

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

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Thursday, November 15, 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 Clerk, and two residents were in attendance.

Director Harris called the meeting to order at 5:35 p.m. and asked the District Clerk to report on delinquencies. The Clerk reported 29 past due notices were mailed November 2 totaling \$3,653.96 and 12 accounts remain outstanding totaling \$1,322.31. Clerk noted any accounts not paid by 11/26/12 will be disconnected on that date. One customer has made arrangements to pay delinquency on a three-month installment plan (customer had a water leak). Harris also noted that another delinquent customer was upset because his water was cut-off due to nonpayment. This matter has been resolved.

Director Harris asked for comments on the Minutes of the October 15, 2012 (Regular) meeting. **Director Randolph made a motion to approve the Minutes of October 15 as written. Upon second (Cole), the Minutes were approved by majority vote (Randolph, Cole, Johnson, and Harris).** Director Foote abstained as absent from said meeting.

Treasurer Cole reviewed the financial summary for October 31, 2012, first month of 2013 fiscal year. Under sewer system operations, total income for the month was \$30,615 compared to \$27,004 YTD 2011 (difference due to the small sewer rate increase implemented in July 2012); total expenses were \$19,068 compared to \$19,015 YTD 2011 resulting in net operating income for the month of \$11,547 compared to \$7,989 YTD 2011. After interest expenses, net income was \$10,116 adjusted to \$6,565 after deducting principal payment of \$3,551 for greens drainage loan.

Under water system operations, total income was \$30,545 compared to \$42,173 YTD 2011 (billed 63.9 percent less gallons in October than last year). October total expenses were \$15,997 compared to \$18,598 YTD 2011 resulting in net operating income of \$14,548 compared to \$23,575 YTD 2011. After interest expenses, net income was \$9,295 adjusted to \$844 after deducting principal payments of \$8,451 for water system loans.

Under road and bridge operations, Cole noted October initiation fees were \$12,000 resulting in total income of \$16,108 compared to \$6,032 YTD 2011 with total expenses of \$470 compared to \$1,128 YTD 2011 for a net income of \$15,686 compared to \$4,935 YTD 2011.

The balance sheet shows total assets at \$4,416,819 with total cash accounts of \$925,914 compared to \$813,254 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 \$574,847. Cole also noted that long-term liabilities decreased from \$2,028,874 YTD 2011 to \$1,887,383 due to payment of principal on loans.

Review of the October check detail showed the standard expenditures with the largest payments attributable to electrical work (VFD) and bond payments. **Director Randolph made a motion to approve the October financial summary as presented. Upon second (Foote), the financials were approved by unanimous consent.**

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

- (1) EPIC installed the VFD (variable frequency drive) to fix the water hammer problem at well #3, but some adjustments must be made before it will be operational;
- (2) The SCADA system radio went out and a new one will be installed on Friday;
- (3) Signed contract for the last portion of the SCADA for lift station #3, but it will be after the first of the year before it can be installed;
- (4) Lift Station #3 blew out a main discharge line on the south pump. McKinney & Moore were very responsive and it is back on-line now. McKinney & Moore will complete additional rework after the first of the year;
- (5) Generator at wastewater plant shorted out the contact points in the transfer switch. New points will be here on Friday. Power to the plant is direct wired until the transfer switch is repaired.
- (6) New transformers for the new power line to well #2 are being stored at well site #1.

Director Johnson queried the directors to determine whether holiday travel schedules would necessitate changing the date of the December regular meeting. As there were no requests to change date, the meeting will be Monday, December 17, 2012, at 5:30 p.m. at the District's office.

Director Harris discussed issues regarding components of the bond issue for the replacement of the water distribution system. Directors Harris and Johnson met with the bond attorney (John Boyle), engineer (Kirk Bynum), and banker (Greg Sims) to discuss the financing, legal, and engineering requirements for the project. This project will be financed through a revenue bond. The water distribution system improvements will include replacing all mains to be compliant, moving red fire hydrants to more appropriate locations (about 500 feet apart), changing every service line within the community, installing new lateral lines and 1-inch taps to meters, locating isolation valves with GPS coordinates, and adding electronic meters. In addition to water distribution system improvements, a 4<sup>th</sup> water well will be drilled. There are three possible well sites under consideration.

Director Harris adjourned regular meeting and convened closed executive session at 6:35 p.m. to discuss personnel issues.

The regular meeting was reconvened and, as there was no action to be taken or further business to be discussed, the meeting was adjourned at 7:10 p.m.

Respectfully submitted,

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Deena M. Johnson  
Secretary

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William F. Harris  
President

Attachments:

Financial Summary for October 31, 2012

Check Detail for October 2012

Delinquent Accounts as of 11/15/12