

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
JUNE 18, 2007

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, June 18, 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, and Howard Rutherford. Three Emerald Bay residents attended the meeting.

President Harris called the meeting to order at 10:07 a.m. and asked for comments on the Minutes of the May 21 regular monthly meeting. **Director Hartley made a motion to accept the Minutes as written, which was seconded by Director Harris, and said Minutes were approved by unanimous consent.**

Director Hartley presented the financial summary for May 31, 2007. Under the sewer system operations, revenue and expenses were close to budgeted amounts. The water system operations are close to budget even though the total income is \$6,276 less due to heavy rainfall. Mr. Hartley noted cash in the sewer fund is about \$50,000 more than the 9/30/06 year-end figure. After further discussion of the vendor payments and cash flow statement, **Director Hartley made a motion to approve the May 31 financial report. Director Rutherford seconded the motion and the report was approved by unanimous consent.**

Director Harris read an email (attached hereto) from District engineer, Kirk Bynum, regarding commercial wastewater treatment rates. A survey of his clients did not produce a standard formula or rate schedule as most base sewer charges on water usage. Mr. Bynum recommended the District charge all commercial users a \$5.00 surcharge and determine the base rate by meter size. Commercial users will also be subject to the tax equivalent charge assessed to all users outside of Emerald Bay (i.e., Windcliff Harbor residents).

Mr. Bynum also noted Mr. Gary Root, who is developing a commercial property near Windcliff Harbor, has requested confirmation that the District's wastewater system can accommodate his proposed lift station. However, Mr. Root has not submitted his application and required fees (\$2,850) for non-standard sewer service for the development. The District's newly adopted non-standard rules state the application and fees MUST be submitted prior to construction.

Mr. Harris noted the District is providing wastewater treatment (sewer) service to 27 residents of Windcliff Harbor on a contractual basis. The District must have signed contracts in order to provide this service. New contracts have been mailed to these residents requesting signatures and prompt return. Service can be terminated to any

resident who does not provide a signed contract. Eventually, all members of Emerald Bay will have to sign similar contracts for water and sewer service.

Director Rutherford gave an update of field operations. The water level in #3 lift station was near capacity due to the influx of rainwater during storms on June 16. If all lift stations were monitored by the SCADA system, alarms would notify the operator of any malfunction or hazardous condition thereby preventing future overflows. For example, the SCADA system issued a low-level warning for lift station #1 when the motor/pump did not shut off.

Director Harris reiterated the importance of the HOA notifying the District of new construction permits and any change of residential ownership. The state law requires that the District develop and enforce plumbing codes and perform contamination inspections on new construction or renovations. Backflow prevention devices are required on newly installed sprinkler systems and must be installed on older sprinkler systems upon a change of ownership. Mr. Hartley advised such an inspection must be performed at 105 Ridgecrest (member transfer from Brown to Wright) and a final meter reading. **Mr. Harris recommended a special meeting with Club Board members (Boorman, Stafford, Bonner) to address these issues and design forms to ensure proper notification of the District and new residents of Emerald Bay.**

Director Harris gave an update of plant operations. The road to well site #1 has been repaired and DID NOT wash out during recent heavy rains. Grates will be installed at the front of each culvert to keep large objects out. However, the heavy rains did wash out and expose the electrical cable buried between well site #1 and well site #2. It will be necessary to dig a trench (6-foot deep) to bury the electrical cables in conduit to avoid future washouts.

Director Harris prepared and distributed the District's first Consumer Confidence Report since water service was initiated in August 2006. This is a state mandated report containing information required by the Texas Commission on Environmental Quality (TCEQ) to insure that consumers of public water are informed as to the condition of their public water supply.

Other District matters discussed included: (1) District will begin mailing water usage cards to each resident; (2) a copy of the District's general liability policy was sent to Vince Simpson showing the coverage/responsibility regarding easements; (3) electrical, plumbing, and interior framing will be contracted out to finish the building expansion at District plant; (4) guard posts installed to protect the transformer; (5) June-August wastewater sludge will be pumped onto the plant fields; (6) the bagging system will be shifted 90 degrees; (7) BLOC working on grounding issue for SCADA system; and (8) BLOC to assist MUD in obtaining an FCC license for SCADA system.

The project punch list was reviewed and updated. Director Hartley questioned the installation of some type of alarm at the Henry Drive lift station to protect residents from future overflows. Installation of a light alarm and connection to the SCADA

system may not be sufficient. Mr. Hartley suggested installing a flapper valve on the sewer tap line for Carver's residence to avoid any future insurance claims against the District. Also, Director Rutherford will proceed to uncover the manhole buried under Latham's driveway.

Director Harris has contacted our legal counsel and a condemnation attorney regarding the Dean Fountain pipeline easement issue. The appraiser, Galen Morrison, will contact Mr. Fountain to schedule an appointment to appraise the property in order to establish a value for negotiations with the landowner. The District must also have the third well site surveyed to document the boundaries to be covered by a sanitary easement.

There being no further business, the meeting was adjourned at 11:20 a.m. upon motion duly made (Johnson) and seconded (Rutherford) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Statements 5/31/07

Kirk Bynum Email dated 6/15/07

Consumer Confidence Report dated 6/24/07

Project Punch List