

Approval of Minutes from
October 16, 2023
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 16, 2023, 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

Roger Smith

David Pitchford

Nick Carter

Also present were Robb Starr, Carla McGallion, Mike Tywater and Benny Lewis as employees of the District, Jared Defrancis and Tim Ashcroft of LJA Engineering, Jeremy Triska with Wathen, DeShong & Juncker, LLP 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 September 18, 2023 regular Board meeting were 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 his wastewater treatment plant project status report dated October 16, 2023. Mr. Defrancis advised the continued work on development of the plans and specifications and reported on the in person

meetings held and to be held between LJA Engineering and District staff along with receipt of a 90% plan form the electrical engineers and structural plans expected to be provided the week of October 16. Mr. Defrancis indicated the TCEQ had requested some supplemental information on the plant buffer zone and anticipated this might lead to continued progress on the TCEQ permit. Mr. Defrancis noted there was no change on the TWDB environmental review. Mr. Defrancis then reviewed the sanitary sewer collection system project and provided the updated timetable and site plan layout. Mr. Defrancis reviewed the summary of opinion of probable construction costs. Director Pitchford asked if the summary of probable costs from July of 2023 would need to be adjusted due to continued inflationary pressures, and Mr. Defrancis indicated they believed there were adequate contingencies to address those concerns. The Board thanked Mr. Defrancis for his report.

Agenda Item No. 5: Capacity Approval – South LHS Drive, BCS Capital Group, LLC, owner.

The Board recognized Mr. Defrancis who presented the water and sewer capacity study dated October 13, 2023. Mr. Defrancis reviewed the proposed BCS Capital Group, LLC 12 Commercial Connection project and both existing water system and sanitary sewer collection and treatment facility improvements to serve the proposed project. Mr. Defrancis reviewed the anticipated routing of water and wastewater improvements, and Mr. Starr noted that certain requests from the developer for access to water service was not through a District controlled line, and the developer had requested location of meters adjacent to the commercial sites, rather than in the District's utility easements, and such would not be in accordance with District policies. Mr. Starr noted while he was requesting the Board provide the capacity approval, the District was not ready to consider construction approval due to the mentioned issues on the layout of the project and the request from BCS Capital Group. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford,

the Board provided capacity approval only to the proposed 12 connections on South LHS Drive, BCS Capital Group, LLC, owner.

Agenda Item No. 6: Final Approval – Copper Point Phase III – 35 lots, Boykin Homes, owner.

The Board recognized Robb Starr who indicated all of the requirements for final approval of Copper Point Phase III had been met. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board granted final approval for Copper Point, Phase III, 35 lots, Boykin Homes, owner.

Agenda Item No. 7: Resolution 2023-04, a Resolution establishing a new fee structure to be

charged for Water, Sewer Taps, and other Services performed by the District. The Board recognized Robb Starr who presented the proposed Resolution 2023-04 establishing new fee structure for District water, sewer tap and other services performed. Mr. Starr provided an attachment from the Texas Municipal League showing comparative rate charges of utilities for services requested for rate adjustment. Mr. Starr also presented a graph of monthly water rates on a state average vs. the District and noted the District's rates with the proposed increases would still be below similarly populated districts in other areas within the state. Mr. Starr then reviewed Exhibit "A" to the Resolution outlining the proposed fee and rate structure. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board unanimously approved Resolution 2023-04, establishing a new fee structure to be charged for water, sewer taps and other services performed by the District.

Agenda Item No. 8: Renewal of District Employees Health Insurance. The Board recognized Mr.

Starr who presented the information from Larry Blount & Associates advising of the proposed renewal effective December 1, 2023 of the District's health insurance. Mr. Starr noted the comparable plans were reviewed and the proposal was to renew the current plan with a 4.82% renewal increase.

Comments followed from Director Smith on review of comparable plans by other providers. A response was provided outlining the additional steps for consideration by other health insurance providers. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board authorized renewal effective December 1, 2023 of the Blue Cross Plan G654CHC. The motion passed unanimously.

Agenda Item No. 9: **Renewal of Long-Term Disability for District Employees.** The Board recognized Mr. Starr who indicated Larry Blount & Associates had been able to provide for the renewal of the long-term disability plan without increase. After consideration and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously approved the renewal of the District's Group Plan #00029504 with Guardian for the renewal period beginning December 1, 2023.

Agenda Item No. 10: **Presentation of 2022-2023 audit of District financial records, Wathen, DeShong & Juncker, LLP.** The Board recognized Jeremy Triska who presented the 2022-2023 audit of the District's financial records. Mr. Triska asked the Board review page 2 on the Independent Auditor's Report showing the District's statements fairly represented in all material respects, the financial position of the governmental activities, the business type activities and each major fund for the fiscal year ended June 30, 2023. Mr. Triska reviewed the statements, position, long-term notes and government wide financial statements and provided information including verification of compliance with its 2018 and 2020 Bond Order for its rate coverage requirements. Mr. Triska then returned to the initial portions of the report.

A. Auditor Board Letter. The Board then reviewed the audit letter, the notation of journal entry adjustments and letter compliance with the State auditing reports. The Board directed the filing of the District's audit.

B. Auditor Financial Statement. See above.

Agenda Item No. 11: Manager's Report.

A. Financial Statement and Accounts Payable. The Board recognized Carla McGallion who presented the financial statements from First Financial Bank showing total deposits of \$30,832,286.71 along with the collateral pledge having a market value of \$31,728,112.54. Supplemental information was provided from PNC Bank. Ms. McGallion then reviewed the accounts payable totaling \$436,164.77 followed by the budget year-to-date through September 2023 showing revenues of \$724,084.43 and disbursements of \$658,158.91 for a monthly net income of \$65,925.52. Ms. McGallion also reviewed the capital improvement budget showing expenditures of \$8,137.34 for a server and the maintenance and repair budget of \$48,269.75, including lift station pump replacements of \$43,906.00. Ms. McGallion then reviewed the 5-year to month average reports, the adjustments to customer accounts and details on bond proceeds to date for the wastewater and collection system improvement project. The Board thanked Ms. McGallion for her report and the presentation of the monthly financial graphs and charts.

B. Presentation of Production Report and Operations Report. The Board recognized Benny Lewis who presented the production and operations report and advised that the operation summary showed no wastewater treatment facility exceedances nor any issues with the water treatment facilities with no accident reports for the prior month. Mr. Lewis reviewed the production report and noted the percentage of unaccounted water and the volume of water sold in the prior month. The report also included the monthly presentation of system operations and operation data along with customer usage profiles indicating the usage increases. Mr. Lewis concluded his report with a review of the increased number of customer rereads due in part to questions about volume of water service. Questions then followed on the level of complaints as to water leaks, and Director Burk noted such

were in conformance with the previous month of customer issues. The Board thanked Mr. Lewis for his report.

C. Presentation of Current Projects. None.

1. **End of the year events.** The Board then recognized Mr. Starr who advised of upcoming year end activities and his schedule for being out of the District. The Board thanked Mr. Starr for his report.

D. Presentation of Directors' Reports. None.

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