

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

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, March 18, 2013, 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, and Deena Johnson. Director Paul Randolph was excused. Lisa Smith, District Administrator, and seven 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 February 18, 2013 (Regular) and March 1, 2013 (Special) meetings. **Director Foote made a motion to approve the Minutes of February 18 and March 1 as written. Upon second (Johnson), the Minutes were approved by unanimous consent of all directors present.**

Treasurer Cole reviewed the financial summary for January 31, 2013. Under sewer system operations, total income for the month was \$29,390 (\$119,362 YTD 2013 compared to \$107,461 YTD 2012). January total expenses were \$14,547 (\$72,596 YTD 2013 compared to \$73,208 YTD 2012). Net income was \$11,239 adjusted to \$4,047 after deducting two principal payments totaling \$7,192 for greens drainage loan.

Under water system operations, total income was \$20,447 (\$105,306 YTD 2013 compared to \$121,159 YTD 2012 with difference attributable to higher water usage during drought of 2012). January total expenses were \$10,596 (\$58,164 YTD 2013 compared to \$60,819 YTD 2012). Net income was \$3,142 adjusted to (\$7,561) after deducting principal payments of \$10,703 for water system loans.

Under road and bridge operations, Cole noted January total income was \$5,407 (\$39,531 YTD 2013 compared to \$22,098 YTD 2012 with difference attributable to construction permit fees for new home and initiation fees). January total expenses were \$1,347 and the resulting net income was \$4,115 (\$35,991 YTD 2013 compared to \$20,078 YTD 2012).

The balance sheet shows total assets at \$4,430,063 with total cash accounts of \$929,708 compared to \$830,266 in January 2012.

Treasurer Cole reviewed the financial summary for February 28, 2013. Under sewer system operations, total income for the month was \$29,955 (\$149,316 YTD 2013 compared to \$134,364 YTD 2012). January total expenses were \$32,770 (\$105,364 YTD 2013 compared to \$92,283 YTD 2012). Net income was (\$2,637) as two principal payments for greens drainage loan were deducted in January (as noted above).

Under water system operations, total income was \$21,890 (\$127,196 YTD 2013 compared to \$142,009 YTD 2012 due to higher water usage last year). February total expenses were \$7,137 (\$65,301 YTD 2013 compared to \$76,090 YTD 2012). Net income was \$10,571 adjusted to (\$4,162) after deducting principal payment of \$6,409 for water system loan.

Under road and bridge operations, Cole noted February total income was \$8,008 and year to date initiation fees total \$26,000. February total expenses were only \$547 and the resulting net income was \$7,525 (\$43,517 YTD 2013 compared to \$25,174 YTD 2012).

The balance sheet shows total assets at \$4,450,574 with total cash accounts of \$938,791 compared to \$825,711 in February 2012; PP&E is \$2,875,687 compared to \$3,166,353 last year due to depreciation. **Director Johnson made a motion to approve the January and February financial summaries as presented. Upon second (Foote), the financials were approved by unanimous consent.**

Lisa Smith, District Administrator, reported only 6 past due accounts as of March 15 totaling \$522.21 (any accounts not paid by March 25 will be disconnected). Director Harris noted that future cash transfers must be overseen by a director--preferably by the District Treasurer, Dwight Cole.

Justin Stone, agent for Saline Creek, was present to discuss an upcoming drilling project on a tract near the District's three (3) water wells. In conjunction with this project, Saline Creek asked the District to execute an oil, gas and mineral lease. President Harris stated the Lease is a very complex document and the District would need advice of its legal counsel prior to executing any such agreement. More importantly, the District is extremely concerned about the risk such drilling activity might cause to the community's water wells valued in excess of \$1 million. The directors advised Mr. Stone they could not act on the oil, gas and mineral lease until all their questions and concerns were addressed; (1) whether the Lessee would pay for the District's attorney to review the document, (2) define proposed drilling depth/formation, (3) estimated production, (4) gag order, (5) drilling of water well for their drilling activities. This matter is tabled pending further information.

Director Harris gave an update on the District's operations noting:

- 1) Repairs have been completed and the south wastewater treatment plant is fully operational. It has been determined that the community can run on one plant, even during storms. Within the next few weeks, the north wastewater treatment plant will be drained and repaired along with the influent splitter.
- 2) Work on lift station #3 is about 80 percent complete, but BLOC will have to come back to finish.
- 3) The District has executed an interim note with Southside Bank strictly for funding the 2013 water distribution project. Repayment of this note will be funded from District revenues. A \$35.00 water base rate increase will be implemented and a letter prepared by the District's attorney will be sent to all residents. A hotline has been set up to answer residents' questions regarding the project from 2:00-5:00 p.m. Monday-Friday.

- 4) The District has executed an engineering agreement with Brannon Corporation for design and construction of the 2013 water distribution project.
- 5) The District has consulted a CPA firm to review and simplify its accounting and auditing procedures.

In conjunction with the implementation of the interim note, Director Johnson read into the record the Resolution to establish the 2013 water distribution project account with Southside Bank. **Director Johnson made a motion to approve said Resolution. Upon second (Harris), the Board approved the execution of the Resolution by unanimous consent.**

There being no further action or business to be discussed, the meeting was adjourned at 6:50 p.m. upon motion duly made (Cole) and seconded (Harris).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for January 31, 2013
Financial Summary for February 28, 2013
Delinquent Accounts as of 3/15/13

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