

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
MARCH 19, 2012

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, March 19, 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 four (4) 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 February 20, 2012 (Regular) and March 5, 2012 (Special) meetings. Director Cole asked for one change in the second sentence of 7th paragraph of the March 5 Minutes as follows: 15,000-volt **"(energized at 4160)"** high voltage line between Well #1 and Well #2... **Director Randolph made a motion to approve the aforementioned Minutes of February 20 as written and March 5 with stated changes. Upon second (Foote), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for February 29, 2012. Under sewer system operations, Cole noted total income is in line with prior year (\$134,514 YTD 2012 compared to \$135,567 YTD 2011) with \$107,048 for service charges and \$26,166 attributed to collection of greens drainage charges. Total expenses for the month are \$12,602 (\$85,811 YTD 2012 and \$102,607 YTD 2011). Cole also noted that 2012 YTD expenses for Repairs & Maintenance-Other as well as Utilities are less than expenses incurred last year. Director Harris noted that, during torrential rains, the sewer system is processing excess water carried into the lift stations from runoff/drainage. The District is bearing cost of processing and chlorinating rainwater. This increases expenses for electricity, chlorination, and equipment maintenance. The sewer system should be leak tested to identify the locations allowing an influx of rainwater.

Under water system operations, Cole noted that income figures (\$135,709 YTD 2012 compared to \$146,037 YTD 2011) show less water pumped this year; i.e., December 2011 pumped 7 percent less water than December 2010; January 2012 pumped 50 percent less water than January 2011; and February 2012 pumped 36 percent less water than February 2011. Total expenses, however, are higher (\$76,090 YTD 2012 compared to \$62,449 YTD 2011). The higher expenses can be attributed to a large water leak on South Bay, additional chlorine expense, engineering costs, and higher utilities. It was also noted that some of the repair work to Well #3 should be capitalized.

Under road and bridge operations, total income was \$28,118 YTD 2012 compared to \$30,070 YTD 2011 with difference attributable to fewer new members. Repairs & Maintenance expenses are mostly cold patch repairs to streets. Net income is \$25,174 YTD 2012 compared to \$82,036 YTD 2011 which had \$55,104 in member assessments for South Bay bridge repairs.

The balance sheet shows total cash accounts of \$825,711 compared to \$488,697 last year and customer accounts receivable of \$37,484 compared to \$94,711 in 2011. Other current liabilities of \$75,759 are less than last year (\$324,418) due to the retiring of loans (\$250,000) when the District received financing for the water system improvements and greens drainage projects.

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

Director Cole reviewed the audit for fiscal year ended September 30, 2011, prepared by Norman L. White, CPA. The rules require that the District prepare an annual budget that is reviewed and revised quarterly. The District was written up for not having a budget and has now complied with all requirements. Cole read the auditor's letter stating "In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Emerald Bay Municipal Utility District, Texas, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended conformity with accounting principles generally accepted in the United States of America." **Director Randolph made a motion to accept the audit as presented. Upon second (Cole), the audit was approved by unanimous consent.**

Director Harris asked District Clerk, Alicia Florence, to report the number of delinquent accounts and/or disputed billings. Twenty-five (25) past due letters were mailed on March 5 and eight (8) accounts remain unpaid totaling \$598.97. Three (3) disconnect notices were mailed on March 5 and all accounts have been paid totaling \$512.95. One sewer account remains outstanding for \$204.71 bringing total outstanding accounts to \$803.68.

Director Johnson read the suggested revisions to Section 2.03 of Chapter 2 of the District's rules regarding service deposits. In subsequent discussion of the matter, the following changes were incorporated: Any customer whose water and/or wastewater account is delinquent for 90 days or whose service has been discontinued shall be required to pay a service deposit along with payment of all delinquent charges. The service deposit shall be no less than the highest bill in the preceding 12 months. Also term owner was revised to owner/lessee. **Director Randolph made a motion to accept Section 2.03 as revised. Upon second (Foote), the motion was approved by unanimous consent.** Director Johnson added that the revised rule would have to be published in the newspaper for two consecutive weeks before becoming effective.

In light of discussions of service deposits and delinquent accounts, Director Harris suggested that the District should consider revising the interest rate charged on past due accounts and asked that this item be placed on the agenda for the April meeting.

Director Johnson reviewed the District's lawn mowing contract with Mora Lawn Service. With the addition of wellsite #3, the contractor has requested an increase in the contract amount from \$300 per month to \$350 per month to mow and maintain all District properties. Director Randolph questioned the provision of Worker's Compensation Insurance coverage for the contractor. The District Clerk explained that TML (Texas Municipal League) did provide such insurance for independent contractors. **Director Randolph made a motion to approve the revised mowing contract. Upon second (Cole), the contract was approved by unanimous consent.**

Director Randolph stated there was no report or update regarding an employee retirement program as additional research is required. In regard to the TML offered term life insurance coverage for key employees, it is not clear whether the \$0.17 per \$1,000 of coverage is a set rate or a variable rate based on each individual applicant's medical history. District Clerk was asked to complete the TML application for term life insurance to determine the rate. This matter will be tabled pending more research.

Director Harris gave an update on the District's field and plant operations. Harris advised he is still researching alternatives to solve the water-hammer issue at Well #3. It seems a VFD is the best solution to the problem, but for interim will try using a soft start. The power lines to Lift Station #3 on golf course will be replaced. All the lift stations will be cleaned out—all work will be done at night. The water distribution project is on hold until we can get more information from banks and engineers.

Director Harris advised that the regular monthly meetings will be held at the District's office.

There being no further business the meeting was adjourned at 6:47 p.m. upon motion duly made (Foote) and seconded (Randolph) with unanimous consent.

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Financial Summary for February 29, 2012
Check Detail for February 2012
Delinquent Accounts
Mowing Contract dated March 1, 2012
Service Deposit Revisions