

LUMBERTON MUNICIPAL UTILITY DISTRICT

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LUMBERTON, TEXAS 77657

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June 16, 2017 #8 – 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 19TH DAY OF JUNE 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 May 15, 2017
4. Consideration and Possible Capacity approval – Woodcrest One, Doll and Pine Street, 8 lots, Jordan Woosley, owner
5. Consideration and Possible Capacity and Construction approval – 395 Fletcher Road, Construction Zone, Jim English, Owner
6. Consideration and Possible Construction approval – Madison Park Subdivision, 41 lots, Frost Enterprise, Inc.
7. Consideration and Possible Final approval – Woosley Palms, Phase II, Section B, 16 lots, Chuck King, owner
8. Consideration and Possible Approval of 2017-2018 proposed Lumberton Municipal Utility District Budget
9. 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
10. Executive Session

Executive or Closed Session to Discuss Deliberation regarding Real Property as permitted by Section 551.072 of the Texas Government Code

 - A. Sale of District Property – 55 West Chance
11. Consideration and Possible Action on Deliberation of Executive Session
12. Public Comments
13. Payment of Bills
14. 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: June 16, 2017

**Roger Fussell
District Manager**

Lumberport Municipal Utility District

2017 JUN 16 PM 4:00

By:

Arana Saldana

**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, May 15, 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

Absent: Nick Carter

Also present were Roger Fussell, Carla Belt and Robb Starr as employees of the District, Jeff Leavins of LJA Engineering, Wade and Mary Ann Graham of Graham Insurance, 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 was led by Director Pitchford and pledge was led by Vice President Smith.

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

Agenda Item No. 3: Minutes. The Minutes of April 17, 2017 were approved as corrected showing Vice President Smith led the prayer, not Roger Fussell in the prior meeting.

Agenda Item No. 4: Employee Health Insurance, Mary Ann Graham. The Board recognized Mary Graham of Graham Insurance who provided a detailed analysis of the District's present employee health coverage plan through BlueCross/BlueShield along with current market conditions. Mrs. Graham noted that due to possible changes under the Affordable Care Act and due to issues with exchanges in states (not Texas), there was a limited number of carriers providing coverage, and

due to escalating cost increases, alternate coverage to the plan of the District through BlueCross/BlueShield was not deemed appropriate. Mrs. Graham noted that alternative proposals that had been received would have expiration dates within a few months or by early fall; whereas, the current BlueCross/BlueShield policy of the District was not set to expire until December 1, 2017. Mrs. Graham did note that the District should anticipate possible rate increases in December due to the uncertainty in the employee healthcare insurance market. The Board thanked Mrs. Graham for her presentation, and no action was taken as the Board noted its intention to continue with its currently enforced BlueCross/BlueShield plan.

Agenda Item No. 5: Renewal of Long Term Disability for District employees, Principal Group, Mary Ann Graham. The Board received a presentation from Mr. Fussell and from Mary Ann Graham. The Board reviewed various additional coverages and noted the current action was simply to renew the existing long term disability for District employees through the Principal Group. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board authorized the renewal of the District's Long Term Disability Policy for District employees through the Principal Group at a rate of \$689.00 per month for those employees acquiring this optional coverage.

Agenda Item No. 6: Capacity approval – Freedom Real Properties, LLC, Bumstead Road, 3 lots, Brandon Barnhart, owner. The Board received a presentation from Jeff Leavins who presented the capacity study and noted the location of the proposed three residential lots and the related District water and sewer facilities. It was noted that the addition of these services on Bumstead Road would not affect the adequacy of either water distribution or sewer collection and treatment of facilities. After discussion and upon motion duly made by Director Desormeaux and

seconded by Director Burk, the Board provided capacity approval to three lots on Bumstead Road, Brandon Barnhart, owner.

Agenda Item No. 7: Capacity approval – Mouton RV Park, 2886 Hwy 69, 50 RV spots, Heath Mouton, owner. The Board again received a presentation from Jeff Leavins who reviewed his capacity study and the related District water and sewer facilities to serve the proposed RV Park location. Questions followed from Director Desormeaux about the area in which the park would be located and possible impacts on flood zone and other issues. The District Manager noted that the RV Park owner was in discussions with the City relative to other approvals that may be necessary for the location and operation of the park. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board provided capacity approval to the Mouton RV Park, 2886 Hwy 69, 50 RV spots.

Agenda Item No. 8: Resolution 2017-3, a Resolution establishing Continuing Disclosure Policy and Procedures of the Lumberton Municipal Utility District. The Board recognized legal counsel who reviewed Resolution 2017-3 establishing Continuing Disclosure Policy and Procedures for the District. Legal counsel noted that these were directed at post issuance compliance under regulations of the Municipal Securities Rule-Making Board and were supplemental to the previously adopted rules of the District adopted for compliance with Internal Revenue Code post issuance procedures. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board adopted Resolution 2017-3 establishing Continuing Disclosure Policy and Procedures for the District.

Agenda Item No. 9: Auditing services with Wathen, Deshong, and Juncker, LLP. The Board reviewed the audit engagement letter and questions followed including questions from Vice President Smith as to exclusionary language from the audit report as to five listed items on page 1 of

the report. Legal counsel noted that this appeared to be a statement by the auditors that they would not be testing or auditing the five items noted. Legal counsel noted that these items were information provided to the auditors by either the District or the Hardin County Appraisal District and were incorporated within the audit reports including the supplemental schedules required by the Texas Commission on Environmental Quality. Legal counsel indicated that he was not aware of whether the auditor in previous financial statements had undertaken any testing or auditing of that financial and related information. After further discussion and review, and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board approved the engagement of Wathen, Deshong, and Juncker, LLP to provide auditing services at a fee of \$20,250.00.

Agenda Item No. 10: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who reviewed the bank account balances and the collateral pledge from Wells Fargo. Ms. Belt also noted that representatives of Wells Fargo may be in contact with the District about a certificate of deposit that would soon be maturing and currently held at another bank depository. Ms. Belt then presented the accounts payable in the amount of \$217,808.50 and reviewed the budget year-to-date showing a cash income of \$7,708.52. Ms. Belt then presented the monthly schedules and reports.

B. Presentation of Production Report and Operations Report. The Board then recognized Mr. Robb Starr who indicated there were no injuries for the month. Mr. Starr then reviewed the Water Treatment & Wastewater Treatment Facilities Summary showing all good samples and no permit exceedances or bad samples. Mr. Starr presented the Overtime Summary followed by a presentation of the Production Report along with the Monthly Charts & Schedule, including water billed and usage, the Comparative Pumping Report, the Customer Usage Profile,

and the Water Billing Report. Mr. Starr closed with a review of the Log of Complaints. It was noted by the Board that it seemed a high percentage of complaints had to do with the low pressure sewer system alarms. Mr. Starr reviewed the procedure in which the low pressure system operated and when alarms were signaled that required District employees to reset. Mr. Starr indicated that many of the resets followed continuous periods of either power outages or low voltage issues.

C. **Presentation of Important Dates.** The Board then recognized Mr. Fussell who provided the results of sale of District surplus equipment and auction and then provided a discussion of the District's Wastewater Treatment Plant Discharge Permit. Mr. Fussell noted that the EPA had pulled the District's pending Permit Application for further review which could take several months. Legal counsel reported on certain EPA recent pronouncements and advised he would provide information to the Board as to certain of their recent policies. Mr. Fussell closed his report with an update on the District's software issues and indicated that a number of issues were being addressed and narrowed, and that primarily, the outstanding issues were an inventory control and meter account. Mr. Fussell reviewed the ongoing issues in providing and reconciling data from both the inventory and the work order processing systems, but indicated that progress was being made by the District's software provider.

Agenda Item No. 11: Public Comments. None.

Agenda Item No. 12: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, accounts payable was approved for payment as presented.

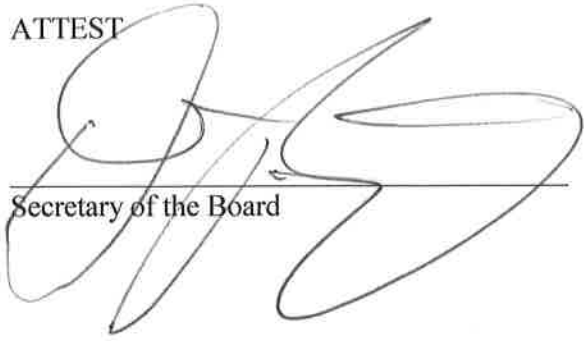
Agenda Item No. 13: Adjournment. There being no further business, the meeting was adjourned at 7:45 p.m.



President of the Board

ATTEST

Secretary of the Board

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right. The signature is written over a horizontal line that is part of the 'Secretary of the Board' text.