

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
OCTOBER 17, 2011

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, October 17, 2011, at 5:30 p.m. at the Emerald Bay Club, 208 South Bay Drive, Bullard, TX 75757. Present were Directors Dwight Cole, Bill Harris, Deena Johnson, and Paul Randolph. Director Foote was excused (due to death in family). Seven (7) Emerald Bay residents attended and Alicia Freeman, District Administrative Assistant.

Director Harris called the meeting to order at 5:31 p.m. Director Harris asked for comments on the Minutes of the September 19, 2011, Regular meeting. **Director Harris made a motion to approve the Minutes of September 19 as written. Upon second (Randolph), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for September 30, 2011, the District's fiscal yearend. Under sewer system operations, total income for 2011 YTD was \$326,379 compared to \$278,002 for 2010 YTD with sewer service charges for 2011 in line with previous year. Director Cole pointed out that approximately \$50,000 more income was derived from the greens drainage charges (\$63,458 for 2011 YTD compared to \$15,361 collected from June-September of 2010). Mr. Cole also noted that depreciation is only accrued in September each year. Net operating income (expense) reflects a loss of \$61,300 for 2011 YTD compared to a loss of \$130,893 for 2010 YTD. Net income for the month was a loss of \$160,497.

Under water system operations, water service charges for September were \$43,765 (\$405,860 YTD for 2011 compared to \$318,797 YTD for 2010). For perspective, water service charges for 2011 YTD are 27 percent higher than 2010 YTD. Mr. Cole noted some of the increased expense items: (1) higher administrative costs attributable to addition of an operator trainee; (2) higher Plant Operating costs due to continuing work on well #3, including repairing a leak and improvements to chlorination system; (3) higher Repairs & Maintenance costs attributable to cable repair (\$22,000) between wells #1 and #2; and (3) higher utility costs. Net income for September was a loss of \$68,706 (\$85,259 YTD for 2011 and \$250,791 YTD for last year).

Under road and bridge operations, total income for September was \$6,140 (\$84,612 YTD for 2011 compared to \$54,656 YTD for 2010) with initiation fees at \$36,000 YTD 2011 (\$16,000 more than YTD 2010) and road maintenance fees at \$48,612 YTD for 2011 (\$13,956 more than YTD 2010). Net income for the month was \$5,863.

The balance sheet shows total cash accounts at \$774,952 (approximate cash funds in each category--\$357,000 water; \$149,000 sewer; \$144,000 road & bridge; and \$75,000 capital). Property, plant and equipment increased to \$3,206,014 with the transfer of money spent on the greens drainage project, and construction in progress at \$509,581 contains the money spent on water well #3. The September check detail contains only the usual monthly expenses. **Director Randolph made a motion to approve the September financials as**

presented. Upon second (Johnson), the financials were approved by unanimous consent.

Director Harris asked District Clerk, Alicia Freeman, to report at each monthly meeting on the number of delinquent accounts and/or disputed billings. For the month of September, there were 12 delinquencies totaling \$2,892.31. Ms. Freeman explained the District's policy on delinquent accounts. At 45 days past due, the customer is sent a courtesy reminder letter. At 60 days past due, the property owner/customer is sent a written notice of delinquency by certified mail stating the amount due and that water or sewer connection can be disconnected if the delinquent statement is not paid by the last business day of said Notice month. At 90 days past due, a termination notice is mailed to the property owner/customer stating that water and/or sewer services will be terminated by the District by the end of the month in which the termination notice was sent. **Director Harris made a motion to approve the existing guidelines for delinquency notifications at 30 and 60 days with termination of service at 90 days. Upon second (Randolph), the motion was approved by unanimous consent.**

Director Johnson read into the record the letter to Mr. Dixon regarding adjustment of an invoice for locating and repairing a leak and replacing a water meter. Director Harris outlined the problems involved with repairing leaks and especially the problems encountered in this particular situation. Mr. Harris advised that the District has developed a Statement of Work for all work requested by a customer. Said work order will show the nature of the work, a list of the parts required, and the estimated cost including labor at \$75/hour. The District will no longer issue invoices for such work—all costs will be included on the customer's monthly utility billing. **Director Randolph made a motion to approve the billing adjustment notification letter to Mr. Dixon and that it be sent by certified mail. Upon second (Cole), the Board approved the motion by unanimous consent.**

Director Johnson read into the record the District Resolution No. 10172011A to the Emerald Bay Club and Homeowner's Association authorizing the District's President, William F. Harris, to facilitate the research and development of an infrastructure project to include improvement of the District's distribution system, fire control system, irrigation supply system, and community streets. Mr. Harris will consult with the District's engineer, Kirk Bynum of Brannon Corp., to determine scope of project and estimate of costs for each phase. The District has the money to drill a non-potable water well for the irrigation of the golf course and to improve the fire control system. An exploratory well must be drilled on a chosen location and a pipeline must be run from the well to the effluent ponds. Director Harris will contact the Klein Estate representative about obtaining a pipeline easement along the marina property line to pump Lake water into the effluent ponds via the auxiliary golf course pump. **Director Randolph made a motion to approve the aforementioned District Resolution. Upon second (Cole), the Resolution was approved by unanimous consent.**

Director Harris gave an update on progress of the Infrastructure Advisory Group. There will be a joint meeting at the District engineer's office with Southside Bank representatives to discuss the scope of the project and the financing options.

Director Harris gave an update on the District's operations: (1) Repaired a small leak at water well #3; (2) working to correct a chlorination equipment problem at well #3; and (3) need to add conduit to lift stations on golf course and do work on the Moore Lane lift station.

Director Johnson asked to change the date of the November monthly meeting to accommodate Directors' Thanksgiving holiday travel plans. Monday, November 21, is the regular meeting date and Monday, November 14, was offered as an alternate date. **Director Cole made a motion to change the November meeting date to Monday, November 14, to be held at the Emerald Bay Club. Upon second (Harris), the motion was approved by unanimous consent.**

The December monthly meeting date is Monday, December 19, and Wednesday, December 14, was offered as an alternate date. **Director Randolph made a motion to change the December meeting date to Wednesday, December 14, to be held at the District Office. Upon second (Harris), the motion was approved by unanimous consent.**

There being no further business, the meeting was adjourned at 6:45 p.m. upon motion duly made (Randolph) and seconded (Johnson) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for September 30, 2011
Check Detail for September 2011
Letter to Sharon Roberson on repair costs
District Resolution No. 10172011A