

Approval of Minutes from
September 19,2022
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, September 19, 2022, at 6:15 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

David Pitchford

Jimmy Burk

Nick Carter

Also present were Robb Starr, Carla Belt, Benny Lewis and BJ Lee-Lewis as employees of the District, Toby Davis and 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 and pledge were led by President Carter.

Agenda Item No. 2: Public Hearing on Proposed 2022 Tax Rate for amount not to exceed \$0.245500/\$100 valuation. President Carter opened the public hearing to allow citizens to attend, but no citizens had attended.

Agenda Item No. 3: Close Public Hearing on 2022 Tax Rate. President Carter closed the public hearing on the 2022 tax rate.

Agenda Item No. 4: Public Comments on Agenda Items. None.

Agenda Item No. 5: Minutes from August 15, 2022 Board Meeting. The meeting Minutes of August 15, 2022 were unanimously approved as presented.

Agenda Item No. 6: Adoption of the 2022 Tax Rate for amount not to exceed \$0.245500/\$100 valuation. The Board noted the proposed tax rate was an amount not to exceed \$0.245500/\$100 valuation. After comments from the Board and upon motion duly made by Director Smith and seconded by Director Burk, the Board unanimously approved the 2022 tax rate as \$0.245500/\$100 valuation.

Agenda Item No. 7: 2022 Notice to Purchaser/District Information Form. BJ Lewis provided the Board with the updated Notice to Purchaser identifying and adding the 2022A and 2022B Bond issues and noting the newly adopted tax rate. After discussion and upon motion duly made by Director Smith and seconded by Director Desormeaux, the Board unanimously approved for execution the 2022 Notice to Purchaser/District Information Form.

Agenda Item No. 8: Capacity Approval – Williford Estates – 15 lots – Mike and Dawn Swarthout, owner. The Board recognized Jared Defrancis who presented the water and sewer system capacity study dated September 16, 2022. Mr. Defrancis reviewed the proposed site of the development on the west side of Williford Road, approximately 1200 linear feet south of Keith Road. Mr. Defrancis reviewed the water system facilities, sanitary sewer collection system facilities and wastewater treatment plant facilities and noted the recommendations in the LJA report that the existing 6-inch waterline on the west side of Williford Road would provide adequate service and as to the sanitary sewer collection system, the 15-inch gravity sewer line on Williford Road would be adequate for the proposed improvements. It was noted the service would run through the Plantation Oaks Lift Station which would become approximately 82% of its capacity. In conclusion, LJA advised the recommended capacity approval as the District's system had adequate water system facilities, sanitary sewer collection system and wastewater treatment plant facilities. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Smith, the Board

unanimously granted capacity approval for Williford Estates, 15 lots, Mike and Dawn Swarthout, owner.

Agenda Item No. 9: **Capacity Approval – Wilson Lane – 30 lots – David and Sarah Griffis, owner.** The Board recognized Mr. Defrancis who presented the water and sewer capacity study dated September 16, 2022. Mr. Defrancis reviewed the proposed development to be located on Wilson Road approximately 500 linear feet west of the intersection of Wilson Road and Ariola Lane. Mr. Defrancis reviewed the existing water system facilities, sanitary sewer collection system facilities and wastewater treatment plant facilities and noted the District had adequate water and sanitary sewer system capacity. Mr. Defrancis reviewed the sanitary sewer collection system facilities along Wilson Lane including approximately 80 residential and mobile home connections to the existing 4-inch sewer force main but noted the development in place would be at approximately 87% of its capacity. Questions then followed from the Board and after discussion and upon motion duly made by Director Smith and seconded by Director Desormeux, the Board provided capacity approval for Wilson Lane, 30 lots, David and Sarah Griffis, owner.

Agenda Item No. 10: **Construction Approval – Copper Point Phase 3 and 4 – 69 lots – Boykin Homes, owner.** The Board recognized Robb Starr who indicated all of the District construction standards and criteria had been met by Boykin Homes as to Copper Point Phase 3 and 4, 69 lots. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously provided construction approval to Copper Point Phase 3 and 4, 69 lots, Boykin Homes, owner.

Agenda Item No. 11: **Resolution 2022-07 Authorizing Elections to be held on the Uniform Election date jointly with the City of Lumberton, Texas, Lumberton ISD and the town of Rose Hill Acres.** Legal counsel noted that legal counsel for the town of Rose Hill Acres, Mr. Curtis

Soileau, had contacted him on behalf of the District to request approval of the Resolution, which would provide for all parties to share in costs of elections on the uniform election date. Legal counsel noted this would be at the May election cycle and the reason for consideration of this Resolution was to simply allocate the cost of pro rata for each entity, whether or not the entities were conducting an election. After comments from the Board and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously approved Resolution 2022-07 Authorizing Elections to be held on the uniform election date jointly with the City of Lumberton, Texas, Lumberton ISD and the town of Rose Hill Acres.

Agenda Item No. 12: Resolution 2022-08 Designating PNC Bank as the Lumberton Municipal Utility District Revenue Bond Reserve Account. The Board approved this Resolution subject to presentation by legal counsel. The Board recognized legal counsel who noted during the recent audit by Wathen, DeShong & Juncker, LLP, it had been stated the District needed to correctly identify the PNC Business Checking Plus Account ending in 4662 as the District's bond reserve account. Legal counsel noted that PNC Bank no longer offered certain depository products including certificates of deposit which had matured and upon their maturing, the balance in those accounts aggregating approximately \$690,000 had been transferred to an existing dormant undesignated District account which was now to be denominated by Board action as the Revenue Bond Reserve Account. Questions followed from the Board and upon motion duly made by Director Burk and seconded by Director Smith, the Board approved the designation of PNC Bank as the District's Revenue Bond Reserve Account.

Agenda Item No. 13: Presentation of 2021-2022 audit of District financial records, Wathen, DeShong & Juncker, LLP. This agenda item was tabled.

Agenda Item No. 14: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who presented the financial statements and accounts payable reports from Wells Fargo Bank and PNC Bank. Ms. Belt presented the PNC Bank report noting the account discussed above along with the collateral pledge. The Board reviewed the accounts payable and discussed items in the accounts payable aggregating \$557,633.53 for September 2022. Ms. Belt reviewed the budget year-to-date showing system revenues for the month in the amount of \$722,314.58 and disbursements of \$720,097.83 for an income for the month of \$89,462.54. Ms. Belt reviewed the 2022-2023 Capital improvements budget showing payment for the jet aerator and the jet machine aggregating \$166,422.15 as well as the 2022-2023 maintenance/repair budget showing disbursements of \$2,669.63 for waterline replacement. Ms. Belt then presented the 5-year to month averages report and the overtime report followed by a review of the refunds in the amount of \$4,916.40, and questions followed from Director Pitchford. The monthly charts and graphs and system revenues and expenses were also presented.

Handwritten notes in blue ink: "900,817.54" and "811,355.00" are written above the printed revenue and disbursement figures respectively. There are also initials "NC" and "KS" written near the numbers.

B. Presentation of Production Report and Operations Report. The Board recognized Benny Lewis who presented the Operations Report noting the number of wastewater system treatment facility exceedances had risen from the prior month due in part to the equipment issues and the significant rainfall events. Mr. Lewis also reported there was one-time injury where an employee had a muscle strain while installing a tap. Mr. Lewis also reported on page 4 of his report as to an increase in overtime on the lift station work by District staff.

Mr. Lewis then reviewed the Production Report noting the aggregated water loss year-to-date was 4%. Questions followed from the Board on the status of the receipt as

noted in the prior report as to equipment including the new gear box, and comments from the Board were responded to by Mr. Lewis. Mr. Lewis noted on the complaint log (page 20) that re-reads were up as an employee was out due to illness. Mr. Lewis also noted in relation to the complaint log that water quality monitoring was continuing. The Board was then presented with the monthly charts and graphs as to system operations, rainfall, customer usage and customer profiles along with the vehicle maintenance and mileage report.

C. Presentation of Current Projects.

1. **Benny Lewis receiving the Daniel Allen Memorial Distinguished Service Award.** The Board then recognized Robb Starr who advised of Benny Lewis receiving the Daniel Allen Memorial Distinguished Service Award to be presented in Corpus Christi the following week.
2. **Texas Water Development Board Bond Update.** Mr. Starr noted the District's Texas Water Development Board Bonds would close on Tuesday, September 20.
3. **Multi-Family Dwelling Meters & Deposits (individually metered).** Mr. Starr discussed his plans to review District policies on multi-family dwelling meters & deposit requirements and the manner by which customer service notices were provided. Mr. Starr stated he would provide further information to the Board on these items.
4. **Customer Service Notices.** See above.

D. Presentation of Directors' Reports. President Carter indicated he was still awaiting further information from bond counsel and financial advisors on the breakout of non-construction costs from the 2022A and 2022B Bond issues. Legal counsel stated he would notify Mr. Gilley and would provide the additional information requested. Mr. Carter also noted the reference in agenda item no. 12 as to Resolution 2022-08, the close-out of investments and the movement to the account which had not been presented to the Investment Committee. Mr. Starr indicated he would provide the information and ensure in the future,

all revisions to any District investment accounts would be brought to the Investment Committee before action.

Agenda Item No. 15: Public Comments. None.

Agenda Item No. 16: 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. 17: Adjournment. There being no further business, the meeting was adjourned at 7:52 p.m.



President of the Board

ATTEST



Secretary of the Board