

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
DECEMBER 17, 2012

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, December 17, 2012, 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 seven residents were in attendance.

Director Harris called the meeting to order at 5:30 p.m. and changed the agenda order to discuss the District's option to purchase real property owned by Kevin and Janet Simpson as a potential water well site. Harris explained the District would pay the Simpsons \$10,000 for a 24-month option beginning January 1, 2013, to drill a test well on property consisting of 1.5 acres. Director Johnson read the Option Agreement into the record. **Director Johnson made a motion to accept the Agreement as written. Upon second (Foote), the agreement was approved by unanimous consent.** The agreement was executed by all parties and will be recorded in the Smith County records.

Director Harris outlined the three stages of the proposed water distribution improvement project. Stage 1 will entail improving the distribution system, replacing all laterals from main to meter, changing fire control system to all red fire hydrants, and adding electronically read meters. Stage 2 will entail moving the auxiliary pump behind Hole #10 that connects to pipeline behind Hole #11 to deeper water. Stage 3 will entail drilling an auxiliary water well as a potable well. The District's attorney is working with the engineering company for certain concessions or counterproposals on the engineering contract for the project (i.e.; engineering company paid on a percentage of the project bid price). Once engineering agreement is finalized, the District will negotiate an interim financing agreement with the bank. The infrastructure group will prepare a town hall presentation for the membership.

Director Harris asked for comments on the Minutes of the November 15, 2012 (Regular) meeting. **Director Randolph made a motion to approve the Minutes of November 15 as written. Upon second (Cole), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for November 30, 2012, second month of 2013 fiscal year. Under sewer system operations, total income for the month was \$29,740 (\$60,354 YTD 2012 compared to \$53,832 YTD 2011 with difference attributable to the small sewer rate increase implemented in July 2012). November total expenses were \$23,562 (\$42,630 YTD 2012 compared to \$35,888 YTD 2011). After interest expenses, net income was \$4,726 adjusted to \$1,162 after deducting principal payment of \$3,564 for greens drainage loan.

Under water system operations, total income was \$29,087 (\$59,632 YTD 2012 compared to \$77,063 YTD 2011 with difference attributable to higher water usage during drought of 2011). November total expenses were \$18,065 (\$34,062 YTD 2012 compared to \$34,978 YTD 2011). After interest expenses, net income was \$5,785 adjusted to (\$2,697) after deducting principal payments of \$8,482 for water system loans.

Under road and bridge operations, Cole noted November initiation fees were \$6,000 resulting in total income of \$10,008 (\$26,116 YTD 2012 compared to \$10,058 YTD 2011) with total expenses of \$1,205 (\$1,675 YTD 2012 compared to \$1,510 YTD 2011) for a net income of \$8,852 (\$24,538 YTD 2012 compared to \$8,610 YTD 2011).

The balance sheet shows total assets at \$4,413,502 with total cash accounts of \$914,892 compared to \$822,332 YTD 2011; PP&E is \$2,875,687 down from last year's \$3,166,354 due to depreciation accrual; and construction in progress at \$582,210 compared to \$516,086 YTD 2011. Cole also noted that long-term liabilities decreased from \$2,017,255 YTD 2011 to \$1,875,338 due to payment of principal on loans.

Review of the November check detail showed the standard expenditures with the largest payments attributable to the purchase of transformers for electric line between well site #1 and #2, VFD for well site #3, utility bills, payroll, and bond payments. **Director Randolph made a motion to approve the November financial summary as presented. Upon second (Foote), the financials were approved by unanimous consent.** Director Cole noted the fiscal 2012-2013 budget review would have to be tabled until the January meeting.

Director Johnson reported 25 past due notices were mailed December 5 totaling \$3,532.59 and 12 accounts remain outstanding totaling \$1,983.95. Any accounts not paid by 12/26/12 will be disconnected on that date. One customer's water was cut-off on November 26 due to nonpayment and to date there has been no request for restoration of water service.

Director Harris gave an update on the District's operations noting that (1) water well #3 variable frequency drive (VFD) has been installed and working for 10 days solving the water hammer problem; (2) the transformers are being stored at well site #1 for the electric line between #1 and #2 wells; and (3) repaired two big water leaks at S. Bay and Fairway last week.

The regular meeting was adjourned at 6:40 p.m. upon motion duly made (Cole) and seconded (Randolph) and the closed executive session was convened to discuss personnel issues.

The regular meeting was reconvened and, as there was no action to be taken or further business to be discussed, the meeting was adjourned at 7:49 p.m. upon motion duly made (Randolph) and seconded (Foote).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for November 30, 2012
Check Detail for November 2012
Delinquent Accounts as of 12/17/12

Option to Purchase Real Property-Kevin Simpson