

**EMERALD BAY MUNICIPAL UTILITY DISTRICT**  
**FINAL AND APPROVED**  
**MINUTES OF REGULAR MEETING**  
**JANUARY 16, 2012**

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, January 16, 2012, at 5:30 p.m. at 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. Five (5) Emerald Bay residents attended and Alicia Florence, District Administrative Clerk.

Director Harris called the meeting to order at 5:32 p.m. Director Harris asked for comments on the Minutes of the December 14, 2011, Regular meeting. **Director Randolph made a motion to approve the Minutes of December 14 as written. Upon second (Cole), the Minutes were approved by unanimous consent.** Directors Foote and Harris abstained as they were not present at said meeting.

Treasurer Cole reviewed the financial summary for December 31, 2011. Under sewer system operations, Cole noted that income was on track with last year to date and also pointed out the \$5,006 attributed to greens drainage water charge for potable water sold to the Club for greens irrigation. Director Harris queried said allocation to the sewer system rather than to the water system stating this would skew the income for sale of potable water and expenses associated with electricity and pumping cost. Director Cole will consult the auditor regarding the recommended method to account for said sale of potable water for supplemental irrigation of greens. Under expenses, Cole noted lift station repairs (\$2,856) was split out of Repairs & Maintenance (\$2,770). Net income for December was \$7,013 (\$26,865 YTD and \$22,802 YTD in 2010).

Under water system operations, Director Cole noted YTD income for December was \$94,900 compared to \$91,548 last year; total expenses were \$12,991 (YTD \$47,970 compared to \$36,056 last year); net income of \$5,164 (\$31,046 YTD compared to \$41,538 YTD for 2010). Under expenses, new category Leak Repairs was split out of Repairs & Maintenance.

Under road and bridge operations, December initiation fees were \$4,000 (2 new members) compared to \$6,000 YTD and \$8,000 YTD in 2010. Net income was \$7,745 and \$16,353 YTD.

The balance sheet shows total cash accounts of \$835,078 compared to \$465,939 in 2010. Mr. Cole noted that accounts receivables (\$37,622 in December compared to \$102,763 in 2010) are lower now that the District does its own billing and collection. Construction in progress is \$520,425 which includes some continuing work on water well #3 and the SCADA system and property, plant and equipment is \$3,117,468 which includes \$600,000 for greens drainage system and drilling #3 water well. December check detail contains payments for repairs to lift station #8 and reconnecting pipeline from water well #3 to ground storage at #1 wellsite. **Director Randolph made a**

**motion to approve the December financials as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Director Johnson discussed the upcoming general election scheduled for May 12, 2012. The District, as a political subdivision, is required to hold its general elections in May of even-numbered years. The terms of two directors will expire this May. Director Johnson noted the District received permission from the Department of Justice to hold its elections jointly with Smith County using their polling places, poll workers, electronic voting equipment, etc. The regular polling place for Precinct 41 is Bullard. It is financially prudent to share the cost of the election with the City of Bullard and the Bullard Independent School District. Director Cole queried regarding the approximate cost of such election. Director Johnson noted the cost to City of Bullard was \$5,560 for 2011 elections. Director Cole also inquired as to the process and cost to the District if the election is cancelled by way of unopposed candidates. Director Johnson noted the County contract provides that the canceling voting unit only pays its prorated share of the costs incurred up to the date of cancellation. **Director Johnson made a motion for the District to enter into agreements with the City of Bullard and the Bullard Independent School District to share the cost of the election (1/3 each), to contract with Smith County to conduct the May 2012 elections, and authorize President Harris to execute said agreements. Upon second (Randolph), the motion was approved by unanimous consent.** Director Johnson will prepare a Resolution to reflect this action.

Director Harris asked District Clerk, Alicia Florence, to report the number of delinquent accounts and/or disputed billings. For the month of December, the total outstanding or past due accounts equaled \$1,898.31. Of the seven (7) disconnect notices mailed on January 5, four (4) accounts remain outstanding (90 days past due) totaling \$1,040.74 and will be disconnected if not paid by January 31. Twenty (20) accounts are 30 days past due totaling \$857.57.

Director Harris gave an update on field and plant operations:

1. The pump in Lift station #7 on South Bay failed and has been repaired.
2. There was a short in the conduit to Lift station #8. Fielding Electric laid a new utility line but the new wiring was not connected correctly. BLOC is working to resolve this issue.
3. We are still addressing issue of air in the pipeline to #3 water well.
4. We are in the process of seeking second opinions on procedures to improve District's water distribution system.
5. We are in the process of acquiring rights-of-way for pipeline from lake emergency pump to effluent ponds. We will begin line as soon as possible.
6. Harris has obtained a 300-page report prepared by the Texas Water Development Board on the state's 2012 water plan. It notes that the population of Texas is

expected to grow by 82 percent in the next 50 years (from 25 million in 2010 to 46 million in 2060) and the availability of water will become more and more critical.

7. Harris reiterated that the community is still under watering restrictions to show TCEQ the District is addressing the water distribution problem.

There being no further business, the meeting was adjourned at 6:07 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 December 31, 2011  
Check Detail for December 2011  
Delinquent Accounts  
District Resolution No 1162012A