

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
FEBRUARY 19, 2007

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, February 19, 2007, 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. Three Emerald Bay residents also attended.

President Harris called the meeting to order at 10:07 a.m. and asked for comments on the Minutes of the January 22, 2007, regular monthly meeting and the February 12, 2007, special meeting. **Director Hartley made a motion to approve said Minutes as written. The motion was seconded by Director Rutherford and approved by unanimous consent.**

The financial summary for January 31, 2007, was presented by Director Hartley. Director Rutherford questioned the expenses paid to the District's Austin law firm, Potts & Reilly. Director Harris responded the law firm had rendered some legal opinions on the District's right to levy flat fees in lieu of taxes for customers outside the District, subdivision non-standard service rules/procedures, and CCN boundary questions. Mr. Hartley noted both the sewer system and water system net operating incomes were less than budgeted due to higher utility and legal expenses, even though operations expenses were under budget. The balance sheet showed cash in sewer fund at \$422,414 and cash in water fund at \$182,721 to cover remaining projects. **Director Hartley made a motion to accept the January financial report as presented. Upon second by Director Rutherford, the Board approved by unanimous consent.**

The Board reviewed the request by Jim Barkley to park a 48-foot trailer housing donations for the MGA scholarship fund garage sale on District property. Director Hartley contacted the Texas Municipal League regarding liability insurance coverage to protect the District and accommodate the charitable organization. The League advised it had no objection from an insurance standpoint conditioned upon the District executing a written agreement with the charitable organization to cover this arrangement. Director Harris voiced some concerns regarding immobility of the trailer in case of an emergency or maintenance of wastewater collection facilities and tabled the matter pending additional research. In the meantime, Director Harris and Club representative, Jim Stafford, will survey the Club's trailer parking area and the golf maintenance facility as alternative storage locations. Jim Barkley is working with the Club's legal director, Les Bonner, to draw up an agreement.

Director Rutherford gave an update on the District's field operations. Mr. Rutherford personally inspected the sprinkler system connections at Jim Carroll's residence for possible cross-contamination and found the system installed correctly with a backflow prevention device. He also noted Mr. Carroll's irrigation system was disconnected from the potable water system and set up to pump water from the lake. Mr. Rutherford will check the batteries for the fire control system and, along with Mr. Harris and Tommy Jones, check the operation of the generator in both OFF and MANUAL modes. He will also follow up with Wilkins Contracting regarding the repair of sinkholes (due to recent rains) on Lakeshore Drive, road at well site #1, and the Club's trailer park. Mr. Rutherford will review the Wilkins contract in regard to servicing the blowers at the sewer plant.

Director Harris gave an update on the District's plant operations. Construction of the chlorine building at the sewer plant is complete except for electrical wiring, and he is working on the chlorine analyzer at the elevated storage tower. At the February 12 special meeting, the District accepted the Athens Building proposal of \$30,880 for construction of a metal building at the District's wastewater plant facility for expansion of office, storage and equipment space. Mr. Harris has also requested a proposal from Athens to repair the building housing the bagging system. It will take 4 to 6 weeks to fabricate the building materials. The District must contract the foundation prep work in the interim.

Mr. Harris noted the District must obtain an easement from property owner, Fountain, for pipeline construction from well site #3 to the water system plant at well site #1. Mr. Harris will contact Mr. Fountain and engage the services of District legal counsel, Glen Patrick, for preparation of necessary documents.

Director Johnson will prepare a letter and bid form to be sent to contractors to solicit bids for mowing and maintenance of the District's properties. Contractors may bid using their own equipment and/or using the District's equipment.

Director Johnson contacted several office equipment companies in search of State mandated fire-safe file cabinets for District use. Research showed that new fire-safe 4-drawer legal vertical files were \$2,525 and lateral files ranged in price from \$4,520 to \$3,790. Office Furniture Team in Addison, Texas, had six (6) used fire-safe 4-drawer lateral file cabinets in stock for \$1,295 per unit. **Director Hartley made a motion to approve the purchase of three (3) of the used fire-safe 4-drawer lateral file cabinets for \$1,295 per unit contingent upon personal inspection. Upon second (Rutherford), the Board approved the purchase by unanimous consent.** Director Johnson will so notify the seller, Office Furniture Team, that Director Harris will inspect the cabinets and finalize the transaction. Director Johnson will also request that the seller store the cabinets until the District's building expansion is complete.

The project punch list showing jobs to be completed, director responsible for job, and projected completion date was reviewed and will be updated on a monthly basis. Projects discussed included (1) the purchase of a magnetometer to locate water

distribution lines, isolation valves, cut-off valves, and manholes to overlay with existing wastewater collection lines on a District map; (2) contract individual (Larry Halcomb) to set up AUTOCAD program for mapping project; (3) create a joint Club/MUD change of status form (noting the four (4) homes with existing septic systems that must convert to District sewer system upon change of ownership and the mandatory installation of a backflow prevention device on all sprinkler systems upon change of ownership); (4) purchase of fish to consume duckweed in effluent ponds or use chemicals; (5) meter reading procedures; (6) schedule of fire drills and fire control maintenance process; (6) conduct a smoke test to locate areas of rainwater inflow; (7) work with Club Board members and Tommy Jones to correct problems with pump on 16th tee; (8) interview and hire a part-time bookkeeper and file clerk for the District; (9) finalize subdivision non-standard service procedures; and (10) programmer to print cards for meter readings and complete meter reading program.

There being no further business, the meeting was adjourned at 11:30 a.m. upon motion duly made (Johnson) and seconded (Worsham) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Financial Statements 1/31/07
Mowing Contract Bid Form
Project Punch List