

EMERALD BAY MUNICIPAL UTILITY DISTRICT
FINAL AND APPROVED
MINUTES OF REGULAR MEETING
JUNE 17, 2013

The Board of Directors of the Emerald Bay Municipal Utility District met in regular session on Monday, June 17, 2013, at 5:30 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 five (5) residents were in attendance.

Director Harris called the meeting to order at 5:35 p.m. and asked for comments on the Minutes of the May 20, 2013 (Regular) meeting. **Director Cole made a motion to approve the Minutes of May 20 as written. Upon second (Randolph), the Minutes were approved by unanimous consent.**

Treasurer Cole reviewed the financial summary for May 31, 2013. Under sewer system operations, total income for the month was \$30,240 (\$244,235 YTD 2013 compared to \$215,887 YTD 2012). May total expenses were \$22,595 (\$148,298 YTD 2013 compared to \$149,001 YTD 2012). Net income was \$6,252 adjusted to \$2,611 after deducting principal payment totaling \$3,641 for greens drainage loan.

Under water system operations, total income was \$45,223 (\$245,514 YTD 2013 compared to \$218,992 YTD 2012 with difference attributable to \$35 rate increase effective March 31, 2013). The \$35 income amount is being tracked each month to the 2013 water distribution project fund for the bond issue. May total expenses were \$13,507 (\$100,985 YTD 2013 compared to \$111,989 YTD 2012). Net income was \$26,708 adjusted to \$18,046 after deducting principal payments of \$8,662 for water system loans.

Under road and bridge operations, Cole noted May total income was \$11,621 (\$76,462 YTD 2013 compared to \$50,160 YTD 2012 with difference attributable to initiation fees totaling \$40,000 YTD 2013). May total expenses were \$1,044 and the resulting net income was \$10,637 (\$71,292 YTD 2013 compared to \$46,047 YTD 2012).

The balance sheet shows total assets at \$4,790,943 with total cash accounts of \$1,239,339 (includes ±\$20,000 collected each month from the \$35 rate increase and \$250,000 short-term loan for 2013 water distribution project) compared to \$846,692 in May 2012. Property, Plant & Equipment increased to \$3,371,044 with the transfer of well #3 from Construction in Progress. Long-term Liabilities decreased due to payment of principal on three long-term notes. Director Cole added that the auditor (White) is working on the District's audit. **Director Randolph made a motion to approve the May 2013 financials. Upon second (Johnson), the financials were approved by unanimous consent.**

District Clerk, Dawn Smith, audited the Emerald Bay Club's list of platted lots to determine whether the District is collecting the \$6.00/month street maintenance fee on all lots. The Club's list showed 46 District members own more than one lot. Lot ownership was verified through the Smith County Appraisal District records. Upon such

verification of ownership, the audit revealed that only two members were not being charged for their extra lots. Roger Waggoner owes \$252 for a lot purchased 5/25/93. Edd Clark owns two extra lots and owes \$168 for a lot purchased 3/17/11 and \$144 for a lot purchased 7/19/11 (total due \$312).

Director Harris read from the streets lease agreement executed with the Emerald Bay Club HOA effective January 1, 2010, Section 3, paragraph G, stating “Lessee (MUD) will impose a monthly charge against members for costs to improve, repair, maintain, manage and care for the streets and roadways, plus a reasonable allocation for indirect costs. Initially, this will be a charge of \$6.00 monthly per lot.” **Director Cole made a motion that a letter be written to Waggoner and Clark advising that an audit of platted lots revealed that they had not been billed for their extra lots since January 2010. Upon second (Johnson), the motion was approved by unanimous consent.** Director Cole agreed to write the letters to Waggoner and Clark.

District Clerk, Dawn Smith, advised that 20 past due letters were mailed on June 5 totaling \$2,871.40 and six (6) accounts remain unpaid totaling \$947.79. Any accounts not paid in full on June 25 will be disconnected. Director Woodall advised that she had personally called each of the past due customers in May and, as a result, all accounts had been paid in timely manner. Woodall will call any past due customers in June prior to disconnection of their service.

Director Harris reviewed the golf course sprinkler system contract that MUD has with the Club. He noted that the sprinkler system was built, paid for and owned by the MUD.

- 1) The District’s wastewater permit is a “zero discharge” permit allowing effluent water (treated sewage) dispersal only on the golf course.
- 2) The District has an easement and right of ingress and egress over and across the golf course.
- 3) The District received an MPS invoice for \$760 for service performed on pumps in golf course pump house. The District was not notified prior to this service.
- 4) Harris noted that any “major maintenance” as defined in the Supplemental Agreement No. 2 of June 30, 1986, is repair or replacement of any pump, should be performed by the District. In some cases, some repairs and/or damage can be covered by the District’s insurance. Routine maintenance of sprinkler system (i.e., sprinkler heads, pipes, valves, wiring, etc.) is responsibility of Club personnel.

Director Cole suggested that MPS invoice be held until a special meeting could be arranged and posted for District directors to meet with Emerald Bay Club directors

(Patton and Zachary) to discuss this issue. The matter was tabled pending outcome of joint meeting. Harris will contact the Club President, Jerry Patton, to set up special meeting.

Director Harris explained the District's policies regarding permits for new residential construction, teardowns, and remodeling projects. Construction projects require submission of plans to the Club/HOA for initial approval and issuance of a \$50 building permit. New construction also requires application to the District (MUD) and approval of plans. The new construction permit fee is \$1,000 plus \$0.15/square foot and Director Harris reiterated that all construction permit fees are allocated to street maintenance. Club director, Edd Clark, and District director, Jaymie Foote, worked together to set up the inspection process (similar to Tyler's inspection process) and established inspections for plumbing, electrical and mechanical at a cost of \$150/inspection. President Harris suggested merging the inspection fees (\$450) into the flat fee (\$1,000) would simplify the process. Club director, David Terry, has asked the District to also approve the location of the structure on the lot to make sure it does not violate any utility easements or setbacks. This matter is tabled pending further discussion.

Director Harris gave an update on operations noting:

- 1) Repairs to north sewer plant are progressing well. Welding and spot painting should be completed in a couple of weeks. Once all repairs are complete, the flow meters will need to be calibrated for TCEQ compliance.
- 2) Backup gear drive for wastewater plant skimmers has been delivered.
- 3) A ground storage tank bypass valve will be installed this month. Final connection to the well #3 discharge line will be completed at a later date.
- 4) Work on auxiliary pump pipeline easements with Upper Neches River Municipal Water Authority is almost complete.
- 5) Regarding the pipeline project, Mr. Harris noted that all residents' property affected by the installation of new distribution pipes will be asked to sign an agreement to expand 5-foot utility easements for new distribution project. The GPS locations of new lines will be filed in Smith County records. The Communications Group headed by George Holmes and Inge Grant will contact members to obtain signed agreements.
- 6) Mr. Harris further noted that property affected only by the installation of new service lines and meters will not need to sign an agreement. New service lines and meters are considered maintenance.

- 7) As a courtesy to the Club/HOA, MUD will patch potholes at guard gate and bill Club for patch material only. (Note: MUD does not maintain or control the entrance and/or exit to the community. MUD only controls the interior streets to the community.)

There being no further action or business to be discussed, the meeting was adjourned at 7:00 p.m. upon motion duly made (Randolph) and seconded (Johnson).

Respectfully submitted,

Deena M. Johnson
Secretary

William F. Harris
President

Attachments:

Financial Summary for May 31, 2013

Street billing audit report

Past Due Accounts Report for 6/17/13

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