

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

**March 29, 2017**

228 Texas Avenue, Suite A, New Boston, Texas 75570

**MINUTES**

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

Pursuant to a notice posted on the District website on March 22, 2017, the Chair, Sean Rommel, Past President of the Board, called the meeting to order at 12:06 p.m.

**Directors Present:**

Marshall Wood, Vice President  
Kelly Mitchell, Secretary  
Sean Rommel, Past President

**Directors Absent:**

Jim Green, President  
Fred Milton, Treasurer

**Administration Present:**

Elizabeth Fazio Hale, Executive Director/ CEO  
David Glass, General Counsel  
Eli Hunt, Systems Manager  
Becky Melton, Financial Director/HR Manager

**Public Present:**

Mike Burke, City Administrator, City of Wake Village  
Mike Buttram, SRBA, Contract Staff and Self, Retired  
Hal Harris, General Manager, Central Bowie County Water Supply Corporation  
Jeff Lewis, General Counsel, City of Texarkana, TX  
Scott Norton, Executive Director/CEO, Texarmericas Center  
John Plant, Plant Manager, REG  
Karl Richter, Reporter, Texarkana Gazette  
John Whitson, City Manager, City of Texarkana, TX

## **II. Innovation**

Sean Rommel led the invocation.

## **III. Public Comments**

No public comment.

## **IV. Agenda Items for Individual Consideration**

### **A. Discussion and possible action regarding February 22, 2017 Regular Meeting minutes.**

Liz Fazio Hale added that there was correction to the draft minutes sent to the Board adding/correcting attendees at the last Regular Meeting.

A motion was made by **Sean Rommel** and seconded by **Kelly Mitchell** to approve the minutes with the correction for the February 22, 2017 Regular Called meeting. The motion was approved unanimously.

### **B. Discussion and possible action regarding October, November, December, and January monthly investment reports and financial statements (including overall annual financial report) on all (General and Wet Utilities) current accounts and funds.**

The Chair laid out Item IV. D. at the same time as Item IV. B. for discussion and action.

Under Item IV. D., Toni Henry and Rhonda Jones with Holliday Lemons & Cox P.C. provided a presentation on the Riverbend FY 2015-2016 Audit. Highlights include the following:

- In fiscal year 2016, Riverbend's combined net position increased \$8,496,687, to \$8,548,690. The significant contributing factor was the gain from the acquisition of the wet utilities systems from TexAmericas Center on May 1, 2016 for \$8,236,939.
- Riverbend's operating revenue increased by \$1,353,895 to a total for fiscal year 2016 of \$1,571,668. The Administrative fund's operating revenue increased by \$229,398, primarily due to the supplemental contributions received from member entities. The Wet Utilities fund had operating revenue for \$1,124,497 for the five months of activity, since it was acquired on May 1, 2016.
- Riverbend's combined operating expenses increased by \$1,008,672 to a total for fiscal year 2016 of \$1,337,960. The Administrative fund's operating expenses decreased \$41,130 and the Wet Utilities fund had operating expenses of \$1,049,802 for the five months for activity from May 1, 2016 through September 30, 2016.

- Riverbend issued revenue bonds related to the acquisition of the wet utilities systems in the amount of \$11,610,000 on May 1, 2016. The bonds mature in October 2045 and have varying interest rates from .8% to 4.56%.

Liz Fazio Hale provided information emphasizing that in addition to the list of items that the district can improve upon, the district's audit is reflective of many successes and represents a very good picture of a well-run district with a great outlook for the following year.

Kelly Mitchell questioned whether adjustments that were made as a result of the audit were items that were not reflected in the financials at all.

Rhonda Jones responded that many of the adjusted items were related to the adjusted items were the result of items that were recorded somewhere, just not in a GAAP standardized form. She referenced them as being in a bucket but just in the "wrong bucket."

Liz Fazio Hale commented that the district had "grown-up" significantly from the previous year and that the financials were much more complicated today than a year ago. She recommended to the Board that it was time to hire a firm to assist in the preparation of verifying the financials for Board approval. Much of the work and preparation of the financials can still be done in the office with current staff, but it will be important moving forward to have executive and staff decisions on how to account for certain items verified by professionals who work specifically with government GAAP.

Sean Rommel asked that the hiring of a firm or individual be put on the next agenda for further discussion.

A motion was made by **Sean Rommel** and seconded by **Kelly Mitchell** to approve RESO 20170329-01 approving the FY 2015-2016 Audit for Riverbend Water Resources District. The motion was approved unanimously.

Under Item IV. B., Liz Fazio Hale provided information on the September FY 2015-2016 financials and October, November, December, and January financials for FY 2016-2017. These financials are reflective of changes made in the audit, for example booking of assets, liabilities on employee accrued annual leave, and bond principal and interest payments.

A motion was made by **Sean Rommel** and seconded by **Kelly Mitchell** to approve September FY 2015-2016 financials (reflective of the FY 2015-2016 Audit) and October, November, December, and January financials for FY 2016-2017. The motion was approved unanimously.

**C. Discussion and possible action regarding approval of a resolution adopting amendment of the 2016-2017 General Fund budget of the Riverbend Water Resources District.**

Liz Fazio Hale provided information the addition of a line in the Administrative Member Budget (formerly referred to as the General Budget for member entities) to reflect “Use of Unrestricted Net Assets from Prior Years.” This amount will be used to cover the \$50,000 in “seed money” sent to the US Army Corps of Engineers to draft a Scope of Work on the Cultural Resources Survey for the implementation of the Ultimate Rule Curve.

A motion was made by **Kelly Mitchell** and seconded by **Sean Rommel** to approve a resolution adopting amendment of the 2016-2017 General Fund budget of the Riverbend Water Resources District. The motion was approved unanimously.

**D. Discussion and possible action regarding approval of a resolution approving the FY 2015-2016 Audit performed by Holliday Lemons & Cox, PC.**

Item IV. D. was laid out and discussed with Item IV. B. See above.

**E. Discussion and possible action regarding changes to the Riverbend commercial and residential water and wastewater rates, deposits, retail agreements, minimum charges, etc.**

Liz Fazio Hale provided an overview of the proposed water and wastewater changes, stating that change in water and wastewater rates on the TexAmericas Center footprint had not been made in several years, at least since the naming of the Red River Redevelopment authority. Mrs. Fazio Hale explained that the increases will be used to support the facility charges for the bonds issued on regional planning and other capitol improvement projects. This rate adjustment is ONLY for residential and commercial customers on the TexAmericas Footprint.

Mrs. Fazio Hale noted that she asked staff to look at the impact that the fee increase would have on properties owned by Mr. Jeff Prieskorn, who had attended the last Board meeting. In looking at his numbers, she noticed that previous recent billings were indicative of a water leak in about three of the buildings. Staff worked with Mr. Prieskorn to resolve these leaks. Additionally, in response to a request from Mr. Prieskorn that his apartment units be treated as residential versus commercial, Mrs. Fazio Hale requested a letter from Mr. Prieskorn stating his request. Mrs. Fazio Hale has agreed to grant this request beginning on May 1, 2017.

Liz Fazio Hale is also working with REG Plant Manager, John Plant, to provide a credit to him for previous wastewater treatment billed but not utilized under Riverbend

operations. This in effect would help to offset his increase for the remainder of the calendar year and allow REG to “phase into” the increase.

Otherwise, Liz Fazio Hale stated that she had not received any other feedback related to the rate adjustments. She is recommending that the Board adopt rate adjustments at the next Regular Board Meeting on April 12, 2017.

No action taken.

**F. Discussion and possible action regarding approval of certain interlocal agreements with potential new member entities.**

Liz Fazio Hale provided information on changes to a template interlocal agreement/memorandum of understanding. This template is to be used by non-paying entities who wish to partner with Riverbend on solutions for water issues in the region. Each individual MOU will come back to the Board for formal acceptance and/or approval.

A motion was made by **Sean Rommel** and seconded by **Kelly Mitchell** to approve the template interlocal agreement/memorandum of understanding. The motion was approved unanimously.

**G. Discussion and possible action regarding approval of a resolution appointing Elizabeth Fazio Hale, Executive Director/CEO as the appointed voting delegate for the Texas Rural Water Association.**

Liz Fazio Hale provided information on the Texas Rural Water Association and the need to appoint a voting delegate and alternate. She recommended Eli Hunt for the alternate.

A motion was made by Sean Rommel and seconded by Kelly Mitchell to approve a resolution appointing Elizabeth Fazio Hale, Executive Director/CEO, as the appointed voting delegate and Eli Hunt, Systems Manager, as an alternate, for the Texas Rural Water Association. The motion was approved unanimously.

**H. Discussion and possible action regarding approval of a resolution authorizing the Executive Director/CEO, Elizabeth Fazio Hale, to repay TexAmericas Center for a promissory note in the amount of \$900,000 by the April 30, 2017 maturity date.**

Item IV. H. was laid out prior to Item IV. F. on the Agenda.

Liz Fazio Hale provided information on the availability of funds to repay a promissory note to TexAmericas Center in the amount of \$900,000. She thanked TExAmericas Center and Scott Norton for the continued support of Riverbend in the transfer of the wet utilities.

A motion was made by **Kelly Mitchell** and seconded by **Sean Rommel** to approve a resolution authorizing the Executive Director/CEO, Elizabeth Fazio Hale, to repay TexAmericas Center for a promissory note in the amount of \$900,000 by the April 30, 2017 maturity date. The motion was approved unanimously.

**I. Discussion and possible action regarding approval of a resolution supporting the role of Riverbend Water Resource District in implementation of the Ultimate Rule Curve and as the entity to seek future water rights in Lake Wright Patman Reservoir on behalf of all Member Entities.**

Liz Fazio Hale provided information on the drafting of a resolution supporting the role of Riverbend Water Resource District in implementation of the Ultimate Rule Curve and as the entity to seek future water rights in Lake Wright Patman Reservoir on behalf of all Member Entities. A draft with Texarkana has been agreed upon.

John Whitson indicated that the draft resolution supporting Riverbend would be placed on the City of Texarkana's next agenda, April 10, 2017.

Liz Fazio Hale stated that she would be developing a similar draft for all other member entities to approve, as well.

No action taken.

**J. Discussion and possible action regarding Lake Wright Patman and various regional water issues, including activities in the Arkansas and Texas Legislatures.**

Liz Fazio Hale provided information on recent activity associated with the SRBA Sunset legislation. During the Board meeting, she received information that a substitute was offered by Rep. Dan Flynn (author of the bill) at the request of Rep. Van Deaver to allow any previous SRBA board member to be reappointed to the SRBA Board after the Board is swept, September 1, 2017.

**Marshall Wood** commented that he had recently met with Rep. Van Deaver and asked him to keep Riverbend informed of any proposed changes to the SRBA Sunset legislation.

**Sean Rommel** commented that a meeting was held last April to open communications with Rep. Van Deaver, as well.

**Kelly Mitchell** commented that Fred Milton and Liz Fazio Hale had also met with Rep. Van Deaver in Austin to voice support for the SRBA Sunset legislation, as drafted, and to keep us informed of changes.

All Board Members were dismayed at the lack of communication.

No action taken.

The Chair called for a five minute recess.

The Chair called the meeting back to order. A quorum was present.

**K. Discussion and possible action regarding the purchase of TAC East Infrastructure.**

Liz Fazio Hale provided information that she and John Whitson, City Manager of Texarkana, TX, had worked through a number of changes to the proposed contract for sale of the TAC East Infrastructure to Riverbend. David Glass, Riverbend General Counsel, had also reviewed the document and made only one suggested change that the paragraph related to further costs read “Riverbend’s share” versus Riverbend’s part. Jeff Lewis will now review and prepare the document for placement on the City Council agenda.

Marshall Wood asked if it could be placed on the April 10, 2017 agenda with the water rights issues. John Whitson responded that he would be out of the office the following week and that he had General Counsel working on a number of other issues.

No action taken.

**V. Reports**

**A. Board of Directors**

None.

**B. Executive Director/ CEO**

Liz Fazio Hale provided information on the following ongoing Riverbend projects:

- i. STAR (“Stakeholder Technical Analysis Review Committee”) Extension - *an email would be going out this week to ask for more participants;*
- ii. Retail and Wholesale Rate Study - *this study is meant to help member entities plan for future projects. Nothing in this study will require rates to be adjusted;*
- iii. Regional Water Master Plan Project with Susan Roth and Consulting - *Susan Roth is preparing for next regular meeting a list of projects narrowed for cost estimates;*

- iv. Million-gallon Water Storage Tanks Project - *proceeding and will likely have a request for qualifications at April or May Board Meeting;*
- v. Pipeline Replacement and Chlorification Project - *the line replacement is complete and online. Crews are finishing the chlorification installation;*
- vi. Future CIP Projects for a Facility Charge #3 - *no update; and*
- vii. Other Maintenance and Services Projects - *no update.*

**The Board went into executive (closed) session from 1:23 p.m. to 1:48 p.m. to receive legal advice from its attorney pursuant to Texas Open Meetings Act, Government Code, Section 551.071.**

**VI. NEXT RIVERBEND MEETINGS**

Wednesday, April 12, 2017 at 12:00 p.m. at Riverbend Offices, 228 A Texas Avenue, New Boston, TX 75570.

**VII. Adjournment**

With no additional business to be discussed, a motion was made by **Sean Rommel** and seconded by **Kelly Mitchell** to adjourn the meeting at 1:50 p.m. The motion was approved unanimously.

**The previous corrected minutes of Riverbend Water Resources District Board of Directors meeting, March 29, 2017 were read and approved on the 12<sup>th</sup> day of April, 2017.**



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**Marshall Wood, Vice President**

**Attest:**



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**Elizabeth Fazio Hale, Executive Director/ CEO**



Riverbend Water Resources District  
 Board Meeting  
 March 29, 2017  
 12:00 p.m.

No.	Name	Organization	Title	Phone	Email
1	Hal Harris	Central Bowic City wse	GM	903 628 5601	cbwse@aol.com
2	Mike Burke	Wike Village	Administrator	903-838-0515	
3	Mike Buttram	CRP	Wate Pro. Spec.	903-278-4069	mike1buttram@gmail.com
4	John Whitson	Texarkana	CITY MANAGER	903-949-7839	john.whitson@texarkana.gov
5	Toni Smith	Carroll	Engineer	512-427-8157	TLSmith@carroll.com
6	Hal Harris	Central Bowic			
7	Karl Richter	Tex. Gazette	Reporter	512-626-7514	Krichter@texarkana.com
8	Scott Norton	TAC			gazette.com
9	John	REG			
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Riverbend Watersources District  
Board Meeting  
March 29, 2017  
12:00 p.m.

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