

**Regular Called Meeting
Riverbend Water Resources District
Board Meeting Minutes**

February 10, 2016

3930 Galleria Oaks, Texarkana, TX 75503

C O R R E C T E D M I N U T E S

On April 13, 2016, the Riverbend Water Resource District Board of Directors authorized the correction of the minutes for the Regular Called Meeting of February 10, 2016. The following are the corrected minutes for that meeting:

I. Call to Order, Roll Call, and Establishment of Quorum and Certification of Notice

Pursuant to a notice posted on the district website on February 5, 2016, the Chair, Marshall Wood, Treasurer of the Board, called the meeting to order at 12:10 p.m.

Directors Present:

Sean Rommel, President (present later in meeting)
Fred Milton, Secretary
Marshall Wood, Treasurer
Kelly Mitchell, Director

Directors Absent:

Jim Green, Vice President

Administration Present:

Elizabeth Fazio Hale, Executive Director/ CEO
David Glass, Smith Weber LLP, RWRD Attorney

Public Present:

Lauren Arnold, Daines Insurance
Sara Bedford, Financial Advisor, Hilltop Securities, Inc.
Doug Bowers, City Manager, City of Nash
Robert Bunch, Mayor of Nash, City of Nash
Mike Burke, City Administrator, City of Wake Village
Steve Conner, Conner & Duffer Insurance
Robert Dransfield, Bond Counsel, Norton Rose Fulbright

Beth Ellison, Benefits Service Specialist, TML MultiState IEBP (via phone)
David Harkins, Carollo Engineers, PC
Rhonda Jones, CPA, Holliday, Lemons & Cox, PC

Peter Patterson, TWCA Risk Management Fund
Jim Powell, Director of HR, City of Texarkana
Toni Sexton, Accountant, Holliday, Lemons & Cox PC
Marti Shew, Financial Advisor, Hilltop Securities Inc.
John Whitson, City Manager, City of Texarkana

II. Innovation

Fred Milton led the invocation.

III. Public Comments

Report on a matter of public concern regarding the health of Jim Green, Vice President of the Board of Directors.

No other public comments.

IV. Agenda Items for Individual Consideration

A. Discussion and possible action regarding December 8, 2015 minutes.

A motion was made by **Fred Milton** and seconded by **Kelly Mitchell** to approve the December 8, 2015 minutes. The motion was approved unanimously.

B. Discussion and possible action regarding January 13, 2015 minutes.

A motion was made by **Kelly Mitchell** and seconded by **Fred Milton** to approve the January 13, 2016 minutes. The motion was approved unanimously.

C. Discussion and possible action regarding January 2016 financial statements.

Liz Fazio Hale presented an update on the financials. Our financials for our first quarter reflect a loss due to upfront obligations. Those obligations will be covered the remaining portion of the fiscal year.

A motion was made by **Kelly Mitchell** and seconded by **Fred Milton** to approve the January financials. The motion was approved unanimously.

D. Discussion and possible action regarding ratification of Executive Director/ CEO Employee Agreement executed with Elizabeth Fazio.

Marshall Wood presented information on the negotiations between the Board and Mrs. Fazio Hale. On January 20, 2016 an agreement was reached and signed by Sean Rommel, President, on behalf of the Board and Mrs. Fazio Hale, Executive Director/CEO. The agreement is presented in the Agenda Packet.

A motion was made by **Fred Milton** and seconded by **Kelly Mitchell** to ratify the Executive Director/CEO Employee Agreement. The motion was approved unanimously.

E. Discussion and possible action regarding 2014-2015 Audit by Holliday Lemons & Cox, PC.

Rhonda Jones with Holliday, Lemons & Cox presented the 2014-2015 Audit for RWRD. Highlights included:

- The Audit is an “unqualified opinion” which is the best type of opinion that you can receive on your financial statements. It means that everything in the report is fairly stated in all material respects.
- Good financial statement in that the district has assets as of 09/30/15 in the amount of \$120,000, with liabilities of \$68,000. This liability has unusual item in it due to an obligation from prior administration that will be resolved this year and put the district in a much better financial position.
- Net position is \$52,000.
- Operating revenues are \$217,000, with operating expenses of \$329,000 bringing the operating loss to just over \$111,000. It is unusually higher this year because of the \$68,000 liability at year-end.

A motion was made by **Kelly Mitchell** and seconded by **Fred Milton** to approve the 2014-2015 Audit by Holliday, Lemons & Cox PC.

F. Discussion and possible action regarding agreement for the purposes of providing employee health and life insurance benefits, including discussion on the following:

Sean Rommel now present.

Sean Rommel now in the Chair.

1. TML MultiState Intergovernmental Employee Benefits Pool - Beth Ellison presented via teleconference the benefits that RWRD currently has and the options for the coming renewal period. Ms. Ellison explained that rates across the pro-

gram went up approximately 6% and that due to our increase in claims the past year, our costs will go up approximately 12% with our current one full-time employee and one COBRA participant through March 2016. Ms. Ellison also presented information on the proposed addition of twelve to fifteen new employees. This will increase costs, as well because of a lack of history with these employees. Prescriptions are built into the health plan. TML partners with United for prescription services. Co-pay for an office visit is \$25. For a deductible of \$1500 per year per employee cost is approximately \$478.

If the district wishes to renew with TML, the renewal forms are due this month and must be approved by the district at today's meeting.

2. Private Insurance under "Community Rating" with Daines Insurance and select carriers including USAble and BCBS of Texas - Lauren Arnold presented information on the current insurance offered to TexAmericas Center employees and what that coverage and cost would look like for RWRD, inheriting those current employees with the transfer of the wet utilities. Recently, the previous coverage was increased almost 20% and deductible had to be raised. TexAmericas Center is currently under a grandfathered program but in 2017 all non-self-funded programs will be going to "community rating" policies. Co-pay for an office visit \$20. For a deductible of \$1500 per year per employee cost with USAble varies by employee but the average is \$583.
3. City of Texarkana Insurance Rates for Outside Agencies including HRA and HSA programs with Sterling Administration and select carriers including BCBS of Texas - Jim Powell presented information on the HRA and HSA programs with the City of Texarkana. In addition to the benefits that are paid by the district per month per employee, the HRA and HSA programs also require an annual amount to be put into the savings accounts for use by the employees. Prescriptions do not have a co-pay with HSA accounts and must be paid in full through the savings account. For an annual deductible of \$1500 in the HRA program the cost is approximately \$453 per month per employee, plus an additional annual \$600 per employee to begin the savings account.

A motion was made by **Marshall Wood** and seconded by **Kelly Mitchell** to approve an Interlocal Agreement with TML MultiState IEBP for renewal of benefits and continuation of coverage under COBRA for employees at a new deductible of \$1500.

G. Discussion and possible action regarding risk management insurance for board, workers' compensation and facilities.

Steve Conner with Conner & Duffer Insurance presented information on the current coverage for the wet utilities at TexAmericas Center, including coverage for the board, worker's compensation, and facilities (equipment, buildings, vehicles, etc.). Mr. Conner covered what that coverage would look like for RWRD once the transfer of wet utilities from TexAmericas Center occurred. Costs for property, general liability, employee liability, public entity management, employment practices, auto liability, umbrella, workers' compensation, etc is approximately \$71,500.

Pete Patterson with Texas Water Conservation Association Risk Management Fund ("TWCA RMF") presented information on current coverages held with RWRD for the board and worker's compensation. RWRD renewal is coming up in Mr. Patterson also presented information on coverage for the addition of the wet utilities to be acquired from TexAmericas Center for board, worker's compensation, and facilities (equipment, buildings, vehicles, etc.). Costs for property, general liability, employee liability, public entity management, employment practices, auto liability, umbrella, workers' compensation, etc is approximately \$33,000.

If the district plans to renew with TWCA RMF, completion of the renewal forms begins this month and must be approved at the next regular meeting.

No action.

H. Discussion and possible action regarding two separate resolutions (one for the Texas Water Development Board and one for Regions Bank) for the approval of issuance of bonds in connection with the acquisition of TexAmericas Center wet utilities.

Sara Bedford, Marti Shew, and Robert Dransfield presented information on the two resolutions that will need to be approved by the district in order to proceed with the issuance of bonds with the Texas Water Development Board and Regions Bank. The Series 2016A bonds are being purchased by Texas Water Development Board and will fund approximately \$5,000,000 in bonds for regional planning costs and bonds currently held by TexAmericas Center for the support of domestic wastewater treatment. The Series 2016B bonds are being purchased by Regions Equipment Finance Corporation and will fund approximately \$8,115,000 in bonds currently held by TexAmericas Center for industrial wastewater treatment.

These resolutions serve as the contract between the district and the respective entities. These resolutions may not be approved until the Novation of the US Army Contract from TexAmericas Center to Riverbend occurs.

No action.

I. Discussion and possible action regarding the development of a regional master plan.

Liz Fazio Hale provided a draft of the request for proposal for the initial development of a regional master plan, particularly as it relates to the development of a new water treatment facility. This request for proposal is intended to attract consultants who are capable of maximizing all state and federal resources, especially any matching funds available.

A motion was made by **Kelly Mitchell** and seconded by **Fred Milton** to approve the issuance of an RFP for the initial development of a regional master plan, particularly as it related relates to the development of a new water treatment facility.

J. Discussion and possible action regarding lease agreements between TexAmericas Center and Riverbend Water Resources District.

Postponed until the end of the Agenda.

K. Discussion and possible action regarding update on transfer of TexAmericas Center wet utilities (Scott Norton). This discussion may include, but is not limited to the following items:

1. Update on progress with CCN transfer and the PUC - No further update since the last meeting. The PUC approval was authorized on December 22, 2015 contingent upon the filing of monthly updates and the filing of closing documents evidencing the completion of the acquisition.
2. Update on progress with U.S. Army - The completion of the Novation of the US Army Contract for water and wastewater services from TexAmericas Center to RWRD is expected to occur on or before the end of February, as indicated by a response letter sent to Congressman John Ratcliffe.
3. Update on financials and bond transactions with TWDB and Regions - See Agenda Item IV. H., above.
4. MOU on outstanding items pertinent to the closing (RWRD/TAC) - The MOU will need to be completed before closing. In addition, there will need to be an addendum to the contract between RWRD and TexAmericas Center, reflecting the true time for repayment of any loan made by TexAmericas Center to RWRD.
5. Lease agreements (RWRD/TAC) - See Agenda Item IV. J., below.

6. Water supply agreements (City of Texarkana/RWRD/TAC -
Liz Fazio Hale provided information on an Economic Development Contract between the City of Texarkana and TexAmericas Center in 2011 for approximately \$250,000 for the TAC-East infrastructure. The CCN for this agreement was never transferred and is now part of the application for CCNs to be acquired by RWRD from TexAmericas Center.
7. Closing documents - There are approximately 12-15 closing documents. These were provided to the Board in November. Please continue to review those documents. So long as the Novation occurs before the end of February, closing is scheduled for sometime between March 23 -30, 2016.

L. Lake Wright Patman and various regional water issues.

Liz Fazio Hale provided an update that the Forth Worth District of the US Army Corps of Engineers will be providing an open forum on the Sulphur Basin Feasibility Study in Texarkana, Texas at the Texarkana Community College in the Great Room on Tuesday, February 23, 2016.

M. Discussion and possible action regarding appointment of a strategic advisory committee.

No action.

J. Discussion and possible action regarding lease agreements between TexAmericas Center and Riverbend Water Resources District.

Item J is now being considered, as a postponed Agenda Item.

The Board went into executive (closed) session from 2:52 p.m. to 2:59 p.m. to receive legal advice from its attorney pursuant to Texas Open Meetings Act, Government Code, Section 551.071.

A motion was made by **Marshall Wood** and seconded by **Fred Milton** to allow Elizabeth Fazio, Executive Director/CEO, to enter into Interlocal Agreements concerning certain leases on TexAmericas Center Buildings 164, 167, and 228A with annual automatic renewals for a period of 10 years, subject to the changes relating to ad valorem taxes and continuation of lease so long as RWRD is a regional water provider and provides at least one of the following: potable, non-potable water, or sanitary sewer collection and treatment.

V. Reports

A. Board of Directors

None.

B. Executive Director/ CEO

None.

VI. Next Regular Meeting

Due to Spring Break, the next regular meeting of the Riverbend Water Resources District Board of Directors will be moved-up and is scheduled for **Wednesday, March 2, 2016** at 3930 Galleria Oaks, Texarkana, TX 75503.

VII. Adjournment

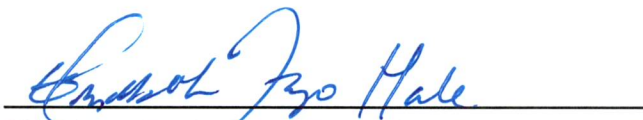
With no additional business to be discussed, a motion was made by **Marshall Wood** and seconded by **Fred Milton** to adjourn the meeting at 3:02 p.m. The motion was approved unanimously.

The previous corrected minutes of Riverbend Water Resources District Board of Directors meeting, February 10, 2016 were read and approved on the 13th day of April, 2016.



Sean Rommel, President

Attest:



Elizabeth Fazio Hale, Executive Director/ CEO