

Approval of Minutes from
March 18, 2024 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 18, 2024, 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

David Pitchford

Nick Carter

Absent: Roger Smith

Also present were Robb Starr, Carla McGallion and Benny Lewis as employees of the District, Jared Defrancis 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 of Agenda Items. None.

Agenda Item No. 3: Minutes. The Minutes of the February 26, 2024 meeting were unanimously 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 LJA wastewater plant and collection system improvement project report as of March 18, 2024. Mr. Defrancis advised the civil design was nearing completion, the electrical component was 90% complete and the structural component was 90% complete. Mr. Defrancis reviewed the remaining

work in the electrical and structural components and stated that on conclusion of design, the project would be ready for submission to the Texas Water Development Board. Mr. Defrancis stated there had not been any update or changes to the opinion of probable cost and LJA was still waiting on equipment quotations from two vendors. Mr. Defrancis referenced ongoing discussions between the District, LJA Engineering and JK Engineering on various aspects related to electrical design. Mr. Defrancis then discussed the sanitary sewer collection system project, noted the Matthews Lane manhole repair was currently out for bid, and the bid would be opened on March 28 with an award on or about April 15 at the Board meeting. After a review of additional sanitary sewer collection system projects and the design and cost schedules, the Board thanked Mr. Defrancis for his report.

Agenda Item No. 5: Memorandum of Understanding between the Texas Department of State Health Services and Lumberton Municipal Utility District. The Board recognized Mr. Starr who presented Memorandum of Understanding DSHS MOU No. HHS00 between the Texas Department of State Health Services and the District and noted the purpose of the Memorandum would be as forth in the statement of work to collaborate with DSHS on a wastewater monitoring program to track pathogens in wastewater and obtain high quality community level data to help protect the public health in Texas. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously approved the Memorandum of Understanding between the Texas Department of State Health Services and the District.

Agenda Item No. 6: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla McGallion who presented the financial statements and accounts payable. Ms. McGallion began by reviewing the First Financial Bank reports of deposits and pledges showing deposits of \$34,687,289.76 as well as noting the portfolio of pledged securities. Ms. McGallion then

reviewed the accounts payable totaling \$371,603.63. Ms. McGallion moved to a review of the budget year-to-date showing revenues for the month of \$753,908.08 and disbursements of \$739,967.01 resulting in a cash income of \$13,941.07. Ms. McGallion then reviewed the capital budget showing expenditures of \$10,903.52 for wastewater collection system equipment and the maintenance repair summary for the month showing expenses of \$2,538.02 for wastewater plant operation items. Ms. McGallion presented the 5-year to month revenue average, the overtime cost summary and the account adjustments. Ms. McGallion's report concluded with presentation of the bond worksheet disbursement and presentation of the financial graphs and charts year-to-date.

B. Presentation of Production Report and Operations Report. The Board recognized Benny Lewis who presented the production and operations reports for February 20, 2024. Mr. Lewis noted there was one wastewater treatment facility exceedance which was the 2-hour peak . Mr. Lewis presented the overtime and production reports, outlined the monthly charts and graphs of system operations and customer usage along with customer profiles. Mr. Lewis then advised the vehicle report showed certain costs for District vehicles and the F-350 crane. A brief discussion followed, and Mr. Lewis concluded with a presentation of the log of complaints.

C. Presentation of Current Projects. The Board recognized Mr. Starr who returned to a discussion of the proposed installation of valves near the Matthews Lane manhole project area to allow the District to control wastewater flows and mitigate the service issues during the time for the removal and installation of the new Matthews Lane manhole. Questions followed from the Board and following the discussion, Mr. Starr advised of the recent resignation of the chief operator at the wastewater treatment plant, but the District was in the process of posting the position with staff in-house. Following comments from the Board, Mr. Starr advised he had received a request from Mr. Haufman of Brampton Essential for possible acquisition by the District of road district powers. Mr.

Starr outlined the request and how the road bonds would be issued. The Board then recognized legal counsel who made a brief presentation concerning the acquisition of road powers by the District and the procedure for the petition under Chapter 54 of the Texas Water Code. Legal counsel noted that before the bonds payable from ad valorem taxes could be issued for road purposes, a vote within the defined area would have to be undertaken. Legal counsel also noted the acquisition of road powers by the District did not obligate the District to assume ownership or maintenance of roads to be constructed in the defined area, nor drainage improvements related to any constructed roads. Legal counsel and Mr. Starr noted that ownership and maintenance of roads in the defined area would be through agreements between the developer and either the City of Lumberton, Hardin County or other special created entities, pursuant to the Texas Transportation Code. Legal counsel closed with noting the provisions of 30 Texas Administrative Code 239 which provided the tax limit on special districts including the District which had a \$1.00 per \$100.00 of tax value maximum on tax rates for outstanding debt of the District. It was noted the District's current debt obligations including its \$74,000,000 wastewater project was currently \$0.22, but the defined area had secured large authority for issuance of debt subject to appropriate value to support the repayment of the debt. Legal counsel and Mr. Starr said it was anticipated that Brampton Essential would request the opportunity to come before the Board at a future date to discuss its request for issuance of the securing of road district powers.

D. Presentation of Directors' Reports. None.

Agenda Item No. 7: Public Comments. None.

Agenda Item No. 8: 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. 9: Adjournment. There being no further business, the meeting was adjourned at 7:27 p.m.



President of the Board

ATTEST



Secretary of the Board