

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

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, April 16, 2012, at 5:30 p.m. at the District's office, 155 LaSalle Drive, Bullard, TX 75757. Present were Directors Dwight Cole, Jaymie Foote, Bill Harris, Deena Johnson, and Paul Randolph. Alicia Florence, District Administrative Assistant, and six (6) Emerald Bay residents also attended.

Director Harris called the meeting to order at 5:31 p.m. Director Harris asked for comments on the Minutes of the March 19, 2012 (Regular) meeting. **Director Foote made a motion to approve the Minutes of March 19 as written. Upon second (Randolph), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for March 31, 2012, and pointed out the addition of the column for "Budgeted Year to Date" figures. Director Randolph requested a larger font size for next month's financial report. Under sewer system operations, Cole noted total income for March was \$27,885 (\$162,399 YTD 2012 compared to \$162,861 YTD 2011). The new category for budgeted YTD was \$165,391 due to the transfer of water service charges in the amount of \$3,492 (which belonged to the water system operations for the sale of supplemental water for the golf course during the 2011 drought). Total March expenses were \$14,978 (\$107,262 YTD 2012 was less than the \$116,662 budgeted YTD and the 2011 YTD of \$117,871). The net operating income was \$12,907 (\$55,137 YTD) and net income was \$11,312 (\$45,808 YTD compared to budgeted YTD of \$34,088 [which was decreased by \$5,000 budgeted for legal expense not incurred]).

Under water system operations, total income for March was \$20,610 (\$162,619 YTD 2012 compared to \$168,781 YTD 2011). The new category for budgeted YTD was \$164,550. Total expenses for March were \$9,830 (\$85,919 YTD 2012 compared to \$71,960 YTD 2011). Net income for the month was \$5,303 (\$43,430 YTD 2012 compared to \$67,699 YTD 2011). Cole pointed out that the District sold more water last year as water service charges were \$167,556 last year versus \$155,794 this year—a \$12,000 difference in income.

Under road and bridge operations, total income was \$10,014 with \$6,000 of initiation fees (\$38,132 YTD 2012 compared to \$38,162 YTD 2011). Net income for March was \$9,708 (\$34,880 YTD 2012 compared to 28,293 budgeted YTD 2012). The difference between the actual net income and budgeted amount is initiation fees. The District estimated 18 home sales for 2012 and budgeted \$36,000 therefor.

The balance sheet shows total cash accounts of \$841,465 compared to \$490,301 in 2011; customer accounts receivable \$33,419 compared to \$55,729 in 2011; and construction in progress of \$526,665 compared to \$832,592 in 2011 (which includes expenditures for greens drainage project and part of well #3 expenses transferred to property, plant and equipment).

Review of the March check detail showed the standard expenditures with the largest payments for monthly bond/interest payments and repairs and maintenance. **Director Randolph made a motion to approve the March financial summary as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Director Harris asked District Clerk, Alicia Florence, to report the number of delinquent accounts and/or disputed billings. There were no disconnect notices mailed in March; however, 26 past due notices were mailed on April 5 and seven remain unpaid totaling \$759.49

Director Johnson discussed the suggested revisions to Section 2.06 of Chapter 2 of the District's rules regarding billings for water and wastewater service. Any customer accounts not paid by 5:00 p.m. on the last day of the billing month will be considered delinquent and **subject to a \$10 late fee or 10 percent of billed amount, whichever is greater.** Customers will be notified that water and/or sewer service will be terminated if delinquent accounts are not paid in full by **3:00 p.m. on the 25th day** of the delinquency notice month.

Director Johnson also discussed the suggested revisions to Section 2.03 regarding service deposits. Any customer whose water and/or wastewater account is delinquent for **55** days or whose service has been discontinued shall be required to pay a service deposit of **\$150** (equivalent to two months' service for water and/or wastewater) in addition to payment of all delinquent charges, late fees, and disconnect/reconnect fees. **Director Randolph made a motion to approve the revisions to Section 2.06 and Section 2.03 with changes noted above. Upon second (Cole), the billing and deposit rules changes were approved by unanimous consent.** Director Johnson noted the rule changes must be published two times within two consecutive weeks prior to becoming effective.

Director Foote advised the Texas County and District Retirement System has been contacted regarding possible employee retirement programs suitable for the District's employees. This organization can provide dental coverage and term life insurance. Foote suggested bundling the coverage and adopting as one package. Coverage can start at any time. Director Harris noted the importance of having a program which encourages employees to stay with the District on a long-term basis to become vested in the program. After 5 years of employment, the District would make some contributions to the program, and after 10 years of employment, the District could do something else to make the program more attractive for continued employment. Directors Foote and Randolph will continue to research all options and present another update within the next two months.

Director Harris gave an update on the District's field and plant operations. A pipeline from the Lake to the District's effluent ponds will be run along the perimeter of the marina fence/easement; the survey of which will cost around \$6,000. It is less expensive to do the survey and the engineering for the pipeline at the same time. The generator in the pump house will have to be moved to the effluent pump side and the intake will have to be moved to deeper water in the Lake channel. **Director Randolph made a motion to authorize Director Harris to commence the surveying and engineering process for the pipeline route and easement. Upon second (Cole), the motion was approved by unanimous consent.**

An auxiliary well will be drilled to supply additional water to the effluent ponds for the fire control system and a pipeline will be built to the well site. Harris may have located a potential drilling site for this well. Travis Russell Drilling will evaluate the site. If this site is not suitable, the District has a lead on an alternative site.

After three power outages at Lift Station #3, Oncor (at their cost) is boring from South Bay to the lift station to install new power line. The District is installing new disconnects and new conduit to overhaul Lift Station #3.

As for water well #3, Harris should be able to order a VFD (variable frequency drive) that will solve the water hammer and air gap problems at the well and close out the construction project. The other soft start or VFD can be used for the auxiliary irrigation well.

Two District employees took their water license tests and our goal is to have two employees with D water and D wastewater licenses by October. The District will pay Bryan Johnson (plant operator) to teach a wastewater class this summer so employees can take the wastewater license test.

Director Harris recognized two resident members, Roger Hudson and Richard Watson, for supplying their time and labor to overhaul the District's golf cart and install the new 5.5HP motor purchased by the District. The District wishes to express its gratitude for their contribution. In addition to the new motor (\$1,200), the District purchased a new cover (\$750) and will install a strobe light on the top of the cart.

There being no further business the meeting was adjourned at 6:34 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 March 31, 2012
Check Detail for March 2012
Delinquent Accounts
Service Billing and Deposit Revisions