

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
NOVEMBER 18, 2013

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, November 18, 2013, at 4:30 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 three residents were in attendance.

Director Harris called the meeting to order at 4:34 p.m. and asked for comments on the Minutes of the October 21, 2013 (Regular) meeting. **Director Randolph made a motion to approve the Minutes of October 21 as written. Upon second (Cole), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for October 31, 2013, which is the first month of the new fiscal year. Under sewer system operations, total income for the month was \$29,463 and total expenses were \$14,897. Net income was \$13,261 adjusted to \$9,554 after deducting principal payment of \$3,707 for greens drainage loan.

Under water system operations, total income for October was \$52,148 (reflects implementation of the \$35 rate increase generating about \$19,000 per month) compared to \$31,623 YTD 2012. Total expenses were \$12,846 compared to \$15,997 YTD 2012. Net income was \$34,903 adjusted to \$26,088 after deducting principal payments of \$8,815 for water system loans.

Under road and bridge operations, total income for October was \$6,008 and total expenses were only \$107 resulting in net income of \$5,971.

The balance sheet shows total assets for October at \$4,732,868 with total cash accounts of \$1,336,028; Property, Plant & Equipment is \$3,110,182; and Construction in Progress is \$183,150. Other current liabilities increased to \$410,905 due to temporary loan of \$250,000 to start on the 2013 water distribution project. **Director Randolph made a motion to approve the October 2013 financials. Upon second (Johnson), the financials were approved by unanimous consent.**

District Clerk, Dawn Smith, advised that 20 past due letters were mailed on November 5 totaling \$3,355.02 and eleven accounts remain unpaid totaling \$1,793.32. Any accounts not paid in full by November 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 water service was turned off to four residences in October (268 North Bay, 245 North Bay, 102 South Bay, and 228 South Bay).

The TCEQ (Texas Commission on Environmental Quality) inspected the District's water system on October 28. The inspector reviewed the District's CSI (customer service inspection) policies and addressed issues regarding possible cross connections to the public water supply. As a result, the District sent out certified letters to lakefront property owners requesting information on the method by which they irrigate their property. A Lake Water Irrigation Cross Connection Declaration form was included for homeowners to indicate irrigation by lake water only, District potable water only, or both lake and potable water. As a cross connection can result in contamination of the District's potable water system, it is imperative that any residence using both lake and potable water to irrigate must be inspected to make sure it has a properly operating backflow device (RPZ). There were 142 certified letters mailed on November 5 requesting the declaration forms be returned by November 22. Unresponsive homeowners will be contacted by telephone and/or additional letters until all declarations are on file as required by the TCEQ. The District can discontinue water service to homeowners who do not return the declaration form. Texas Water Code states that the homeowner is also liable for any contamination of the water system. Director Harris also noted that customer service inspections will be done on all residences during the water distribution project.

Directors Johnson and Woodall met with Marian Gardner, Emerald Bay Club office manager, regarding policies on foreclosures and reverse mortgages. The Club files a lien against any property that is 90 days past due on account. The **Rainbow Review** lists delinquent accounts and their status each month. Marian agreed to send notification each month of any pending foreclosures or reverse mortgages to the District's clerk, Dawn Smith. The District can discontinue utility service to any homeowner who is 55 days delinquent and also file a lien against the property.

After reviewing the District's drought contingency plan, the TCEQ inspector suggested revising the triggering of Stage 1 to include a percentage or minimum production requirement. **Director Harris made a motion to add the following language to Stage 1 as follows: Stage 1 will be triggered when the District's water system consistently drops below a minimum production of 550 gallons per minute. Upon second (Johnson), the Stage 1 revision to the District's drought contingency plan was approved by unanimous consent.** Any rule change must be published twice in a local newspaper for two consecutive weeks prior to becoming effective.

Director Harris gave an update on operations noting:

- 1) The elevated water tower was drained to repair a small leak in the riser as noted by the TCEQ inspector.
- 2) Drs. Harris and Johnson hand-delivered the Brannon Corporation engineering report for the 2013 water distribution project to the bond attorney in Dallas. The bond attorney must prepare the bond issue for presentation to the TCEQ. Director Harris will contact bond attorney this week to ascertain when bond package will

be presented to TCEQ. TCEQ can take up to six months to review the project plans and bond proposal.

- 3) Three water leaks were fixed today at 106 Williamsburg, 109 Holly Hill, and 141 Marina.
- 4) Microsoft will no longer support Windows XP after April 8, 2014. Director Harris noted that the EBClub was replacing their old server; and he had approached the Club requesting the old server be given to the MUD, if it was determined that the MUD could use it in their operations.

There being no further action or business to be discussed, the meeting was adjourned at 5:25 p.m. upon motion duly made (Randolph) and seconded (Woodall).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Financial Summary for October 31, 2013
Past Due Accounts Report for 11/18/13

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