

**EMERALD BAY MUNICIPAL UTILITY DISTRICT**  
**FINAL AND APPROVED**  
**MINUTES OF REGULAR MEETING**  
**NOVEMBER 15, 2010**

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, November 15, 2010, at 5:30 p.m. in the Emerald Bay Club, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Dwight Cole, Jaymie Foote, Bill Harris, Deena Johnson, and Paul Randolph. Six (6) Emerald Bay residents attended.

Director Harris called the meeting to order at 5:30 p.m. Director Harris asked for comments on the Minutes of the Regular meeting of October 18, 2010. **Director Randolph made a motion to approve said Minutes with a second (Foote); the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for October 31, 2010 (first month of new fiscal year). Under sewer system operations, the total income was \$26,971, total expenses were \$22,023 (a portion of \$9,900 administrative expense is attributable to part-time employee), resulting in net operating income of \$4,948 (net income \$4,220). In response to Mr. Harris' inquiry concerning depreciation for the sewer system, Mr. Cole noted that the cost on the books in 1988 was \$614,000 and today the cost is \$1,088,000 due to approximately \$350,000 in improvements; i.e. generators, buildings, etc.

Under water system operations, the total income was \$37,106 compared to \$22,406 last year (the higher income is attributable to the drought and rate increase effective in June), total expenses were \$17,173 resulting in net operating income for the month of \$19,933 (net income \$15,035).

Under road and bridge operations, total income for the month was \$5,852 (\$2,000 fees, \$3,852 service charges), total expenses were \$1,346 resulting in net operating income of \$4,506. Director Cole stated the final member assessment for the bridge renovation totaled \$55,104 bringing the net income to \$59,624 for October.

On the balance sheet, Treasurer Cole pointed out the construction in progress is \$1,016,665. President Harris noted the bridge project has been completed and the bridge can be moved into fixed assets. Lastly, Director Cole presented the October check detail for review. **Director Randolph made a motion to approve the October 31, 2010 financials as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Director Johnson noted the December regular meeting is scheduled for Monday, December 20. Mr. Harris is scheduled for surgery on December 20 and offered Monday, December 13, as an alternative date. **Director Johnson made a motion to change the December regular meeting from December 20 to December 13. Upon second (Randolph), the motion was approved by unanimous consent.**

Director Harris presented the outstanding invoice from Andrews & Foster in the amount of \$24,262.25 for the drilling of water well #3. This represents the 10 percent retention until the completion of the project. As the well will not be placed on line until March 2011, Director Harris recommends holding out \$2,000 to have the driller on site to start up the pump. **Director Randolph made a motion to withhold \$2,000 from the payment to Andrews & Foster. Upon second (Foote), the motion was approved by unanimous consent.** Mr. Harris will write a letter to Kirk

Bynum of Brannon Corporation advising the District will pay Andrews & Foster \$22,262.25 withholding \$2,000 until startup of well #3.

Director Harris stated the District owns the golf course sprinkler system. Golf Course Superintendent, Tommy Jones, is responsible for maintenance of the effluent distribution system that is connected to the District's pump house, but not the pump house itself. Oversight of the entire system is within the District's authority. Mr. Harris noted that he had informed the Club's director of golf that no invoices would be honored by the District with regard to pump house maintenance that had not been pre-approved by the District with no exceptions. Mr. Harris noted he would investigate exactly what is covered by the Texas Municipal League with regard to the entire effluent distribution system and pump house and suggested the Emerald Bay Club board investigate whether the starter panel and pump house are insured through its insurance carrier. Specifically, Mr. Harris explained transmitters and starter panel damaged by recent storms could be covered by insurance. Messrs. Harris and Clark (Club director) will coordinate further discussion with Club board and business manager to ascertain coverage.

Under field/plant operations, President Harris reported the third blower at the sewer plant has been repaired and reinstalled. The District's flow meter (damaged during a recent electrical storm) cannot be repaired as parts are no longer available and an approximate \$11,000 claim has been submitted to the Texas Municipal League. The sewer plant (all motors and other equipment) will be added to the SCADA system to send alerts of any malfunctions of the system. BLOC will complete the work at an approximated cost of \$30,000.

Director Harris noted the Texas Commission on Environmental Quality (TCEQ) conducted an inspection of the District's water system and there were no violations. The inspector was very impressed with the District's web site and computer system controls. Contract operator, Bryan Johnson, is investigating requirements to obtain superior water supply rating.

In regard to the pending bond issues, a TCEQ representative has inspected the facilities involved and submitted additional forms to be completed by the District, its engineer, and bond attorney.

The plant operator trainee, Michael Fyffe, will take his "C" license exam this week. The Board is searching for a full time bookkeeper/administrative assistant to replace part-time clerk/bookkeeper (Nancy Studley). The District has also employed a part-time accountant/CPA to coordinate the 2010 audit. Directors Randolph and Foote are compiling an employee policy handbook.

There being no further business, the meeting was adjourned at 6:15 p.m. upon motion duly made (Randolph) and seconded (Harris) with unanimous consent.

Respectfully submitted,

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Deena M. Johnson  
Secretary

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William F. Harris  
President

Attachments:  
Financial Summary for October 31, 2010