

**EMERALD BAY MUNICIPAL UTILITY DISTRICT**  
**FINAL AND APPROVED**  
**MINUTES OF REGULAR MEETING**  
**JULY 18, 2011**

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, July 18, 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. Eight (8) Emerald Bay residents attended and Alicia Freeman, District Administrative Assistant.

Director Harris called the meeting to order at 5:30 p.m. Director Harris asked for comments on the Minutes of the June 20 Regular meeting. **Director Cole made a motion to approve the Minutes of June 20. Upon second (Randolph); the Minutes were approved by majority vote. Director Foote abstained as she was not present at June 20 meeting.**

Director Cole reviewed the financial summary for June 30, 2011. Under sewer system operations, total income was \$27,629 with greens service charge contributing \$5,338 (Director Harris noted the correct terminology should be greens drainage service charge.) Total expenses were \$17,283, net operating income was \$10,346, interest expense was \$3,589 (interest on new bond since April) resulting in net income for the month of \$6,830. Mr. Cole also pointed out that service charges year-to-date were \$194,600 which is almost the same as last year's YTD.

Under water system operations, the total income for June was \$37,161 (\$269,833 YTD compared to \$207,277 last year to date). The higher YTD income reflects the rate increase that went into effect in June 2010. Total expenses were \$11,971 (\$107,923 YTD compared to \$96,300 last year to date reflects several unusual expenses this year). The net income for June was \$18,392 (\$116,608 YTD compared to \$265,758 in 2010 reflects \$200,000 inter-company transfer).

Under road and bridge operations, total income for June was \$14,074 with initiation fees of \$10,000 representing 5 new members. Total initiation fees YTD are \$30,000 compared to \$14,000 in 2010. Net income for the month was \$13,672. Mr. Harris noted the net income YTD is \$116,429 (road repair fund).

The balance sheet shows total assets at \$4,734,540 with \$3,450,760 in property, plant and equipment. Construction in progress consists of remaining work on well #3 and SCADA system. Mr. Cole stated the majority of June check detail reflects expenses incurred for well #3 and parts to fix the pump behind Hole #10. **Director Randolph made a motion to approve the June financial summary and check detail as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Director Cole advised receipt of June 27 proposal letter from CPA Norman White to perform the 2011 audit for the District. The proposed cost of audit is \$7,500 to be invoiced on an interim work basis with 30% of total fee due at beginning of audit. **Director**

**Randolph made a motion to approve the engagement of Norman White to perform 2011 audit. Upon second (Foote), the motion was approved by unanimous consent.**

Director Harris advised that ACSTAR Insurance Company requested completion and execution of a status report and release of the performance bond covering the work on the golf course drainage project by Turf Solutions. **Upon motion by Director Foote and second by Director Randolph, the board unanimously approved execution of said documents by President Harris.** The documents were executed, witnessed and notarized by District Clerk, Alicia Freeman, for return to ACSTAR. A bond release was also executed by Bob Breedlove, Director of Golf, on behalf of the Emerald Bay Club.

Director Harris opened discussion on possible implementation of charges for multiple meter readings for water usage disputes. If the City of Tyler finds a problem on the customer's side of the meter (i.e., a leak in the sprinkler system), there is a \$50 charge to the customer. There were several different viewpoints on how to handle multiple meter readings among them was putting an article in the Rainbow Review to inform resident customers of the time and expense incurred to perform multiple meter readings and another was to implement a charge for rereads with an announcement in the Rainbow Review advising the District would start charging a fee. Director Harris stated it would be necessary to call a special meeting at a later date to decide on instigation of charges, policy and fees regarding multiple meter readings.

Harris asked Secretary Johnson to read a proposed motion by the Emerald Bay Club Board to transfer ownership of the golf course emergency pump to the MUD. Director Harris explained that had it been MUD's pump when it was struck by lightning, the starter panel would have been covered under its TML insurance. This particular pump is essential to the fire control system in drought conditions. Four (4) pumps in golf course pumphouse are for the effluent dispersal or irrigation system and belong to and are maintained by the District. **Director Johnson made a motion that the District accept transfer of ownership from the Club of the golf course emergency pump conditioned upon receipt of payment for expenses to repair it. Upon second (Cole), the motion was approved by unanimous consent.**

**As several directors will be traveling during August, a motion was made (Foote) and seconded (Cole) to change the date of the August regular board meeting to August 17 at 5:30 p.m. at the District's office. Motion was approved by unanimous consent.**

Director Harris gave a brief update of field/plant operations:

- 1) Power failure between #1 and #2 wellsites necessitated use of District's generator. When District's generator malfunctioned, a generator was rented from Travis Russell. District's generator had a fuel leak and faulty voltage regulator which has been repaired by Stewart & Stevenson in Longview.
- 2) There was a water leak at the Club over the July 4<sup>th</sup> holiday. It has been repaired and new water lines installed to the main.

- 3) Replaced two (2) soft starts at #2 wellsite and small service pump at #1 wellsite.
- 4) Met with Oncor regarding power source at #2 wellsite. Will defer action until #3 well is on line.

Under other business, Director Foote is working as liaison between the MUD and the Club's membership committee (chaired by Jerry Patton) to advise new members of the District's fees and rules and answer questions about the District's utility services. Director Foote is to be commended as this process is working well. Director Foote agreed to screen calls to the District office during the week of July 25 (Alicia Freeman on vacation 7/25-7/29). Director Harris mentioned the use of Google.docs to import and maintain a master spreadsheet for the billing information for the various billing categories (i.e., street fees per lot, golf course drainage fees, lessee fees, and Windcliff Harbor sewer charges).

There being no further business, the meeting was adjourned at 7:04 p.m. upon motion duly made (Randolph) and seconded (Foote) with unanimous consent.

Respectfully submitted,

---

Deena M. Johnson  
Secretary

---

William F. Harris  
President

Attachments:

Financial Summary for June 30, 2011  
Check Detail for June 2011  
Norman White Engagement Letter  
ACSTAR Insurance bond release  
Club motion to transfer pump ownership