

**EMERALD BAY MUNICIPAL UTILITY DISTRICT**  
**FINAL AND APPROVED**  
**MINUTES OF REGULAR MEETING**  
**MAY 16, 2011**

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, May 16, 2011, 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 April 18, 2011. **Director Foote made a motion to approve the Minutes of April 18, 2011 with a second (Cole); the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for April 30, 2011. Under sewer system operations, total income was \$27,442 (\$190,303 YTD compared to \$153,903 in 2010). Director Cole pointed out that service charges totaled \$21,660 (\$151,349 YTD compared to \$152,528 in 2010). Net income for the month is \$15,322 (\$59,452 YTD compared to negative \$96,475 YTD in 2010 due to \$200,000 inter-company transfer to the water fund.)

Under water system operations, the total income for April was \$33,130 (\$201,912 YTD compared to \$141,135 in 2010 reflects the rate increase and higher usage due to drought). Total expenses were \$8,818 (\$80,777 YTD compared to \$74,574 in 2010) resulting in net income for the month of \$19,587 (\$87,288 YTD compared to \$231,304 in 2010 due to abovementioned inter-company transfer).

Under road & bridge operations, total income was \$8,080 (\$46,242 YTD compared to \$21,402 YTD in 2010). Other income consists of \$192,105 transferred from the Club/HOA and \$55,104 from member assessments for bridge renovation project. The net income for April was \$7,743 (\$97,017 YTD compared to \$270,134 in 2010).

The balance sheet shows total cash accounts for April at \$914,185 compared to \$531,225 reported in April 2010 and construction in progress at \$982,308 compared to \$359,545 in April 2010. Treasurer Cole noted the \$982,308 reflects the \$800,000 bond issue funded on April 15, 2011. Cole added a breakdown of the construction in progress figure as 57% for golf course improvement, 36% for completion of the third water well, and remainder for installation of SCADA system. Mr. Cole presented the April check detail and noted there were several large checks written for the golf course project. **A motion was made (Randolph) and seconded (Foote) to approve the April financials and check detail. The motion was approved by unanimous consent.**

President Harris addressed the necessity for and control of the master spreadsheet for billing purposes. He explained why the District must convert to direct billing each customer rather than continuing to bill through the Emerald Bay Club. The District purchased a computer program (Inhance) that is used by many utility companies. The main reason for

this conversion is compliance with TCEQ (Texas Commission on Environmental Quality) regulations. Mr. Harris also commented on the Google.doc spreadsheet program into which the master billing spreadsheet could be imported with secure access limited to certain persons. Mr. Harris asked George Holmes and his financial group to write a letter to the membership to explain the reasons for the billing change. The letter will be inserted into the May statements.

President Harris received approval from Jerry Patton, Club director over Membership, to have a District representative at all new member interviews. Mr. Harris asked Director Foote to attend the Membership Committee interviews with prospective members and give membership updates at regular District meetings. Director Harris reiterated the importance of informing new members that they are the benefactors of a sewer system, water system, sprinkler system, and South Bay bridge renovation paid for by past and present members. The District representative will advise new members of the District's fees and rules, answer questions about the District's utility services, and keep the master billing spreadsheet up to date. **President Harris made a motion to appoint Director Foote to serve as the MUD's membership liaison. Upon second (Randolph), the motion was approved by unanimous consent.**

President Harris had discussions with Bob Breedlove, Club Director of Golf, earlier today regarding the MUD's requirement for updated drawings showing all the changes to the irrigation system created by the reconfiguration of the golf course. Mr. Breedlove advised he would write a letter explaining the changes and provide marked up drawings. Breedlove would set aside funds in the 2012 budget to cover the cost of remapping the course and providing professional drawings of the changes to the MUD's effluent dispersal system. Mr. Harris referred to the Golf Course Greens and Drainage Project Finance Agreement executed between the Club and the MUD on March 30, 2010, and read paragraph V (a) stating "any change of location or modification of any type to the MUD's Effluent Dispersal System will be fully documented. Updated plans and drawings shall be submitted reflecting all such changes along with the Affidavit of Completion at each stage." The TCEQ and the lender can conduct an audit within 90 days of project funding. Therefore, the MUD must have the updated "as built" on the sprinkler system to document location of pipes. With \$76,000 remaining in the renovation project fund, Mr. Harris stated the Board would take the matter under advisement. **A motion was made (Foote) and seconded (Cole) to declare a moratorium on future payments on the golf course greens and drainage project until there is a satisfactory resolution to this issue. President Harris polled the directors (Cole, Randolph, Johnson and Foote) and each voted in favor of the motion.**

Director Harris gave an update on the District's operations:

- 1) Work on the crash wall barrier around the #3 water well location will start on Tuesday, May 17. The wall will be 116 feet long, 18 inches thick, and 4 feet tall. Two bids were received for the barrier and the chlorine building—winning bids are \$18,000 for barrier and \$9,500 for building.
- 2) Sections of the fence around the District's sewer plant will be repaired/replaced for \$6,875.

- 3) The SCADA system for the sewer plant is working correctly and the flowmeters are also functioning properly.
- 4) All electrical panels have been ordered for the #3 water well location for approximately \$8,000.
- 5) The flowmeter for the #3 well will be purchased from HD Supply for approximately \$4,000-\$5,000.
- 6) District clerk, Alicia Freeman, is working on securing the necessary paperwork for a release of lien in order to get the sanitary easement from Mr. England. Alicia is working with FDIC to get the deed of trust.
- 7) The District has run newspaper ads to hire an unlicensed person with plumbing and electrical experience to help with routine work around the plant, well sites, and lift stations.

There being no further business, the meeting was adjourned at 6:40 p.m. upon motion duly made (Randolph) and seconded (Foote) 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 April 30, 2011  
Check Detail for April 2011  
Golf Course Renovation Expenses