

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

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, October 21, 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, Paul Randolph, and Loretta Woodall. District Clerk, Dawn Smith, and six (6) residents were in attendance.

Director Harris called the meeting to order at 5:31 p.m. and asked for comments on the Minutes of the September 16, 2013 (Regular) meeting. **Director Cole made a motion to approve the Minutes of September 16 as written. Upon second (Randolph), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for September 30, 2013, which is the District's fiscal year end. Under sewer system operations, total income for the month was \$30,595 (\$365,104 YTD 2013 reflects the sewer rate increase in 2012). September total expenses were \$172,138 due to depreciation charges of \$152,881 for the fiscal year. Net income was (\$142,945) adjusted to (\$146,639) after deducting principal payment of \$3,694 for greens drainage loan.

Under water system operations, total income for September was \$61,332 (\$471,869 YTD 2013 reflects the \$35 rate increase implemented in March 2013 for the water distribution project compared to \$367,766 YTD 2012). Total expenses were \$116,338 with the year-end depreciation charges of \$96,413. Resulting net income was (\$59,934) adjusted to (\$68,718) after deducting principal payments of \$8,784 for water system loans.

Under road and bridge operations, total income was \$12,008 (\$117,408 YTD 2013 attributable to initiation fees totaling \$64,000 for 2013) and total expenses were \$12,006 resulting in net income of \$68 for September.

The balance sheet shows total assets for September at \$4,690,385 with total cash accounts of \$1,300,230 and Property, Plant & Equipment is \$3,110,182 reflecting depreciation charges and transfer of water well #3 and pipeline. Other current liabilities increased to \$408,682 due to temporary loan of \$250,000 to start on the 2013 water distribution project. **Director Randolph made a motion to approve the September 2013 financials. Upon second (Johnson), the financials were approved by unanimous consent.**

District Clerk, Dawn Smith, advised that 18 past due letters were mailed on October 7 totaling \$2,720.10 and eight accounts remain unpaid totaling \$1,383.37. Any accounts not paid in full by October 25 will be disconnected. As a courtesy, Director Woodall will contact any customers with past due accounts prior to disconnection of service. Clerk Smith noted that the residence at 245 North Bay has been taken over by

Financial Freedom. Director Woodall will contact the realtor and the Clerk was instructed to send a certified letter to the realtor advising that water service will be disconnected if payment is not received by October 25.

Director Harris discussed changing the time of the regular monthly meetings from 5:30 p.m. on the third Monday of each month to 4:30 p.m. and made a motion to that effect. Upon second (Woodall), the time change to 4:30 p.m. was approved by unanimous consent.

Director Cole addressed the issue of hiring a new CPA firm to perform the District's audit for fiscal year ended September 30, 2013. The District's previous auditor, Norman White, required paper records of all transactions and did not complete the audit for fiscal year ending September 2012 until August 29, 2013. After interviewing two CPA firms, Director Cole recommended the District engage Acker & Company to perform the 2013 audit at a cost of \$7,500. Acker & Company is more modern in their auditing procedures using computers and flash drives to gather data at the District's office. **Director Randolph made a motion to execute the engagement letter with Acker & Company to perform the 2013 audit. Upon second (Woodall), the motion was approved by unanimous consent.** Director Cole indicated the 2013 audit should be completed in January 2014.

Director Harris gave an update on operations noting:

- 1) Renegotiated the electricity contract for District, Emerald Bay Church, and Emerald Bay Club with Constellation at approximately 5 cents/KWH for five years. This will save the District about \$98,000, the Club about \$58,000, and the Church about \$11,000—saving the community about \$168,000 over five years. Jerry Patton, President of Emerald Bay Club, expressed his appreciation to Director Harris on such an achievement for the benefit of the community.
- 2) Directors Harris and Johnson have reviewed the core report prepared by Brannon Corporation on 2013 water distribution project to be presented to the TCEQ (Texas Commission on Environmental Quality). Some specifications and plans have been sent to the TCEQ and the full report will be given to the bond attorney to create a transcript for the bond issue. The TCEQ can take up to six months to review and approve the project plans and bond. The next challenge is to get the easement agreements distributed to the residents.
- 3) The District is accepting resumes for a new operator/trainee for the water project.
- 4) The TCEQ state water inspection will be conducted on October 28.
- 5) Update on possible formation of water conservation districts and how such districts would affect the MUD. No plans for our area at present.

- 6) DFS served notice to BLOC Design that they will no longer be exclusive in Texas as DFS will open an office in Texas within the next 60 days.

Director Cole noted the District started providing water to the community on August 14, 2006, and since then has pumped: 2007--62 million gallons, 2008--64 million gallons, 2009--66 million gallons, 2010—75 million gallons, 2011—92 million gallons, and 2012—73 million gallons.

Director Harris recognized former director, Jaymie Foote, for her contributions to the District during her term. Personal matters forced her to resign her directorship in April 2013.

There being no further action or business to be discussed, the meeting was adjourned at 6:12 p.m. upon motion duly made (Randolph) and seconded (Woodall).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for September 30, 2013

Past Due Accounts Report for 10/21/13

Acker & Co. Engagement Letter

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