
Approval of Minutes of
May 18, 2020

**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 18, 2020, at 6:30 p.m. via ZOOM Webinar pursuant to notice duly posted in accordance with the law. The following members of the Board were present:

David Pitchford

Roger Smith

David Desormeaux

Nick Carter

Jimmy Burk

Also participating the meeting via ZOOM Webinar were Robb Starr, Benny Lewis and Carla Belt as employees of the District, Benny Lewis as Operations Manager, Jeff Leavins of LJA Engineering, Jeremy Triska of Wathen, Deshong & Juncker, LLP 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, the prayer was led by Vice President Smith and the pledge was led by President Carter.

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

Agenda Item No. 3: Minutes of March 24, 2020 – Emergency – COVID 19. The Minutes of March 24, 2020 were approved as presented.

Agenda Item No. 4: Minutes of April 20, 2020. The Minutes of April 20, 2020 were approved as presented.

Agenda Item No. 5: Administer Oath of Office to newly elected Directors, Positions 2 and 4. The Board recognized legal counsel who asked Director Desormeaux and Director Pitchford to please raise their right hand and administered the Oath of Office.

Agenda Item No. 6: Election of Officers, Board of Directors. Legal counsel noted there was not a procedure either in the Water Code or District policies as to the manner of the election of officers, but in the past, the District had either elected officers by each position on a nomination process or a slate of officers could be nominated. A brief discussion followed, and Director Burk recommended that the officers currently holding positions of President, Vice-President and Secretary continue to serve if they were willing to do so. After discussion and upon motion duly made by Director Burk and seconded by Director Smith, the Board elected officers as follows:

- President – Nick Carter
- Vice President – Roger Smith
- Secretary – David Pitchford

Agenda Item No. 7: Capacity & Construction Approval – Popeyes Chicken – 108 South LHS Drive – American Foods of Beaumont, owner. The Board recognized Robb Starr and Jeff Leavins. Mr. Leavins presented his capacity and construction approval for Popeyes Chicken at 108 South LHS Drive. Mr. Leavins showed the location of the facility as adjacent to the current Burger King location and reviewed with the Board the existing facilities in the area serving adjacent commercial accounts. Mr. Leavins reviewed the water system facilities which indicated that the pressure within the area would continue to be based on a 55 PSI per connection, and the requested connection would not adversely affect the pressure gradient in the area. Mr. Leavins also reviewed the sanitary sewer collection system and noted the sanitary sewer gravity line was in a dedicated utility easement immediately behind Highway 69 frontage road with sufficient capacity to serve the development and still provide for future growth. He noted again that the wastewater treatment plant was currently at 57% of the TCEQ permitted capacity. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board provided capacity and construction approval for Popeyes Chicken, 108 South LHS Drive, American Foods of Beaumont, owner.

Agenda Item No. 8: Final Approval – 6460 North Fawn – 18 lots – Andrew Withers, owner. The Board recognized Mr. Starr who noted that the District had provided previous approval for this trailer park

with 18 lots for Andrew Withers, owner, but noted the mapping which was included with the report from LJA showed 20 lots. Mr. Withers noted this was due to a change in the planned layout of trailers, but acknowledged that the request which he had submitted was only for approval of 18 lots and notwithstanding there would be 20 lots, the District would not provide service for more than 18 connections without a future capacity study from LJA Engineers. The Board reviewed the item again, and it was noted since the District had previously approved this and upon motion duly made by Director Smith and seconded by Director Pitchford, the Board provided final approval to 6460 North Fawn, 18 lots, Andrew Withers, owner.

Agenda Item No. 9: Auditing Services with Wathen, Deshong and Juncker, LLP. The Board received and reviewed the audit letter from Wathen, Deshong & Juncker, LLP, and Jeremy Triska joined the meeting. The Board was asked of any changes in the audit engagement from the previous years, and Ms. Belt noted that the fee projection was \$1,000.00 which was higher than the previous year, but the additional charge if required for a single audit remained at \$3,500.00. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board approved the audit engagement letter with Wathen, Deshong & Juncker, LLP for the 2019-2020 fiscal year ending June 30, 2020.

Agenda Item No. 10: Engagement Letter – Utility System Revenue Refunding Bonds, Series 2020 with Wathen, Deshong and Juncker, LLP. The Board recognized legal counsel who stated the engagement letter had been prepared by Wathen, Deshong & Juncker, LLP to comply with the presentation of an auditor's opinion letter, and the District would satisfy its additional bonds coverage requirement from previous bond issues in the issuance of the 2020 Refunding Bonds. President Carter noted there was not a fee amount in the letter, and Mr. Triska stated he had worked with Mr. Graves in the past on this but did not have the calculation of the amounts. Ms. Belt stated she did not have any invoices from Wathen, Deshong & Juncker, LLP other than the engagement letter in the previous fiscal year. Legal counsel noted that the last providing of coverage opinion by the auditors was in prior fiscal years. President Carter asked and it was confirmed by Mr. Triska that the cost of providing these services should

not exceed \$5,000.00. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Smith, the Board approved the engagement of Wathen, Deshong & Juncker, LLP for the opinion on the Utility System Revenue Refunding Bonds requirement at a cost not to exceed \$5,000.00.

Agenda Item No. 11: Renewal of Long-Term Disability for District Employees, Principal Group.

The Board recognized Mr. Starr who presented the renewal of long-term disability benefits from the Principal Group through Larry Blount & Associates, the insurance provider for the District. It was noted there was no change in the premiums from the previous fiscal year, and this coverage would really only be in place from June 1st until the end of the year as the District had requested through Mr. Blount that its long-term disability coverage be renewed at the same time as other District insurance coverages. Mr. Starr advised the Board they would work to meet that requirement. After discussion and upon motion duly made by Director Pitchford and seconded by Director Smith, the Board approved the renewal of the long-term disability for District employees based on the proposals submitted on behalf of Principal Group through Larry Blount & Associates.

Agenda Item No. 12: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who presented bank statements from BBVA Compass Bank and noted she had not received the statement from Wells Fargo. Ms. Belt then moved to a review of the accounts payable in the amount of \$292,263.91. Ms. Belt noted there were no unusual expenditures in the accounts payable. She then moved to a review of the budget to date showing a positive cash income for the month of \$149,497.50. Director Burk noted that this accompanied an almost \$100,000.00 cash income from the previous month. A brief discussion then followed between Ms. Belt, Mr. Starr and the Board noting that to date, the District had not seen any decrease in water consumption and water sales during the COVID-19 pandemic. The Board then moved to a review of the capital expenditures, and Ms. Belt noted there was a capital expenditure in the

amount of \$26,050.20 deemed primarily with the acquisition of facilities for the water production including auto flush grinder controllers measuring phosphate measuring equipment and auto flush hydrants. The Board then moved to a review of the 5-year to month average, and Ms. Belt again reviewed the revenues and expenses in the report and the overtime report. Mr. Starr noted the current plan of the District to start working in shifts in the office and remotely. Ms. Belt then moved to a review of the adjustments and stated the total was not correct and should have been \$3,427.12, and the major reimbursement was to Journey Community Church for a leak adjustment.

B. Presentation of Production Report and Operations Report. The Board then recognized Benny Lewis who provided the Board with its Production Report noting the District had two additional ammonia exceedances, one significant exceedance that thereby triggered an exceedance for the monthly average. The Board entered a lengthy discussion on the issues facing the District with the ammonia issues in the wastewater treatment plant. Mr. Lewis noted otherwise the samples for the water system were all good, and there were no lost time injuries. The Board then moved to a review of the overtime summary which was normal and then moved to consideration of the Production Report which also was noted as not having any abnormal changes. The Board then moved to a review of the charts and graphs showing the water billing, flushing and leakage unaccounted for. The Board moved to consideration of the pumpage report and the billing report followed by a review of the wastewater plant flow and the comparison of yearly rainfall averages. The Board also reviewed the customer usage profiles for 2014 through 2020 and the yearly average profile. The Board was then provided with a copy of the vehicle maintenance report which noted lower vehicles usage due to the changes due to operations during the COVID-19 pandemic. It was noted by Mr. Lewis and Mr. Starr this had given the District the opportunity to provide additional maintenance on its vehicles. The Board then reviewed to the

complaint log. There being no further questions, President Carter asked to return to a review of the April 2020 ammonia graph which had been provided in the Board packet.

Mr. Starr and Mr. Lewis noted that LJA Engineering had been engaged to help the District determine the manner by which the ammonia issue could be addressed. It was generally agreed that the detention time in the wastewater plant was too short to eliminate, and they were considering various options including the possible addition in outer chambers of the wastewater treatment plant of air to reduce the ammonia limits as it was thought that the outer chamber air flow was too low. Mr. Starr noted this would be a priority to try to work to ensure that the District did not continue with any significant problems in the future.

C. **Presentation of Important Dates.** The Board then recognized Mr. Starr as to important dates, and he stated the first matter would be to discuss that as noted previously in the meeting, the District's office was currently operating on a two shifts and no overtime except in emergencies, and the plan was to return to work on a regular basis beginning by June. Mr. Starr noted that part of his work in the last weeks had been to make preliminary review for presentation to the Board of its budget which would have to be adopted prior to the beginning of the fiscal year on July 1, and the Board would likely need to set a workshop session to discuss the budget prior to its regular meeting in June at which time the budget would be adopted. Mr. Starr stated that while it may not be completed prior to the adoption of the 2020-21 budget, the District needed to make a consciousness review of its rates and fees as it was determined that the current fees for certain services of the District was less or significantly less than the actual cost incurred by the District to perform such services.

Mr. Starr then moved to a report on the continuing issues with the air conditioning system in the building which was due in part to high humidity levels in the building. Mr. Starr stated he would be bringing to the Board a proposal for a rehabilitation or modification of the AC system in the office building. Mr. Starr also noted there was continued issues with the District's utility work

order and billing system, and the provider of these services had been sold, and all company personnel that had been working with the District in previous years were no longer with the current owner, and the District clearly had system integration issues with other components provided by this company for its complete utility work order billing system. Some of the issues Mr. Starr noted were clearly errors in the operating system and needed to be resolved, or the District may have to look at changing to a new system, but this also would be a project that would continue. President Carter did note that if the District was going to be faced with capital costs for its IT System or other costs for the office building or the wastewater treatment plant ammonia problem resolution, appropriate budget line items would be included as the District moved into the next fiscal year.

Mr. Starr then reminded that the District had a major project on Walton Road which would be ongoing this week. Mr. Starr then noted that the District was continuing to try to comply with its sanitary sewer system initiative through the TCEQ, and due to current issues, had moved to modify its submitted proposal for compliance to decrease the front end work, and much of this was due to the COVID-19 effect on District's ability to man the projects as previously planned.

Mr. Starr then reviewed his plan to have all the District's water storage tanks inspected and asked the Board to engage Dunham Engineering which had done exceptional work for the District in the past for these water tank inspections. Mr. Starr noted that in June, he would bring a proposal for an internet-based system used by other local jurisdictions to manage backflow prevention inspection data and compliance reporting by District customers having systems with backflow preventers. Mr. Starr noted there was going to be some additional work by the District and its legal counsel updating construction standards and sub-division policies including addressing some of the issues in the mobile home parks. This led to a consideration of recent issues with a mobile home park the District had referred to the TCEQ for possible enforcement action. Mr. Starr and Mr. Lewis reported that these matters were somewhat in advance due to

staffing issues of the TCEQ and the TPC explosion requiring most of their staff to spend time relative to those issues.

Mr. Starr closed with a notation that his 6-month period as Interim Manager had expired, and it was time for the Board to place on the agenda a review of his work. President Carter stated he would ask that this matter be placed on executive session for the June meeting.

Agenda Item No. 13: Public Comments. None.

Agenda Item No. 14: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, the accounts payable were approved for payment as presented.

Agenda Item No. 15: Adjournment. There being no further business, the meeting was adjourned at 7:50 p.m.



President of the Board

ATTEST



Secretary of the Board