

Approval of Minutes from
September 20, 2021
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 20, 2021, at 6:00 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 Pitchford

David Desormeaux

Roger Smith

Jimmy Burk

Absent: Nick Carter

Also present were Robb Starr, Benny Lewis and Carla Belt as employees of the District, Toby Davis, Jared Defrancis and other representatives of LJA Engineering, Jeremy Triska of 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, and the prayer and the pledge were led by Vice President Smith.

Agenda Item No. 2: Public Hearing on Proposed 2021 Tax Rate for the District in amount not to exceed \$0.078697/\$100 valuation. The Board convened the public hearing on the proposed 2021 tax rate in an amount not to exceed \$0.078697/\$100 valuation.

Agenda Item No. 3: Close Public Hearing on 2021 Tax Rate. There were no members of the public present. President Smith asked for comments and since there were none, he closed the public hearing on the 2021 tax rate.

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

Agenda Item No. 5: Minutes from August 5, 2021 Special Meeting. The special meeting Minutes of August 5, 2021 were reviewed and approved as presented.

Agenda Item No. 6: Minutes from August 16, 2021 Board Meeting. The Minutes of August 16, 2021 were reviewed and approved as presented.

Agenda Item No. 7: Capacity Approval – 358 North LHS Drive – Rikenjaks – Frankie Randazzo, owner. The Board recognized Jared Defrancis who presented the water and sewer capacity study dated September 20, 2021 and summarized that based on the single use of the proposed project as a restaurant and based upon current customer connections, the District’s water production and water/sewer facilities were sufficient to provide the proposed development with water services and meet TCEQ design criteria. Mr. Defrancis went on to note the existing 6” sanitary sewer gravity line on the east side of U.S. Highway 69 had sufficient capacity to serve the development, and the existing Lift Station No. 5 located on Jordan Drive had sufficient capacity to serve the development. It was also noted there was sufficient sanitary sewer collection system facilities, and the District wastewater treatment plant concurrently had sufficient permitted capacity so as not to increase significantly due to the addition of this development. After presentation of the report and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board gave unanimous capacity approval to 358 North LHS Drive, Rikenjaks, Frankie Randazzo, owner.

Agenda Item No. 8: Construction Approval – 8 Townhomes – 5670 Shadowbend Circle West– Dennis Williams, owner. The Board recognized Mr. Starr who indicated this project had been presented and brought to the attention of the prior report from LJA Engineering on capacity, reviewed supplemental information and revised information concerning the 8 townhomes at 5670 Shadowbend Circle West and was recommended approval for construction. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board unanimously gave

construction approval to 8 Townhomes and recommended approval for construction. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board unanimously gave construction approval to 8 townhomes, 5670 Shadowbend Circle West, Dennis Williams, owner.

Agenda Item No. 9: **Presentation by LJA Engineering, Inc and DR Horton – request for drainage easement across Wastewater Treatment Plant Buffer Zone.** The Board recognized representatives of LJA Engineering and representatives of DR Horton Homes who advised of the intention to develop property adjacent to the District’s wastewater treatment plant, and DR Horton proposed conveying a buffer zone that would be owned and subsequently maintained by the District to mitigate odor concerns in consideration for the District’s conveyance of a drainage easement across the District’s wastewater treatment plant buffer zone for a 160’ wide drainage outfall. A discussion followed as well from DR Horton Homes and LJA Engineering on the possibility of a request for a defined area designation for the development area, so at a future uniform election date, the possibility of a ballot proposition for issuance of defined area tax bonds to pay for infrastructure for the development and for establishment in the defined area of a maintenance and operation tax.

The Board and its legal counsel reviewed the defined area parameters in the Texas Water Code, and legal counsel noted the Board could consider for these requirements once DR Horton provided a proposed Easement Agreement protecting the District’s buffer zone requirements. Legal counsel noted he would look forward to receiving and reviewing the proposed Easement Agreement and other documentation to be presented by DR Horton Homes relative to its proposal as outlined.

Agenda Item No. 10: **Adoption of the 2021 Tax Rate for the Lumberton Municipal Utility District and amount not to exceed \$0.078697/\$100 valuation.** Upon motion duly made by Director

Pitchford and seconded by Director Desormeaux, the Board unanimously approved the 2021 tax rate as \$0.078697/\$100 valuation and ratified the exemptions as previously provided by the District.

Agenda Item No. 11: **2021 Notice to Purchaser Document.** The Board recognized BJ Lee-Lewis who provided the 2021 Notice to Purchaser document which would need to be executed by all Board members and filed in the County to indicate the District's updated tax rate. After discussion and upon motion duly made by Pitchford and seconded by Director Desormeaux, the Board approved the 2021 Notice to Purchaser documents and authorized execution of same.

Agenda Item No. 12: **Presentation of 2020-2021 audit of District financial records, Wathen, DeShong & Juncker, LLP.** The Board recognized Jeremy Triska who provided a review of the annual audit and a detailed review of the audit opinion and provisions as well as supplemental information for the TCEQ and notes to the financial statement. After the presentation and review, the Board thanked Mr. Triska for his presentation, and the audit was approved.

Agenda Item No. 13: **Texas Water Development Board WWTP Expansion and Sanitary Sewer Collection System Improvements Application Update, LJA Engineering, Inc.** The Board recognized Robb Starr who provided a copy of the Texas Water Development Board Application invitation for the wastewater treatment plant project in an amount not to exceed \$44 million. The Board then received a presentation from legal counsel on the possibility of a blended Texas Water Development Board and market sale of bonds to support the proposed \$74,275,000.00 wastewater treatment plant and related projects to be funded either through revenue bonds or tax bonds if approved by the voters at the November 2, 2021 election. The Board was advised the Application required the filing of an Intent to Apply Form by October 11, 2021 followed by a completed Application on November 12, 2021. The Board recognized Toby Davis who reviewed the necessary steps that would need to be completed both as to the intent to apply and the TWDB Application for

Clean Water State Revolving Funds. After review of the information presented and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously authorized the filing of the intent to apply and authorized the completion by the District and consultants of the Clean Water State Revolving Fund in accordance with correspondence received from the Texas Water Development Board on September 19, 2021. The motion passed unanimously.

Agenda Item No. 14: **Manager's Report.**

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who presented the bank accounts and check register showing deposits at BBVA Compass Bank of \$689,642.89 and deposit at Wells Fargo Bank together with the pledge of funds from Wells Fargo. The Board was then presented with the September 2021 accounts payable in the amount of \$270,274.10. Following the presentation of the accounts payable, the Board reviewed the budget year-to-date showing a monthly income of \$79,828.40 and capital budget expenditures of \$9,012.82. Ms. Belt then presented the 5-year to monthly average reports followed by the overtime cost summary in the amount of \$6,536.39 and a 2-month year-to-date total overtime of \$11,613.24 since the beginning of the fiscal year followed by noted customer adjustments.

- 1. Renewal of District Employees Health Insurance.** Ms. Belt presented for the Board's consideration possible alternatives for the renewal of the District's employees health insurance and long-term disability insurance. The Board reviewed the proposals, and Ms. Belt indicated this was being presented early, so as not to rush a decision, and the matter would be placed on the October Board meeting agenda for review and/or consideration. Questions followed on co-pay and the monthly cost that might occur from the renewals.

2. **Renewal of District Employees Long-Term Disability.** See above.

B. Presentation of Production Report and Operations Report. The Board then recognized Mr. Lewis who noted the District plant operations were pretty insignificant with only one ammonia monthly average limit exceedance and no water treatment sample issues, injuries or significant events. Mr. Lewis followed with information noted by Carla Belt on overtime and indicated the District had made a number of repairs and locates from the previous month and due to the hot weather, the water sales were increasing, but due to billing cycles, there appeared to be a much higher than actual water loss. Mr. Lewis presented the monthly charts and graphs on plant operations and rainfall as well as customer usage and profile information. Mr. Lewis noted on page 15 in the Vehicle Maintenance Report, there was a significant number of repairs that had been made in the previous month. The Operations Report closed with a presentation of the log of complaints.

C. Presentation of Current Projects. The Board then recognized Robb Starr who reviewed current projects including the wastewater treatment plant, MSGP renewal and SWPPP updates. The District Manager indicated that through its general services had contracted with LJA Engineering to provide permit services.

1. **WWTP MSGP renewal and SWPPP updates.** See above.

2. **Splash Pad at City Park.** The Board then reviewed the proposed splash pad at the City Park with anticipated cost of water line installation and anticipated water usage. Mr. Starr noted the District had previously collaborated with the City to provide labor if and when the City bought materials for line extensions in City facilities. Mr. Starr noted the anticipated water usage at the splash pad and the cost during the periods of usage could run approximately \$90.00/day based upon anticipated water volume, and

the City had asked if the District could participate in the cost for water service to the splash pad. Mr. Starr indicated he would continue discussions with the City in this regard and bring back any action item for the Board's consideration.

3. **Website.** The Board was updated on the District's website, and Mr. Starr indicated he had provided the information on the website which was still a work in progress but had made significant improvements and enhancements to the previous website.
4. **Whiteboard.** Mr. Starr closed his presentation of current projects with the whiteboard for the upcoming bond election, whereby the District was soliciting input from the residents on the method to fund the proposed wastewater treatment plant improvements through either revenue bonds or through a tax bond scheduled for voter consideration on November 2, 2021. The Board thanked Mr. Starr for the whiteboard presentation.

D. **Presentation of Directors' Reports.** None.

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 7:45 p.m.



President of the Board

ATTEST



Secretary of the Board