

Approval of Minutes

From

May 24, 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, May 24, 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 Pitchford

David Desormeaux

Nick Carter

Roger Smith

Jimmy Burk

Also present were Robb Starr, Benny Lewis and Carla Belt as employees of the District, Dennis Williams representative of Hudson Way 5100, LLC and Jared Defrancis representative 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 at 6:31 p.m., 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.** The Minutes of April 19, 2021 were reviewed and approved as presented.

Agenda Item No. 4: **Capacity Approval – Westwood Section VII – 6 Townhomes – Dennis Williams, owner.** The Board was presented with the capacity study prepared by LJA Engineering dated May 2021. The location of the proposed addition to Westwood Section VII was discussed including a review of the existing water system, sanitary sewer collection system and wastewater treatment plant system. After consideration, it was determined the District had adequate water well

and storage capacity to meet TCEQ criteria for the proposed additional six (6) residential connections, and the existing 12” water line on the south side of Westgate Lane would provide adequate service for the proposed development without impacts on the District’s pressure gradient for the water distribution system. Additionally, it was determined the six (6) residential connections would not impact the 6” sanitary sewer gravity line on the north side of Westgate Lane, nor impact the wastewater treatment plant capacity of the District. After discussion and upon motion duly made by Director Pitchford and seconded by Director Desormeaux, the Board granted capacity approval to Westwood Section VII, 6 Townhomes, Dennis Williams, owner.

Agenda Item No. 5: Capacity Approval – 7492 Neely Road – 3 existing with 13 additional rooms – 16-unit Assisted Living Facility – Rick Edgeworth, owner. The Board recognized representatives of LJA Engineering who provided their capacity study dated May 2021 outlining the existing facilities located on the south side of Neely Drive, approximately 700 linear feet west of U.S. Highway 69. The engineer reviewed the proposed development consisting of the 16 assisted living units and reviewed TCEQ design criteria including the TCEQ granted variance for certain capacities otherwise required under Texas Administrative Code, Chapter 290.44(d), Chapter 290.45(b)(1)(D)(i), Chapter 290.45(b)(1)(D)(ii) and Chapter 290.45(b)(1)(D)(iv). The engineers noted the existing water system serves approximately 9,675 equivalent living unit connections and the water distribution system in the area of the proposed development which includes a 2” water line on the north side of Neely Drive. It was noted the 2” water line is not within a looped system and is fed by Water Well #1. The proposed assisted living facilities were also evaluated based on the requirements for the sanitary sewer collection system and wastewater treatment system.

After review of the proposed project and the water and sewer system facilities, it was noted the proposed development would require the developer to extend an existing 6” water line and locate

a new drive to the proposed District's location. It was also noted the developer would be required to construct a lift station in order to satisfy the requirements of the sanitary sewer collection system. It was further noted the development would be served by an existing 2.5" low pressure sanitary sewer line, and the existing 8" sanitary sewer gravity line on the west side of U.S. Highway 69 would be at 90% of its capacity with this proposed development in place. It was additionally noted that Lift Station 21 had sufficient capacity to serve this development and proposed additional growth capacity within the area. It was finally noted the project would not have any effect on the wastewater treatment plant. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Smith, the Board provided capacity approval to 7492 Neely Road, 16 unit Assisted Living Facility, Rick Edgeworth, owner, subject to the developer satisfying the requirements for improvements to the water system and sanitary sewer system as outlined in the LJA capacity study.

Agenda Item No. 6: Construction Approval – Commercial Building – Starbucks – South LHS Drive and River Birch Drive – Vaquero Ventures, owner. The Board recognized the District Manager who reviewed the proposed construction approval and determined that since capacity approval had already been provided, all the requirements for construction approval had been met by the owner. After discussion and upon motion duly made by Director Desormeaux and seconded by Director Burk, the Board granted construction approval to Starbucks, South LHS Drive and River Birch Drive, Vaquero Ventures, owner.

Agenda Item No. 7: Authorize District Manager to sign contract with CMS Security Network for Managed Services Agreement. The Board recognized the District Manager who presented the CMS Security Network for Managed Services Agreement which had previously been provided at its April Board meeting. The District Manager noted that he and legal counsel had raised certain questions concerning the initial draft of the Agreement and had made changes which CMS Security

Network had agreed upon in an Amended Managed Services Agreement. Mr. Starr stated he and legal counsel were satisfied with the Amended Agreement as presented for the Board's consideration. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board authorized the District Manager to execute the Managed Services Agreement with CMS Security Network. Additional questions followed on certain services that would be received, and questions were responded to by the District Manager.

Agenda Item No. 8: **Auditing Services with Wathen, DeShong and Juncker, LLP.** The Board was presented with the engagement letter for Wathen, DeShong and Juncker, LLP dated May 5, 2021, outlining the objective and scope of the audit for the fiscal year ending June 30, 2021 which reflected requirements and responsibilities of both the auditor and the District. It was noted by the Board that the cost of the audit was \$21,250.00 and an additional \$3,500.00 for any single audit requirements which fees were outlined in the previous engagement letter of auditor. Questions then followed concerning the fiscal year of the District.

Agenda Item No. 9: **Presentation and Discussion – 2021 Bond Election Update – Robb Starr.** The Board recognized the District Manager who gave an overview of the initial meeting of the bond committee and the information that had been discussed. The District Manager provided information concerning comments from committee members and advised of his plans to try to conduct additional meetings in the month of June in order to respond to questions raised by the initial meeting and in order to clarify any questions of members of the community.

Agenda Item No. 10: **Manager's Report.**

A. Presentation of Financial Statement and Accounts Payable. The Board recognized Carla Belt who reviewed the bank statement from BBVA Compass Bank dated May 6, 2021 and the accounts payable for the month totaling of \$267,911.09. Ms. Belt then

provided the budget year-to-date showing a cash loss for the month of April 2021 of \$63,150.58 and stating there were no capital disbursements in the month. Ms. Belt did note that in the repair and maintenance budget, a small expenditure for work lights was paid. Ms. Belt then reviewed the 5-year to month average report on system revenues and the adjustments to customers, many of which related to water leaks during the February weather events. Questions followed from the Board.

B. Presentation of Production Report and Operations Report. The Board then recognized Mr. Lewis who provided the Operations Report. Mr. Lewis noted the wastewater treatment plant had five (5) exceedances, all due to ammonia, but there were no sample failures at the water treatment plant, no injuries reported and no significant events. Mr. Lewis then reviewed the Production Report and provided the monthly charts and graphs on water production, water leakage, 5 and 10-year average vs. current, 5 and 10-year average vs. current billed, rainfall events noting a significant decline in rainfall during the period of 2021 compared to the previous 5 years, concluding with a review of the wastewater treatment plant flows and comparative information on the ammonia reports.

Next, Mr. Lewis provided monthly reports on consumer usage and profiles. The Board was then provided with the Vehicle Maintenance & Mileage Log and the Complaint Log for the month.

C. Presentation of Current Projects. The Board then reviewed current projects and recognized the District Manager who reviewed matters related to the website, budget, status of an Amended Certificate of Convenience & Necessity and significant events including an incident on Walter Road and Taft.

1. **Website.** Mr. Starr noted the District was very close to having its website revised.
2. **Budget.** Mr. Starr noted that with the close of its fiscal year, the Board would have a budget workshop in June to discuss the 2021-2022 budget.
3. **Certificate of Convenience Necessity update.** Mr. Starr noted the District had requested the addition of an area adjacent to its CCN, and while the District had provided an application for the CCN amendment, the PUCT had required a more comprehensive CCN application which the District Manager was working on with legal counsel.
4. **Significant Event – Walton Road & Taft.** Mr. Starr reported on a requirement for the District to take out of service a water line in the area of Walton Road and Taft which waterline was off for many hours, but by notification of adjacent property owners, the District did not receive any negative complaints due to the incident.

D. **Presentation of Directors' Reports.** President Carter raised issues concerning the upcoming bond issue, and Mr. Starr noted he and staff along with legal counsel were reviewing matters which had been raised in the bond committee including the availability of grant funding to offset part of the cost for other funding sources. Mr. Starr noted that the entire presentation which had been made to the bond committee had also been made to all of the District's staff, so they would be able to answer at any point, general information concerning the proposed bond issue.

Agenda Item No. 11: Public Comments. None.

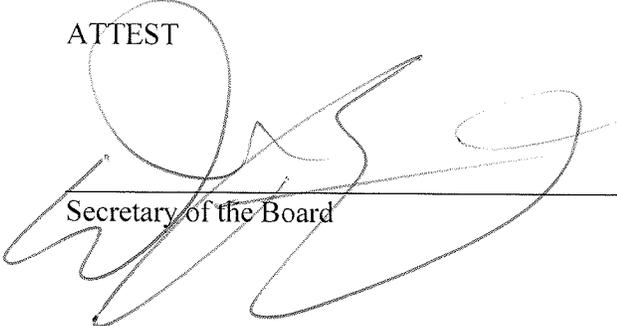
Agenda Item No. 12: Payment of Bills. After discussion and upon motion duly made by Director Pitchford and seconded by Director Burk, the accounts payable were approved for payment as presented.

Agenda Item No. 13: Adjournment. There being no further business, the meeting was adjourned at 7:44 p.m.



President of the Board

ATTEST



Secretary of the Board