

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
MAY 18, 2009

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, May 18, 2009, at 5:30 p.m., at the District Office, 155 LaSalle Drive, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Paul Randolph, Deena Johnson, and Jo Sharp. Finance Group members--George Holmes, Edd Clark, and Jim Parker were present. Three other Emerald Bay residents attended.

President Harris called the meeting to order at 5:30 p.m. and asked for comments on the Minutes of the April 20 (Regular) and May 7 (Special) meetings. **Director Randolph made a motion to approve the Minutes of both meetings as written. Upon second (Hartley), the Minutes of April 20 and May 7 were approved by unanimous consent.**

Treasurer Hartley reviewed the revised budgets for the sewer and water system operations to adjust certain categories. Under sewer operations--connection fees were reduced to \$1,200; engineering and consulting were reduced to \$600; legal fees were reduced to \$2,000; repairs and maintenance were increased to \$61,000; capital expenditures were reduced to \$34,194. Under water operations--connection fees were reduced to \$1,200; engineering and consulting were reduced to \$1,850; legal fees were reduced to \$1,900; repairs and maintenance were increased to \$44,000; capital expenditures were increased to \$615,905 (est. electric line to wellsite #2-\$50,000; well#3-\$550,000). The balance sheet shows increase in long-term liabilities by \$300,000 as estimate to finance water well #3.

Treasurer Hartley presented the April 2009 check detail for review. **Upon motion duly made (Hartley) and seconded (Johnson), the checks written in April were approved by unanimous consent.**

Treasurer Hartley reviewed the financial summary as of April 30, 2009. The sewer system operations year-to-date net income was \$900 less than budgeted and \$16,491 less than YTD2008. The water system operations year-to date net income was \$583 more than budgeted and \$15,417 less than YTD2008. In regard to property tax rate, Director Hartley advised the new tax rate cannot be calculated until receipt (July/August) of the 2009 tax assessment from Smith County appraisal district. **Director Randolph made a motion to approve the April 2009 financial package. Upon second (Sharp), the April financials were approved by unanimous consent.**

Director Harris proposed purchasing a new professional meter reading software program. A Tyler vendor has two software packages specifically designed for use by water and sewer utilities. These programs meet TCEQ data requirements and are

adaptable for electronic meter reading. Director Harris noted the newly installed towers will be used for electronic meter reading. BLOC proposes installing 20 electronically readable meters for field testing. Installation of the meter reading program is estimated at \$5,000 plus an additional amount for the hand-held unit. Director Hartley will contact the company to obtain a quote on program installation cost before any determination is made as to contracting with the company to go online. It was also noted that a new District member (Stark) sells the new meter reading system hardware.

Director Harris advised that the power line between well site #1 and well site #2 has failed twice. Thedford Construction found two shorts in the wiring and there may be a long term problem. One option to correct problem is to run utility power to well site #2 at a cost of around \$50,000. This option affords no emergency generator power backup other than the District's mobile generator which would be needed for the wastewater lift stations if there were a major extended power failure. Another option is to run high voltage wire and install two (2) transformers between well No. 1 and Well No. 2 to step up the voltage for transmission between the wells. Thedford estimated a cost of \$85,000 plus conduit installation. Mr. Harris believes this cost can be cut by more than 50 percent. All options will be studied prior to making a recommendation to correct this line failure problem.

Jim Parker of the District's Finance Group presented their cost estimates and recommendations regarding (1) Wilkins Contracting taking over responsibility for operating the District's water and sewer systems and (2) capital required to finance the third water well and upgrade water meters. The Group recommended the following: (1) Ad valorem taxes not be assessed for 2009 and use sewer funds to pay last note payment; (2) bank financing for third well estimated at \$450,000; (3) raise base water fee from \$25/month to \$34.39/month; (4) raise water rate from \$2.25/1,000 gallons to \$3.39/1,000 gallons (leaving flat—not progressive); (5) transfer \$250,000 from sewer fund to water fund; and (6) adopt pre-funding basis for water system financing—(pay as you go on sewer). Any further discussion and action on the Group's recommendations will be addressed in a special meeting.

There being no further business, the meeting was adjourned at 7:40 p.m. upon motion duly made (Randolph) and seconded (Harris) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

Bill Harris
President

Attachments:
Check Detail 4/09
Financial Summary 4/30/09
Revised Budget
Finance Group Report