

Approval of Minutes  
from  
January 18, 2021  
Board Meeting

**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, January 18, 2021, 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

David Desormeaux

Nick Carter

Roger Smith

Jimmy Burk

Also participating in the meeting via ZOOM Webinar were Robb Starr, Benny Lewis and Carla Belt as employees of the District, Toby Davis and representatives of LJA Engineering, James Gilley of U.S. Capital Advisors LLC and Guy 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 Director Smith and the pledge was led by President Carter.

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

Agenda Item No. 3: Minutes. The Minutes of the December 21, 2020 meeting were approved as presented.

Agenda Item No. 4: Capacity Approval – Heritage Highland Subdivision – 33 lots – Greentree Enterprise LLC, owner. The Board recognized a representative of LJA Engineering who advised the proposed project was west of Highway 69 near Riverburch Drive. He advised it would be served by a looped water system and a 30-inch gravity interceptor to an adjacent line. The LJA capacity study was reviewed and indicated the District had sufficient water production and transmission capacity to serve the project without raising TCEQ capacity issues. He also noted the wastewater

treatment plant was at 53% of permitted plant capacity, and the projected water pressure would be 59 PSI. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Smith, the Board provided capacity approval to Heritage Highlands Subdivision, 33 lots, Greentree Enterprise, LLC, owner.

**Agenda Item No. 5: Approval of Resolution 2021-1.** The Board reviewed the Resolution which the District Manager stated was TCEQ based and would provide some discretion to the Manager to waive the requirement for a capacity study for small commercial facilities requiring 1-inch or smaller water/ sewer lines and 4-inch or smaller sewer lines and compatible main line capacities. Questions followed from Director Burk on the capacity waiver procedure followed by comments from President Carter who asked that the matter be tabled so that he might work with the District Manager to revise and clarify the circumstances in which the waiver of a capacity study would be required. The Board agreed, and the matter was tabled until the next regular Board meeting.

**Agenda Item No. 6: Appointment of Lumberton Municipal Utility District Committees:**

- A. Investment Policy Committee**
- B. Audit Policy Committee**
- C. Sexual Harassment Policy Committee**
- D. Fraud Policy Committee**

It was noted that the members for all four committees were remaining the same. Upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board unanimously approved reconstitution of the committees with the current members.

**Agenda Item No. 7: Presentation and Review – Preliminary Bond Report – LJA Engineering.**

Legal counsel initiated a discussion per the request of the Board that the District’s planned wastewater system capital improvement project bond issue be deferred from May 1, 2021 to the general election on November 2, 2021. The Board then recognized Toby Davis who did a section by section overview of the Preliminary Bond Report which was premised on infilling of the District at a 2% growth rate. After reviewing the proposed capital projects, Mr. Davis noted that based on TCEQ criteria, the

District's plant considering the aeration requirements for its plant capacity was at 86% of capacity. Mr. Davis then reviewed the TCEQ 70%/90% rules and stated the District had met the requirements of the 70% rule in that it was under design for a capital project, and for the 90% rule of the TCEQ, the District should be under construction with the project once reaching 90% of capacity. The Board inquired and Mr. Davis again reviewed the proposed wastewater treatment plant improvements which would effectively double its current capacity and result in resizing of certain plant facilities, revising and modifying plant headworks, would redo the operation of clarifiers, orbitals and the digesters along with modifications to the chlorination and dichlorination of facilities. Mr. Davis noted a number of proposed improvements and modifications to the electrical system and the SCADA System. Finally, Mr. Davis noted funds had also been provided for the acquisition of additional buffer zones or other properties, and the Bond Report included cost of issuance of approximately \$1.9 million. Legal counsel noted that of this 2% of the face amount of the bonds, approximately \$1.4 million of the cost of issuance were related to the front fee which would be required if the District proceeded with its financing through the TWDB Clean Water State Revolving Fund. Questions followed concerning the present deficiencies in the District's system, and the report was concluded with a notation that the current configuration of improvements to both the wastewater treatment plant and the collection system was \$66.5 million. Director Burk asked that the report be updated whenever possible, and Director Smith asked if any of the project would involve green technology which might help lower future operating cost. Mr. Davis and Robb Starr responded that an updated report would be provided, and it would be determined if any green technology could be incorporated into the plant. Legal counsel then noted that the deferral in the possible bond issue election would not negatively affect current TCEQ regulatory compliance or impact the District's wastewater treatment plant permit. Legal counsel closed with a notation that the amount of funds provided in the cost of issuance also would allow for more than one delivery of bonds, if necessary, to segregate the project.

Agenda Item No. 8: November 2, 2021 Election Calendar – Guy Goodson. Legal counsel then presented the election calendar for November 2, 2021 and noted the last day for the calling of the bond election. President Carter then asked what the final date for the adoption of the Bond Report which legal counsel stated should be the regular meeting of the Board in July. Legal counsel also noted he would determine if the Board could call the election at its July meeting as there was a first date to call a general obligation (tax bond) election by a utility district.

Agenda Item No. 9: Approval to Establish Lumberton Municipal Utility District Bond Election Committees. The Board then discussed the manner by which to provide factual information to the District residents concerning a bond election, and comments were presented by legal counsel, the General Manager and President Carter. It was also noted that the Board may consider setting a bond issue committee of local interest groups and citizens to become familiar with the proposed project in order to address questions as to the bond election and provide information to respond to inquiries concerning the bond issue that may arise through social medial.

Agenda Item No. 10: Reimbursement – Robb Starr – District Manager – Zoom Video Communication. The Board approved the reimbursement to Robb Starr for Zoom Video Communication in the amount of \$115.48 upon motion duly made by Director Burk and seconded by Director Pitchford.

Agenda Item No. 11: Manager’s Report.

A. **Presentation of Financial Statement and Accounts Payable.** The Board recognized Carla Belt who reviewed the bank account balances at BBVA, Wells Fargo and the collateral pledge from Wells Fargo Bank. The Board then reviewed the accounts payable in the amount of \$296,236.05. Ms. Belt noted this included a \$16,000 payment for the Matthews manhole repair. Ms. Belt then reviewed the budget to date which showed revenues less than anticipated which was likely due to the manner by which the timing of billings in late 2020. It also was noted the accounts payable had increased slightly and another reason

for the client revenues may be the training of a new meter reader. Ms. Belt noted the District showed an income loss of \$34,692.78 for the month. The Board then reviewed the capital budget showing the purchase of the orbital paddles in the amount of \$36,308.93. Ms. Belt reviewed the 5-year to month averages and noted changes including the revenue changes for the fiscal years 2019 to the 2020-2021 year-to-date average. The Board then reviewed the overtime summary, and Ms. Belt advised of the adjustments to both customers and the District for the operation of its wastewater treatment plant. The Board then thanked Ms. Belt and then moved to a review of the Production Report.

**B. Presentation of Production Report and Operations Report.** The District Manager noted three exceedances for the month, one for a 2-hour peak permit limit and two ammonia exceedances. A brief discussion then followed on the exceedances. It was noted the sewer overtime was high due to the work the District undertook for the repair of the Matthews Road manhole and two additional manhole repairs. In the Production Report, it was noted from the previous year, the District had 296 customers for a 3.1 growth rate. He also noted the wastewater treatment plant volume of 67 million gallons. The monthly reports were then reviewed on customer profiles and system pumpage and production. The discussion was closed with a notation that Vehicle No. 2030 was out of service due to a blown hydraulic pump and was awaiting a replacement part.

**C. Presentation of Current Projects.**

1. **Proposed increase in minimum wage.** The Board recognized the District Manager who advised of two pending projects. One was a review of the District's wage/classification to ensure proper compliance which was anticipated on maybe a change in minimum wage laws.

2. **Application for Construction and Capacity Study.** Mr. Starr also reviewed the waiver of the capacity study requirement and the updated Construction Standards to match current TCEQ standards.

D. **Presentation of Directors' Reports.** The Board then recognized President Carter who indicated that in order to provide the Directors with the opportunity to provide comments concerning matters which they wished to address at future meetings, they had added a Directors' Reports section. President Carter asked, and no directors had any reports at this time.

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, the accounts payable were approved for payment as presented.

Agenda Item No. 14: Adjournment. There being no further business, the meeting was adjourned at 8:25 p.m.

  
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President of the Board

ATTEST

  
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Secretary of the Board