

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
APRIL 15, 2013

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, April 15, 2013, at 5:30 p.m. at the Emerald Bay Clubhouse, Presidents Room, 308 South Bay Drive, Bullard, TX 75757. Present were Directors Dwight Cole, Jaymie Foote, Bill Harris, Deena Johnson, and Paul Randolph. Glen Patrick, District's attorney, and thirty-two (32) residents were in attendance.

Director Harris called the meeting to order at 5:30 p.m. and asked for comments on the Minutes of the March 18, 2013 (Regular) and March 21, 2013 (Special) meetings. **Director Randolph made a motion to approve the Minutes of March 18 and March 21 as written. Upon second (Foote), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for March 30, 2013. Under sewer system operations, total income for the month was \$33,712 (\$182,928 YTD 2013 compared to \$162,249 YTD 2012). March total expenses were \$13,125 (\$113,390 YTD 2013 compared to \$107,054 YTD 2012). Net income was \$18,857 adjusted to \$15,242 after deducting principal payment totaling \$3,615 for greens drainage loan.

Under water system operations, total income was \$24,431 (\$151,528 YTD 2013 compared to \$162,619 YTD 2012 with difference attributable to higher water usage during drought of 2012). March total expenses were \$11,057 (\$77,714 YTD 2013 compared to \$85,914 YTD 2012). Net income was \$7,871 adjusted to (\$730) after deducting principal payments of \$8,601 for water system loans.

Under road and bridge operations, Cole noted March total income was \$8,800 (\$57,127 YTD 2013 compared to \$38,132 YTD 2012 with difference attributable to initiation fees). March total expenses were \$1,748 and the resulting net income was \$7,109 (\$51,626 YTD 2013 compared to \$34,881 YTD 2012).

The balance sheet shows total assets at \$4,705,298 with total cash accounts of \$1,170,772 (includes \$250,000 interim loan for 2013 water distribution project) compared to \$841,465 in March 2012. **Director Randolph made a motion to approve the March 2013 financials. Upon second (Foote), the financials were approved by unanimous consent.**

Director Foote discussed the District's construction permits and inspection fees noting that the demolition permit fee will be reduced from \$750 to \$300 flat fee. As the vehicles used to haul away the building debris do not have double axles, the damage to our streets is reduced and this warranted a reduction in the fee.

Director Foote also reviewed the fees for plumbing, electrical, mechanical, and HVAC inspections required for new construction projects. The inspection fees are a direct pass through to the inspectors. After additional consideration, it was determined the inspection fees should be lowered from \$175/inspection to \$150/inspection. All the construction permit fees are allocated

exclusively to the street fund for maintenance and repair of the community's streets. As of this date, the fund has accumulated \$278,000.

Director Johnson added that application and billing for water and/or sewer service shall only be made by the record owner of the property—including any leased properties. The property owner shall retain responsibility for payment of utility service. The District will not be responsible for collecting fees from lessees. These rule and fee changes must be published in the newspaper twice within two weeks before becoming effective. **Director Foote made a motion to accept the changes to the rules and fees as presented. Upon second (Randolph), the changes were approved by unanimous consent.**

Director Harris thanked residents Loretta Woodall and Barry Botti for volunteering to help the District revise its accounting and billing systems to adjust for prior mistakes. As a result, the District has waived all late fees for March billings.

Director Harris gave an update on operations noting the District has established interim financing of \$250,000 from Southside Bank to fund the engineering design for the 2013 water distribution improvement project. Once the engineering design portion of the project is complete, the complete package (including the bond attorney's opinion, revenue note, and all associated documents), must be approved by the Texas Commission on Environmental Quality (TCEQ) and the Attorney General of Texas. The approval process can take up to six months.

Additionally, the true cost of the project will not be known until the approval process is completed and all bids are received. Noting the engineer's best estimate of \$3.4 million for the project, Mr. Harris added that the \$35.00 water rate increase is necessary now for two reasons: (1) The District must show that it can service the additional debt required for the project; and (2) By accumulating cash during the design and approval process, the District will build up cash reserves for the project. These reserves may be needed to offset higher than expected final bids after final bond package approval is received and, in case the bids are lower than expected, used to reduce overall long-term debt.

Director Harris introduced Glen Patrick, the District's legal counsel, to discuss the necessity of acquiring permission from property owners to set the distribution lines. The location of the lines can be done by survey (which is extremely expensive) or by using GPS locates to identify the location of the lines. Property owners will be asked for access and then grant right of way based on GPS readings.

Jerry Patton, Emerald Bay Club/HOA president, complimented the District on its dedication to the community and added the Club supports the District in this project.

There being no further action or business to be discussed, the meeting was adjourned at 6:09 p.m. upon motion duly made (Randolph) and seconded (Foote).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:
Financial Summary for March 30, 2013
Revised Rules and Permits Fees

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