

Approval of Minutes from
May 15, 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, May 15, 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 and Benny Lewis as employees of the District, Jared Defrancis and Tim Ashcroft 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 where the prayer was led by Director Pitchford and pledge was led by President Carter.

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

Agenda Item No. 3: **Minutes.** The Minutes of April 24, 2023 were approved as presented.

Agenda Item No. 4: **Presentation by Engineers – Wastewater Plant and Collection System Improvements Update – LJA Engineering.** The Board recognized Jared Defrancis who presented the project status report for the wastewater treatment expansion and the sanitary sewer collection system projects. Mr. Defrancis noted on the wastewater treatment plant project that the 60% cost estimate had been revised based on discussions with the District noting no change in the summary of opinion of probable construction cost but reallocating \$2,000,000 from land acquisition to

construction cost with the estimated construction cost of \$60,233,154.00 or a difference of \$2,000,000.00 from the prior estimate. Mr. Defrancis reviewed the decrease in the contingency to reflect changes in the cut and field quantities, metal cover cost demolition, electrical cost and miscellaneous equipment cost. Questions followed, and Mr. Defrancis noted the estimate had been revised and certain demolition was removed as not necessary in order to complete the project as the site plan had been revised. Mr. Defrancis noted a new site plan would be provided at the June Board meeting and included shifting the onsite lift station closer to the clarifier with anticipated savings of approximately \$500,000. Mr. Defrancis stated there had been no changes to the project schedule and closed on the wastewater treatment plant expansion noting they were still awaiting TCEQ review of the permit on the collection system improvements. Mr. Defrancis noted the design of the manhole replacement project at Matthews Lane and U.S. Highway 96 was 75% complete and hoped to have plans and specs before the end of the month. Mr. Defrancis closed the report by noting there were no other changes to the projects.

Agenda Item No. 5: Presentation of Proposed Revisions to District Construction Standards. The Board recognized legal counsel who presented the procedures for development of subdivisions with a proposed amendment date to provide clarity and updates of previous Board actions on procedures to obtain utility service capacity and for requesting and paying for same. Legal counsel noted there were three procedures to be considered by developer if the District advised following the capacity study that it did not have the capacity in the water distribution system or the sanitary sewage collection system to provide service to a developer at the proposed development/sub-division location. Legal counsel noted the developer would have the following three alternatives:

1. The developer after being advised of the inability by the District to provide water distribution for sanitary sewer collection facilities may extend such facilities within public

dedicated right-of-ways as provided in the Water & Sewer Construction Standards. Further, without payment by cost sharing, reimbursement by the District or a number to the developer could request at its own expense and subject to installation of water and/or sanitary sewer improvements using District directed competitively bid improvements and request that the District consider approving a reimbursement agreement, whereby, the District may reimburse the developer for some part or all of the water or sewer system improvements for the future bond issue of the District.

2. The developer may request and the District may authorize the installation on part or all of the development/subdivision of onsite water and wastewater systems to be installed pursuant to any and all state and local jurisdiction regulations. A lengthy discussion followed on the proposed improvements and after discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board approved the revisions to the District's Standards for Water & Sewer Construction as presented.

Agenda Item No. 6: **Authorize District Manager to sign for Tax Refund.** The Board received a presentation and reviewed materials provided by the District Manager advising of the request for tax refunds. The District Manager noted some of this was derived from the first tax rate increase, and it now pushed some requests over the \$500 limit, which required the District to approve and execute the tax refund. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Smith, the Board authorized the execution of the tax refunds as requested.

Agenda Item No. 7: **Manager's Report.**

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla McGallion who reviewed the bank balances and collateral information provided by PNC Bank showing total balances of \$689,693.53 and collateral pledges to cover

the funds on deposit. The Board then reviewed the accounts payable, and questions followed from the Board. Ms. McGallion noted the payments for the month were in the amount of \$326,953.34. She noted, as this would be outlined in her report, the overtime for the month was higher than normal. Ms. McGallion then reviewed the budget year-to-date showing revenues in the amount of \$500,957.01 and disbursements in the amount of \$671,224.81 for a monthly net operating loss of \$170,267.80. The Board then reviewed the capital improvement budget year-to-date showing approximately \$12,000 of parts for the wastewater treatment plant and \$9,900.00 for the wastewater collection system metal covers for a total capital budget for the month of \$22,108.28. The Board then reviewed the charts and graphs showing the 5-year to month average, the overtime summary noting total overtime for the month of \$7,649.94. The Board then reviewed the customer account adjustments and followed with a review of the financial charts and graphs. Ms. McGallion reviewed the table of the wastewater treatment plant and collection system improvement grant proceeds, the historic cash investment balance, revenue and expenses year-to-date charts along with the service revenues vs. total revenues. The Board thanked Ms. McGallion for her report.

B. Presentation of Production Report and Operations Report. The Board recognized Benny Lewis who noted the higher than normal overtime due to developer sewer taps. Mr. Lewis reviewed the plant operations monthly summary showing one exceedance for ammonia and no accidents or significant events. Mr. Lewis then noted the District's water loss was back in line at a negative 4%. Mr. Lewis then presented the monthly charts and graphs system operations, system billing and pumpage, the rainfall events and closed with the review of customer usage and profiles. Mr. Lewis also presented the vehicle maintenance and mileage reports and the complaint log.

C. Presentation of Current Projects.

1. Estimate of 2023 Taxable Value. The Board recognized Mr. Starr who advised that as stated earlier in the tax adjustments, the District had received its estimated 2023 taxable value as \$1,604,262,873.00. Mr. Starr answered questions from the Board and noted that the complaint log had shown a significant drop in customer complaints over water quality. The Board then thanked Mr. Starr.

D. Presentation of Directors' Reports. None.

Agenda Item No. 8: Public Comments. Members of the staff thanked the Board.

Agenda Item No. 9: 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. 10: Adjournment. There being no further business, the meeting was adjourned at 7:44 p.m.



President of the Board

ATTEST



Secretary of the Board
VICE PRESIDENT