

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
JUNE 19, 2006

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, June 19, 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, and Howard Rutherford. Also in attendance at the meeting were Richard Klein and six Emerald Bay residents.

The meeting was officially called to order by President Bill Harris at 10:03 a.m. President Harris called for comments on the Minutes of the May 3, May 18 and May 22 meetings. There being none, **Mr. Hartley made a motion to accept the Minutes of all three meetings as written. The motion was seconded by Mr. Rutherford and the Minutes were approved by unanimous consent.**

The financial report as of May 31, 2006 was presented by Director Hartley. In summary, the sewer plant is operating within budget with income of \$23,755 and expenses of \$8,271 for a net income of \$15,484. The YTD Maintenance expense is \$33,049 less than last year and \$2,367 less than budgeted for May. Cash operating funds for the YTD are \$90,174. Cash on hand for the sewer system operating account is \$78,041 and the water fund is \$53,864. **Upon a motion duly made by Director Johnson (seconded by Director Rutherford), the May financials were approved by unanimous consent.**

Director Harris updated the District members on the latest communication from Southern Utilities regarding the date of transfer of water service from Southern to the MUD. In a letter dated June 1, 2006, Southern confirmed that provision of retail potable water service would continue for a period not to exceed September 11, 2006. Mr. Harris noted the District's water system would be completed before that date.

In regard to the purchase of a tractor and implements for MUD use, Director Johnson presented two separate bills of sale: (1) the tractor for \$9,250 and (2) the front end loader, backhoe attachment, and 300-gallon diesel fuel tank/trailer for \$7,250. **Mr. Rutherford made a motion to purchase the tractor and implements as presented with a second by Ms. Johnson. The purchases were approved by unanimous consent.** Director Hartley advised the Board that any purchase from an individual would trigger issuance of a Form 1099 thereby requiring Social Security ID numbers. Director Johnson agreed to contact the sellers in this regard.

At this point, Director Harris introduced Richard Klein to present his request for the District to provide sewer service to the Emerald Bay Marina (which is outside the boundaries of the District's CCN). Mr. Klein referred to an engineering drawing for a

sewer extension with request to annex the property into the District. Mr. Harris advised Mr. Klein that the information would have to be submitted to the District's engineering firm, Brannon Corporation, for evaluation of demand on the system. The matter will be taken under advisement and no action was taken.

Mr. Klein also requested the Board consider the possible sale of the District's 10 acres located along CR 344. Director Harris advised Mr. Klein that the property is valuable to the District for future expansion of the plant facility, holding ponds, and sludge dispersal. The matter will be taken under advisement and no action was taken.

Dale Huffman of Wilkins Contracting gave a brief update on the status of the District's sewer plant noting the plant and equipment is operating in compliance with TCEQ requirements with no permit violations. This was confirmed by the TCEQ on-site inspection conducted on March 21, 2006.

Director Harris noted the District started the well pumps at both water well sites on Friday, June 16, to flush the lines. The water sample was clear, colorless, odorless, tasteless, and free of sediment. A meeting with all contractors is scheduled for Wednesday, June 21, at 10:00 a.m. at the MUD plant to discuss the final stages of construction of the District's water system.

Director Hartley reviewed the water project construction costs line-by-line as of 5/31/06. Director Harris noted the SCADA system will be completed the week of June 19 and recommended purchasing an extended two-year warranty for \$3,500 from BLOC to cover the control panels, etc. Directors Harris and Rutherford will compile a punch list of items to be addressed by the contractors to finalize the construction of the water system.

There being no further business, the meeting was adjourned at 11:23 a.m. upon motion duly made (Johnson) and seconded (Hartley) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Financial Report for 5/31/06
Water Project Status Report 5/31/06