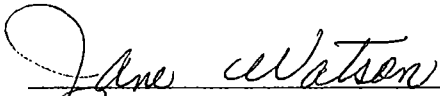


**EMERALD BAY MUNICIPAL UTILITY DISTRICT
NOTICE OF SPECIAL MEETING
SEPTEMBER 21, 2015**

The Board of Directors of the Emerald Bay Municipal Utility District will meet in special session on September 21, 2015, at 2:00 p.m., at the District Office at 155 LaSalle Drive, Bullard Texas 75757 for the purpose of considering the following agenda:

1. Call to Order
2. Approve minutes of August 19, 2015
3. Pay request from AAA Sanitation
4. Approval of Financial Auditor
5. Approval of Contract between Emerald Bay Club and Emerald Bay Utility District regarding Final Water Bills.
6. Adjourn

Posted September 17, 2015 at 2:00 p.m.


Jane Watson, Secretary

IMPORTANT (1) Each subject listed above includes discussion, consideration, action, etc. (2) Subjects may be taken up in the order listed or in another order and may be taken up more than once during the meeting. (3) Each subject listed above includes an executive or closed session to the extent allowed by: (i) Section 551.071 Texas Government Code for attorney consultations to seek advice about pending or contemplated litigation or a settlement offer, or a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Texas Government Code; or (ii) Section 551.072, Texas Government Code for deliberating purchase, exchange, lease, or value of real property; or (iii) Section 551.074, Texas Government Code to deliberate the appointment, employment, evaluation, reassignment, duties, disciplining, or dismissal of a public officer or employee or to hear a complaint of charge against such officer or employee. (5) IF YOU HAVE A DISABILITY REQUIRING SPECIAL ARRANGEMENTS AT THE MEETING, PLEASE CONTACT JANE WATSON AT 903-825-1102 IN ADVANCE OF THE MEETING. REASONABLE ACCOMMODATIONS WILL BE MADE TO ASSIST YOUR PARTICIPATION. THE MEETING PLACE MENTIONED ABOVE IS ACCESSIBLE BY WHEELCHAIRS.

**EMERALD BAY MUNICIPAL UTILITY DISTRICT
MINUTES OF SPECIAL MEETING
SEPTEMBER 21, 2015**

**STATE OF TEXAS
COUNTY OF SMITH**

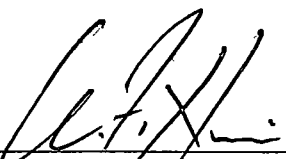
The Board of Directors of the Emerald Bay Municipal Utility District met in special session announced and posted 72 hours in advance as required by Chapter 551, as amended, and open the public on Monday at 2:00 p.m. for the purpose of considering the following agenda:

1. Call to order by William Harris, President at 2:08p.m. Present were Directors Dwight Cole, Inge Grant, Jane Watson, William Harris, and Barry Botti.
2. Minutes from August 19, 2015, were read. Director William Harris ask if there were any corrections, there being none Director Barry Botti made a motion that they be approved and Director Inge Grant seconded and the motion passed unanimously.
3. Director William Harris presented a pay request from AAA Sanitation for \$99,718.67for the 2013 Distribution Project. The request was reviewed and recommended by Kirk R. Bynum, District Engineer. Motion was made By Director William Harris to approve the pay request and seconded by Director Inge Grant. The motion passed unanimously. Kirk R. Bynum , District Engineer, also sent a letter to AAA Sanitation outlining some additional items that need additional attention. The replaced grass in some places have been dead and also not being put down in a timely manner as to keep erosion from occurring . There is also a leak that needs to be addressed and between Marina Dr. and the first curve on South Bay. It was also requested that a portion of the line could by tested and remain charged so that the lines can be routinely flushed so we do not have a huge mess when we get ready to start to switch over. A copy of the letter sent to AAA Sanitation is attached.


4. Director Barry Botti presented a letter from Acker & Company outlining the services that would be provided in the audit of Emerald Bay Municipal Utility District. It was recommended by Director Barry Botti that we approve Acker & Company as our financial auditor, as they have done it the past two years. Director William Harris made a motion that we accept Acker & Company as the financial auditor and seconded by Director Dwight Cole. The Motion passed unanimously.

5. Director William Harris presented a contract between Emerald Bay Club and Emerald Bay Municipal Utility District regarding the paying of the final water bill. It was agreed that no check would be issued to the member until all bills from the Emerald Bay Municipal Utility District had been paid. Director Inge Grant made a motion to accept the contract between Emerald Bay Club and Emerald Bay Municipal Utility District and Director Dwight Cole seconded. The motion passed unanimously.

6. There being no more business Director Dwight Cole moved that the meeting be adjourned and the motion was seconded by Barry Botti. The motion was passed unanimously.



William Harris, President



Jane Watson, Secretary

William F. Harris

From: Kirk Bynum [Bynum@brannoncorp.com]
Sent: Friday, September 18, 2015 9:19 AM
To: 'utility@aaasanitationinc.com'
Cc: William F. Harris; Bryan Johnson
Subject: Emerald Bay Water Project

Good Morning Mr. Jimmy,

I drove through the project yesterday afternoon. For the most part the project areas are looking great. You have already addressed some of the items I was going to "write up" from my last trip out to the project. The following items, however, do need additional attention:

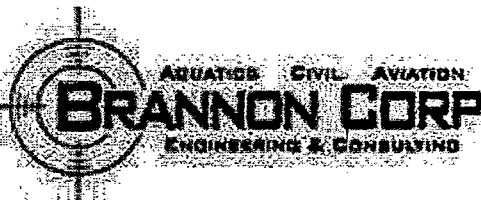
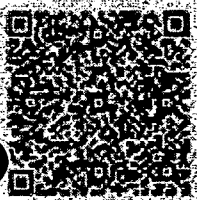
1. Make sure you are keeping removed grass alive. It is not acceptable to replace sod with essentially dead grass.
2. Please try and make replaced grass as smooth as possible. I noticed a couple of locations where the homeowner would damage the replaced sod if mowed in its present condition (for instance along both sides of the Bal Harbor cul-de-sac and in front of the house at 101 Monterey).
3. The placing of soil mat at culverts and over ditch lines at locations where erosion can occur is a good idea and addressed several points that I had previously "on my list".
4. Don't let the construction/installation of the water lines get too far in advance of your clean-up efforts. You appeared to have a better handle on this as of yesterday than a couple of weeks ago. Thank you for attention to this detail.
5. I understand there is a leak in the line so that it will not pressure test in the section between Marina and the first curve on South Bay. The leak needs to be located as soon as possible so the line can be pressure tested and properly charged.
6. I am not sure how much of the project is still "in the dry". I would really like for the vast majority of the line to be charged so that the contractor can test and get bacteria samples done and then coordinate with the District to routinely flush the lines, so we do not have a huge mess when you get ready to start switch over.
7. I understand a portion of the line could be filled, tested and remain charged if the line down Emerald Bay Drive were to be completed. I respectfully request you consider placing that portion of the line on the work schedule for completion in the near future.

On a different subject, please note the Engineer and Owner are trying to process all pay requests in as timely a manner as possible. The Board is typically meeting on the third Monday of the month as a special called meeting after posting the requisite notifications (they normally only meet quarterly). The pay requests are being presented at the board meetings. It is my understanding that a check is being written at the conclusion of the corresponding meeting and the check is thereafter placed in the mail to the clearing house. I can appreciate your concern as to timing, and we are doing our best to accommodate all parties. It is not necessary to call or "send word" the day after receipt of the pay requests to see if payment can be made.

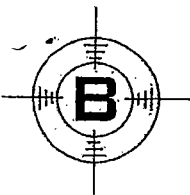
Thanks for your consideration and attention to the above items.

Kirk R. Bynum, Tx. P.E.

Kirk R. Bynum, P.E. | Principal, Vice President



The Brannon Corporation | 1321 South Broadway, Tyler, TX 75707



THE C.T. BRANNON CORPORATION

AQUATIC CONSULTANTS

CIVIL ENGINEERS

AIRPORT CONSULTANTS

15 September 2015

Mr. Bill Harris, Board President
Emerald Bay Municipal Utility District
155 La Salle Drive
Bullard, Texas 75757

Re: Payment Request No. 8
2014 Water Bond - Contract A - Water System Improvements

Mr. Harris:

Please find enclosed one (1) copy of "Pay Request #8" for Contract A, Water System Improvements interior to Emerald Bay Subdivision. The pay request has been reviewed and is recommended for payment to the Contractor, AAA Sanitation Inc. in the amount of \$ 99,718.67.

Please feel free to call should you have any questions or if I may be of any assistance to you and Emerald Bay MUD.

Sincerely,

Kirk R. Bynum, P.E.
Project Manager, The C.T. Brannon Corporation

Attachments

cc: AAA Sanitation, Inc.

KRB 13-045 / 96

O:\Emerald Bay 1553\13045 Emerald Bay MUD Water Bond Improvements\WP and Spreadsheets\Correspondence\Construction Correspondence\PR #8 to EBMUD



AQUATIC CIVIL AVIATION
BRANNON CORP
ENGINEERING & CONSULTING

1321 SOUTH BROADWAY
P.O. BOX 7487
TYLER, TX 75711
PHONE (903) 597-2122
FAX (903) 597-3346

WWW.BRANNONCORP.COM
TEXAS REGISTERED ENGINEERING FIRM
TEXAS REGISTRATION #F-242
REGISTERED IN: AL, AR, CO, FL, GA, LA, MO
MS, NE, NM, NV, OK, TN, VA

TO: **The Brannon Corporation**
 PO Box 7487
 Tyler, Texas 75711
 Telephone: 903/597-2122
 Fax: 903-597-3346

PROJECT: **Emerald Bay MUD**
Re-Bid Contract A - Water System Improvements

APPLICATION NO.: 8

CONTRACT TIME: 600 Calendar Days
 % COMPLETION: 41.2% OF WORK / 35% TIME
 CONTRACT DATE: November 18, 2014
 START DATE: February 2, 2015
 Completion Date: September 24, 2016

PERIOD FROM: 1-Aug-15

PERIOD TO: 31-Aug-15

TBC PROJECT #: 13045

APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY		
Change Orders approved in previous months by Owner	ADDITIONS	DEDUCTIONS
TOTALS		
Approved this month		
TOTALS		
Net Change		

Application is made for Payment as shown below in connection with the Contract.
 The present status of the account for this Contract is as follows:

ORIGINAL CONTRACT SUM	\$	<u>1,663,804.50</u>
NET CHANGE BY CHANGE ORDERS	\$	<u> </u>
CONTRACT SUM TO DATE	\$	<u>1,663,804.50</u>
TOTAL COMPLETED & STORED TO DATE	\$	<u>749,141.50</u>
RETAINAGE 8 %	\$	<u>59,931.32</u>
LESS PREVIOUS CERTIFICATES FOR PAYMENT	\$	<u>589,491.51</u>
CURRENT PAYMENT DUE	\$	<u>99,718.67</u>

108,389.86
28,671.19

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Consultant acknowledges to the Owner that the Work has progressed to the point indicated; that to the best of his knowledge, information and belief, the quality of the Work is an accordance with Contract Documents; and that the Contractor is entitled to payment of the CURRENT PAYMENT DUE.

The undersigned Contractor certifies that to the best of his knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by him for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current current payment shown herein is now due.

THE BRANNON CORPORATION:

By: *Kirk R. Bynum* Date: 9/14/15
Kirk R. Bynum, P.E.

CONTRACTOR: AAA Sanitation, Inc.
211 N. Hill Street
Tyler, TX 75702
903 / 593-5909; Fax: 903-593-2425
utility@aaasanitationinc.com

Approved By Owner Emerald Bay MUD

By: *Janita Banks* Date: 9-14-15

Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

Emerald Bay MUD
Re-Bid Contract A - Water System Improvement

APPLICATION NUMBER: 8
 TBC PROJECT NUMBER: 13045

PERIOD FROM: 1-Aug-15
 TO: 31-Aug-15

ITEM NO.	DESCRIPTION OF WORK	ESTIMATED QUANTITY	UNIT PRICE	CONTRACT AMOUNT	WORK COMPLETED			
					This Application		To Date	
					Work In Place QUANTITY	PRICE EXTENSION	Work In Place QUANTITY	PRICE EXTENSION
01015	Mobilization, for	1 LS	132,000.00	132,000.00		0.00	0.90	118,800.00
01020	Trench excavation protection, for	3,650 LF	0.01	36.50		0.00	0	0.00
02005	Right-of-way for waterline, for	183 Sta	165.00	30,195.00	15.0	2,475.00	78.5	12,952.50
02235A	Directional / Slick Bore" for 4-in PVC water pipe and install pipe (Pipe to be supplied by Owner), for	1,096 LF	21.50	23,564.00	127	2,730.50	285	6,127.50
02235B	Directional / Slick Bore" for 6-in PVC water pipe and install pipe (Pipe to be supplied by Owner), for	2,589 LF	29.00	75,081.00	75	2,175.00	1,555	45,095.00
02235C	Directional / Slick Bore" for 8-in PVC water pipe and install pipe (Pipe to be supplied by Owner), for	5,608 LF	36.00	201,888.00	805	28,980.00	2,769	99,684.00
02235D	Directional / Slick Bore" for 10-in PVC water pipe and install pipe (Pipe to be supplied by Owner), for	98 LF	47.00	4,606.00		0.00	133	6,251.00
02235E	"Dry Bore" 18-in Steel Pipe Encasement with 0.330-in minimum wall thickness for 10-in PVC pipe (supplied by Owner), for	90 LF	150.00	13,500.00		0.00	90	13,500.00
02484	Sodding including Soil Retention Blanket, for	12,550 SY	3.50	43,925.00	545	1,907.50	3,744	13,104.00
02485	Seeding including Soil Retention Blanket, for	4,150 SY	2.60	10,790.00		0.00	0	0.00
SUBTOTALS:						\$		315,514.00
VALUE OF STORED MATERIALS (attach detailed listing)						\$		0.00
SUBTOTAL COMPLETED TO DATE:						\$		315,514.00

Emerald Bay MUD
Re-Bid Contract A - Water System Improvement

APPLICATION NUMBER: 8
 TBC PROJECT NUMBER: 13045

PERIOD FROM: 1-Aug-15
 TO: 31-Aug-15

ITEM NO.	DESCRIPTION OF WORK	ESTIMATED QUANTITY	UNIT PRICE	CONTRACT AMOUNT	WORK COMPLETED			
					This Application		To Date	
					Work In Place QUANTITY	PRICE EXTENSION	Work In Place QUANTITY	PRICE EXTENSION
02575	HMAC pavement repair, for	575 SY	85.00	48,875.00		0.00	342.8	29,138.00
03015	Saw cut, remove and replace existing concrete appurtenance, for	100 SY	85.00	8,500.00		0.00	0	0.00
15061A	Locate existing 4-inch and smaller lines and make connection with proposed/new water mains (all materials to be supplied by Owner), for	8 EA	1,000.00	8,000.00		0.00	0	0.00
15061B	Locate existing 6-inch main and make connection with proposed/new water mains (all materials to be supplied by Owner), for	5 EA	1,250.00	6,250.00		0.00	1	1,250.00
15061C	Locate existing 10-inch main and make connection with proposed/new water mains (all materials to be supplied by Owner), for	1 EA	2,000.00	2,000.00		0.00	0	0.00
15061D	Locate existing 6-inch water mains "cut-in" a 6-inch Tee for a new fire hydrant lateral and/or proposed 6-inch PVC water line (all materials to be supplied by Owner), for	14 EA	2,000.00	28,000.00		0.00	2	4,000.00
15061E	Locate existing 10-inch PVC water main located within the east Right-of-Way of FM 346 and "cut-in" a 10-inch Tee for a new supply lateral (all materials to be supplied by Owner), for	1 LS	1,750.00	1,750.00		0.00	1	1,750.00
15061F	Disconnect existing water sample point assemblies and reconnect same with a new 1" service from the proposed 6-in and/or 8-inch main to the existing sample point location (all materials to be supplied by Owner), for	5 EA	650.00	3,250.00		0.00	0	0.00
SUBTOTAL						\$		351,652.00
VALUE OF STORED MATERIALS (attach detailed listing)						\$		0.00
SUBTOTAL COMPLETED TO DATE:						\$		351,652.00

Emerald Bay MUD
Re-Bid Contract A - Water System Improvement

APPLICATION NUMBER: 8
 TBC PROJECT NUMBER: 13045

PERIOD FROM: 1-Aug-15
 TO: 31-Aug-15

ITEM NO.	DESCRIPTION OF WORK	ESTIMATED QUANTITY	UNIT PRICE	CONTRACT AMOUNT	WORK COMPLETED			
					This Application		To Date	
					Work In Place QUANTITY	PRICE EXTENSION	Work In Place QUANTITY	PRICE EXTENSION
15061G	Install 3-inch and smaller PVC water pipe (supplied by Owner), for	80 LF	15.00	1,200.00		0.00	0	0.00
15061H	Install 4-inch PVC water pipe (supplied by Owner), for	2,302 LF	18.50	42,587.00	396	7,326.00	662	12,247.00
15061 I	Install 6-inch PVC water pipe (supplied by Owner), for	6,150 LF	19.00	116,850.00	170	3,230.00	2,815	53,485.00
15061J	Install 8-inch PVC water pipe (supplied by Owner), for	8,661 LF	24.00	207,864.00	1,057	25,368.00	5,089	122,136.00
15061K	Install 10-inch PVC water pipe (supplied by Owner), for	180 LF	40.00	7,200.00		0.00	1,236	49,440.00
15061L	Install 4-inch restrained joint PVC water pipe (as supplied by Owner), for	1,096 LF	1.00	1,096.00		0.00	0	0.00
15061M	Install 6-inch restrained joint PVC water pipe (as supplied by Owner), for	2,589 LF	2.00	5,178.00		0.00	734	1,468.00
15061N	Install 8-inch restrained joint PVC water pipe (as supplied by Owner), for	5,788 LF	3.50	20,258.00	373	1,305.50	919	3,216.50
15061 O	Install MJxMJ fittings, as supplied by the Owner, for	40,750 LB	1.43	58,272.50	939	1,342.77	10,329	14,770.47
15061P	Construct and/or install 2-inch Dead End Flush Point assembly from materials furnished by Owner including associated 2-inch piping, valve(s), valve box, fittings, concrete pad(s), and any associated requisite, for	9 EA	500.00	4,500.00	2	1,000.00	3	1,500.00
SUBTOTALS:						\$		609,914.97
VALUE OF STORED MATERIALS (attach detailed listing)						\$		0.00
SUBTOTAL COMPLETED TO DATE:						\$		609,914.97

Emerald Bay MUD
Re-Bid Contract A - Water System Improvement

APPLICATION NUMBER: 8
 TBC PROJECT NUMBER: 13045

PERIOD FROM: 1-Aug-15
 TO: 31-Aug-15

ITEM NO.	DESCRIPTION OF WORK	ESTIMATED QUANTITY	UNIT PRICE	CONTRACT AMOUNT	WORK COMPLETED			
					This Application		To Date	
					Work In Place QUANTITY	PRICE EXTENSION	Work In Place QUANTITY	PRICE EXTENSION
15061Q	Install 14 Gauge tracer wire (as supplied by Owner),for	26,846 LF	0.25	6,711.50	2,630	657.50	13,082	3,270.50
15100A	Install "Cut-in" 3-inch MJxMJ gate valve, valve box assembly, and location marker (materials supplied by Owner), for	1 EA	750.00	750.00		0.00	0	0.00
15100B	Install 4-inch MJxMJ gate valve, valve box assembly, and location marker (materials supplied by Owner), for	17 EA	400.00	6,800.00	2	800.00	8	3,200.00
15100C	Install 6-inch MJxMJ gate valve, valve box assembly, and location marker (materials supplied by Owner), for	68 EA	700.00	47,600.00	4	2,800.00	30	21,000.00
15100D	Install "Cut-in" 6-inch MJxMJ gate valve, valve box assembly, and location marker (materials supplied by Owner), for	7 EA	1,300.00	9,100.00		0.00	2	2,600.00
15100E	Install 8-inch MJxMJ gate valve, valve box assembly, and location marker (materials supplied by Owner), for	23 EA	750.00	17,250.00	2	1,500.00	14	10,500.00
15100F	Install 10-inch MJxMJ gate valve, valve box assembly, and location marker (materials supplied by Owner), for	3 EA	1,250.00	3,750.00		0.00	2	2,500.00
SUBTOTALS:						\$		652,985.47
VALUE OF STORED MATERIALS (attach detailed listing)						\$		
SUBTOTAL COMPLETED TO DATE:						\$		652,985.47

Emerald Bay MUD
Re-Bid Contract A - Water System Improvement

APPLICATION NUMBER: 8
 TBC PROJECT NUMBER: 13045

PERIOD FROM: 1-Aug-15
 TO: 31-Aug-15

ITEM NO.	DESCRIPTION OF WORK	ESTIMATED QUANTITY	UNIT PRICE	CONTRACT AMOUNT	WORK COMPLETED			
					This Application		To Date	
					Work In Place QUANTITY	PRICE EXTENSION	Work In Place QUANTITY	PRICE EXTENSION
15170A	Disconnect, remove and plug existing service lateral from existing 3", 4" and/or 6" mains and install new service tap, corp. stop, service line, curb stop, meter, meter box, shut off valve, valve box (all materials to be supplied by Owner) to the Short Side to the meter location indicated by Owner and reconnect to the existing house, service line (materials furnished by Owner), for	287 EA	527.00	151,249.00	20	6,598.04	39.44	21,116.76
15170B	Disconnect, remove and plug existing service lateral from existing 3", 4" and/or 6" mains and install new service tap, corp. stop, service line, curb stop, meter, meter box, shut off valve, valve box (all materials to be supplied by Owner) to the Long Side to the meter location indicated by Owner and reconnect to the existing house, service line (materials furnished by Owner), for	284 EA	792.00	224,928.00	24	11,994.05	43.54	34,489.27
15200A	Remove, salvage, and deliver to MUD shop existing fire hydrants (red and/or purple) including but not limited to: locating lateral, close and secure isolation valves (if any); remove fire hydrant and plug (materials to be furnished by Owner) and abandon existing fire lateral, for	31 EA	550.00	17,050.00	2	1,100.00	15	8,250.00
15200B	Install standard three way fire hydrants as provided by the Owner, for	42 EA	1,700.00	71,400.00	3	5,100.00	19	32,300.00
TOTALS:						\$		749,141.50
VALUE OF STORED MATERIALS (attach detailed listing)						\$		0.00
TOTAL COMPLETED TO DATE:						\$		749,141.50

	Fitting Wt #	Restrains #	Raw Wt #	Weight #	PR # 6 Qty	Weight #
150610	Furnish and install MJxMJ fittings for 2-inch thru 10-inch					
10" Tee	132	33.4	232.2	232		0
10" Wye	199	33.4	299.2	299		0
10" - 45 Degree Bend	78	33.4	144.8	145		0
10" - 22-1/2 Degree Bend	66	33.4	132.8	133		0
10" - 11-1/4 Degree Bend	59	33.4	125.8	126		0
10" Sleeve	68	33.4	134.8	135		0
10" Blind Flange	36	33.4	69.4	69		0
10"x10"x6" Tee	99	33.4 : 18.3	184.1	151		0
10"x8" Reducer	54	33.4 : 20.8	108.2	108		0
10"x6" Cross	116			224		0
10"x6" Reducer	59	33.4 : 18.3	110.7	111		0
8" Tee	90	20.8	152.4	152		0
8" Wye	117	20.8	179.4	179		0
8" X 6" Wye	107	20.8	169.4	169	1	169
8"x8"x6" Tee	79	20.8 : 18.3	138.9	139	2	278
8"x8"x4" Tee	72	20.8 : 12.2	125.8	126		0
8" - 45 Degree Bend	56	20.8	97.6	98	2	196
8" - 22-1/2 Degree Bend	50	20.8	91.6	92		0
8" - 11-1/4 Degree Bend	45	20.8	86.6	87		0
8" Sleeve	55	20.8	96.6	97	1	97
8"x6" Reducer	39	20.8 : 18.3	78.1	78		0
6" Tee	66	18.3	120.9	121		0
6"x6"x4"x4" Cross	62	18.3 : 12.2	123	123	1	123
6"x6"x4" Tee	52	18.3 : 12.2	100.8	101		0
6" - 90 Degree Bend	49	18.3	85.6	86		0
6" - 45 Degree Bend	39	18.3	75.6	76	1	76
6" - 22-1/2 Degree Bend	31	18.3	67.6	68		0
6" - 11-1/4 Degree Bend	29	18.3	65.6	66		0
6" Sleeve	39	18.3	75.6	76		0
6"x4" Reducer	28	18.3 : 12.2	58.5	59		0
6" Plug	18	18.3	36.3	36		0
4" Tee	36	12.2	72.6	73		0
4" Sleeve	25	12.2	49.4	49		0
4" - 90 Degree Bend	22	12.2	46.4	46		0
4" - 45 Degree Bend	20	12.2	44.4	44		0
4" - 22-1/2 Degree Bend	18	12.2	42.4	42		0
4" - 11-1/4 Degree Bend	18	12.2	42.4	42		0
4"x3" Reducer	18	12.2 : 11	41.2	41		0
4" Plug	10	11	21	21		0
3" Sleeve	22	11	44	44		0
Total Weight						939

Emerald Bay M.U.D.
Financial Summary
AUGUST
2015

SEWER SYSTEM OPERATIONS				
	THIS	THIS	THIS YEAR	LAST YEAR
	MONTH	QUARTER	TO DATE	TO DATE
INCOME:				
Connection and Transfer Fees	775		9,638	3,550
Miscellaneous			722	1,438
Greens Drainage Charge	5,449		57,356	56,309
Sewer Service Charges	25,012		263,970	268,653
Total Income	31,236	0	331,686	329,950
EXPENSES:				
Administrative, Legal and Other	3,068		42,848	51,667
Plant Operating	1,022		19,513	18,180
Repairs & Maintenance	3,110		75,503	49,717
Sewer System Payroll	5,537		61,298	47,650
Depreciation				
Utilities	13,481		66,045	59,983
Total Expenses	26,218	0	265,207	227,197
Net Operating Income/(Expense)	5,018	0	66,479	102,753
Other Income/Expense				
Interest-Sewer Funds	2		24	1,064
Miscellaneous Income	0	0	0	126
	0	0	0	0
Total Other Income	2	0	24	1,190
Other Expense				
Interest Expense	565		12,038	15,165
Other Expenses Paying agent fee	0	0	0	0
Other Misc. Expenses	0	0	97	897
Total Other Expense	565	0	12,135	16,062
Total Other Income	(563)	0	(12,111)	(14,872)
NET INCOME	4,455	0	54,368	87,881
OTHER DEDUCTIONS - GREENS DRAINAGE PRINCIPAL	3,936		43,228	41,503
NET INCOME MINUS NOTE PRINCIPAL	519	0	11,140	46,378

WATER SYSTEM OPERATIONS				
	THIS	THIS	THIS YEAR	LAST YEAR
	MONTH	QUARTER	TO DATE	TO DATE
INCOME:				
Water Service Charges	49,509		278,276	264,148
Project 2013 Revenue	19,985		219,835	219,835
Miscellaneous	1,017		2,051	1,286
Penalties & Late Fees			396	2,106
Conn & Transfer Fees	875		9,038	4,300
Total Income	71,386	0	509,596	491,675
EXPENSES:				
Administrative, Legal and Other	3,193		43,535	54,722
Plant Operating	849		13,139	8,325
Repairs & Maintenance	1,122		19,545	21,838
Water System Payroll Expense	5,537		61,414	47,651
Depreciation				
Utilities	7,833		41,017	38,615
Total Expenses	18,534	0	178,650	171,151
Net Operating Income/(Expense)	52,852	0	330,946	320,524
Other Income:				
Interest - Water Fund	730		9,452	2,087
Miscellaneous Income			0	616
Total Other Income	730	0	9,452	2,703
Other Expenses:				
Interest Expense	3,646		78,749	53,704
Miscellaneous Water Expense			805	1,130
	3,646	0	79,554	54,834
Net Other Income	(2,916)	0	(70,102)	(52,131)
NET INCOME	49,936	0	260,844	268,393
Other Deductions - Water well # 3 principal			18,811	24,896
Other Deductions - Water Well 1&2 principal	7,114		76,911	73,768
Other Deductions- 2013 Project Note principal	11,606		115,556	0
Other Deductions- 2013 Proj Note Interest Capitalized	11,072		103,107	0
NET INCOME MINUS NOTE DEDUCTIONS	20,144	0	(53,541)	169,729

Acker & Company

Certified Public Accountants, PC

August 19, 2015

Mr. Barry Botti
Emerald Bay Municipal Utility District
155 La Salle Drive
Bullard, Texas 75757

We are pleased to confirm our understanding of the services we are to provide Emerald Bay Municipal Utility District for the year ended September 30, 2015. We will audit the financial statements of the business-type activities, and the Fiduciary fund information, including the notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended September 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Statement of revenues, expenses and changes in net assets compared to budget.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion.

If our opinion on the financial statements is other than unqualified, we will discuss the reasons with managements in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report which does not include an opinion on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the organization, and specific legislative or regulatory bodies and are not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing use with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of the uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Organization is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the

financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our report are to be made available for public inspection.

The audit documentation for this engagement is the property of Acker & Company CPAs, PC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to USDA or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Acker & Company CPAs, PC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Mr. Barry Botti
Emerald Bay Municipal Utility District
August 19, 2015
Page 6

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the USDA. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately November 1, 2015 and to issue our reports no later than January 31, 2016. Leonard H. Acker, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services is expected to be \$7,900. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. In addition, the estimated fee is based on our understanding that you will prepare the financial statements and related notes. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If any dispute arises among the parties, they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Rules for Professional Accounting and Related Services Disputes. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.**

In accordance with the policy of Acker & Company, CPA's, PC, it is mutually understood and agreed by your acceptance of this engagement as signed below that our liability, if any, arising from services rendered under the terms of this engagement will not exceed the fees we have received for this engagement.

We appreciate the opportunity to be of service to Emerald Bay Municipal Utility District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

