

LUMBERTON MUNICIPAL UTILITY DISTRICT

625 FM 421
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LUMBERTON, TEXAS 77657

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July 14, 2017 #9 – R

Chapter 551, Subchapter D, of the Texas Government Code

Notice of a Regular Meeting of the Board of Directors of the Lumberton Municipal Utility District, Lumberton, Texas.

Notice is hereby given that a Regular Meeting of the Board of the Lumberton Municipal Utility District of Lumberton, Texas will be held in the Lumberton Municipal Utility District's office at 625 FM 421, MONDAY, THE 17TH DAY OF JULY AT 6:30 P.M., at which time the following items of business will be considered:

1. Prayer and Pledge to the Flag
2. Public Comments of Agenda Items
3. Approval of Minutes of June 19, 2017
4. Consideration and Possible action of Manager's Report
 - A. Presentation of Financial Statement and Accounts Payable
 - B. Presentation of Production Report and Operations Report
 - C. Presentation of Important Dates
5. Public Comments
6. Payment of Bills
7. Adjournment

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive session of the Board should be held or is required in relation to any agenda item included in this Notice, then such closed or executive meeting or session, as authorized by the Texas Open Meetings Act, will be held by the Board at the date, hour, and place given in this Notice concerning any and all subjects for any and all purposes permitted by §551.071-551.084 of the Texas Government Code and the Texas Open Meetings Act, including, but not limited to, §551.071—for the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law.

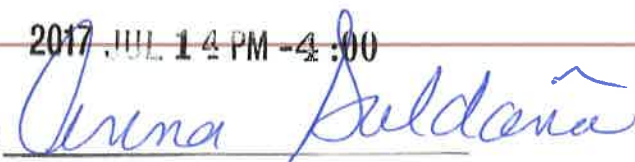
POSTED: July 14, 2017

**Roger Fussell
District Manager**

Lumberton Municipal Utility District

2017 JUL 14 PM -4:00

By:



**REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
LUMBERTON MUNICIPAL UTILITY DISTRICT**

The regular meeting of the Board of Directors of the Lumberton Municipal Utility District was held on Monday, June 19, 2017, at 6:30 p.m. at the offices of the District pursuant to notice duly posted in accordance with the law. The following members of the Board were present:

David Desormeaux

David Pitchford

Jimmy Burk

Roger Smith

Nick Carter

Also present were Roger Fussell, Carla Belt and Robb Starr as employees of the District, representatives of Wathen, DeShong & Juncker as certified public accountants to the District, Toby Davis of LJA Engineering, and Guy N. Goodson of Germer PLLC as legal counsel for the District.

Agenda Item No. 1: Prayer and Pledge. A quorum being present, the meeting was called to order and the prayer and pledge were both led by Vice President Smith. Vice President Smith noted that President Carter was in attendance at the meeting, but asked the Vice President to conduct the meeting due to a bout with laryngitis.

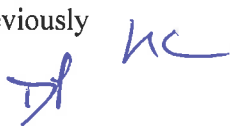
Agenda Item No. 2: Public Comments of Agenda Items. None.

Agenda Item No. 3: Minutes. The Minutes of May 15, 2017 were approved as presented.

Agenda Item No. 4: Capacity approval - Woodcrest One, Doll and Pine Street, 8 lots, Jordan Woosley, owner. The Board recognized Toby Davis who presented the capacity study for Woodcrest One, 8 lots, developed by Jordan Woosley on Doll and Pine Streets within the District. Mr. Davis reviewed the location of the proposed additions and the location of present water and sewer utilities by the District. Mr. Davis noted that there was adequate water and wastewater transportation and treatment capacity to serve the proposed addition. After discussion and upon motion duly made by Director

Desormeaux and seconded by Director Pitchford, the Board provided capacity approval for Woodcrest One, Doll and Pine Street, 8 lots, Jordan Woosley, owner.

Agenda Item No. 5: Capacity and Construction approval – 395 Fletcher Road, Construction Zone, Jim English, Owner. The Board again recognized Mr. Davis who presented the LJA capacity study for the proposed Construction Zone Project. Mr. Davis reviewed the water and wastewater transportation and treatment facilities including lift stations required to provide service to 395 Fletcher Road, and it was determined there was adequate water and sewer capacity for the proposed construction. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board provided capacity and construction approval to 395 Fletcher Road, Construction Zone, Jim English, Owner.

Agenda Item No. 6: Construction approval – Madison Park Subdivision, 41 lots, Frost Enterprise, Inc. The Board was apprised that Madison Park Subdivision had previously been presented to the Board for capacity approval with a larger project and that the project had been resized which avoided the necessity of certain capital improvements by the developer. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, Madison Park Subdivision, 41 lots, Frost Enterprise, Inc. was provided construction approval as the capacity for the project had been previously approved. *Obligations of ~~the~~ Developer is Attached.* 

Agenda Item No. 7: Final approval – Woosley Palms, Phase II, Section B, 16 lots, Chuck King, owner. The Board recognized Roger Fussell who advised that Mr. King was in attendance and had provided the Maintenance Bond for the project and that all other matters had been reviewed, and the District did concur with final approval for the project. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, the Board provided final approval to Woosley Palms, Phase II, Section B, 16 lots, Chuck King, owner.

Agenda Item No. 8: 2017-2018 proposed Lumberton Municipal Utility District Budget. The Board recognized Roger Fussell who presented the Board with the proposed budget. Mr. Fussell noted that the

format of the budget had been changed to provide greater detail within the budget on the requirements for bond debt service and reserve account requirements. Mr. Fussell noted in addition to formatting changes, the budget included budgets for both the Operating Fund and the Bond Debt Service Fund. Mr. Fussell further noted that the proposed budget included operating revenues of \$6,049,000 or tax revenues for bond debt service on tax bonds at \$1,466,325 for a total budget of \$7,515,325. Mr. Fussell also reviewed proposed operating disbursements of \$4,780,800, capital expenditures of \$216,000, debt service obligations for revenue bonds of \$737,215 and general obligation tax bonds and related expenses of \$1,466,325. It was noted that the general obligation tax revenues and expenses matched as those tax revenues were only available to pay the principal and interest and expenses on the general obligation debt. Mr. Fussell then presented a 4-year moving history budget to actual for the District. Director Pitchford noted that while the budget did not seem to have significant operating cost increases in revenues and increase due to the rate adjustment, the District still seemed to be operating at or near a deficit budget. Mr. Fussell reviewed both debt service obligations and capital expenditures as well as budgeted costs and indicated that the budget was not anticipated to be a deficit budget. Carla Belt also noted that the budget would generate a profit once depreciation was excluded from listed expenses. After further questions and review and upon motion duly made by Director Desormeaux and seconded by Director Burk, the 2017-2018 proposed budget was approved as presented.

Agenda Item No. 9: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who presented the bank account reconciliations for BBVA Compass Bank and Wells Fargo. Well Fargo included their collateral pledge, and BBVA Compass Bank is collateralized by a Federal Home Loan Bank of Atlanta Letter of Credit. Ms. Belt then moved to a review of the accounts payable for the month in the amount of \$264,273.28. Director Pitchford inquired as to the District's purchase of and the cost for meter boxes utilized by the District. Mr. Robb Starr responded that the meter boxes purchased by the District were not the most inexpensive available in the market place, but were used

because of work history and enabled District employees to perform the necessary services without being required to dig or possibly interfere with adjacent utility facilities. Ms. Belt then reviewed the May 2017 budget to date and noted that the budget included the recent rate increase providing for a monthly net income of \$163,568.49. Ms. Belt then noted that there were no capital budget expenditures for the prior month. The Board was also presented with monthly statements of the 5-Year Revenue Comparison together with the Overtime Cost Summary.

B. Presentation of Production Report and Operations Report. The Board then recognized Mr. Robb Starr who provided the Monthly Operations Report. Mr. Starr presented the Water and Wastewater System reports noting that there had been no excursions from the Wastewater Treatment Facility, and the Water Treatment Plant had produced 26 good samples and no bad samples. Mr. Starr presented the 2017 Overtime Summary and moved to a review of the Production Report. A review of the monthly graphs and charts including the Water Pumpage Bill & Leakage Chart together with the Customer Usage Profile, and Customer Usage Yearly Average Profile were all presented to the Board for their consideration. The Board was also presented with the District Vehicle Mileage & Maintenance reports followed by the Complaint Log and Chart of Complaints. Mr. Starr noted that the number of complaints was down for the month.

C. Presentation of Important Dates. The Board then recognized Mr. Fussell who presented important dates. Mr. Fussell noted that the District was in the process of initiating its 2016-2017 Audit, and the District's auditors were present at the meeting.

Agenda Item No. 10: **Executive Session.** Pursuant to §551.072, Texas Government Code, the Board moved into executive session at 7:35 p.m. to discuss the sale of District property at 55 West Chance. The Board returned from executive session at 7:52 p.m.

Agenda Item No. 11: **Action on Deliberation of Executive Session.** The Board acknowledged that the District had received a Letter of Intent from Emerson Electric Company, LLC. After discussion and upon motion duly made by Vice President Smith and seconded by Director Pitchford, the District

Manager and Board President were authorized to proceed with execution of the Letter of Intent and to initiate a draft Purchase Agreement as outlined in the Letter of Intent for the District's former offices at 55 West Chance.

Agenda Item No. 12: Public Comments. None.

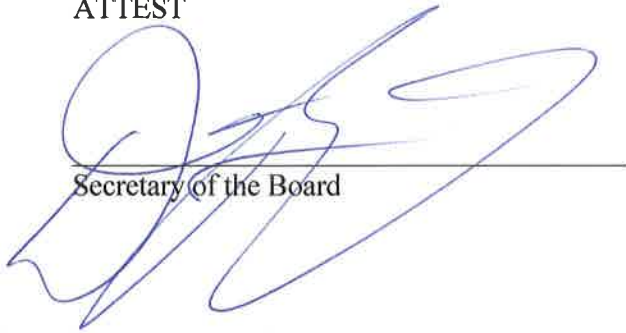
Agenda Item No. 13: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, accounts payable were approved for payment as presented.

Agenda Item No. 14: Adjournment. There being no further business, the meeting was adjourned at 7:55 p.m.



President of the Board

ATTEST



Secretary of the Board

**LUMBERTON MUNICIPAL UTILITY DISTRICT
CERTIFIED AGENDA – EXECUTIVE SESSION
REGULAR MEETING OF THE BOARD OF DIRECTORS**

DATE OF MEETING: June 19, 2017

DIRECTORS IN ATTENDANCE: David Desormeaux, David Pitchford, Roger Smith, Nick Carter and Jimmy Burk.

A. ANNOUNCEMENT BY PRESIDING OFFICER:

"The Board of Directors of the Lumberton Municipal Utility District began its executive session on June 19, 2017, at 7:35 p.m."

The subject matter of each Executive Session deliberation is as follows:

1. Discuss the sale of District property at 55 West Chance.

B. ANNOUNCEMENT BY PRESIDING OFFICER:

"The Board of Directors of the Lumberton Municipal Utility District completed its executive session on June 19, 2017, at 7:52 p.m."

The District has received a purchase offer from Emerson Electric Company, LLC

C. CERTIFICATION:

I hereby certify that this agenda of an executive session of the Board of Directors of the Lumberton Municipal Utility District is a true and correct record of the proceedings pursuant to Chapter 551, Texas Government Code.

WITNESS my hand this 17th day of July, 2017.



PRESIDING OFFICER