

Approval of Minutes from  
January 23, 2023  
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 23, 2023, 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

Jimmy Burk

Nick Carter

David Desormeaux

Roger Smith

Also present were Robb Starr, Carla McGallion, Mike Tywater, Benny Lewis and BJ Lee-Lewis as employees of the District, Toby Davis, Jared Defrancis and Tim Ashcroft of LJA Engineering, representatives of Education First Federal Credit Union 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 where 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 from November 21, 2022 Board Meeting. The Minutes of November 21, 2022 were approved as presented.

Agenda Item No. 4: Minutes from December 19, 2022 Board Meeting. The Minutes of December 19, 2022 were approved as presented.

Agenda Item No. 5: Capacity Approval – Pica Investment, LLP – 916 lot – Keith Road. The Board recognized Jared Defrancis who presented the PICA Investment Venture, LLP (916 lots on

Keith Road & Audubon Drive) water and sewer system capacity study dated January 2023. Mr. Defrancis began with a review of the site location and the design criteria for the water and sanitary sewer facilities, the existing water system facilities and sanitary sewer collection facilities to provide service to the areas of the proposed development. After reviewing the existing facilities for water and sanitary sewer, Mr. Defrancis noted the District had adequate water well and storage capacity to meet TCEQ requirements and provide for the proposed development along Keith Road and Audubon Drive, but would require the installation of approximately 12,500 linear feet of 12-inch water line to be constructed along Callahan Lane to connect the proposed development to the existing 12-inch waterline on FM 421 creating a loop system and improving the water capacity in the area of the proposed development. Mr. Defrancis also noted the sanitary sewer collection system flow rates and the 8-inch sanitary sewer gravity line on Keith Road had capacity when fully flowing, but does not have capacity to serve the proposed development, nor does the Keith Road Lift Station have adequate pumping capacity to serve the proposed development. It was noted the developer would need to construct a new lift station and force main for the proposed development that would convey sanitary sewer flows to the District's wastewater treatment plant. In closing, Mr. Defrancis noted the wastewater treatment plant was operating at approximately 50% of approved capacity, and the addition of this development would not totally affect the expected use of the wastewater treatment plant. Following the presentation, questions followed from the Board to Mr. Defrancis and the District Manager, and it was noted their developer had not indicated a present intent to undertake the development but was awaiting for the determination of requirements for water and sewer system capital improvements. The Board moved and tabled consideration of this agenda item for future consideration.

**Agenda Item No. 6: Capacity and Out of District Approval – Tri-Con, Inc. – Exxpress Mart #5 – 1456 Highway 69 South.** Mr. Defrancis presented the capacity study dated January 2023 noting the location and design requirements for the water and sanitary sewer facilities. Mr. Defrancis reviewed the existing water system, sanitary sewer system and wastewater treatment facilities and provided the LJA recommendation that the District had adequate water well and storage capacity to provide service to the commercial connection but would need to construct approximately 1,250 linear feet of waterline along the west side of U.S. Highway 69 from Paula Road to provide service. The extension of the waterline as proposed would allow service to the commercial connection without having a significant impact on pressures within the District’s water distribution system. As to the District’s sanitary sewer collection system, it was recommended that the developer construct a sanitary sewer grinder pump station and approximately 1,250 linear feet of force main to provide sanitary sewer from the proposed Exxpress Mart #5 to tie into the 4-inch sanitary sewer force main at the intersection of U.S. Highway 69 and Paula Road. After review of the location of the project and confirmation this was outside of the District but within the District’s recently amended Certificate of Convenience & Necessity and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board provided capacity and out of district service to Tri-Con, Inc. for Exxpress Mart #5, 1456 Highway 69 South.

**Agenda Item No. 7: Capacity and Construction Approval – Education First Federal Credit Union – 199 South LHS Drive.** The Board recognized Mr. Defrancis who presented the water and sewer system capacity study for Education First Federal Credit Union. Mr. Defrancis reviewed the location and design requirements for the water and sanitary sewer system facilities to serve the proposed commercial connection and noted the District had special water system facilities, sanitary sewer collection facilities including the existing Worldwide Lift Station to serve the development. It

was noted that one commercial connection would not have expected impact on increasing wastewater treatment plant current use. After review and upon motion duly made by Director Desormeaux and seconded by Director Smith, the Board provided capacity and construction approval to Education First Federal Credit Union, 199 South LHS Drive.

Agenda Item No. 8: Capacity and Construction Approval – 2 Commercial Properties – Costorde LLC, Hwy 421 & South LHS. The Board recognized Mr. Defrancis who provided the map of the proposed Chick-Fil-A location along with the possible additional commercial site. Questions then followed reviewing the site map for the proposed Chick-Fil-A restaurant and adjacent building, and Mr. Starr noted there was no designated tenant for the second commercial connection but such connection would be brought back to the District when usage was determined. Mr. Defrancis reviewed the water and sanitary sewer facilities to serve the proposed area and noted the District had adequate water well and storage capacity to meet the proposed connections, and it was anticipated that the existing 3-inch waterline on the south side of FM 421 and the existing 8-inch waterline on the east side of U.S. Highway 69 would provide adequate water service to the commercial connections without having any significant impact on the water pressures within the water distribution system. A review of the expected flows generated from these commercial connections was also made, and it was anticipated the flow from this development was within Lift Station 36 capacity or 30 gallons per minute and would be at 55% of its design capacity providing adequate capacity for future development. In conclusion, LJA indicated the District had adequate water system facilities, sanitary sewer collection facilities and wastewater treatment plant facilities to serve the project. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board provided capacity and construction approval to two commercial properties, Costorde LLC, Hwy 421 and South LHS Drive.

Agenda Item No. 9: Presentation by Engineers – Wastewater Plant and Collection System Improvements Update – LJA Engineering. The Board recognized Mr. Defrancis who presented the LJA Engineering Report for January 23, 2023 reviewing the wastewater treatment plant rehabilitation project noting the environmental hearing requesting public participation had been held at 5:00 p.m. preceding the Board meeting. Mr. Defrancis noted the plans and budget had been presented to District staff on December 15, 2022, and LJA Engineering was working towards the 60% plans and budget. Mr. Defrancis noted the TCEQ Wastewater Discharge Amended Application had been submitted, the TCEQ had suggested a lower BOD limit, so LJA Engineering had obtained additional discharge stream data for the TCEQ modeling to support the higher BOD limit and LJA Engineering was awaiting on a response from the TCEQ as to the additional data submitted. Mr. Defrancis noted the TWDB Engineering Feasibility Report (“EFR”) and Environmental Information Document (“EID”) were in process, and the draft EID had been advertised in the local newspaper and the public hearing held. The EID approval was expected by May 2023, and the EFR completed by mid-February for submission to the TWDB. Other completed items and progress items on non-wastewater treatment plant were discussed, and the Board thanked Mr. Defrancis for his update.

Agenda Item No. 10: Approval Utility Easement Amendment – 309 North LHS Drive – BCS Capital Group. Legal counsel noted the amendment was simply to clarify the specific location of the District’s easement which was left somewhat undetermined in the initial easement granted by the former owner, Stanley Orr, by the Utility Easement provided to the District in 2001. After review and discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board unanimously approved the Amendment to Utility Easement as requested by BCS Capital Group.

**Agenda Item No. 11: Approval of 0.7339 – Acre Sanitary easement – 1.724 – Acre Force Main easement – 4.9291 – Acre LISD Force Main Easement – Longleaf for B-E Development, Inc.**

The Board recognized Garret Duhon of B-E Development, Inc. who presented the 0.7339 acre sanitary sewer easement, the 1.724 acre force main easement and the 4.9291 acre LISD force main easement on behalf of the Longleaf Project. Each were reviewed, and legal counsel noted the documents presented were temporary in that to the extent the easements were subsequently placed on a final recorded plat, the easements would be located per the plat and these easements presented for approval to the Board would automatically terminate. After review and upon motion duly made by Director Smith and seconded by Director Desormeaux, the sanitary sewer force main and force main easement presented by B-E Development, Inc. were approved as presented and authorized for execution.

**Agenda Item No. 12: Presentation by Developer/Engineers – Pay Estimates – Longleaf for B-E Development, Inc.** The Board recognized Garret Duhon who presented the pay estimates and updates on the Longleaf projects.

**Agenda Item No. 13: Presentation by Developer/Engineers – Change Order – Longleaf for B-E Development, Inc.** The Board recognized Garret Duhon who presented Change Order No. 1 and Change Order No. 2 to the project along with explanations for the change orders, and thanked Mr. Duhon for his presentations.

**Agenda Item No. 14: Approval of an Order Adopting the International Plumbing Code 2021 Edition.** The Board recognized Robb Starr who indicated the District had previously adopted the international plumbing code which had been amended with the most recent 2021 addition. Mr. Starr reviewed the Order which included the noted sections of the District's construction standards to those conforming to the present International Plumbing Code. After presentation and upon motion duly

made by Director Burk and seconded by Director Pitchford, the Board unanimously approved the Order Adopting the International Plumbing Code 2021 Edition.

Agenda Item No. 15: Review of the Cost of Capacity Studies. The Board recognized Robb Starr who presented a schedule of the District's capacity log showing projects, application dates and the cost for each capacity study noting the average cost of the commercial and residential fee for applications was just over \$775.00. The District presently charges \$300.00 application fee, so the District is requesting the developers to make a \$1,200.00 deposit for the District to have its engineers under a capacity approval. Questions followed and after discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board approved a capacity study deposit of \$1,200.00 for the application fee. It was noted that if the capacity study fees were less than the deposit, the District would reimburse the developer, and if the capacity study cost exceeded the deposit, the developer would be required to pay the remaining capacity study cost upon receipt of the study.

Agenda Item No. 16: Appointment of Lumberton Municipal Utility District Committees. It was recommended by President Carter this matter be tabled to give the Board an opportunity to more fully review the existing committees and determine if they wished for reappointment to each of the committees.

- A. Investment Policy Committee. This item was tabled.
- B. Audit Policy Committee. This item was tabled.
- C. Sexual Harassment Policy Committee. This item was tabled.
- D. Fraud Policy Committee. This item was tabled.

Agenda Item No. 17: Manager's Report.



**A. Presentation of Financial Statement and Accounts Payable.** The Board recognized Carla McGallion who presented the bank statements for PNC Bank and Wells Fargo Bank. A question was raised on the bank depositories, and it was noted the only funds at PNC Bank were bond reserve funds. Ms. McGallion then noted the District had on deposit \$34,358,845.25 at Wells Fargo Bank and presented the pledge from the bank in the amount of \$65,120,625.00. Ms. McGallion noted the monthly deposit for the District's 2017-2018 Interest & Sinking Fund as well as the 2012-2020 Interest & Sinking Fund. The Board reviewed the accounts payable in the amount of \$399,659.02 and the budget year-to-date showing total revenues of \$604,868.97 and disbursements in the amount of \$646,124.00 for a net income loss of \$41,255.03. The capital budget was also reviewed as well as the 5-year to month average, the overtime summary showing higher than normal overtime for the month followed by the customer adjustments in the amount of \$2,080.06. Ms. McGallion closed with a review of the financial graphs and charts including the allocation of wastewater treatment plant bond proceeds and usages along with the District's historic cash and investment balances and revenue expenses year-to-date vs. budget. The Board thanked Ms. McGallion for her presentation and then moved to a review of the production and operations report.

**B. Presentation of Production Report and Operations Report.** The Board recognized Benny Lewis who indicated that due to the extreme rainfall events, the District had one 2-hour flow exceedances at the wastewater treatment plant. Mr. Lewis then noted no time loss due to a vehicle accident involving a District truck at the intersection of Walton Road and Highway 69. Mr. Lewis noted an 8-inch waterline had been damaged and was repaired. Mr. Lewis then noted due to request by customers to turn off and reestablish service

during the extreme weather events, the District's overtime was higher than normal. Mr. Lewis also reported that two lift stations went down briefly due to power supply issues. After review of the operations report and the overtime summary, Mr. Lewis presented the monthly production report followed by the charts and graphs as to wastewater system operation pumpage along with the wastewater plant flow analysis and performance markers. Mr. Lewis concluded with a presentation of charts and graphs on customer usage and customer profile. The vehicle maintenance and mileage report along with the complaint log was also presented for the Board's consideration.

**C. Presentation of Current Projects.**

1. **Notice Regarding Extreme Weather Events.** Mr. Starr advised the District was posting for the requirements of the PUCT information on customer requests for assistance with utility cost billings during extreme weather events. Mr. Starr indicated the District was already meeting or exceeding the requirements outlined in the Notice to Customers.

2. **TCEQ Exit Interview.** Mr. Starr then presented the TCEQ Exit Interview Form from the inspection held on January 13, 2023. Mr. Starr noted that each of the recommended corrected action items had been completed or was in process of completion.

3. **Meter Change Out Plan.** Mr. Starr noted the District was still proceeding with its plan to increase purchase of meters in its meter changeout project and had received a portion of the meters ordered in October 2022.

4. **Uniform Service.** Mr. Starr noted the District had and would be cancelling its uniform service contract and rebidding with the intention of replacing the uniforms for the 24 employees. The Board concurred the District should take all steps

necessary to terminate the existing uniform service contract and rebid with an alternative provider.

**D. Presentation of Directors' Reports.** None.

Agenda Item No. 18: Public Comments. The Board recognized Toby Davis who advised he would be leaving LJA Engineering to accept a position at Drainage District No. 7. Mr. Davis thanked the Board for the opportunity to work with the District for decades and for all of the opportunities provided to him at LJA Engineering and its predecessors. The Board thanked Mr. Davis for his service to the District and wished him the best on his new position.


Agenda Item No. 19: 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. 20: Adjournment. There being no further business, the meeting was adjourned at 8:00 p.m.



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President of the Board

ATTEST



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Secretary of the Board