

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF SPECIAL EMERGENCY MEETING
NOVEMBER 16, 2006

The Board of Directors of the Emerald Bay Municipal Utility District met on Thursday, November 16, 2006, at 2:00 p.m., at the MUD Office, 155 LaSalle Drive, Emerald Bay, Bullard, TX 75757. Present were Directors Bill Harris, Ray Hartley, Deena Johnson, Howard Rutherford, and Robert Worsham. One District resident also attended.

President Harris convened the meeting at 2:08 p.m. to discuss the District's bookkeeping and billing compliance issues.

Director Hartley explained the existing contract with the Emerald Bay Club for bookkeeping and billing services. The District pays \$350/month for these services, which originally covered only the sewer billing. The Club remits to the District on the 25th of each month the amount collected to that point, then the remainder is remitted on the 5th of the next month. The Club wants to revise the contract to cover the additional time and labor required for the collection, posting, etc., for the water billing.

Director Worsham expressed concern over the "float" time between the date of billing and the time the Club remits funds collected on the 25th of each month and the 5th of the next month. Director Harris suggested the Club write a check to the MUD for collections received once a week to reduce the "float" time.

Directors Harris and Hartley met with the Club Board to renegotiate the present contract. Director Hartley read the new proposed accounting agreement between the MUD and the Club. Under this agreement, the District shall pay \$684.25/month for accounting services. In turn, the District will bill the Club for five (5) sewer connections [four (4) golf course restrooms and guard house equals \$184.25].

Messrs. Hartley and Harris recommended exploring alternatives and costs for the District to do its own bookkeeping and billing. If the Club continues to collect funds for water/sewer billing and post receipts to customer accounts, the District would only need a part-time bookkeeper to do accounting procedures; i.e. check writing using QuickBooks.

Director Hartley made a motion to accept the Emerald Bay Club's proposed contract for accounting services with a 60-day cancellation clause, and the District would explore options to facilitate future bookkeeping, billing, and other accounting procedures. Said motion was seconded by Director Johnson.

After further discussion, Director Harris offered an amendment to the motion whereby the District would accept the Club's contract with the minor modifications noted on the attached revised contract. The Board agreed to accept

the Agreement with the following changes--the deletion of paragraph 8 of Article I, the insertion of words physically and electronically in paragraph 9 of Article I, and the notary acknowledgment changed to show Jim Speiran and Bill Harris as the two parties executing the document.

Additionally, the District Board wishes to make sure that the Club is aware that it is the intent of the Board to begin to implement administrative reform to the District's accounting, filing, and basic office policies and procedures. This will require changes in the way the District's administrative policies and duties are performed to include, but not limited to, part-time contract labor for District office administration. All new policies will comply with all State regulations; i.e. billing, etc.

There being no further business, the meeting was adjourned at 4:34 p.m. upon motion duly made (Harris) and seconded (Worsham).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachment: Revised Accounting Agreement