

**EMERALD BAY MUNICIPAL UTILITY DISTRICT**  
**FINAL AND APPROVED**  
**MINUTES OF REGULAR MEETING**  
**MAY 17, 2010**

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, May 17, 2010, at 5:30 p.m. in the Emerald Bay Club, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Bill Harris, Jaymie Foote, Deena Johnson, and Paul Randolph. Ray Hartley was excused (hospitalized). Eleven (11) Emerald Bay residents attended.

Director Harris called the meeting to order at 5:40 p.m. As the first order of business, President Harris administered the Oath of Office to new directors, Jaymie Foote and Paul Randolph, elected to a four year term effective May 8, 2010.

**Director Johnson made a motion to elect officers for the new term as follows: Bill Harris, President; Ray Hartley, Treasurer; Paul Randolph, Vice President-Administration; Jaymie Foote, Vice President-Administration; and Deena Johnson, Secretary. Upon second (Randolph), the slate of officers was approved by unanimous consent.**

President Harris asked for comments on the Minutes of the Regular meeting of April 19, Special meeting of May 3, and Emergency meeting of May 12. **Director Randolph made a motion to approve said Minutes with a second (Johnson); the Minutes were approved by a majority vote (Harris, Johnson and Randolph).** Director Foote abstained as she was not a director at the time of said meetings.

Director Harris presented the financial summary for April 30, 2010. The Profit & Loss by Class for April showed total income as \$48,557 and net ordinary income (after expenses) as \$26,286. The Profit & Loss by Class YTD (October 2009-April 2010) noted the \$200,000 transferred from the sewer fund to the water fund. Director Harris noted that water revenue will be picking up due to the shortage of rainfall. March and April check details were presented for review. Director Randolph queried what amount had been paid to the driller (Andrews & Foster) for the third water well, and Director Harris responded approximately \$149,000. The pump size was changed from 75HP to 100HP to produce 475 GPM. The total cost of the well will be about \$249,800. **Director Randolph made a motion to approve the April financials. Upon second (Johnson), the financials were approved by unanimous consent.**

Director Harris introduced George Holmes, chairman of the financial advisory group, to present their recommendations for increasing water rates. Several factors were considered in their deliberations: water income, system operations and maintenance costs, and loan repayment requirements. Based on these parameters, the Group's recommendation is to increase the base rates for all meter sizes by \$2.00, usage of 2,000-10,000 gallons will increase from \$2.25 per 1,000 gallons to \$2.50 per 1,000 gallons, and usage over 10,000 gallons will increase to \$3.25 per 1,000 gallons. This increase will raise average monthly

water revenue from \$23,774 to \$28,415 to service the debt and make repairs or improvements to the system as needed (i.e., painting the water tower). **Director Randolph made a motion to accept the rate increases as presented by the Financial Advisory Group. Upon second (Foote), the motion was approved by unanimous consent.** Director Johnson will publish notice of the rate increase in the Bullard Banner twice within two consecutive weeks as mandated by the TCEQ. The rate increase will become effective five days thereafter or June 1, 2010.

Under field/plant operations, Director Harris advised that the Bullard fire department has tested all the red fire hydrants and is evaluating the District's fire system for insurance rating purposes. With the increased pumping capability supplied with the third well, 100,000 gallons in elevated tower, and 170,000 gallons in ground storage, the District's fire insurance rating could be elevated from a 6 to a 4. The State will notify the District of its new rating within about 8 months.

In regard to the new water well, Director Harris advised a letter had been written to the Commissioner's Court requesting closure of the cut-through road on the wellsite. The County will install a culvert at no charge and we plan to install a railing around the well site. Additionally, construction of the 3,000-foot pipeline from well site #1 to the new well is nearing completion. The remaining parts of the project are installation of SCADA system, electrical system, and chlorine building.

In regard to bridge renovation, Director Harris noted that PileCap should complete capping the South Bay bridge pilings in about two weeks. In regard to golf course drainage project bridge loan, it takes about 45 days to set up bond issue.

Lastly, Director Harris addressed a phone call to the MUD office inquiring whether Director Johnson was getting a pass or exempt from paying fees and assessments on two lots. Mr. Harris advised that Director Johnson **was** paying all required fees and assessments for two lots. Director Johnson received permission from the Club/HOA to replat and merge the two contiguous lots (cost to surveyor to replat, submit to Commissioner's Court and file with SCAD--\$1,350).

There being no further business, the meeting was adjourned at 6:13 p.m. upon motion duly made (Randolph) and seconded (Johnson) with unanimous consent.

Respectfully submitted,

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Deena M. Johnson  
Secretary

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William F. Harris  
President

Attachments:  
Financial Advisory Group Report  
New Fees and Charges (as published)