

**Regular Called Meeting
Riverbend Water Resources District
Board Meeting Minutes
September 13, 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 September 7, 2017, the Chair, Jim Green, President of the Board, called the meeting to order at 12:04 p.m.

Directors Present:

Jimmy Green, President
Fred Milton, Treasurer
Kelly Mitchell, Secretary
Sean Rommel, Past President

Directors Absent:

Marshall Wood, Vice President

Administration Present:

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

Public Present:

Bart Brock, Legislative Staff, Representative Van Deaver
Lanny Buck, Engineer, KSA
Mike Burke, City Manager, City of Wake Village
Mike Butram, Consultant, SRBA
Jim Clary, City Council Member, Maud, TX
Scott Norton, Executive Director/CEO, TexAmericas Center

II. Invocation

Jim Green led the invocation.

III. Public Comments

Jim Green publicly recognized guests.

Mr. Green also thanked everyone for a great year while he was President. The Board and Executive Director/CEO also thanked him for his leadership. Liz Fazio Hale noted that Mr. Green had started the year with a goal in mind of attending at least one of each Member Entities' council or board meetings. This was accomplished for all except Avery, Texas.

No other public comments.

IV. Agenda Items for Individual Consideration

A. Discussion and possible action regarding August 9, 2017 Regular Meeting minutes.

A motion was made by **Fred Milton** and seconded by **Kelly Mitchell** to approve the minutes for the August 9, 2017 Regular Called meeting. The motion was approved unanimously.

B. Discussion and possible action regarding monthly financials and any applicable investment reports.

Liz Fazio Hale provided information on the draft financial statements for August 2017.

No action taken.

C. Discussion and possible action regarding approval of a resolution adopting the 2016-2017 Member Entities' True-Up for use in FY 2017-2018.

Liz Fazio Hale provided information on the Member Entities' True-Up from TWU. The rate will go up from approximately \$0.8109 to \$0.8914 effective October 1, 2017.

Kelly Mitchell provided the following information as a member of a citizen committee formed to review the budgets of the City of Texarkana and TWU. The committee has been appointed to research budget shortfalls and recommend solutions. Prior to the formation of the committee, the previous City Manager recommended a 30% increase in water rates for an environmental fee, as well as increase for property taxes, both for residents inside Texarkana city limits. Most cities funnel revenues from water and wastewater to a general fund managed by the city. TWU has been keeping that revenue. The TWU budget is approximately 180 pages and the budget for the City of Texarkana Texas as a whole is a few pages less than that. TWU has investment accounts with approximately \$16 million of unrestricted funds. The committee recommended moving \$6 million from TWU to the General Fund of the City of Texarkana, Texas. Now is a good time to separate retail customer funds from industrial, wholesale, & commercial customer funds. TWU has an additional \$4 million set aside for the Ultimate Rule Curve. The water rate for Texarkana, Texas is one of the two lowest in comparison to other cities the same size. Property tax rate is \$0.70. An increase in the water rate is coming, mostly to fund needed infrastructure.

Jim Clary, Council Member, City of Maud, Texas, stated that the newspaper article related to the moving of funds was scary but that Mr. Mitchell's explanation was very good.

Mike Burke, City Manager of Wake Village, TX, asked about depreciation accounts especially as those relate to Member City infrastructure and TAC East infrastructure. Mr. Mitchell stated as he learned more, he would inform the Executive Director/CEO of Riverbend.

A motion was made by **Sean Rommel** and seconded by **Kelly Mitchell** to approve **RESO 20170913-01** adopting the 2016-2017 Member Entities' True-Up for use in FY 2017-2018 with the understanding that more information on Member City Funds, as well as wholesale customer funds & revenues, would be requested for further evaluation. The motion was approved unanimously.

D. Discussion and possible action regarding approval of a resolution adopting the Third Amended 2016-2017 Administrative Member Fund budget of the Riverbend Water Resources District.

Liz Fazio Hale provided information regarding the need for a third amendment for the Administrative Member Fund budget. The amendment resulted two items. First, from double counting revenues for the supplemental from Riverbend as a wholesaler to RRAD. In order to make the water usage percentage numbers work, Riverbend participated in the supplement, as well. This was not billed to RRAD but was taken from Riverbend revenue. Second, the City of Wake Village did not budget for the additional supplemental costs.

A motion was made by **Sean Rommel** and seconded by **Fred Milton** to write off \$4,762.04 owed by the City of Wake Village, as they did not participate in the voluntary supplemental contribution to the FY 2016-2017 Administrative Member Fund budget. The motion was approved unanimously.

A motion was made by **Fred Milton** and seconded by **Sean Rommel** to approve **RESO 20170913-02** adopting the Third Amended FY2016-2017 Administrative Member Fund budget of the Riverbend Water Resources District. The motion was approved unanimously.

E. Discussion and possible action regarding approval of a resolution adopting the 2017-2018 Administrative Member Fund budget of the Riverbend Water Resources District.

Liz Fazio Hale provided information on the FY 2017-2018 Administrative Member Fund budget. This budget does not include a supplemental contribution from the Member Entities this year. It relies on the previous year's (our current year) FY17 net revenues "rolled over," which we are estimating at \$190,000.

A motion was made by **Sean Rommel** and seconded by **Fred Milton** to approve **RESO 20170913-03** adopting the FY2017-2018 Administrative Member Fund budget of the Riverbend Water Resources District. The motion was approved unanimously.

F. Discussion and possible action regarding approval of a resolution adopting the Amended 2016-2017 Wet Utilities Fund budget of the Riverbend Water Resources District.

Liz Fazio Hale provided information on the need for an amendment to the water worksheet in the Wet Utilities budget. We were approximately \$125,000 over budget on Water Purchase Cost due to a few factors:

1. Increase in the water rate from \$0.79 to \$0.81;
2. No 10% decrease in usage by the Army, even though it was included in the FY17 budget; and
3. Slight increase in usage (flushing) due to projects.

A motion was made by **Fred Milton** and seconded by **Sean Rommel** to approve **RESO 20170913-04** adopting the Amended FY2016-2017 Wet Utilities Fund budget of the Riverbend Water Resources District. The motion was approved unanimously.

G. Discussion and possible action regarding approval of a resolution adopting the 2017-2018 Labor Table and Wet Utilities Fund budget of the Riverbend Water Resources District.

Liz Fazio Hale provided information regarding the Wet Utilities Budget. She stated that there was an increase of 2-3% for labor costs and an overall increase of 10-12%. She explained that, the overall increase was related to an increase in water purchase cost, as well as a request by the Army to include management of Building 362. All other changes in line items were revenue neutral.

A motion was made by **Sean Rommel** and seconded by **Fred Milton** to approve **RESO 20170913-05** adopting the FY2017-2018 Labor Table and Wet Utilities Fund budget of the Riverbend Water Resources District with amendments related to the percentage of usage of the Army. The motion was approved unanimously.

H. Discussion and possible action regarding approval of FY 2017-2018 TAC East Water Fund budget of the Riverbend Water Resources District.

Liz Fazio Hale provided information on the proposed budget for managing the TAC East infrastructure. Information was also provided regarding the purchase of TAC East.

A motion was made by **Sean Rommel** and seconded by **Fred Milton** to approve **RESO 20170913-06** adopting the FY2017-2018 TAC East budget of the Riverbend Water Resources District. The motion was approved unanimously.

I. Discussion and possible action regarding election of Officers of the Board of Directors and approval of a resolution ratifying an election of the Board of Directors Officers' Appointments for FY 2017-2018.

Liz Fazio Hale read aloud the list of proposed board positions continuing the Board's practice of "rolling" the Board Officer Positions.

A motion was made by **Fred Milton** and seconded by **Kelly Mitchell** for the election of the FY 2017-2018 Officers of the Riverbend Water Resources District as follows:

Marshall Wood, President;
Fred Milton, Vice President;
Kelly Mitchell, Treasurer;
Sean Rommel, Secretary; and
Jim Green, Past President.

The motion was approved unanimously.

A motion was made by **Sean Rommel** and seconded by **Kelly Mitchell** to approve **RESO 20170913-07** ratifying an election of the Board of Directors Officers' Appointment for FY 2017-2018. The motion was approved unanimously.

J. Discussion regarding Board Schedule for FY 2017-2018.

Liz Fazio Hale provided two board schedules to consider. One is consistent with the current schedule of the 2nd Wednesday of every month, the other moves the meetings to the 4th Wednesday of the month. Mrs. Hale asks the Board to consider the 4th Wednesday of the month, as the District has a lot of operational business within the first two weeks of the month, i.e. finances, customer invoicing, Army invoicing, etc.

A motion was made by **Sean Rommel** and seconded by **Fred Milton** to approve the new board schedule moving the meetings to the 4th Wednesday of the month with the exception of the months of November and December 2017. The motion was approved unanimously.

K. Discussion and possible action on a resolution approving a Restricted Funds Policy for the management and use of certain funds with regards to internally restricting such funds for use in future bond payments.

Liz Fazio Hale provided information on previous discussions regarding internally restricting funds in order to meet future bond payments and plan for possible new bond issuance. Operationally, staff has been internally restricting certain funds, i.e. interest earnings, commercial and residential facility charge payments, and other facility charge payments above the required restricted amounts. These funds are not, however, by law, contract, nor governmental standards required to be restricted. The Executive Director/CEO worries that in the future someone could find these funds and make them available for operation costs or pledges against a loan. Therefore, The ED/CEO wishes to make the Board aware that these funds are being internally restricted and that the Board of Directors should adopt a policy restricting these funds so that in the future, if funds are to be used for anything, including future bond payments and reserves, the Board will have to vote to release them for that usage.

A motion was made by **Sean Rommel** and seconded by **Fred Milton** to approve **RESO 20170913-08** adopting the Restricted Funds Policy of the Riverbend Water Resources District. The motion was approved unanimously.

L. Discussion and possible action regarding approval of a joint 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 that all Member Cities (except the City of Avery) have passed individual resolutions supporting the District in the implementation of the Ultimate Rule Curve and going forward as the entity to apply to TCEQ for future water rights in Lake Wright Patman.

A motion was made by **Sean Rommel** and seconded by **Fred Milton** to approve **RESO 20170913-09** 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. The motion was approved unanimously.

M. 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 about the District moving forward on an additional intake at Lake Wright Patman. The paperwork to get permission to begin can take upwards of 2 years. Mrs. Hale also stated she has had a follow-up phone call with the US Corps of Engineers concerning implementation of the Ultimate Rule Curve.

No action taken.

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

Liz Fazio Hale provided information on this under item H above.

No action taken.

O. Discussion and possible action regarding activities with TexAmericas Center.

Scott Norton provided information on a leak leading to water outages this past month for a few TAC East customers. He also stated that Expal is now using natural gas from a recently installed line (versus liquid gas). He also restated the need for raw water at TAC East in order to bring in more industry.

No action taken.

V. Reports

A. Board Members

B. Executive Director/CEO

Ongoing Projects:

- i. STAR (“Stakeholder Technical Analysis Review Committee”) Extension – STAR Committee met and is reading its first study from 2014 related to the ongoing Feasibility Study. The ED/CEO will collect comments from members over the next month and a half.
- ii. Regional Water Master Plan Project – A Town Hall is scheduled for Tuesday, October 24th at 6:00pm to go over cost estimates for regional infrastructure projects.
- iii. Million-gallon Water Ground Storage Tanks Project – Construction began this month under 413 Construction.

- iv. Pipeline Replacement and Chlorification Project – Still waiting on installation of a scrubber system to the Chlorification station can be installed.
- v. Other Maintenance and Services Projects – Hooks has asked Riverbend to perform certain wastewater sampling services.

VI. Executive Session

The Board did not move into Executive (Closed) Session

No further action was taken.

VII. Next Meeting: Town Hall and Regular Board Meeting

Tuesday, October 24, 2017 at 6:00p.m. at a place to be determined.

VIII. Adjournment

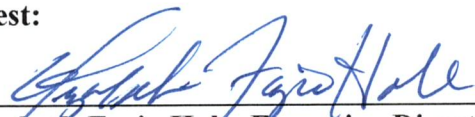
With no additional business to be discussed, a motion was made by **Fred Milton** and seconded by **Kelly Mitchell** to adjourn the meeting at 1:17pm The motion was approved unanimously.

The previous corrected minutes of Riverbend Water Resources District Board of Directors meeting, September 13, 2017 were read and approved on the 24th day of October, 2017.



Marshall Wood, President

Attest:



Elizabeth Fazio Hale, Executive Director/ CEO