

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
JANUARY 20, 2014

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, January 20, 2014, at 4:30 p.m. at the District's Office, 155 LaSalle Drive, Bullard, TX 75757. Present were Directors Barry Botti, Dwight Cole, Bill Harris, Deena Johnson, and Loretta Woodall. Six residents were in attendance.

Director Harris called the meeting to order at 4:30 p.m. and asked for comments on the Minutes of the December 16, 2013 (Regular) and December 27, 2013 (Special Emergency) meetings. After reviewing the aforementioned Minutes, **Director Cole made a motion to approve the Minutes of December 16 and December 27 as written. Upon second (Botti), the Minutes were approved by unanimous consent.**

Treasurer Botti reviewed the financial summary for December 31, 2013. Under sewer system operations, total income for the month was \$29,269 and total expenses were \$23,944. Net income was \$7,743 adjusted to \$4,009 after deducting principal payment of \$3,734 for greens drainage loan.

Under water system operations, total income for December was \$40,840 and total expenses were \$18,404. Director Botti noted the 2013 water project has been separated out to show the monthly income at \$19,985 reflecting the \$35 rate increase. Net income was \$21,178 adjusted to \$12,302 after deducting principal payments of \$8,876 for water system loans. Year to date, the \$35 rate increase has generated about \$59,955.

Under road and bridge operations, total income for December was \$3,984 and total expenses were \$653 resulting in net income of \$3,404.

The balance sheet shows total assets for December at \$4,759,422 with total cash accounts up due to \$250,000 loan and rate increase for 2013 water project. **Director Cole made a motion to approve the December 2013 financials. Upon second (Johnson), the financials were approved by unanimous consent.**

Treasurer Botti noted the District engaged Acker & Company (CPA firm) to audit the financials for the year ended September 30, 2013. Basically, the District prepares the financial statements and represents to the auditing firm in letter dated December 16, 2013, that all such statements are prepared in accordance with generally accepted accounting principles. Acker & Company found no material weaknesses or instances of noncompliance during its audit of the District's financial statements. **Director Woodall made a motion to approve the September 30, 2013, audit prepared by Acker & Company. Upon second (Cole), the audit was approved by unanimous consent.** Director Harris will execute the December 16 representation letter to Acker & Company and request twelve (12) bound copies of the audit for distribution to banks, Texas Commission on Environmental Quality, and our bond attorney.

Treasurer Botti recommended setting the dollar limit for capitalization of assets at \$1,000 and made a motion to that effect. Upon second (Johnson), the motion was approved by unanimous consent. Botti also explained that depreciation on District financials denotes the age of its equipment.

The Public Funds Investment Act requires annual review of the District's investment policy. Banks are required by law to guarantee investments by utility districts in case of default. **Director Johnson read District Resolution No. 1202014A into the record and made a motion to approve same. Upon second (Woodall), the Resolution was approved by unanimous consent.**

Director Woodall advised that 23 past due letters were mailed on January 6 totaling \$2,718.83 and nine accounts remain unpaid totaling \$1,040.30. Any accounts not paid in full by January 27 will be disconnected. Director Woodall will contact any customers with past due accounts prior to disconnection of service.

Director Johnson presented information on the upcoming May 10, 2014, general election for three directors. The Notice of Deadline to File must be posted on January 29 advising the deadline to file is 5:00 p.m. on Friday, February 28, 2014. Anyone interested in serving as a director must complete an application at the District's office between the hours of 8:00 a.m. to 4:30 p.m. Monday-Friday.

Director Harris gave an update on operations noting:

- 1) Bloc Design is still reworking the wiring and programming on the SCADA system. So far things are progressing well.
- 2) Sunday, January 19, there was a transformer failure on the sewer system lift station #8. Justin wired around the part failure to get the lift station operational temporarily until repairs could be made on Monday.
- 3) The hard drive in the DFS SCADA server will be replaced as it has been controlling the water system since August 2006. We need to go to a dual server system.
- 4) The engineering plan for the 2013 water project was approved by the TCEQ Plan Review Group. Our bond attorney submitted the bond issue application to the TCEQ Bond Review Group on December 19, 2013, with a 45-day review request. Since the District is not expanding its facilities, the bond issue should be approved within the next few weeks. Upon approval by TCEQ Bond Review Group, our bond attorney will create a transcript to submit the bond issue to the Attorney General's office. Then our engineering firm will prepare and publish for contractor bids for the project. Anticipate a late spring to early summer project start.

- 5) In regard to the bond issue, Harris noted that banks will only hold an interest rate quote for 45 days.
- 6) Inge Grant has started getting the right-of-way agreements signed by residents on the route of the water distribution system improvements. Mr. Grant, Glen Patrick, Kirk Bynum, and Harris met with the surveyor to finalize plans regarding the access agreements that must be signed by residents.
- 7) Director Harris and employee, Lance Moore, will start interviewing the companies that market electronic water meters.

There was no further action or business to be discussed and the meeting was adjourned at 5:06 p.m. upon motion duly made (Harris) and seconded (Johnson).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for December 31, 2013

Past Due Accounts Report for 1/17/14

District Resolution No. 1202014A

Notice of Deadline to File

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 _____, 2014.

Notary Public in and for the State of Texas