

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
MAY 20, 2013

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, May 20, 2013, 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. District Clerk, Dawn Smith, and seven (7) residents were in attendance.

Director Harris called the meeting to order at 5:30 p.m. and advised that Director Jaymie Foote had tendered her resignation from the Board as of April 23, 2013. There is no provision in the Texas Water Code for special elections and vacancies on the board shall be filled by appointment for the unexpired term. District resident, Loretta Woodall, has been working with us on Quickbooks and our billing system. **Director Johnson made a motion to appoint Loretta Woodall to fill the unexpired term of Director Foote (May 2014). Upon second (Randolph), Loretta Woodall was appointed by unanimous vote (Harris, Cole, Johnson, and Randolph).** Woodall executed the Statement of Officer and District Clerk/Notary, Dawn Smith, administered the Oath of Office to her.

Director Johnson made a motion to retain the current slate of District officers (President-Harris; Treasurer-Cole; VP Administration-Randolph; and Secretary-Johnson) and Loretta Woodall would assume the position of VP Administration. Upon second (Randolph), the motion was approved by unanimous consent.

President Harris asked for comments on the Minutes of the April 15, 2013 (Regular) meeting. **Director Randolph made a motion to approve the Minutes of April 15 as written. Upon second (Cole), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for April 30, 2013. Under sewer system operations, total income for the month was \$30,663 (\$213,745 YTD 2013 compared to \$189,009 YTD 2012 with difference attributable to slight rate increase in July 2012). April total expenses were \$11,804 (\$124,938 YTD 2013 compared to \$124,693 YTD 2012). Net income was \$17,411 adjusted to \$13,783 after deducting principal payment totaling \$3,628 for greens drainage loan.

Under water system operations, total income was \$47,199 (\$198,012 YTD 2013 compared to \$186,789 YTD 2012 with difference attributable to \$35 rate increase effective March 31, 2013). The \$35 income amount is being tracked each month to the 2013 water distribution project fund for the bond issue. Approximately \$50,000 has been spent on this project and about \$40,000 has been collected to date. April total expenses were \$7,337 (\$86,518 YTD 2013 compared to \$98,556 YTD 2012). Net income was \$34,807 adjusted to \$26,176 after deducting principal payments of \$8,631 for water system loans.

Under road and bridge operations, Cole noted April total income was \$3,714 (\$64,841 YTD 2013 compared to \$44,146 YTD 2012 with difference attributable to initiation fees). April total expenses were \$312 and the resulting net income was \$3,459 (\$60,656 YTD 2013 compared to \$40,609 YTD 2012).

The balance sheet shows total assets at \$4,757,821 with total cash accounts of \$1,206,811 (includes ±\$20,000 collected in April from the \$35 rate increase and \$250,000 interim loan for 2013 water distribution project) compared to \$853,434 in April 2012. **Director Randolph made a motion to approve the April 2013 financials. Upon second (Johnson), the financials were approved by unanimous consent.**

District Clerk, Dawn Smith, advised that 26 past due letters were mailed on May 6 totaling \$3,884.95 and nine (9) accounts remain unpaid totaling \$1,512.10. Any accounts not paid in full on May 28th will be disconnected.

Treasurer Cole discussed the proposed revisions to the District's budget for fiscal period October 1, 2012-September 30, 2013. Water budget revisions associated with the 2013 water distribution project are: (1) capital income must be revised by \$139,000 to reflect the \$35/month rate increase for the seven months remaining in fiscal period; and (2) capital expenditures will be revised by \$110,000 for remainder of fiscal year. There are no changes to sewer and roads budgets for this period. **Director Harris made a motion to approve the budget revisions as presented. Upon second (Randolph), the revised budget was approved by unanimous consent.** Director Harris added that the District would also revise its percentage breakdown for financials (water-45%, sewer-45%, roads-10%) as District is not going to spend the 10 percent overhead from roads fund except for audit.

President Harris presented the Residential Addition Construction Utility Easement Agreement for discussion noting this agreement does not cover new construction. Residents must apply to the Emerald Bay Club for a \$50 building permit before applying to the District for a construction permit. Director Harris referred to Section 1 of the document which quotes Section B, Item 18, of the Club's HOA covenants. Director Harris then read Section 2, paragraph 1 of the agreement stating—"If it is established by a certified survey that the Property Owner violated, encroached upon, or in any way, intentionally, or unintentionally, created an obstruction that interferes with the construction, addition, improvement, or maintenance of any utility line or utility system within an existing easement, including, but not limited to, the easement referenced in Section B, Item 18, of the Emerald Bay Restrictive Covenants, then the cost of the survey, removal and/or replacement of the obstruction shall be borne by the property owner of record at that time." Mr. Harris also noted that this agreement will be filed in the Smith County records to run with the land. Additionally, Mr. Harris read Section 2, paragraphs #3 and #4 of the document regarding existing utility lines and driveway construction over utility lines. **Director Randolph made a motion to accept the Utility Easement Agreement as presented. Upon second (Harris), the Agreement was approved by unanimous consent.**

Director Harris advised that an oil company had approached the District to lease property for drilling an oil and/or gas well near the District's water wells. Resident, Cecil Pearce, has assisted the District in understanding the drilling process and regulations. Mr. Harris pointed out some concerns regarding the zone of influence or coning of water wells and the complexity of the lease language. Therefore, this matter is tabled pending the opinion of an oil and gas attorney.

Director Harris gave an update on operations noting the District has:

- (1) ordered a backup gearbox for the sewer plant with delivery expected within the next 30 days;
- (2) June 3 will start repair work on the north sewer plant and splitter (estimate \$50,000);
- (3) ordered backup pump for lift station #1;
- (4) working on generators at plant (not exercising correctly) and wellsite #1 (burned up transfer switch);
- (5) located and fixed water leak at Myers' residence and located contractor to repair street.

Additionally, Tommy Jones has requested a replacement of golf course irrigation system computer. Sprinkler system belongs to the District as it was built to disperse effluent on the golf course. Mr. Harris will meet with Jones and Zachary to determine exactly what is needed (computer and/or software).

Mr. Harris noted that the District Clerk is auditing all customers' properties to see that the District is collecting all fees. Also resident, Barry Botti, is assisting the District in revising its Quickbooks accounting system.

There being no further action or business to be discussed, the meeting was adjourned at 6:43 p.m. upon motion duly made (Randolph) and seconded (Cole).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for April 30, 2013

Past Due Accounts Report for 5/20/13

Revised Budget FYE 9/30/13

Residential Addition Construction Utility Easement Agreement

THE STATE OF TEXAS §

COUNTY OF SMITH §

BEFORE ME, the undersigned authority, on this day personally appeared William F. Harris and Deena M. Johnson, President and Secretary, respectively, of the Emerald Bay Municipal Utility District; known to me to be the persons whose names are subscribed to the foregoing.

SUBSCRIBED TO AND SWORN TO before me, under my official hand and seal of office this ____ day of _____, 2013.

Notary Public in and for the State of Texas