

Approval of Minutes from
February 20, 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, February 20, 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:

David Pitchford

Jimmy Burk

Nick Carter

David Desormeaux

Roger Smith

Also present were Robb Starr, Carla McGallion, Patrick Plake, Mike Tywater and Benny Lewis as employees of the District, Jared Defrancis and Tim Ashcroft of LJA Engineering, representatives of Arceneaux, Wilson & Cole, LLC 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 the pledge was led by President Carter.

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

Agenda Item No. 3: Minutes from January 23, 2023 Board Meeting. The Minutes of January 23, 2023 were approved as presented.

Agenda Item No. 4: Capacity and Construction Approval – Goodwill Industries – 115 North Main. The Board recognized Jared Defrancis who provided a site map for the proposed location of the single commercial connection along Williams Road and North Main as well as the water and sewer capacity study dated February 2023. Mr. Defrancis reviewed the existing water, sanitary sewer

and wastewater treatment plant facilities and the proposed connection and concluded the District's existing water distribution system was sufficient to provide service for the proposed commercial connection and maintain TCEQ design criteria. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously granted capacity and construction approval for Goodwill Industries, 115 North Main.

Agenda Item No. 5: Revised Capacity Study – revise from 23 lots to 38 lots 7433 Fawn Drive –

CHM Homes Inc, owner. The Board recognized Mr. Defrancis who presented the site map for the property and the proposed layout of the Evergreen Heights Subdivision. Mr. Defrancis presented the water and sewer capacity study noting the project had been increased from the prior 23 lots to 38 lots, and further reviewed design considerations and the existing facilities of the District. Mr. Defrancis noted the District's water system currently served 10,154 equivalent living units, would be sufficient to accommodate additional capacity, and the 8-inch waterline on the north side of Fawn Drive would be adequate to serve the proposed development. Mr. Defrancis reviewed the sanitary sewer collection and treatment facilities and the route of the sanitary sewer flow leaving the manhole and discharging to the wastewater treatment plant through various sanitary sewer gravity lines. Mr. Defrancis stated based on the buildout of the 38 residential connections, the sanitary sewer collection system in the area of Fawn Drive would be at 95% of its rated capacity. The Board recognized Director Desormeaux who inquired as to the development of the property as a manufactured home project. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Pitchford, the Board provided capacity approval for 38 lots for 7433 Fawn Drive, CHM Homes, Inc, owner.

Agenda Item No. 6: Construction Approval – Williford Estates – 15 lots – Mike and Dawn

Swarthout, owner. The Board recognized Mr. Starr who indicated a capacity study and capacity

approval had already been provided to this project, and this was simply construction approval. Mr. Starr noted all requirements under the District's construction standards for approval had been met. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously provided construction approval to Williford Estates, 15 lots, Mike and Dawn Swarthout, owner.

Agenda Item No. 7: Presentation by Engineers – Wastewater Plant and Collection System Improvements Update – LJA Engineering. The Board recognized Jared Defrancis who provided a status report dated February 9, 2023. Mr. Defrancis reviewed the schedule, and it was requested the Board be provided with a flow chart of the activities on the schedule and the budget. Mr. Defrancis advised he would provide such in the future. Mr. Defrancis also updated the Board on the TCEQ Discharge Amendment Application stating LJA was still in discussion with the TCEQ on the BOD limit for the proposed wastewater treatment plant. Mr. Defrancis provided an update on the Texas Water Development Board Engineering Feasibility Report ("EFR") and the required Environmental Information Document ("EID") noting the draft EID had been completed and was expected to be approved by May 2023. Mr. Defrancis also reported on certain completed items and progress work on the wastewater treatment plant units. Mr. Defrancis closed with a review of the sanitary sewer collection system projects, and the Board then thanked him for his report.

Agenda Item No. 8: Review Bids on Uniform Service and Authorize District Manager to Sign Contract. The Board recognized Robb Starr who reminded the Board the District was currently in a contract that had been renewed due to the District not providing notification of intent to terminate; therefore, the District was looking for an alternative uniform service to secure required employee uniforms. It was noted the low bidder for the proposed uniform service was Also; however, Mr. Starr noted Also was still completing its documentation and contracts through BuyBoard, but the

Board was requested to authorize the purchase of the contracting for weekly uniform services from AlSCO at a price of \$327.90 per week. The Board was provided with the AlSCO estimate under BuyBoard Customer CPG #707. After review and upon motion duly made by Director Smith and seconded by Director Desormeaux, the Board authorized the District Manager to execute a contract with AlSCO once the contract had been presented and reviewed by he and legal counsel.

Agenda Item No. 9: Property Damage Release for Matthews Lane and South VCP – Liberty Mutual Insurance. Mr. Starr indicated he was providing the Board with a copy of the Property Damage Release from Liberty Mutual Insurance Company as the insurer for Eastex Cable Construction Company, LLC. Mr. Starr reminded the Board of the damages occurring at Matthews Lane and South Village Creek Parkway on August 8, 2019. The District was still securing the final cost but had received a quote of \$39,500 as the least costly proposal. Mr. Starr stated he was still evaluating the proposal to determine if this was to be recommended for approval by the Board. Mr. Starr stated he would provide further information to the Board, and he wanted to bring this matter to conclusion as soon as possible.

Agenda Item No. 10: Resolution 2023-01 – Resolution of the District supporting the Southeast Texas Groundwater District. The Board recognized Rob Starr who presented Resolution 2023-01 which would provide support to the Texas Legislature to allow the Southeast Texas Groundwater Conservation District to raise its maximum production fee to \$0.07 per 1,000 gallons of water. Mr. Starr noted his membership on the Southeast Texas Groundwater District and the issues that had arisen including loss of water production in the Southeast Texas Groundwater Conservation District due to the issues with the City of Beaumont's wells at both. Mr. Starr indicated the Southeast Texas Groundwater District did not intend to move its production fee at or near the cap it was proposing but providing a production fee cap of \$0.07 per 1,000 gallons would allow the flexibility should other

issues arise in the future without returning to the legislature for additional authority on assessing production fees. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board unanimously approved Resolution 2023-01 supporting the Southeast Texas Groundwater Conservation District legislation amendment.

Agenda Item No. 11: Appointment of District Committees. The Board reviewed the current District committees and after discussion and upon motion duly made by Director Smith and seconded by Director Desormeaux, the Board unanimously approved the reconstitution of all committees with its current membership.

- A. Investment Policy Committee. See above.
- B. Audit Policy Committee. See above.
- C. Sexual Harassment Policy Committee. See above.
- D. Fraud Policy Committee. See above.

Agenda Item No. 12: Manager's Report.

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla McGallion who presented the bank statements for PNC Bank and Wells Fargo Bank. Ms. McGallion then reviewed the accounts payable in the amount of \$536,537.11, and questions followed on various invoices. She reviewed the budget to date showing revenues of \$533,804.35, disbursements of \$561,160.08 for a monthly revenue loss of \$27,355.73. Ms. McGallion reviewed the capital improvement budget noting the acquisition of security cameras in the amount of \$10,397 and the maintenance budget showing disbursements of \$1,636.98. The Board was then provided with information concerning the wastewater treatment and collection system improvement project for the bond funds and bond disbursements along with detailed engineering services from LJA Engineering. The Board

reviewed the 5-month to average reports, the overtime report and account adjustments in the amount of \$3,033.87. The Board thanked Ms. McGallion for her report.

B. Presentation of Production Report and Operations Report. The Board recognized Benny Lewis who presented the Operations Report beginning with the operation summary. Mr. Lewis noted two wastewater treatment plant facility exceedances, one for the 2-hour peak flow and one for an ammonia weekly average limit. Mr. Lewis noted the overtime and pumpage reports and returned to the significant event that had happened in the previous month with the power plant failure. He also provided the Board with updated information on issues with the receipt of parts for repairing the motor starters which were very old. Mr. Starr noted that certain of the repairs would have to be made to the motor starters in order to bring the plant back into operation. Mr. Lewis then returned to the Production Report and noted there was a negative 21% unaccounted for water which was a timing issue and explained part of the water loss in the preceding months. Mr. Lewis reviewed the charts and graphs including the 5 and 10-year average and current pumpage report and billing showing a much higher than average usage. Mr. Lewis also noted repairs to certain District vehicles and a significant repair to Unit 1002 due to replacing AC compressor and the expansion valve. There being no further questions, the Board thanked Mr. Lewis for his report.

C. Presentation of Current Projects.

1. **Presentation of development standards in areas without water and sewer infrastructure.** Mr. Starr indicated he would be discussing development standards in areas without water and sewer infrastructure, water tower repairs and orbital repairs and equipment. Mr. Starr began with a review of the request that had been made by PICA for the development of approximately 916 lots near the Crestwood Addition and

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Madison Park in the southwest area of the District. Mr. Starr reviewed the available truck line and collection systems in the area. It was noted that over 12,000 feet of line would have to be run in order to get adequately size water facilities and sanitary sewer infrastructure to serve the area. Mr. Starr noted while the District had construction standards, it required new constructed facilities be connected if the District had available facilities. As there were none in this area, development has and continued to develop with larger properties sized adequately for onsite systems. Mr. Starr noted various District subdivision standards, but also noted property in Crestwood Addition which had been subject to certain deed restrictions were no longer subject to those, and as such, certain property owners were dividing (replatting) properties into sites without District knowledge. Mr. Starr reviewed how the District had previously issued debt to support capital expansions to provide enhanced infrastructure to developing areas. It was noted the District still had that opportunity subject to its covenants and bond issues as to both revenue and additional bond covenants. Mr. Starr also noted a number of the prior bond issues had been focused at that time on areas to the north in the District to replace older pressurized systems with gravity systems. Mr. Starr stated he was bringing this matter to the attention of the Board as the District's development continued and was continuing to try to maintain infrastructure to handle growth, but its recently approved and installed 12-inch line among 421 would be fully utilized if the full 916 lots proposed by PICA was placed online. Mr. Starr stated the Board needed to consider the expansion plans that were being undertaken by development in the District because the requirements for revenue and tax bonds would also be needed for the second agenda item.

2. **Water Tower Repairs.** Mr. Starr noted while others did not deem it necessary, he felt the District would need future elevated capacity and well capacity if growth

patterns continued, and the Board had previously been given a detailed report on the water tower and tank necessary repairs and painting which Director Burk stated he had reviewed. Mr. Starr stated these matters were on the 3-5 year window of capital projects needed.

3. **Orbal Repair and Equipment.** Mr. Starr noted as a supplement to the Production Report provided by Mr. Lewis, the District was still awaiting parts in order to fully bring the wastewater plant into regulatory compliance, and it may be necessary to acquire another pump to develop more aeration. Questions then followed from the Board.

D. Presentation of Directors' Reports. None.

Agenda Item No. 13: Public Comments. None.

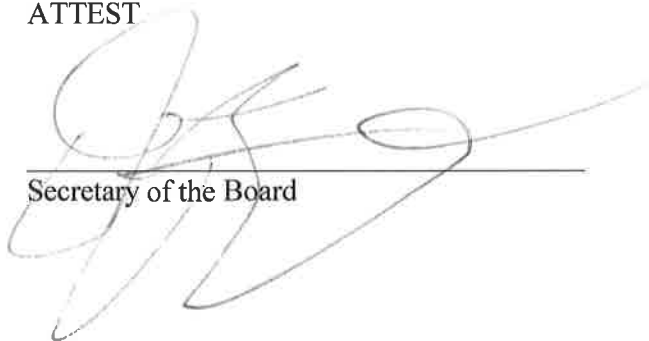
Agenda Item No. 14: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, the accounts payable were approved for payment as presented.

Agenda Item No. 15: Adjournment. There being no further business, the meeting was adjourned at 8:18 p.m.



President of the Board

ATTEST



Secretary of the Board