

**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, December 20, 2021, 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

David Pitchford

Absent: Nick Carter

Also present were Robb Starr, Benny Lewis and Carla Belt 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 and the pledge were led by Vice President Smith.

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

Agenda Item No. 3: Minutes from November 11, 2021 Special Board Meeting. The meeting Minutes of November 11, 2021 were reviewed and approved as presented.

Agenda Item No. 4: Minutes from November 18, 2021 Board Meeting. The meeting Minutes of November 18, 2021 were reviewed and approved as presented.

Agenda Item No. 5: Construction Approval – Firehouse Subs – 301 North LHS Drive, Suite 100 – Chris Arnaud, owner. The Board recognized Mr. Starr who indicated the proposed Firehouse Subs project had already had a capacity study completed, so the action was for construction approval which was recommended. After discussion and upon motion duly made by Director Burk and

seconded by Director Desormeaux, the Board unanimously provided construction approval for Firehouse Subs, 301 North LHS Drive, Suite 100, Chris Arnaud, owner.

Agenda Item No. 6: Construction Approval – Talpa Trail – 5 lots – L & L Merrill Enterprise, owner. The Board recognized Mr. Defrancis who provided a map and the proposed site plan for five (5) lots from L & L Merrill Enterprise. Mr. Defrancis reviewed the capacity study dated December 16, 2021 noting the proposed development in the existing water system facilities, sanitary sewer collection system facilities and wastewater treatment plant facilities. It was noted that an anticipated 6” waterline on the east side of Talpa Trail would provide adequate service for the proposed development based on a computer-generated water modeling performed by the engineers. The capacity study advised of adequate capacity in the wastewater treatment systems; however, the development would need to extend the 10” sanitary sewer gravity line on the west side of Talpa Trail to the proposed development. Mr. Defrancis advised the wastewater treatment plant was currently operating at approximately 75% of TCEQ approval capacity. After further discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board unanimously provided construction approval for Talpa Trail, 5 lots, L & L Merrill Enterprise, owner, subject to the extension of the sewer line.

Agenda Item No. 7: Approval – District Manager Travel Expense Reimbursement – Election Law Seminar. The Board recognized Mr. Starr who indicated he was only asking for a reimbursement of his mileage cost. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board approved the District Manager’s travel reimbursement in the amount of \$308.00.

Agenda Item No. 8: Approval – Agreement for Municipal Financial Advisory Services with U.S. Capital Advisors – James Gilley, Jr. Vice President Smith recognized Mr. Starr who advised that

in order to proceed with the TCEQ Bond Application, the District would need to execute or present existing engagement letters from its financial advisor, bond counsel and engineers. The Board received the proposed USCA Agreement for Municipal Financial Advisory Services dated December 20, 2021, and reviewed the services to be provided in the proposal. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously approved the USCA Agreement for Municipal Financial Advisory Services.

Agenda Item No. 9: **Bond Engagement Letter – Germer PLLC – Guy Goodson.** The Board then recognized legal counsel who advised he had presented two engagement letters, one for the proposed \$44,000,000 Unlimited Tax Bonds, Series 2022A, to be closed through the Texas Water Development Board with the proposed fee schedule per par amount, and the other for the proposed \$30,275,000 Unlimited Tax Bonds, Series 2022B, which would be closed and funded through a financing authorized by the TCEQ. The proposed engagement letters were reviewed by the Board, and after discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously approved the engagement letters as presented by Germer PLLC for the proposed 2022 bond issues.

Agenda Item No. 10: **Resolution 2021-12 – Amend Lumberton MUD Employees Grade and Step Plan in the Wage & Classification Plan.** The Board recognized Mr. Starr who provided information concerning the current grade and step plan of the District providing an Entry Grade 1 Pay Scale of \$11.65 and then presented information relative to other local employers and wage scales currently in effect. Mr. Starr presented proposals for current starting rate of staff and provided detailed information on current employee hires and their related steps and grade showing what a cost adjustment would be for moving the District’s entry level pay to \$17.00/hr. or \$18.00/hr. Mr. Starr noted in the salary structure for the District approved as of July 1, 2021, the District had 10 steps, and

steps 1-5 had a 2.5% differential between each step and a 5% increment between steps 6-10. Mr. Starr indicated his proposal would change the grade and step plan from 10 to 15 steps over 15 years of work with the District, retaining the 2.5% increment between steps 0-5, a 3.5% between each increment between steps 6-10 and now a 5% increment difference in new steps 10-15. Mr. Starr presented graphs showing a minimum salary of \$17.00/hr. with an annual budgeted cost increase of \$91,129.65 and a minimum starting salary of \$18.00/hr. with an annual budget increase of \$193,091.54. The Board reviewed the information and agreed it would be best to table Resolution 2021-12 and set a workshop when all Board members could attend.

**Agenda Item No. 11: Resolution 2021-13 – Amend Lumberton MUD Employee Longevity Pay**

**Plan.** Mr. Starr noted the current plan was not really a longevity plan because it could be affected by changes in job classification. The proposal was to change to a \$4.00/month payment based upon an employee's time in service with the District. Mr. Starr presented a chart showing the longevity pay at a cost of \$14,928.53. The Board discussed the plan, and it was suggested the Resolution be amended to include a statement that the employee must be employed on the date of the longevity payment and for the 12 consecutive months prior to the date of the payment. A lengthy discussion followed and after discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board approved Resolution 2021-13, as amended with Director Burk in opposition to the Resolution.

**Agenda Item No. 12: Authorizing District Manager to Purchase a Jet Aerator.**

The Board received the proposal from Hahn Equipment to purchase the jet aerator in the amount of \$91,582.00. Mr. Starr explained the need for the delivery and noted it would be 12-14 weeks after receipt of a written purchase order and approved drawings for the acquisition of the pump. Mr. Starr also noted that the pump was not in the District's 2021-2022 capital budget. After discussion and upon motion

duly made by Director Pitchford and seconded by Director Burk, the Board unanimously approved the purchase of the jet aerator from Hahn Equipment.

Agenda Item No. 13: Manager's Report.

**A. Presentation of Financial Statement and Accounts Payable.** The Board recognized Carla Belt who reviewed the bank statements. Ms. Belt again noted BBVA had sold to PNC Bank, and PNC Bank no longer provided the Federal Home Loan Bank Letter of Credit but provided collateral securities in the same manner as Wells Fargo. The account bank statements and collateral pledges were presented. The Board reviewed the accounts payable for December 2021 in the amount of \$424,057.68. Ms. Belt stated this included payments to legal counsel for work associated with the 2022 Bond issue and capital costs including a bypass pump. The Board then reviewed the budget year-to-date showing operating revenues of \$591,198.38 and disbursements of \$605,678.35 showing a cash loss for the month of \$14,479.97. The Board reviewed the capital budget showing the acquisition of the 6" bypass pump in the amount of \$52,730.00. Finally, the Board reviewed the 5-year to month average reports, the overtime report and the customer refund report.

**B. Presentation of Production Report and Operations Report.** The Board recognized Mr. Lewis who presented the Plant Operations Report showing the District had one wastewater plan exceedance for the ammonia daily average limit. Mr. Lewis noted the overtime was down for the month, and there was a discrepancy in the Production Report for the water billed and water pumped. Mr. Lewis then presented the monthly charts and graphs on system operation water pumpage usage and customer profiles. The Board reviewed the Vehicle Mileage & Maintenance Report on page 15 noting there were new items under Equipment Unit No. 2027 and 3049.

C. **Presentation of Current Projects.** The Board then recognized Robb Starr for his outline of current projects.

- **May 2022 Election Law Calendar.** Mr. Starr provided the Board information as to the May 7, 2022 Directors' election including the election calendar.
- **Discussion of rate increases and budget amendments.** Mr. Starr then discussed rates for District services and possible budget amendments to accommodate a 3-5 year capital plan. The Board discussed the need for other budget amendments associated with the workshop for the possible wage and classification plan revisions. Mr. Starr noted the District would need to consider in a 3-5 year plan the necessity for repairing and replacing District tanks and towers and how to fund capital projects through revenue bonds since those were water projects, and the unlimited tax bonds were issued for wastewater projects only. After discussion, the District Manager indicated he had consulted with the auditors and legal counsel regarding the amounts and concurrent budget amendments which would be necessary to fund the 3-5 year plan as outlined and had asked the auditors to provide forecasting based on prior District revenue.
- **City of Lumberton Grant.** Mr. Starr indicated the District had been contacted by the City for its approval of a grant under the American Rescue Plan for a generator at the Horn Lift Station.

- **Hazard Pay.** Mr. Starr closed with requesting that at the upcoming workshop to also include an agenda item for hazard pay for employees during disaster events.

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

Agenda Item No. 14: Public Comments. A comment was made by BJ Lee-Lewis.

Agenda Item No. 15: 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. 15: Adjournment. There being no further business, the meeting was adjourned at 8:31 p.m.

ATTEST

Secretary of the Board

President of the Board