

Approval of Minutes from
May 16, 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, May 16, 2022, 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

Jimmy Burk

Nick Carter

Absent: David Pitchford

Also present were Robb Starr, Benny Lewis and Carla Belt as well as other 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 and pledge were led by President Carter.

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

Agenda Item No. 3: Minutes from April 18, 2022 Board Meeting. The meeting Minutes of April 18, 2022 were unanimously approved as presented.

Agenda Item No. 4: Update to TCEQ and TWDB Bond Applications. The Board recognized legal counsel who reviewed the May 9, 2022 TCEQ Order approving an engineering project on the issuance of \$30,275,000 Unlimited Tax Bonds. Legal counsel presented the cover letter providing the anticipated maximum tax rate to satisfy the average annual debt service requirement of \$1,473,079. Questions followed, and legal counsel further mentioned that he along with the

engineers, the District Manager and James Gilley had been in contact with the representatives of the TWDB and were advised the proposed approval of the \$44,000,000 Clean Water State Revolving Fund bond issue would be considered by the TWDB Board on June 9, 2022.

Agenda Item No. 5: Capacity Approval – Brumley Leasing, 24 unit apartments – Jack Brumley, owner. The Board recognized the District Manager who advised the request from Brumley Leasing as to the 24-unit apartments was on the Eastex Freeway feeder road and immediately adjacent to the Willows Apartments. The Board then recognized Jared Defrancis who presented the water and sewer system capacity study dated May 2022. In reviewing the facilities, Mr. Defrancis noted the District had adequate water well and storage capacity to meet TCEQ criteria for the existing connections and provide for future development. Mr. Defrancis further noted the existing 8-inch sanitary sewer gravity line on the west side of Highway 69, while at approximately 99% of its capacity with the units in place, would still be adequate to serve the development and Lift Station 21 and to provide additional growth capacity within the area. Questions followed from Director Smith as to the issue of the capacity in the 8-inch sewer line. Mr. Lewis and Mr. Starr indicated they had not had any issues with the flow in this line and were comfortable with the approval of the proposed development. Mr. Defrancis noted the wastewater treatment plant was at approximately 54% of its permitted capacity. After further discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously granted capacity approval for Brumley Leasing, 24-unit apartments, Jack Brumley, owner.

Agenda Item No. 6: Approval – New Room Rates and Agreement Application. The Board recognized the District Manager who presented the updated meeting room rental policy and noted changes had been proposed by the Board along with comments from legal counsel. After review of

the amended room rental application and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board approved the policy and application.

Agenda Item No. 7: Approval – Auditing Services with Wathen, DeShong & Juncker, LLP. The Board recognized the District Manager who presented the proposed audit engagement letter from Wathen, DeShong & Juncker, LLP dated May 13, 2022 which was substantially the same as in the previous audit year with an increase in the auditing services charges of \$22,100 if a single audit was required. Questions followed to Carla Belt who advised Wathen, DeShong & Juncker routinely came in at the close of the fiscal year to perform inventory review and then provided an audit request letter for requested information shortly thereafter. After further discussion and upon motion duly made by Director Desormeaux and seconded by Director Smith, the auditing services with Wathen, DeShong & Juncker was unanimously approved as presented.

Agenda Item No. 8: Establish Proposed Tax Exemption for the District. The District Manager noted the proposal was to maintain the prior year exemptions of 20% Homestead Exemption, \$10,000 Disability Exemption and \$10,000 Over-65 Years of Age of Exemption. Legal counsel noted the request for approval was earlier than in prior years because in review of the Texas Property Tax Code, any changes to be made would have to be done and provided to the Hardin County Appraisal District before July 1 of each year. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously approved the tax exemptions as presented.

Agenda Item No. 9: Administer Oath of Office to Newly Elected Board of Directors, Positions 3, 5 and 6. It was noted that Director Pitchford was unable to attend the meeting and would be sworn in later. Legal counsel then administered the Oath of Office to Directors Carter and Burk.

Agenda Item No. 10: Election of Officers, Board of Directors. It was noted that officers of the Board were elected after each election cycle. After discussion and upon motion duly made by

Director Burk and seconded by Director Desormeaux, the Board unanimously approved the retention of the following officers:

President – Nick Carter

Vice President – Roger Smith

Secretary – David Pitchford

Agenda Item No. 11: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who presented the financial statements, accounts payable and related reports. Ms. Belt reviewed the accounts at PNC Bank and Wells Fargo, the collateral pledges and the accounts payable in the amount of \$406,052.84. Ms. Belt reviewed specific accounts and an account correction as well as the budget year-to-date showing revenues for the month of \$539,270.00 and disbursements for the month of April of \$635,092.13 providing for a loss of \$116,207.21. Ms. Belt noted there were no capital expenditures for the month and then presented the 5-year to month average revenues and expenses as well as the overtime cost and account adjustments.

B. Presentation of Production Report and Operations Report. Before beginning the report, the District Manager indicated that because of continued issues with property owners' bills due to improperly operating toilets, he was considering putting together a video to be placed on the District's website to inform residents of the need to check toilets and ensure their proper operation. Questions followed from Director Smith about whether the app available to residents to check their meters periodically was still available and to advise it was well used by those who had downloaded the app. The District Manager noted that high billings were still an issue and reviewed a general scenario of a leaking toilet and

what it would result in a monthly bill increase if not corrected timely. The Board then recognized Benny Lewis who presented the plant operations report showing 15 exceedances at the wastewater treatment plant, 8 daily limit, 4 weekly average, 1 monthly average concentration, 1 monthly average loading for ammonia and 1 monthly average exceedance for total suspended solids. The Board was also advised on continued issues with the pumps and clarifier at the wastewater treatment plant and recent malfunctions that required immediate action by District staff. The District Manager indicated the age of the plant was a major factor in the continued issues being experienced with permanent exceedances. Mr. Lewis then stated there was one additional matter to discuss in the operations report which was a significant event where a contractor broke a 6-inch water main at Neely Road and Highway 69. This matter had been reported and repaired, and an invoice for water loss and services to repair would be submitted to the contractor for payment. Mr. Lewis noted on page 4 of his report that the overtime costs were up, but it was due in part to it being a 5-week reporting period. Mr. Lewis stated that for the first time, the District had exceeded 10,000 customers and the water loss calculation was down. Mr. Lewis then reviewed the monthly charts and graphs on water usage and billings noting the current billings were backed up near levels in January. This followed with a review of customer usage “yearly average” profile for 2022 with an additional note for customers with usage over 20,001 and up referred to as extreme users. A brief discussion followed, and the Board was provided with a copy of the vehicle mileage report and the log of complaints. The Board thanked Mr. Lewis for his report and moved to consideration of the Manager’s Report.

C. Presentation of Current Projects.

1. Meter Purchasing. Mr. Starr indicated historically the District had adopted a policy of purchasing a number of meters per month, but due to the fact the District was currently needing to replace approximately 1,000 meters and had the substantial number of meters approved by capacity, but not online, the District would consider doing a large purchase rather than making a monthly purchase and move to a semi-annual basis and order 1,500 to 2,000 meters, if available. The District Manager discussed meter cost and costs associated with the acquisition of other system components.

2. District Manager Evaluation. The District Manager stated he had provided to the Board President for distribution to the Board his District Manager evaluation. President Carter asked if the Board could move to closed session briefly to discuss the General Manager evaluation.

Executive Session. Pursuant to §551.074, Texas Government Code, the Board moved into executive session at 7:44 p.m. to discuss the General Manager evaluation.

Action of Executive Session. The Board reconvened from executive session at 7:58 p.m. No action was taken, and President Carter noted the evaluation forms would be provided to the Board for their completion and returned to him.

D. Presentation of Directors' Reports. None.

Agenda Item No. 12: Public Comments. None.

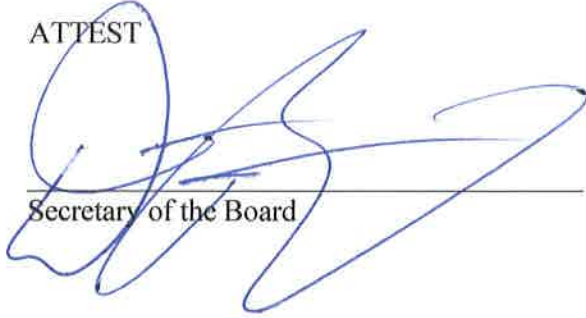
Agenda Item No. 13: Payment of Bills. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the accounts payable were approved for payment as presented.

Agenda Item No. 14: Adjournment. There being no further business, the meeting was adjourned at 8:00 p.m.



President of the Board

ATTEST



Secretary of the Board