

**EMERALD BAY MUNICIPAL UTILITY DISTRICT**  
**FINAL AND APPROVED**  
**MINUTES OF REGULAR MEETING**  
**OCTOBER 15, 2012**

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, October 15, 2012, at 5:30 p.m. at the District's office, 155 LaSalle Drive, Bullard, TX 75757. Present were Directors Dwight Cole, Bill Harris, Deena Johnson, and Paul Randolph. Director Jaymie Foote was absent due to travel plans. Alicia Florence, District Clerk, and four residents were in attendance.

Director Harris called the meeting to order at 5:31 p.m. Director Harris asked for comments on the Minutes of the September 17, 2012 (Regular) meeting. **Director Randolph made a motion to approve the Minutes of September 17 as written. Upon second (Cole), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for September 30, 2012, the District's fiscal year-end. Under sewer system operations, total income for the month was \$30,090. Cole noted the difference between the \$333,511 YTD 2012 and \$326,379 YTD 2011 was due to the small sewer rate increase implemented in July 2012. The total expenses of \$206,586 (\$418,460 YTD 2012 compared to \$408,535 YTD 2011) includes depreciation (only accrued at year end) of \$191,517 resulting in net operating income for the month of (\$176,496). After interest expenses, net income was (\$178,022) adjusted to (\$181,561) after deducting principal payment of \$3,539 for greens drainage loan.

Under water system operations, total income was \$36,873 (\$367,766 YTD 2012 compared to \$409,160 YTD 2011 attributable to higher water usage in 2011 due to drought conditions). September total expenses of \$101,564 (\$255,899 YTD 2012 compared to \$262,355 YTD 2011) includes depreciation of \$87,581 resulting in net operating income of (\$64,691). After interest expenses, net income was (\$69,989) adjusted to (\$78,411) after deducting principal payments of \$8,422 for water system loans.

Under road and bridge operations, Cole noted the impact of initiation fees on income. The total income for September was \$10,183 (\$96,161 YTD 2012 compared to \$84,612 YTD 2011) with total expenses of \$20,743 (including depreciation of \$11,568 and road repairs of \$8,651) resulting in net income of (\$10,516).

The balance sheet shows total assets at \$4,380,547 with total cash accounts of \$918,450 compared to \$773,007 YTD 2011; PP&E is \$2,875,687 down from last year's \$3,166,352 due to depreciation accrual; and construction in progress at \$540,911 with approximately \$450,000 attributable to water well #3, approximately \$50,000 for the SCADA system, and approximately \$10,000 to \$15,000 for the proposed water line from the Lake to the effluent ponds. Cole also noted that long-term liabilities decreased from \$2,040,453 YTD 2011 to \$1,899,386 due to payment of principal on loans.

Director Cole presented six charts graphically detailing water operations as of September 30, 2010, 2011, and 2012 and noted the difficulty in budgeting for such operations. Chart 1 shows the total gallons billed each month with August of each year having the highest usage (14

million gallons in 2011 (drought); 11 million gallons in 2010; and 10 million gallons in 2012). Chart 2 shows the accumulated gallons of water billed year to date for each fiscal period ending September 30; (approximately) 90 million gallons in 2011; 71 million gallons in 2012; and 65 million gallons in 2010. Chart 3 shows water income by month for each fiscal period with highest income in August (approximates): 2009-2010 (green) at \$45,000; 2010-2011 (red) at \$55,000; and 2011-2012 (blue) at \$42,000. Chart 4 shows the year to date income for water sales only at \$405,860 for 2011; \$357,991 for 2012; and \$318,798 for 2010. Chart 5 shows the monthly water expenses before depreciation (July 2011 (red) higher due to cable failure between wells #1 and #2). Chart 6 shows the accumulated amount of expenditures for water operations: \$172,969 for 2011; \$168,319 for 2012; and \$120,621 for 2010.

Review of the September check detail showed the standard expenditures with the largest payments attributable to payroll, road repairs, utility bills, and bond payments. **Director Randolph made a motion to approve the September financial summary as presented. Upon second (Johnson), the financials were approved by unanimous consent.**

Alicia Florence, District Clerk, reported 43 past due notices were mailed October 1 totaling \$6,215.24 and 13 accounts remain outstanding totaling \$1,950.92. Clerk noted any accounts not paid by 10/25/12 will be disconnected on that date. Director Harris suggested writing a letter to customers who pay online advising that they must pay at least 5 days in advance of deadline.

Director Harris gave an update on the District's operations noting:

- 1) McKinney & Moore will be doing the welding repairs on the sewer plant. Beginning some time in November, the south plant will be drained and repaired. After the south plant is back in balance, the north plant will be drained and repaired. The return sludge must be fixed.
- 2) Some of the lift station lids are rusted out and will have to be replaced.
- 3) Work is almost finished on Lift Station #3—it has been vented through the ceiling.
- 4) Working on finishing up SCADA system work on lift stations. The community will be notified if any lift stations have to be shut down to do repairs.
- 5) The transformers will be delivered on 10/31/12 and will be stored at well site #1 until bypass is installed.
- 6) The 16-inch line from the effluent ponds to the pipeline is leaking and will have to be repaired or replaced. The line sits next to the power line making this a difficult operation. The plant may have to be run on generator power until this project is completed.

Director Johnson asked to change the date of the November monthly meeting to accommodate Directors' Thanksgiving holiday travel plans. Monday, November 19, would be the regular meeting date. After determining that financial information could be compiled by November 15<sup>th</sup>, **Director Cole made a motion to change the November meeting date to Thursday, November 15, at the District's Office. Upon second (Randolph), the motion was approved by unanimous consent.** Any action regarding the need to change the date of the December meeting was deferred to the November meeting.

Director Harris discussed issues regarding components of the bond issue for the replacement of the water distribution system. Inge Grant and Carroll Strange are taking over the search for a well site and are reviewing five or six additional land options for the proposed irrigation/fire control water well. The District will proceed with the bond issue and add a contingency for the proposed irrigation/fire control water well. The District president and secretary will meet with the bond attorney, engineering firm and bank to begin work on the bond issue and arrange interim financing for this project.

There being no further business the meeting was adjourned at 6:38 p.m.

Respectfully submitted,

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Deena M. Johnson  
Secretary

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William F. Harris  
President

Attachments:

Financial Summary for September 30, 2012  
Check Detail for September 2012  
Water Operations Charts for 2009-2012  
Delinquent Accounts as of 10/15/12