

Approval of Minutes from
October 18, 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, October 18, 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 Desormeaux

Roger Smith

Nick Carter

Absent: Jimmy Burk

Absent: David Pitchford

Also present were Robb Starr, Benny Lewis and Carla Belt as employees of the District, Jared Defrancis of LJA Engineering, April Mills of Larry Blount & Associates 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 Vice President Smith, and the pledge was led by President Carter.

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

Agenda Item No. 3: Minutes. The meeting Minutes of September 20, 2021 were reviewed and approved as presented.

Agenda Item No. 4: Capacity Approval – 21 lots on Keith Road – South Lumland, LLC, owner. The Board recognized Jared Defrancis who presented the South Lumland, LLC water and sewer system capacity study dated October 15, 2021. Mr. Defrancis provided mapping showing the location of the proposed lots on Keith Road and reviewed the proposed development and the existing District water and sanitary sewer collection and treatment facilities. Mr. Defrancis noted the District had

adequate water well and storage capacity to meet TCEQ criteria for the existing connections and for further development including that proposed by South Lumland, LLC. It was noted the existing waterline on the north side of Keith Road would provide water service and not have a diminishment of water pressure. Mr. Defrancis reviewed site proximity to Water Well #1 and Water Well #3 and additional information as to the development along Keith Road and the development along Baldwin Court. In conclusion, the LJA Engineering Report provided the District's water system, sanitary sewer collection system and wastewater treatment plant had adequate capacity for the proposed development. After discussion and upon motion duly made by Director Desormeaux and seconded by Vice President Smith, the Board granted capacity approval for 21 lots on Keith Road, South Lumland, LLC owner.

Agenda Item No. 5: Renewal of District Employees Health Insurance. The Board recognized April Mills who reviewed the District's current Blue Cross medical plan (G654CHC). Ms. Mills noted the current plan was no longer going to be provided by Blue Cross and was being moved to an alternate renewal plan with the same plan number, but with changes particularly in doctor co-pay, maximum out-of-pocket expenditures resulting in a 4.5% increase or an increase of \$1,481.14/month and an annual difference of \$17,773.63. Ms. Mills also presented two other Blue Cross plans, one which had improved medical plan benefits and another plan with a smaller increase in premiums, but with higher deductibles and co-pays. Vice President Smith made a motion for the Board to accept the improved benefit package under Plan P621CHC, and Director Desormeaux seconded the motion for purposes of discussion. A lengthy discussion followed as to the size of the plan and how long it would be able to maintain coverage under the particular level of multi-employee plan offered by Blue Cross. President Carter noted while the plan under consideration had enhanced benefits, it would increase the District's contribution by \$72,578.50/year. This was a significant impact on the recently

adopted budget. A discussion followed on the availability of the District to consider other options, and it was noted that with the time period for the renewal, the District should consider a plan at this point. After further consideration, Vice President Smith withdrew his motion for consideration of Plan P621CHC, and Director Desormeaux concurred with the withdraw of the motion. Upon motion duly made by Vice President Smith and seconded by Director Desormeaux, Plan G654CHC was unanimously approved by the Board.

Agenda Item No. 6: Renewal of Long-Term Disability for District Employees. The Board again recognized April Mills who indicated the District currently had its coverage through the Principal, which was providing renewals with no increase except on one coverage item. In addition, Ms. Mills presented alternate proposals from Sun Life and the Guardian which had possible water coverages. Director Desormeaux raised issues concerning the two additional proposals and questioned why they were presented in light of the modest increases. Ms. Mills stated Larry Blount & Associates always provided plans, but as to the ancillary coverages provided, the District only provided the long-term disability for employees, and the other insurance options were paid if enrolled by the employees. President Carter suggested the District table this discussion on Agenda Item No. 6 and bring the matter back for consideration at its November meeting understanding a plan renewal would need to be adopted and enforced by December 1, 2021.

Agenda Item No. 7: Resolution 2021-10, a Resolution Approving Customer Classification of Water Service to Political Subdivisions. The Board recognized Robb Starr who noted the District had been collaborating with the City of Lumberton for the possible installation by the City on City property of certain recreational facilities to include a splash pad. Mr. Starr advised the Board of certain design parameters, some of which could be impacted by a recent letter from the TCEQ to

water providers relative to issues as to splash pads. Mr. Starr reviewed that information which he had provided to legal counsel for additional review.

Mr. Starr then stated discussions with the City Administrator included a recommendation that in consideration for the District providing a new classification for service for recreational facilities, the City would agree to install in the splash pad controllers that would limit the time and duration of water usage. The General Manager noted his proposal for the rate for water service to political subdivisions would be \$0.23/1,000 gallons for the first 2 million gallons of usage and \$0.45/1,000 gallons for all usage above 2 million gallons/month. After further discussion, Vice President Smith noted a clerical error in the Resolution which legal counsel advised would be amended. After further discussion and upon motion duly made by Director Desormeaux and seconded by Vice President Smith, the Board approved Resolution 2021-10 as presented, subject to the concurrent consideration and approval by the City of Lumberton as to proposed rates for water service.

Agenda Item No. 8: Interlocal Agreement for Water Service to the City of Lumberton. The Board received a presentation from legal counsel on the Interlocal Agreement for water service to the City of Lumberton which accompanied Resolution 2021-10. It was noted the District's obligation would be solely to provide the installation of appropriate utility to the proposed recreational facilities of the City, and all cost for those utility piping and related facilities would be paid and maintained by the City thereafter on the City's property. After discussion and upon motion duly made by Vice President Smith and seconded by Director Desormeaux, the Board unanimously approved the Interlocal Agreement for water service to the City of Lumberton.

Agenda Item No. 9: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who reviewed the bank accounts beginning with BBVA/PNC Bank

showing deposits of \$689,661.62 as well as with Wells Fargo Bank. Ms. Belt then presented the accounts payable which included fees for the auditing services in the amount of \$366,986.98. Following a review by the Board, Ms. Belt noted the District was experiencing rises and falls in the water revenue for the year, and due to such, the budget year-to-date showed an operating loss of \$7,702.59. The Board was presented with the capital budget year-to-date through September showing total disbursements of \$3,755.36. Ms. Belt reviewed the 5-year to month average reports followed by a review of the overtime charges. She finalized her presentation with the adjustments to customer accounts in the amount of \$2,371.52.

B. Presentation of Production Report and Operations Report. The Board recognized Mr. Lewis who presented his Plant Operations Monthly Summary showing two permit limit exceedances for ammonia monthly average and for e-coli daily limit. Additionally, Mr. Lewis noted the other major significant event in the preceding month was the TCEQ wastewater plant inspection which unfortunately occurred at the time when the plant had experienced a broken orbital gearbox. Mr. Lewis then noted this facility had already been prepared once in the year, and the repair had been made, but the equipment in question as well as other equipment was no longer being manufactured by suppliers, and parts were getting more and more difficult for the District to secure for needed repairs. Questions followed from the Board, and it was noted additional enforcement could occur from the TCEQ. Mr. Lewis then proceeded with a review of the monthly charts and graphs noting, specifically, the estimated water loss and the high water pumpage in the months of August and September. The additional reports on system operations and customer usage profiles were

reviewed by the Board. The Board also received the vehicle maintenance, mileage reports and the log of complaints. The Board thanked Mr. Lewis for his presentation.

C. **Presentation of Current Projects.** The Board then recognized Robb Starr who restated incidents and issues arising from the TCEQ inspection of the wastewater treatment plant.

1. **TCEQ Inspection of Wastewater Treatment Plant.** See above.

2. **Important Dates.** Mr. Starr followed with the discussion of important dates including a Texas Water Association meeting on November 11, 2021, the Christmas party proposed for December 10, 2021 and the plan to host the Chamber of Commerce luncheon on December 14, 2021.

3. **Rental Property Policies.** Mr. Starr noted the District had issues with certain multi-family rental property owners and single-family residential property owners with tenant moveout and requirements for the property owner to re-establish service to provide for repairs and make ready of apartment units or properties before a new tenant established an account relationship with the District. Mr. Starr noted he had visited with legal counsel on the possibility of presenting a customer classification of water service to multi-family and multi-unit residential owners to provide a master account for them to be billed water during the period between tenant move-out and a new tenant subject to an account relationship to provide the service for repairs and maintenance. Mr. Starr stated he and legal counsel would review the matter further along with the District staff to determine the administrative requirements of establishing this customer classification and what deposit requirement would be appropriate.

D. **Presentation of Directors' Reports.** President Carter stated in the first quarter of 2022, the District needed to begin its review of the rates and charges in light of the information provided by the District Manager previously.

Agenda Item No. 10: Public Comments. None.

Agenda Item No. 11: Payment of Bills. After discussion and upon motion duly made by Vice President Smith and seconded by Director Desormeaux, the accounts payable were approved for payment as presented.

Agenda Item No. 12: Adjournment. There being no further business, the meeting was adjourned at 8:05 p.m.

ATTEST


Secretary of the Board


President of the Board