Harris, and Lynne Stein. Director Inge Grant was not present due to an excused absence. Compliance Officer, Lori Wiginton, was also in attendance.

Director Harris called the meeting to order at 3:02PM. Director Harris asked the Board to review the meeting minutes from the special meetings on June 15, 2016 and June 22, 2016. No changes were suggested nor made. Dwight Cole made a motion to accept the minutes as they stand, Lynne Stein seconded and the motion was carried unanimously.

Director Barry Botti discussed with the Board the quarterly financial reports for the second quarter ending June 2016. He advised that sewer operations are ahead for the quarter year to date and water operations are ahead by about \$30,000.00 due to a lack of rain so far this summer and extra watering by residents and net income is up due to the extra income and lower interest expenses.

Director Botti explained that road operations are behind last year's at this time due to fewer new residents moving into the community which is where MUD receives the majority of the roads revenue. He reported that the assets and liabilities are about the same as last year. Director Cole asked why sewer revenue showed to be down from 2015 and Director Botti explained that revenue from transfer fees was down in 2016. Director Stein inquired if MUD received any of the \$13,000.00 initiation fees new members pay to move into the community. Director Harris responded stating MUD receives \$2,000.00 from those fees which is allocated to the roads fund and can't be used for anything other than streets along with \$6.00 a month from each member. He also explained MUD receives fees from new construction and demolition of old homes that goes into the roads account as well.

Director Botti reviewed the budget with the Board advising that TCEQ requires MUD to revise their budget on a quarterly basis. He stated that he decreased the estimate for sewer repairs by approximately \$20,000.00 and increased the estimate for water revenue. Director Botti advised that he underestimated payroll therefore if was increased from the last budget revision. Director Harris advised that there are two major problems in the sewer plant that will need to be fixed in the near future, the discharge pipes at lift station #3 and discharge pipes at lift station #8 need to be repaired or replaced. Director Botti stated he would amend the sewer budget to add back in the \$20,000.00 to account for part of the repair costs. Director Harris made a motion to accept the revised budget with the noted \$20,000.00 change to be made by the treasurer, Dwight Cole seconded and the motion was carried unanimously.

Director Harris reported on operations at the sewer and water plant before reviewing pay request eighteen. He explained that two major problems had arisen within the month of July. The transfer switch on the generator at well #1 blew and had to be repaired at an estimated cost of \$4,000.00 - \$5,000.00 and the bearings on our new TurboTron blowers were over greased and therefore had seized up causing repairs to be needed at an estimated cost of \$4,800.00, luckily they were shut down before any major damage occurred. Director Harris explained to the Board that extra operator training by the Gardner Denver technician had been conducted to minimize future over greasing issues with the blowers. Director Harris reported that the generator was repaired earlier in the day and the blowers would be repaired on Tuesday, July 26, 2016. He advised that we are nearing the end of the Distribution Project with hopes of it being completed by the end of August. He informed the Board that there are approximately 32 more meters to be installed, 1 fire hydrant, concrete around the valve boxes, and the punch out list remaining for the project to be complete.

Director Harris requested that the Board look at pay request eighteen to AAA Sanitation for \$103,626.62. He explained the reason the pay request was higher this time is because we had been withholding a retainage of 8% at the request of the contractor, AAA Sanitation, at the beginning of the project. The law states that the maximum retainage we can withhold is 5% unless specifically requested by the contractor, as in this case, requesting more withholding. The contractor sent a letter requesting that the 3% overage originally requested by AAA Sanitation at the beginning of the project be refunded back to them at this time and the retainage be returned to the usual 5%, which is reflected on pay request eighteen. Dwight Cole made a motion to approve pay request eighteen for \$103,626.62, Barry Botti seconded, and the motion was carried unanimously.

There being no further business Director Harris adjourned the meeting at 4:08PM.

Respectfully Submitted,

William F Harris
President

Lynne Stein
Secretary

Attachments:
Quarterly Budget Revision
Pay Request #18