

Approval of Minutes from
May 19, 2025
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 19, 2025, 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:

Jimmy Burk

David Desormeaux

Nick Carter

Roger Smith

David Pitchford

Also present were Robb Starr, Mike Tywater, Sandy Vines, Benny Lewis and other employees of the District, Jared Defrancis and Tim Aschoff of LJA Engineering 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 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 from April 21, 2025, Board Meeting.** The Minutes of April 21, 2025, regular meeting were approved as presented.

Agenda Item No. 4: **Presentation for the Wastewater Plant and Collection System Improvements Update from LJA Engineering.** The Board recognized Jared Defrancis who presented the wastewater plant expansion project providing information on the advertisement for bids that began April 17 and the mandatory pre-bid meeting held on May 6 at which time approximately 40 attendees were present. Mr. Defrancis noted approximately 25 questions on the proposed project

had been asked with many being technical questions that had or will be addressed through the Addendum to the Contract. Mr. Defrancis also noted requests from contractors for an extension of the project time for completion from 2.5 years to 3.0 years and reducing retainage from 10% to 5%. Mr. Defrancis reported that the reduction in retainage would not be allowed pursuant to TWDB rules, but once the project was 50% complete, the 10% retainage would no longer be withheld from the remainder of the project. Mr. Defrancis also noted there was an agenda item to discuss the possible change in the project completion date. Mr. Defrancis then discussed the sanitary sewer collection system projects noting that the update was as to the U.S. Highway 96 Sanitary Sewer Rehab Pineburr & Horn Road project, and the District was still waiting on more material submittals that were being conducted as well as the footage to review. It was noted that the materials were ordered, however, there was a 4-week lead time delay, and the contractor would begin construction upon receipt.

Agenda Item No. 5: **Addendum #2 to the Wastewater Treatment Plant Project bid documents to change the completion date from 2.5 years to 3 years.** Mr. Defrancis restated the request and Mr. Starr reviewed and provided comments based upon the comments received in the mandatory pre-bid meeting. After discussion and upon motion duly made by Director Smith and seconded by Director Desormeaux, the Board unanimously approved the issuance of Addendum #2 to include a change in the project completion date from 2.5 years to 3 years.

Agenda Item No. 6: **Capacity and Construction Approval on Marilyn Lane for 4 lots, Marilyn Welch, owner.** The Board recognized Mr. Defrancis who presented the location map for the proposed replat of the property consisting of 2.945 acres of land into four (4) lots on Marilyn Street in Lumberton. Mr. Defrancis reviewed the proposed development and the existing water and sanitary sewer system improvements including a detailed presentation of the gravity lines along the west side of Highway 96 from the area of the proposed development to the point of discharge into the

wastewater treatment plant facility. Mr. Defrancis stated the existing water production, water storage facilities and water distribution facilities were sufficient to provide for the proposed residential connections and continuing to meet TCEQ design criteria. Mr. Defrancis reviewed in detail the sanitary sewer collection system facility analysis showing the impact on gravity lines west of Highway 69 with the conclusion that the District's system would support the proposed development and meet TCEQ design criteria, and the wastewater treatment plant was currently operating at 58% of design capacity. After presentation and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously provided capacity and construction approval for four (4) lots on Marily Lane, Marily Welch, owner.

Agenda Item No. 7: **Auditing services with Wathen, DeShong and Juncker, LLP.** The Board recognized Robb Starr who provided the proposed engagement letter dated May 15, 2025 outlining the responsibilities of the auditor and the responsibilities of the District in the production of the audit. Questions followed by Director Desormeaux regarding the details of the audit, and Mr. Starr advised of the manner by which the audit would be concluded and the requirements to satisfy the auditing obligation under both regulatory requirements and those of compliance with covenants in the various bond issues. Mr. Starr also noted that Wathen, DeShong and Juncker, LLP had stated they would provide an alternative auditing system if the District was interested. Director Desormeaux stated he preferred the District to maintain the audit as previously conducted. After discussion and upon motion duly made by Director Smith and seconded by Director Pitchford, the Board unanimously approved the engagement letter dated May 15, 2025 from Wathen, DeShong and Juncker, LLP.

Agenda Item No. 8: **Manager's Report.**

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Sandy Vines who presented the District's deposits and pledges from First Financial Bank

showing total deposits in the amount of \$34,620,755.76, a statement of market value pledged securities and FDIC insurance providing the bank was over pledged by approximately \$4.4 million. Ms. Vines noted that First Financial Bank had advised that certain of the collateral pledge would be sold, and the bank would still be providing the required coverage under its Depository Agreement, but it would be less than the market value of pledged securities under the current report. Ms. Vines then reviewed the accounts payable in the amount of \$409,254.48. Ms. Vines reviewed the budget year-to-date showing receipts for the month of \$675,106.86 and disbursements of \$670,152.34 for a monthly operating income of \$4,954.52. Ms. Vines reviewed the 2024-2025 capital budget showing expenditures of \$9,295.00 and the 2024-2025 scheduled maintenance summary showing expenditures including control panel metal covers in the amount of \$14,834.58. Ms. Vines then answered questions and provided the 5-year to month average collection comparison, the overtime summary and account adjustments along with the bond account summary and financial graphs and charts. The Board thanked Ms. Vines for her report.

B. Presentation of Production Report and Operations Report. The Board recognized Benny Lewis who noted that on the summary of operations for plant facilities and incidents, there were no exceedances, no sample failures, no accidents, injuries or significant events for the month. Mr. Lewis then advised that Well No. 3 was back online and would provide further comments in his report. Mr. Lewis noted the significantly higher than normal (22%) water loss and stated that most of this was due to a tiny issue on billing which should be reflected in the following month's report. Mr. Lewis stated that right now the District employees are reading 9,000 plus meters for individual residences or multi-family units. Mr. Lewis noted the significant decline in water quality complaints which was also in part due to the placing of Well No. 3 tower back in service. Mr. Lewis was then questioned concerning the District safety program, and he and Mrs. Vines reviewed the manner by

which safety awards were allocated based on various items including reported and loss time events. The report was concluded with the presentation of the system operation charts and graphs, customer usage and profile reports. Also provided were the vehicle maintenance and mileage report and the complaint log. The Board thanked Mr. Lewis for his report.

C. Presentation of Current Projects.

1. Budget. The District Manager was recognized and reviewed the budget. He noted that the District anticipated several additional projects that would impact the District including both projects related to the ground storage plant capacities and other projects concerning painting or repairs to elevated storage.

2. Future water capacity. Mr. Starr then reviewed the District's future water capacity and noted that pursuant to TCEQ design criteria, once the District was at 85% of capacity, it would have to have engineering underway to increase the elevated and other storage capacities. Mr. Starr noted that the District was approximately 1600 units away from the 85% threshold. Questions then followed from the Board.

3. Meters. The Board then reviewed the issue with the District replacing meters and finding an adequate supply of meters that met the design and operational requirements. Mr. Starr also noted that the District representatives would be meeting with one of the meter providers to address issues that were related to a change in software. Questions followed to the District Manager.

D. Presentation of Directors' Reports. None.

Agenda Item No. 9: Public Comments. None.

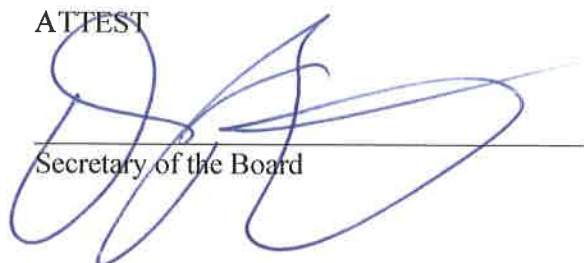
Agenda Item No. 10: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, the accounts payable were approved for payment as presented.

Agenda Item No. 11: Adjournment. There being no further business, the meeting was adjourned at 7:42 p.m.



President of the Board

ATTEST



Secretary of the Board