

Approval of Minutes from
March 21, 2022
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, March 21, 2022, 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 Desormeaux

Roger Smith

Jimmy Burk

David Pitchford

Nick Carter

Also present were Robb Starr, Benny Lewis and Carla Belt as well as other employees of the District, Jared Defrancis of LJA Engineering, Scott Leach, Kevin Boykin, Clint Baxley as developers 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 and pledge were both led by President Carter.

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

Agenda Item No. 3: Minutes from February 21, 2022 Board Meeting. The meeting Minutes of February 21, 2022 were reviewed and approved as presented upon motion duly made and seconded.

Agenda Item No. 4: Capacity and Construction Approval – Inkspot Prints and Graphics – 4660 Hwy 69 South, 1-5 units – Scott Leach, owner. The Board recognized Jared Defrancis who provided mapping showing the proposed location of Inkspot Prints and Graphics together with a diagram of the proposed 5 units. Mr. Defrancis presented the LJA water and sewer capacity study for March 2022, reviewed District facilities and concluded that the existing water distribution system

had sufficient capacity to provide for the five commercial connections and remain within TCEQ design criteria. It was noted the developer would be required to construct approximately 450 linear feet of a 6" water line south to the intersection of U.S. Highway 69 at Cooks Lake Road and approximately 380 linear feet of a 6" sanitary sewer gravity line to the southeast corner of U.S. Highway 69 at Cooks Lake Road. Mr. Defrancis stated the District had sufficient wastewater treatment capacity as well. Questions followed from Director Desormeaux on the proposed Inkspot Prints and Graphics which was responded by Scott Leach and Director Pitchford. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board unanimously provided capacity and construction approval to Inkspot Prints and Graphics subject to the extension of water and sewer facilities at the cost of the developer.

Agenda Item No. 5: Construction Approval – Longleaf Development Phase 1 Section A-B, 110

lots. The Board received a presentation from Robb Starr who provided a location for the proposed development and detailed information concerning the infrastructure proposed for development. Director Desormeaux asked if the District would be reviewing and approving materials for water and sewer service as well as inspecting facilities. Mr. Starr indicated the District's Subdivision Regulations required the procurement and installation of designated materials by developer, and the Board would review and approve those along with other submissions by the developer. After discussion and upon motion duly made by Director Smith and seconded by Director Pitchford, the Board provided construction approval to Longleaf Development Phase 1 Section A-B, 110 lots with it being noted that capacity approval was previously provided.

Agenda Item No. 6: Final Approval – Copper Point Phase VII (7) – 28 lots – Kevin Boykin,

owner. The Board recognized the District Manager who provided information acknowledging all of the administrative requirements for the development had been met. After discussion and upon motion

duly made by Director Pitchford and seconded by Director Burk, the Board provided final approval to Copper Point Phase VII (7), 28 lots, Kevin Boykin, owner.

Agenda Item No. 7: Final Approval – Tranquility Forest Phase II – 12 lots- Clint Baxlee, owner.

The Board recognized the District Manager who stated all of the administrative requirements for the development had been met. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board provided final approval to Tranquility Forest Phase II, 12 lots, Clint Baxlee, owner.

Agenda Item No. 8: Certification of Unopposed Status of Director Candidates for May 7, 2022

Election. The Board recognized legal counsel who indicated agenda items 8 and 9 were provided in order for the Secretary to provide Certification as to the Unopposed Status of Director Candidates for the May 7, 2022 election. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Smith, the Board acknowledged receipt and approval of the Certification of Unopposed Status of Director Candidates for the May 7, 2022 Election. The Board action passed unanimously.

Agenda Item No. 9: Resolution No. 2022-04, Order as to Unopposed Status of Director Candidates for May 7, 2022 Directors Election as prescribed by the Secretary of State, §2.51-2.053 of the Texas Election Code . The Board recognized legal counsel who stated this action was necessary, and after approval by the Board, a copy of the Resolution should be posted on the District's website and would be posted on election day at the District's offices. Robb Starr and BJ Lewis also noted the County has requested a copy of the Resolution once approved. After discussion and upon motion duly made by Director Smith and seconded by Director Desormeaux, the Board unanimously approved Resolution No. 2022-04.

Agenda Item No. 10: Resolution No. 2022-05 – Authorize Electronic Bidding for Longleaf

Development. The Board recognized legal counsel who indicated he and the District Manager had completed a call with consultants for Longleaf Development which included a request that the District provide under Chapter 49 of the Water Code allowing electronic bidding for the defined area construction projects. A lengthy discussion followed reviewing the prior Development Agreement executed with the developer for the defined area. It was acknowledged the developer and its legal counsel would undertake the preparation and satisfy bidding requirements for all capital projects in the defined area to be subsequently requested for reimbursement through the Texas Commission on Environmental Quality. Mr. Starr noted due to the fact the developer would be soliciting approval for reimbursement in a future bond issue, TCEQ, in addition to the District, would have inspectors on the water and sewer projects undertaken and completed. A review of the rules for electronic bidding as proposed under Resolution 2022-05 were reviewed. After further discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously approved Resolution 2022-05.

Agenda Item No. 11: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who presented the bank statements from PNC Bank and Wells Fargo together with the pledged collateral for deposits at each of the depositories. Ms. Belt then reviewed the accounts payable in the amount of \$433,339.88 followed by a review of the budget year-to-date showing a monthly operating loss of \$59,559.16. Ms. Belt also reviewed the capital budget year-to-date showing an expenditure of \$20,620.00 including acquisition of a chemical pump. Ms. Belt then reviewed the 5-year to month averages, the overtime report and noted billing adjustments to customers in the amount of \$2,856.44. Ms. Belt presented

graphic information concerning historic District revenues and expenses. The Board thanked Ms. Belt for her presentation.

B. Presentation of Production Report and Operations Report. The Board recognized Mr. Lewis who reviewed the Monthly Operating Report showing 17 wastewater treatment facility excursions including 14 as to ammonia, two daily exceedances to E-Coli and one monthly average exceedance as to TSS. Mr. Lewis noted the exceedances were related to continuing issues with failures of the gear box at the wastewater treatment plant and the possibility of having to remanufacture the gear box. Mr. Lewis then discussed the near misses indicating the first being damage to a District vehicle that was backed into by a resident of the District. It was noted the resident lacked both insurance and a valid driver's license. Mr. Lewis then discussed the second near miss which involved a crew that was performing work on District facilities and encountered an improperly located electrical service line which resulted in sparking of the line once severed, but there were no personal injuries or other property damage. Mr. Starr indicated the absence of proper location of electrical services was a continuing problem for District personnel operating in the field. Mr. Lewis noted the District had a higher than normal overtime rate, and a number of the hours were related to the handling of the District's offices. A discussion followed concerning the operation of the District's facility, and a report was provided by BJ Lewis who indicated she would provide supplemental information to the Board on the prior and upcoming use of the Board Room for community and private functions.

The Board reviewed the Production Report and the vehicle mileage and maintenance report. The Board was also provided with copies of the monthly review of water production usage and billing and customer profiles and usage. Mr. Lewis noted there were a high number

of dirty water complaints, and this was brought to the attention of the Board at the February Board meeting. The Board thanked Mr. Lewis for his report and recognized Mr. Starr.

C. Presentation of Current Projects.

1. Room Rental Rates and Policy. Mr. Starr further discussed the overtime rates as to the room rental rate of the Board room and advised he would prepare an analysis of operating cost.

2. Damaged Sewer Line on Matthews. Mr. Sarr then reviewed the damage to the sewer line on Matthews Road and the required repairs. Mr. Starr advised he had clarified to third parties involved with the damage to the District line of the improper encroachment into the District dedicated and recorded right-of-way. Mr. Starr indicated they would continue to pursue and ensure the third parties who damaged facilities pay for any cost associated with repairs.

3. East Texas Regional Water Planning Group Appointment. Mr. Starr finally noted he had been asked to provide a leadership position in the East Texas Water Planning Group. President Carter noted the value of the Regional Planning Group to the District but advised that Mr. Starr should consider the level of his participation at the time the District had a number of projects underway. The Board thanked Mr. Starr for his presentation.

D. Presentation of Directors' Reports. No action.

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.

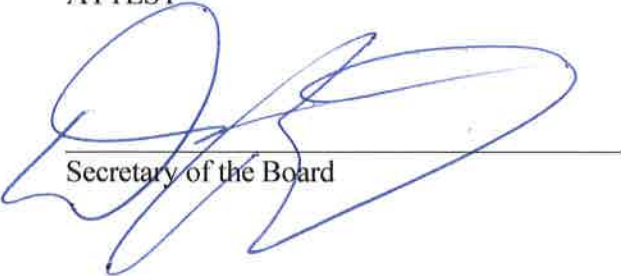
Agenda Item No. 14: Adjournment. There being no further business, the meeting was adjourned at

7:30 p.m.



President of the Board

ATTEST



Secretary of the Board