

Approval of Minutes from
October 19, 2020
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 19, 2020, 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

David Desormeaux

Nick Carter

Jimmy Burk

Roger Smith

Also participating in the meeting were Robb Starr, Benny Lewis and Carla Belt as employees of the District, Jeff Leavins 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, the prayer was led by Vice President Smith and the pledge was led by President Carter.

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

Agenda Item No. 3: Minutes. The Minutes of September 21, 2020 were approved as presented.

Agenda Item No. 4: Renewal of District Employees Health Insurance. The Board recognized representatives of Larry Blount & Associates Insurance. The District Manager provided the spreadsheet showing the current Blue Cross Medical Plan (G653CHC) and proposed renewal options from Blue Cross Blue Shield as well as compared to plans from other providers. It was noted the comparative plans from other providers were not beneficial to the District and/or its employees, so the Board reviewed the renewal plan alternatives provided by Blue Cross Blue Shield. A lengthy

discussion followed among the Board on the various copays, deductibles and the total out-of-pocket insurance that could be paid by an employee. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board approved the renewal of the District employees health insurance with Blue Cross Blue Shield under Medical Plan G654CHC.

Agenda Item No. 5: Capacity and Construction Approval – Holder Cortes, LLC, 4 additional Mobile Homes on existing lot – 2668 Hwy 69 South – Adam Kruttlin, owner. The Board received a presentation from the District Manager followed by the presentation of the capacity study from Jeff Leavins. Mr. Starr noted that the proposed project was to relocate two existing mobile homes on the property and to add up to three additional mobile homes on the site as shown in the site plan provided to the Board along with the mapping attached to the agenda item. Mr. Leavins reviewed the technical data in the capacity study noting availability of water system facilities, sanitary sewer collection facilities and sanitary sewer treatment capacity. Mr. Leavins then concluded with summation in the capacity study that the District water system, sanitary sewer collection system and wastewater treatment plan facilities were capable of providing capacity to the additional three mobile homes on the site. Director Desormeaux raised questions concerning the development of small tracts in the District with the multi-use residential facilities and their effect on District's future capacities. Mr. Leavins and Mr. Starr noted the capacity study showed that the addition of these facilities would not impede future development in the area. Director Desormeaux also asked about the authority of the District to control the facilities, and it was noted this property lay outside the City of Lumberton. Legal counsel stated that as a facility lay outside of the District, the regulations of the County would apply. Legal counsel asked, and Mr. Starr responded that the facility would be served by individual meters to each mobile home. After discussion and upon motion duly made by Director Burk and

seconded by Director Smith, the Board provided capacity and construction approval to Holder Cortes, LLC, up to five mobile homes on existing lot at 2668 Highway 69 South, Adam Kruttlin, owner.

Agenda Item No. 6: Capacity and Construction Approval – Early Childhood Addition

Lumberton ISD. The Board recognized the District Manager who provided an overview for agenda items 6, 7 and 8 as all were related to impending construction of facilities by the Lumberton Independent School District (“LISD”). Mr. Starr noted the District was continuing to collaborate with LISD and its engineering and construction project representatives on both elevation and grading on pipes, the location and routing of LISD facilities to the point of connection with District water and sewer facilities, and each project, if approved by the Board, would be subject to the final approval by the Board of the routing, elevation and grades on water and wastewater facilities. Mr. Starr also provided an overview of the calculation of capacity based upon the realignment of student capacity at each facility as provided by the LISD engineers and consultants in collaboration with calculations made by LJA Engineering. The Board then recognized Mr. Leavins who reviewed his capacity and construction study for the early childhood addition by LISD and noted the location of the facility then followed with a review of the water system facility, sanitary sewer collection facility and wastewater treatment plant facilities to serve the early childhood addition. Mr. Leavins stated a computer generator water system model was used to analyze the impact of the proposed development on the District’s water distribution system and the results of the modeling. Mr. Leavins also noted the current capacity (year 2020) and future capacity based upon the architectural designs provided by LISD of the sanitary sewage collection facility impacts of the early childhood addition in the District. This item closed noting the District’s water system facilities, sanitary sewer collection system facilities and water treatment plant facilities were adequate to serve the anticipated capacity of the early childhood addition for the LISD. After discussion and upon motion duly made by Vice President Smith and

seconded by Director Pitchford, the Board provided capacity and construction approval to the early childhood addition by LISD.

Agenda Item No. 7: Capacity and Construction Approval – Intermediate School Addition and Renovation – Lumberton ISD. The Board received a presentation from Mr. Starr and Mr. Leavins who reviewed the capacity study by LJA Engineering dated October 2020 for LISD intermediate school addition. Again, Mr. Leavins and Mr. Starr noted the capacity numbers changed due in part to the realignment of certain grade levels in each LISD campus, and these campuses were reconfigured to meet the future needs of LISD as to certain design considerations in both the water system and the sanitary sewer collection system. Following a review of the design consideration and TCEQ provided variances and exception request, Mr. Leavins moved to a review of the existing water system, sanitary sewer collection system and wastewater treatment facilities of the District. Mr. Leavins reviewed the capacities of each system and noted in the recommendation provisions of the capacity study that the District had adequate water well and storage capacity to meet TCEQ criteria for the existing connections and provide for future connections at the intermediate school addition and renovation by LISD. Mr. Leavins noted in the sanitary sewer collection system facility analysis that the expected flows generated for the current capacity (2020) were 11gpm, and the future capacity based on architectural designs provided by LISD is that the flows generated would be 13gpm. It was noted the existing sanitary sewer had the capacity to meet the current and future capacity demands. It was further noted based upon the flow rates, Lift Station 9 would be at approximately 73% of its capacity with the development in place. In conclusion, Mr. Leavins found that the District's water system, sanitary sewer system collection and wastewater treatment system had capacity to accommodate the construction of the intermediate school addition and renovation. After discussion and upon motion duly made by Vice President Smith and seconded by Director Burk, the Board

provided capacity and construction approval for the intermediation school addition and renovation of LISD.

Agenda Item No. 8: Capacity and Construction Approval – Middle School Addition Lumberton

ISD. The Board again recognized Robb Starr and Jeff Leavins who provided an overview of the project and the location of the LISD middle school addition and its impact on the water, wastewater collection and treatment facilities of the District. Mr. Leavins then reviewed his capacity study dated October 2020 and the design criteria as provided in the previous agenda item as to sizing of water and sanitary sewer collection system facilities for service to the new middle school addition. Mr. Starr interjected that the intention of the District was to require the inter-connection of the LISD facilities to the District facilities at the rear of the property away from the highway, and such inter-connection would only be a short distance from the existing inter-connection with the District's facilities. Mr. Leavins then returned to the review of the existing facilities and noted the existing water distribution system in the area, the proposed development was a 6" waterline on the west side of Highway 69 and tied to a 12" water line on east side of Highway 69 as to the sanitary sewer collection facilities. Again, it was noted the immediate area was served by an existing 10" sanitary sewer line on the west side of Highway 69, and the line flowed south and turns into a 12" sanitary sewer line which crossed Highway 69 at River Burch and flowed east to a manhole which lies in a dedicated utility easement. It was also noted that a 15" sanitary sewer line then flowed south across Highway 69 south of River Burch addition where it continued along through a series of sanitary sewer gravity lines. Mr. Leavins then stated the existing water facilities along Highway 69 would not be significantly impacted as to the pressure gradient within the District water distribution system based on the connections to be served by the new middle school facility. Mr. Leavins did note based on current capacity (year 2020), the flow rates generated were 21gpm, and the future capacity based on the architectural design

provided by the LISD, the wastewater flows would be 27gpm or an increase of 6gpm. Notwithstanding this flow rate increase, the LISD High School and Middle School improvements would not create an issue with flow rates, and the improvements were within the capacity of a 10" sanitary sewer gravity line adjacent to the facilities. In conclusion, Mr. Leavins noted the water system, sanitary sewer collection system and wastewater treatment plant were adequate for the proposed development. During a further discussion, it was noted the dome was served by a 4" water line, and the District had recommended a possible increase in the line sizing to the representatives of LISD to ensure adequate capacity in the event that the facilities including the sprinkler system of the dome were engaged. Mr. Starr noted the recommendation of the District had been presented to the consultants for LISD who intended to continue with the retention of the existing 4" water line due to no change in the capacity of the facility. Director Burk asked if the District could require the line sizing be increased. Legal counsel noted the facility apparently currently met the plumbing code, and Texas legislation in 2019 had provided a local government unit could not impose regulations or development requirements in excess of adopted codes; therefore, the District could make recommendations but not require an increase in line sizing, and these facilities would remain the property of the LISD as long as they were code compliant. After further discussion and upon motion duly made by Vice President Smith and seconded by Director Pitchford, this agenda item passed unanimously.

Agenda Item No. 9: Capacity and Construction Approval – Hardin County Urgent Care JBY Inc., owner. The Board was provided a detailed description of the proposed facility and recognized Mr. Leavins who reviewed his capacity study for the facility, the design criteria of the TCEQ and the existing water system, sanitary sewer collection system and wastewater treatment facilities of the District. It was noted the District 8" water line on the east side of U.S. Highway 69 would provide

adequate service for the proposed development without a significant impact on pressures within the water distribution system. In the sanitary sewer collection system, it was noted the one commercial connection was accounted for approximately 1gpm of flow rate, and this flow would not negatively impact the sanitary sewer collection facilities of the District. It was noted that Lift Station No. 10 would be operating at approximately 75% of its firm capacity with the connection in place. In conclusion, Mr. Leavins found that the water system, sanitary sewer collection system and wastewater treatment plant had adequate capacity for the proposed Hardin County Urgent Care facility. After discussion and upon motion duly made by Director Desormeaux and seconded by Vice President Smith, the Board unanimously provided construction approval to Hardin County Urgent Care JBY Inc., owner.

Agenda Item No. 10: Status Update – Wastewater Treatment Plant (Project Information Form)

Update – LJA Engineering. The Board received an update from Jeff Leavins on the initiation of a project information form on the Texas Water Development Board online application page and provided information that had been and would be input. Legal counsel then added that part of the information to be added would be provided by District staff, its financial advisor and legal counsel, and it would be necessary to denote the amount of financing being sought by the District through the TWDB Clean Water State Revolving Program. Legal counsel suggested that Resolution 2020-4 on the reimbursement of District expenses be revised to denote the entire project size and not simply the anticipated amount of cost that might be incurred prior to approval, sale and issuance of unlimited tax bonds. The Board then discussed the need for firm numbers on the proposed MGD wastewater treatment facility as well as any sanitary sewer collection system facility improvements that might be required and funded through an upcoming tax bond election. The Board therefore tabled consideration of the Reimbursement Resolution.

Agenda Item No. 11: Resolution 2020-4 – Bond Reimbursement. The Board tabled the Reimbursement Resolution 2020-4 until the November meeting.

Agenda Item No. 12: Approval for Reimbursement – Robb Starr – District Manager - Zoom Video Communication. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board unanimously approved the invoice in the amount of \$115.48 for reimbursement to the District Manager.

Agenda Item No. 13: Temporary Modification to Personnel Policy – Item VI – Section III-F Vacation Time. The Board recognized Mr. Starr who had a detailed explanation of why due to COVID 19 and other factors in the last 7 months resulted in many employees not being able to take vacation and accrued significant vacation that was unlikely to be taken by the end of year 2020. Director Burk moved that Item VI, Section II-F of the District Personnel Policy be amended to increase the number of vacation days from 5 days to 10 days, but the period be indefinite. The Board discussed the proposed motion and received comments from the District Manager and Carla Belt on the extent of the effect of unlimited buy-back on future District staffing and finances. Director Burk and Direct Desormeaux then withdrew their motion, and it was suggested that sub-paragraph F of Section III of the Personnel Policy be amended to read “employees may be allowed to work up 10 days of their vacation time and receive up to an additional 10-day pay during the period of October 26 through December 31, 2020. A request by an employee was subject to the District Manager’s approval for each employee requesting consideration of the vacation buy-back.

Agenda Item No. 14: Manager’s Report.

A. Presentation of Financial Statement and Accounts Payable. The Board received the presentation of financial statements and accounts payable. Carla Belt reviewed the bank statements and collateral pledges for Wells Fargo and BBVA Compass Bank and

then moved to a consideration of the accounts payable totaling \$523,781.16 due in part to the purchase of a new backhoe in the amount of \$194,885.73. Ms. Belt also noted there was the payment of the auditor in the accounts payable as well. The Board reviewed the budget year-to-date which showed a cash income for the month of \$46,167.12. The Board then reviewed the capital budget again noting the purchase of the backhoe. The 5-year to month average was reviewed, and Ms. Belt noted the revenues for the month were \$502,551.86. Ms. Belt followed with a review of the overtime report and customer adjustments, and a lengthy discussion followed on the adjustments due to filling pools, and it was asked if the District should review swimming pool policies from other districts and adjust its policies accordingly. Mr. Starr stated he was reviewing this matter and would bring further information back to the Board at future meetings. The Board then moved to a review of the requested overdue customer report, and it was noted the District would continue with initiating their policy of discontinuation of service for non-payment, and a door hanger would be placed on the customers residences or businesses prior to a disconnect, and in addition to noting the possible disconnection due to non-payment, it would provide information concerning the establishment of a payment plan to the District. Questions followed about encouraging the use of ACH and other methods for monthly payments, and Ms. Belt noted this information was currently available to all District residents, and she felt certain customers simply did not pay and would regularly receive a late payment penalty in lieu of making timely payments on their accounts.

B. Presentation of Production Report and Operations Report. The Board recognized Benny Lewis who noted there were two excursions for ammonia on a daily limit and monthly average, and then he gave a brief report on a reported injury and time loss.

Director Desormeaux noted it would be beneficial if the District enhanced some of its safety training procedures. The Board then moved to the Production Report, and Mr. Lewis noted the District's pumpage was off, but through the 8th month of the year, the District was averaging approximately one new customer connection per day with 230 for the calendar year beginning January 1. Questions followed on the extent of the overtime, and the District Manager noted overtime included the weekend checking of each well, and Mr. Lewis further noted that overtime resulted from water system customer callouts which were handled as soon as a callout was received. Mr. Lewis then reviewed the results of Hurricane Delta and noted significant damage had incurred at the wastewater treatment plant which might require replacement if the District could not perform repairs internally. Mr. Lewis reviewed the purchase of the backhoe and the benefit of the acquisition of capital equipment in order to handle matters such as the installation of the 12 feet deep service line being undertaken.

C. **Presentation of Important Dates.** The Board then recognized Mr. Starr who noted on the same day as the prior special meeting, the District received its initial online training on the new meters and provided an update. Mr. Starr also noted they had not received any response from the TCEQ virtual water inspection and SSO initiative. Mr. Starr said a copy of an MOU had been provided to legal counsel for DD6 which requested a grant for the TWDB to study portions of the Taylor Bayou, Hildebrandt Bayou and Pine Island Bayou water shed. Mr. Starr reported on providing flu shots to the District, and then a lengthy discussion followed on the answering service of the District. Mr. Starr noted some issues with the current provider had occurred approximately a month ago, and certain changes had been made by the provider. Director Pitchford asked that the District continue to look at the possibility to improving the answering service communications. Mr. Starr closed with noting

the present plan was to cancel the annual Christmas party due to current health and safety issues.

Agenda Item No. 15: Public Comments. The Board recognized Mr. Jeff Leavins who provided a brief report on the continuing discussions raised in the special meeting as to the defined area property and the status of the proposed development. He further noted the developers and their consultants were continuing to meet with representatives of Hardin County to address storm water retention, detention and runoff issues and the effects on Pine Island Bayou. The Board thanked Mr. Leavins.

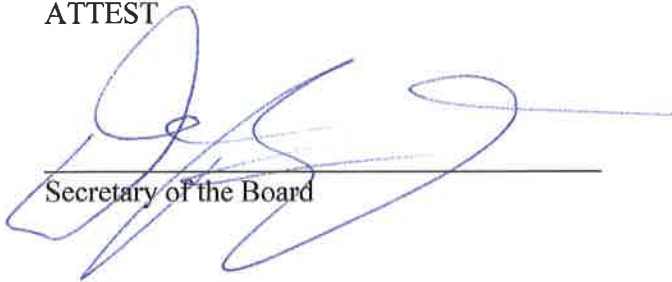
Agenda Item No. 16: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, the accounts payable were approved for payment as presented.

Agenda Item No. 17: Adjournment. There being no further business, the meeting was adjourned at 9:45 p.m.



President of the Board

ATTEST



Secretary of the Board