

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
JANUARY 21, 2013

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, January 21, 2013, 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. Lisa Smith, District Administrator, and eight residents were in attendance.

Director Harris called the meeting to order at 5:32 p.m. and asked for comments on the Minutes of the December 17, 2012 (Regular) meeting. **Director Foote made a motion to approve the Minutes of December 17 as written. Upon second (Randolph), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for December 31, 2012, third month of the 2013 fiscal year. Under sewer system operations, total income for the month was \$29,618 (\$89,972 YTD 2012 compared to \$80,686 YTD 2011 with difference attributable to the small sewer rate increase implemented in July 2012). December total expenses were \$15,739 (\$58,334 YTD 2012 compared to \$55,370 YTD 2011). After payment of \$1,575 interest expense, net income was \$12,395 adjusted to \$8,831 after deducting principal payment of \$3,564 for greens drainage loan.

Under water system operations, total income was \$25,052 (\$84,684 YTD 2012 compared to \$100,775 YTD 2011 with difference attributable to the \$5,000 sale of water for supplemental irrigation of the golf course and higher water usage during drought of 2011). December total expenses were \$16,792 (\$50,853 YTD 2012 compared to \$48,956 YTD 2011). After payment of interest of \$5,340 on loans for #3 water well and original water system projects, net income was \$3,053 adjusted to (\$5,458) after deducting principal payments of \$8,511 for those water system loans.

Under road and bridge operations, Cole noted December total income was \$9,944 (\$36,060 YTD 2012 compared to \$18,084 YTD 2011 with difference attributable to 2012 initiation fees of \$22,000). December net income was \$9,276 (\$33,814 YTD 2012 compared to \$16,353 YTD 2011).

The balance sheet shows total assets at \$4,428,383 with total cash accounts of \$926,664 compared to \$833,267 YTD 2011; PP&E is \$2,875,687 down from last year's \$3,166,353 due to depreciation accrual; and construction in progress at \$594,432 (includes some expenses for #4 water well) compared to \$520,927 YTD 2011. Cole also noted that long-term liabilities decreased from \$2,005,595 YTD 2011 to \$1,863,250 due to payment of principal on loans.

Review of the December check detail showed the standard expenditures except for \$1,125 to auditor and \$10,000 to Kevin Simpson for the option on property to drill a fourth water well. **Director Randolph made a motion to approve the December financial summary as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Director Cole presented the 2012-2013 proposed budget for sewer, water and roads operations in a charted format. Under sewer operations, total income is budgeted at \$358,325 (due to the rate increase instigated in summer of 2012) and expenses are budgeted at \$505,700 to cover upcoming repairs to the plant, lift stations, and SCADA system resulting in a budgeted net operating income of (\$147,375). After other income and expense of (\$16,825), the budgeted net income for sewer operations is (\$164,200). Mr. Cole noted this net income figure includes depreciation of \$191,000--without which the net income would be \$26,800.

Under water operations, total income is budgeted at \$357,600 which is less than last year's \$367,766 as billings are approximately \$16,000 less for October and November 2012 (see billing chart). Total expenses are budgeted at \$277,169 compared to last year's \$255,899 due to approximately \$16,000 more in depreciation as Well #3 will be transferred over from construction in progress. Net operating income of \$80,431 is reduced by (\$61,300) for other income and expense resulting in budgeted net income of \$19,131.

Under roads and bridge operations, total income is budgeted at \$81,000 compared to \$96,161 last year with difference due to approximately \$46,000 in initiation fees for 2012. Total expenses are budgeted at \$24,144 compared to last year's \$27,692 with approximately \$12,000 allocated to depreciation. Net income is budgeted at \$57,531 compared to \$68,915 last year. **Director Randolph made a motion to approve the 2012-2013 proposed budget as presented. Upon second (Foote), the budget was approved by unanimous consent.**

Lisa Smith, District Administrator, reported 31 past due notices were mailed January 3 totaling \$5,758.61 and 14 accounts remain outstanding totaling \$2,574.74. Any accounts not paid by 1/28/13 will be disconnected on that date.

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

- 1) Water Well #3 is finished with the successful installation of the VFD--although Epic has not invoiced for the remaining \$2,300.
- 2) BLOC will start on SCADA system installation at Lift Station #3.
- 3) The wastewater plant has serious issues with rust and the south plant is being drained to start repairs. McKinney & Moore crew will be doing the repairs at a cost of \$1,550/day. Upon completion of south plant repairs, the north plant will be drained and repaired. Then the splitter or bypass between the two plants will be removed and galvanized.
- 4) Gear drive for wastewater plant has been ordered from Japan at a cost of \$11,000 and should arrive in about 14 weeks.
- 5) Some lift station lids will have to be fabricated and galvanized (Henry Drive, Moore Lane, and #18 fairway).

- 6) Waiting on TCEQ to rule on bacteriological test results done in September to determine if District must issue a letter to notify the community of one positive test—even though retests were negative.
- 7) Elevated water tower and ground storage tank passed inspections.
- 8) District's attorney, Glen Patrick, working on engineering contract for upcoming water distribution system improvements.
- 9) Road repair fund has \$263,000 which will be used to repave a portion of North Bay Drive.
- 10) The District with assistance of ONCOR will address the water leak near the power pole on wastewater plant property some time this summer.

At 6:25 p.m. President Harris announced the Directors would go into a closed executive session to discuss personnel issues.

At 7:02 p.m. President Harris reconvened the regular open meeting and, as there was no action to be taken or further business to be discussed, the meeting was adjourned upon motion duly made (Johnson) and seconded (Randolph).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for December 31, 2012
Check Detail for December 2012
Delinquent Accounts as of 1/21/13
2012-2013 Proposed Budget
Water Billing Chart