

**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 15, 2020, at 6:30 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

Roger Smith

David Desormeaux

Nick Carter

Jimmy Burk

Also present were Robb Starr, Benny Lewis and Carla Belt as employees of the District 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. The Minutes of May 18, 2020 were approved as presented.

Agenda Item No. 4: Final Approval – Riverbirch Phase II – Section II D – 19 lots – James Abshire, owner. The Board received a report from Robb Starr who indicated that James Abshire, the owner of Riverbirch Phase II, Section II D, 19 lots, had completed all subdivision requirements to receive final approval. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board gave final approval to Riverbirch Phase II, Section II D, 19 lots, James Abshire, owner.

Agenda Item No. 5: Approval of 2020-2021 Proposed District Budget. The Board recognized Mr. Starr who provided the District 2020-2021 proposed budget outlining operating revenues totaling \$8,078,825.00 and showing operating expenses of \$8,036,620.00. Mr. Starr noted in his presentation that

the budget included a 4% cost of living increase for District personnel. It also addressed certain capital purchases on projects that were outlined in the proposed budget. Questions followed from the Board on the proposed operating budget and the capital purchases on projects. Director Desormeaux noted that for the District to continue to move forward, the growth in the District might not be sufficient to address certain needs including the sewer plant upgrades and recently identified computer system issues. Mr. Starr responded these issues were under consideration and would require possible budget amendments within 3-4 months into the next fiscal year. Mr. Starr also noted that due to certain policy and standards changes, the Board might be requested to make certain fee increases and charges for services provided by the District. Mr. Starr indicated he could not determine at this time whether those fee increases once implemented and received would provide sufficient funding for all of the proposed system upgrades, but such improvements would be implemented over the upcoming and future fiscal years. Mr. Starr was also questioned about changes in the organizational chart by Director Burk, and Mr. Starr noted the changes were to streamline the service delivery to customers and contractors and to formalize what were practical current operating procedures. The Board then reviewed the balance of capital expenditures, maintenance and operating expenditures and the outline of the revenues and services. After discussion and upon motion duly made by Director Smith and seconded by Director Burk, the Board unanimously approved the 2020-2021 budget in the amount of \$8,036,620.00.

Agenda Item No. 6: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who presented the financial statements and accounts payable report. Ms. Belt began with a review of the bank accounts and noted the BBVA account in the packet was incorrect and provided the Board with a corrected copy. It was also noted that due to remote operations, they were still awaiting the receipt of the Wells Fargo Report which would be made available to the Board. The Board then moved to a review of the accounts payable in the amount of \$254,174.83. Questions then followed from Director Pitchford on the provider of timeclocks

to the District. Ms. Belt moved to a review of the budget year-to-date showing a monthly loss of \$42,880.10 and a capital budget expenditure of \$5,237.62. Ms. Belt then moved to the 5-year to month average report and closed with a review of the adjustment report. Director Burk noted that the District was to begin on July 1 with the reinstatement of the Board's disconnect policy. Mr. Burk asked that the District give consideration as many customers may still be affected by the results of the COVID-19 pandemic and may have issues with payments. Ms. Belt and Mr. Starr noted that the District would continue to offer payment plans to those affected residents who could not pay their past due service charges.

B. Presentation of Production Report and Operations Report. The Board then recognized Benny Lewis who noted the summary of District facility operations and injuries showed no issues. He noted on the prior weekend, a water well pump at the old office site had failed which had to be replaced and a clarifier had gone out at the plant which also required the District to repair and provide appropriate reporting. Mr. Lewis then reviewed the monthly production report which then was followed by the presentation of the charts & graphs on water production, water consumption and wastewater plant flows. Mr. Lewis also provided the ammonia report based upon recent excursions and followed with customer usage and customer profile reports. Mr. Lewis then noted a significant repair to the District's 2006 GMC crane truck requiring a repair in the amount of \$4,398.08. The Board was then provided with a log of calls.

C. Presentation of Important Dates. The Board then recognized Mr. Starr for his presentation of important dates and events. Mr. Starr began with updating the Board on the aeration issues at the District's wastewater treatment plant and a suggested proposal from LJA Engineers that would make certain air delivery system modifications. Mr. Starr stated it was too early to determine if this would address the problem completely but did note that there was optimism the plant operations were improving. Mr. Starr also noted that the District would be submitting to its customers the Consumer Confidence Report and advised he had been named to the Advisory

Committee in Hardin County filling a position previously held by Mr. Fussell. Mr. Starr also reported he had just received notification of a TCEQ virtual inspection of the sewer plant and advised the Board and Mr. Lewis of what TCEQ requested in the way of documentation and photographs in preparation for the virtual inspection. Mr. Starr also noted that in regard to the TCEQ, he had spoken with Mr. Hebert who acknowledged no significant actions had been taken in the past months as to the trailer park issue and sewer effluent brought to the attention of the TCEQ by the District. Mr. Starr noted that based upon his conversations with the TCEQ, action was anticipated by the TCEQ and the Office of the Attorney General later in the month. In closing, Mr. Starr noted that based upon this, the District's plans were to completely and fully open the District's lobby and office facilities as of July 1. The Board thanked Mr. Starr for his report.

Agenda Item No. 7: Public Comments. None.

Agenda Item No. 8: Reimbursement – Robb Starr – Interim District Manager – Zoom Video Communication. The Board received a request from Mr. Starr for reimbursement for Zoom video communication. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board authorized the reimbursement to Mr. Starr in the amount of \$57.74.

Agenda Item No. 9: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the accounts payable were approved for payment as presented.

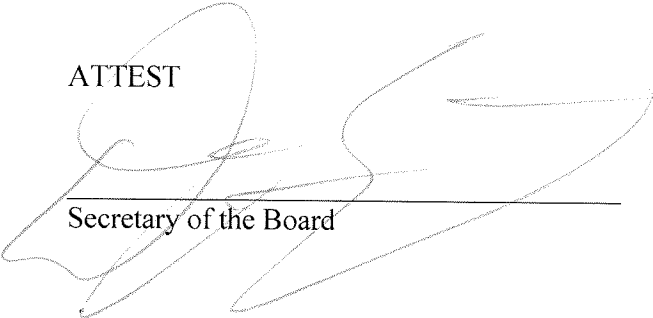
Agenda Item No. 10: Executive Session. The Board moved into executive session at 7:07 p.m. under §551.074 of the Texas Government Code for the evaluation of the District Manager.

Agenda Item No. 11: Action of Executive Session. The Board reconvened from executive session at 7:58 p.m. President Carter noted that based upon the evaluation by the Board, Mr. Starr had been designated as the District Manager and was no longer considered in an interim position. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board noted the appointment of Mr. Starr as the District Manager at an annual compensation of \$115,000 and to be


provided a car allowance as provided to the prior District Manager with the compensation and vehicle reimbursement to be effective July 1, 2020.

Agenda Item No. 12: Adjournment. There being no further business, the meeting was adjourned at 8:00 p.m.

ATTEST



Secretary of the Board



President of the Board