

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

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, July 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. Seven (7) Emerald Bay residents and Alicia Florence, District Clerk, also attended.

Director Harris called the meeting to order at 5:30 p.m. Director Harris asked for comments on the Minutes of the June 18 (Regular) and the July 9 (Special) meetings. **Director Randolph made a motion to approve the Minutes of June 18 and July 9 as written. Upon second (Cole), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for June 30, 2012. Under sewer system operations, Cole noted total income was \$27,102 (\$242,989 YTD 2012 compared to \$245,299 YTD 2011) and total expenses were \$13,909 (\$159,805 YTD 2012 compared to the 2011 YTD of \$171,955). It was noted that the June electric bill (\$6,200) was received after June 30 explaining the \$265 utility figure for the month. Net income was adjusted from \$11,686 to \$8,185 after deducting principal payment of \$3,501 for greens drainage loan.

Under water system operations, total income was \$34,673 (\$253,665 YTD 2012 compared to \$269,833 YTD 2011) and total expenses were \$11,511 (\$126,068 YTD 2012 compared to \$107,979 YTD 2011). Net income was adjusted from \$17,768 to \$9,434 after deducting principal payments of \$8,335 on water well #3 loans. Cole prepared a chart showing the water billings for 2010, 2011, and 2012 YTD highlighting the fact that revenue is below both prior years when the District experienced extreme drought conditions.

Under road and bridge operations, total income was \$6,008 (\$56,168 YTD 2012 compared to \$66,396 YTD 2011) noting the YTD initiation fees were \$20,000 (10 new members) compared to \$30,000 (15 new members) in 2011. Net income for June was \$5,529 (\$51,264 YTD 2012 compared to \$116,429 YTD 2011).

The balance sheet shows total assets of \$4,598,795 with total cash accounts of \$863,646; customer accounts receivable are \$46,877 (\$62,834 in 2011); PP&E is \$3,166,353; construction in progress is \$529,483 with approximately \$450,000 attributable to water well #3 and approximately \$50,000 for the SCADA system. Under liabilities, accounts payable are \$19,213 (\$29,427 in 2011) and long-term liabilities of \$1,935,144 (\$2,074,279 in 2011) are decreasing due to payment of principal on loans.

Review of the June check detail showed the standard expenditures with the largest payments attributed to payroll and interest/principal on loans to Southside and Capital One. **Director Randolph made a motion to approve the June financial summary as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Alicia Florence, District Clerk, reported 13 past due notices were mailed July 5 totaling \$1,422.15 and only two accounts remain outstanding totaling \$149.08. Any accounts not paid by 7/25/12 will be disconnected.

Director Harris asked Howard Rutherford to report on the proposal by Clifford Power Systems, Inc. to service the District's generators and diesel engines. The District owns five diesel engines, four diesel generators and one diesel pump (lift station #3) valued at \$350,000. Stewart & Stevenson has serviced our equipment in the past, but are very expensive charging about \$1,000 per service call. Mr. Rutherford knows the company's owner, Tom Clifford (an ex-Detroit Diesel parts manager), and gave a brief history of the company headquartered in Tulsa, Oklahoma, with several Texas offices; i.e., Austin, Longview, San Antonio, Mansfield, and White Oak. The company sells Generac, services generators, and also has generator rental units available for emergency use. Clifford offered an annual service contract to check oil, filters, diesel fuel, and transfer switches in all generators once a year for \$1,775 and the diesel fuel can be rejuvenated with certain chemical additives for \$559. A semi-annual service contract to provide the same services is \$2,795 (\$2,236 maintenance services and \$559 fuel). Based on Mr. Rutherford's presentation and recommendations, **Director Foote made a motion to accept the Clifford Power Systems, Inc. semi-annual service contract with the diesel fuel maintenance for \$2,795. Upon second (Cole), the service contract was approved by unanimous consent.**

Director Harris gave an update of the District's operations stating: (1) All lift stations have been inspected and cleaned, fixed power to and cleaned out around lift station #6 and Henry Drive lift station; (2) working on beacon lights and warning horns; (3) soft starts working at well site #1; (4) ordered transformers for wells #1 and #2 and will pour concrete slabs; (5) will have to drain the sewer plant to do repairs; and (6) welding work must be done on the plant and lift stations. Harris will be conducting classes for our District employees on the sewer system in preparation for the upcoming school and "D" license testing on August 30.

There being no further business the meeting was adjourned at 6:15 p.m. upon motion duly made (Foote) and seconded (Randolph) 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 June 30, 2012  
Check Detail for June 2012  
Delinquent Accounts as of 7/16/12