

Approval of Minutes from
June 21, 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, June 21, 2021, 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 Pitchford

David Desormeaux

Roger Smith

Jimmy Burk

Absent: Nick Carter

Also present were Robb Starr, Benny Lewis and Carla Belt as employees of the District, Jared Defrancis of LJA Engineering 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 and the prayer and the pledge were led by Vice President Smith.

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

Agenda Item No. 3: Minutes. The Minutes of May 24, 2021 were reviewed and approved as presented.

Agenda Item No. 4: Amended Capacity Approval – revised 9 lots to 12 lots – Tranquility Forest Phase II – Clint Baxxlee, owner. The Board recognized Mr. Starr who indicated certain mapping of the proposed revision to the Tranquility Forest Phase II Project, Clint Baxxlee, owner had not been provided, so the Board tabled consideration of this item.

Agenda Item No. 5: Capacity Approval – 8-unit Mobile Home Park – North Canal - Holder Cortes, LLC, owner. The Board recognized Jared Defrancis who presented the water and sewer

capacity study dated June 20, 2021 and the proposed development of the additional mobile home connections located on the east side of North Canal Lane and approximately 525 LF north of Peck Road. Mr. Defrancis reviewed the existing water, sanitary sewer and wastewater treatment plant facilities and the engineering recommendations and concluded the District had adequate water system for the sanitary sewer system facilities and wastewater treatment facilities to serve the proposed project. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board unanimously granted capacity approval for 8 units Mobile Home Park for North Canal, Holder Cortes, LLC, owner.

Agenda Item No. 6: Capacity and Construction Approval – Wendy’s – 518 South Main – HAZA Foods, owner. The Board again recognized Mr. Defrancis who presented the engineering water and sewer system capacity study dated June 2021 as to the project. Mr. Starr noted this project had been reviewed for capacity approval previously, but due to the date of that report, the report had been updated. After presentation of the LJA report and noting the District had adequate water, sanitary sewer collection and wastewater treatment plant facilities to serve the project, and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board gave unanimous capacity and construction approval to Wendy’s, 518 South Main, HAZA Foods, owner.

Agenda Item No. 7: Capacity and Construction Approval – 10 De Mayo Mexican Bar and Grill – 457 North LHS Drive – Luciano Manriquez, owner. Mr. Defrancis reviewed the existing water, sanitary sewer and wastewater collection and treatment facilities and noted the capacity availability had been calculated using the engineer’s computer-generated water system model. The Board was also advised of the proposed flows from the restaurant based on customer count meals per day, seating and gallons per customer. It was determined the lift station capacity would be at approximately 50% after the construction of the proposed restaurant. Mr. Defrancis concluded its water system, sanitary

sewer collection system and wastewater treatment plant had adequate capacity for the proposed restaurant development. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board unanimously gave capacity and construction approval to 10 De Mayo Mexican Bar and Grill, 457 North LHS Drive, Luciano Manriquez, owner.

Agenda Item No. 8: Resolution 2021-5, a Resolution to approve Amended District Investment

Policy. The Board recognized legal counsel who advised the District's Investment Policy had not had a comprehensive review since 2015. Legal counsel noted the amended Investment Policy included the same objectives as the previous Investment Policy which was preservation of capital, safety of District funds, maintenance of sufficient liquidity, maximization of return within acceptable risk constraints and the diversification of investments. Legal counsel also noted the investment strategies included investment suitability, preservation and safety of principal for District funds, liquidity, marketability prior to maturity of each investment, diversification and yield. Legal counsel further noted those investment strategies were in the order of priority. Legal counsel stated the authorized investments followed those which the District had previously utilized as well as including eligible investment pools although the District was not currently using such pools. Legal counsel reviewed the diversification by investment maturity as to the District's general fund, investment in the construction bond proceeds, and the interest and sinking funds. Legal counsel closed with noting that the collateralization followed the requirements of the Public Funds Collateral Act. A question followed as to the designation of the investment officers in Appendix A, and Carla Belt noted the committee consideration. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board unanimously approved Resolution 2021-5.

Agenda Item No. 9: Approval of 2021-2022 Proposed Lumberton Municipal Utility District

Budget. The District Manager reviewed the 2021-2022 budget summary providing for the cost of

living increase, noting the addition of certain personnel, requesting the acquisition of certain equipment for efficient operation, capital funds for enhanced water lines and fire hydrants as well as proposing replacement of submersible pumps and portable bypass pump. Additionally, the Manager's summary indicated the District would acquire additional technical and operation equipment to improve the efficiency of operations. Questions followed from the Board, and Director Desormeaux noted this was a more aggressive budget than the Board had seen in prior years and included approximately a 9.1% increase. The Board discussed the various revenue capital fund accounts as well as the budgeted operating disbursements, capital expenditures, road and debt service obligation and general tax bond obligations. After discussion, it was noted by the District Manager that in order to balance the budget, increases in both rates and fees would be occurring within the coming fiscal year. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously approved the 2021-2022 budget summary of revenue budget of \$8,807,350.00.

Agenda Item No. 10: Property located East of Lumberton Municipal Utility District Wastewater Treatment Plant. The Board recognized the District Manager who presented mapping showing a preliminary request which had been received from DR Horton Homes as to a proposed development east of the District's wastewater treatment plant. Mr. Starr reviewed a proposed development plan provided showing a total of 337 lots on the 109.8-acre tract of land. Mr. Starr noted on a separate drawing, the proposed alignment of a 150' stormwater outfall ditch crossing the District's property within the 500' buffer-zone for the wastewater treatment plant to allow the proposed development a route to a stormwater outfall point. A number of questions followed from the Board, and the District Manager indicated the proposed development plan, which did include some limited greenbelt area to the south, was a portion of the property and could inevitably lead to overcontrol problems due to the

absence of the area as currently found next to the wastewater treatment plant. It was noted this could lead to future odor control management and cost to the District. The District Manager indicated while he would meet with the representatives of DR Horton, he was disinclined to provide the requested stormwater easement across the District's property within its 500' buffer-zone in light of the opening up of the development of the property in the manner that would create additional operational cost for the District. Both the District Manager and legal counsel noted the property owner had options to seek a stormwater discharge route rather than across the District's property. The Board thanked the District Manager for his update on the property and concurred with his analysis.

Agenda Item No. 11: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who provided the Board with an update on the bank accounts and collateral pledges. Ms. Belt then reviewed the accounts payable showing in the check register as \$332,309.61. The Board reviewed the budget to date showing an operating income for the month of \$103,831.76. Ms. Belt then reviewed the May 2021 budget to date and noted certain expenses that included additional legal expenses related to the anticipated bond issue, additional cost related to PC software and technical support and other budgeted items. Questions followed, and the Board further reviewed the capital improvements and maintenance and repair of budgets. Ms. Belt closed with a review of the 5-year to month average report and the May 2021 customer relief funds.

B. Presentation of Production Report and Operations Report. The Board then recognized Mr. Lewis who provided the Production and Operations Report. Ms. Lewis noted there were 21 permit limit exceedances in May 2021, and a detailed graph of the wastewater treatment plant affluent and the permitted limits were provided. Mr. Lewis stated

this was the highest number of exceedances he had seen at the plant and was in some manner related to the high rainfall events and the concurrent and continuing inflow and infiltration problem within District wastewater collection facilities. It was also noted the District was having significantly more water pumpage per day than anticipated. The Board questioned the effect of local businesses which were high volume waste dischargers on the District's exceedance problems, and Mr. Lewis noted these facilities were to have onsite facilities to mitigate some of the issues. Mr. Lewis reported on a near miss in operation as District employees were in the process of lifting a pump which fell off a crane. The Board asked as to the circumstances which were reviewed and explained by Mr. Lewis. Mr. Lewis then reviewed the overtime comparison for office services which was significantly higher in the month of May and that the overtime was somewhat higher than normal for the year.

As to the Operations Report, Mr. Lewis noted the District had approximately a 14% unaccounted for water loss as shown on page 6, but Mr. Lewis asked the Board to review the 5 and 10-year average vs. current billing and noted certain matters relative to the timing of the billing and its effect on the apparent unaccounted for water. The Board was then provided with the monthly charts and graphs on water use, 5 and 10-year average vs. current pumping, yearly rainfall report, wastewater plant flow and the 2019-2021 WWTP ammonia rainfall flow followed by the customer usage and customer profile report. Mr. Lewis then noted that under the Vehicle Report, Vehicle 1014 had an unexpected repair in the month of May in the amount of \$2,952.67. The Board also reviewed the mileage and maintenance report and the complaint log.

C. Presentation of Current Projects.

1. **Public Forum – 2020 Consumer Confidence Report.** Mr. Starr reported the District needed to set a public hearing on its 2020 Consumer Confidence Report, and the Board agreed that the public forum would precede the July meeting and begin at 6:00 pm.

2. **New Assessed Values.** Mr. Starr noted the assessed values for the District had increased from \$1.31 billion to \$1.47 billion in part due to recent reappraisals.

3. **District Manager scheduled vacation.** Mr. Starr then noted his vacation during the first week of July.

D. **Presentation of Directors' Reports.** The Board spoke again of recently raised issues concerning drainage in the District.

Agenda Item No. 12: Public Comments. None.

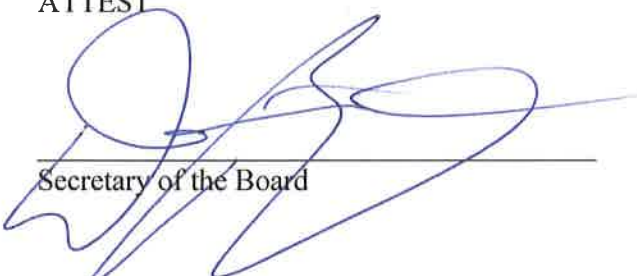
Agenda Item No. 13: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, the accounts payable were approved for payment as presented.

Agenda Item No. 14: Adjournment. There being no further business, the meeting was adjourned at 7:38 p.m.



President of the Board

ATTEST



Secretary of the Board