

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

June 11, 2019

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

M I N U T E S

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

Pursuant to a notice posted on the District website, the Chair, Fred Milton, President of the Board, called the meeting to order at 12:07 p.m.

Directors Present:

Fred Milton, President
Sonja Hubbard, Vice President
Van Alexander, Secretary
Tina Veal-Gooch, Treasurer

Directors Absent:

Marshall Wood, Past President

Administration Present:

Kyle Dooley
Eli Hunt
Becky Melton

Public Present:

See attached list.

II. Invocation & Pledge

Fred Milton led the invocation and the pledge of allegiance.

III. Agenda Items for Individual Consideration

A. Discussion and revision of draft water supply contracts between Riverbend Water Resources District and individual Member Entities.

Kyle Dooley, Executive Director/CEO reminded the guests present that at the last mayors' meeting held on May 15, 2019, the water supply contracts were discussed and distributed for review. He stated that the goal of this meeting is to incorporate any changes that the member entities discover need to be incorporated and have a final document ready by the end of this week.

Mr. Dooley also provided information on the schedule for the Texas Water Development Board (TWDB) awarding funding for water infrastructure. The TWDB

hopes to close on the bonds by the end of this calendar year. This is to ensure distribution of funds by January 2020.

He also stated that the water supply contracts to be discussed and revised today will need to be approved, signed and returned to TWDB by the end of August. This deadline give the member entities 2 months to review the contracts, incorporate entity specific information and have their councils approve and sign the contracts. This will ensure that the TWDB deadline is met.

With regards to Section 2(a) regarding the Minimum Take-or-Pay Quantity: the question was raised about the minimum payments required. Will the True-up process account for quantities that decrease each year and therefore require those entities with decreasing usage to pay less than the amount listed in the contracts. It was clarified that the contracted Take-or-Pay amount will begin at the amount stated and will not drop below that.

With regards to Section 2(g) regarding the True-Up process: This process would remain the same as it is now. Riverbend will take over the process at the transition date. That date will be when the new water treatment facility is up and running. There was also a discussion regarding the use of water credits to make the required payments toward the bonds. It was proposed that member entities could not use more than 10% of available credits per year.

With regards to Section 3(i) regarding third party customers: The question was raised about the customers that use city water but are outside the city limits being considered third party customers. It was clarified that these customers are counted inside each city's CCN and therefore are not considered third party customers.

Kristen Fancher is our legal counsel for the submittal of the funding application. She provided the following changes to the contract.

1. Pages 1 through 4, "Whereas" paragraphs – substantive changes made in order to clarify background and description of facilities.
2. Pages 3 and 5, "Whereas" paragraph and Definitions (I) and (K) – revised vote requirement to be a supermajority of Riverbend Board in order to for approval of additional regional improvements beyond those currently scheduled and defined as "Planned Improvements." Added the supermajority requirement into the Definition of "Planned Improvements" in order to line up with and have an actual contract term consistent with the earlier Whereas paragraph that references the vote required.
3. Pages 4 through 7, Definitions – made changes to remove "Millwood Water" based on new clarifying language in Section 2(a), revised to include supermajority language in Definitions of "Planned Improvements" and "Regional Capital Improvement Fund," as mentioned above, revised wording for Definition of "Regional Water System Facilities" to clarify all references to regional facilities throughout the contract, and added "if any" language to Definitions of "Advances" and "Water Payment Credit(s)" to clarify that those provisions only apply to the entities that paid in per those definitions/provisions.

4. Page 7, Section 2(a) – Revised language to clarify minimum delivery amount and added in a sentence per Bond Counsel comments. Revised last sentence to clarify other purchasing option related to Millwood plant.
5. Page 8, Section 2(c) – Added reference to Exhibit to line up with Definition of “Point of Delivery” and removed sample language.
6. Page 8-9, Section 2(f) – Added in language about tax exempt bonds per Bond Counsel comments.
7. Page 9, Section 3(a)(2) – Clarified language related to Advanced Rate Reduction Fund to define what is considered to be a “drastic increase” in rates.
8. Page 9, Section 3(a)(3) – Removed reference to “Planned Improvements” since the definition of “Regional Water System Facilities” includes Planned Improvements. Same change was made to Page 16, Section 9.
9. Page 12, Section 3(h) – Added a clarifying reference in order to line up with Section 12—agreement between Riverbend and Texarkana.
10. Page 13, Section 3(l) – Added in language per Bond Counsel comments.
11. Page 14, Section 3(m) – (n) – added in language per Bond Counsel comments.
12. Page 17, Section 12 – Revised language to clarify access and use of Texarkana facilities and water rights.
13. Page 18, Section 13 – Revised language to clarify future interest in facilities.
14. Page 19, Section 16 – Moved up Exhibit from end of contract to list in Section 16(a).
15. Page 21, Section 16(f) – Revised section to add in arbitration language.
16. Page 22, Section 16(j) – Clarified language on process for terminating the prior water supply agreements.

In addition to those changes, other member entity representatives provided a few more points that need clarification.

Randy Mansfield, City Manager for the City of Leary stated that a reserve fund would be a helpful tool to have in the event that the smaller entities are not able to sell water to customers due to a decrease in population or for other unforeseen reasons, then the entity will not be able to pay for the infrastructure. He also requested the clarification of the requirement of the unanimous approval of any planned improvements to the water treatment facility. His concern is that one board representative can put a hold on the forward progress of the plant. The entity representatives present concluded that a super majority of the board of directors, and not a unanimous vote, would need to be incorporated in to the contract language. Mr. Mansfield pointed out the omission of the City of Leary in sections N and O.

Mayor Bob Bruggeman, Mayor of the City of Texarkana, Texas asked about if the plan moving forward is to use the New Boston Road plant as a back-up treatment facility to the new intake and water treatment plant. It was stated that that New Boston Road plant will be completely decommissioned.

Shirley Jaster, City Manager of the City of Texarkana, Texas clarified that in Exhibit G-Point of Delivery will be different for every entity.

Steve Mayo, Water Liason and former Mayor of Texarkana reminded everyone that the Mayors’ Meetings are vital to the progress of this application process as well as the water supply contracts, and to communication overall. Mr. Dooley stated that

the Mayors' Meetings will be more frequent from now on. The next Mayors' Meeting will be at the end of June or the beginning of July to further discuss the water supply contracts.

Executive Session

The board stood at ease beginning at 1:28 p.m.

The board reconvened with quorum and moved into executive session at 1:33 p.m. pursuant to section 551.071 of the Texas Open Meetings Act.

The board came out of executive session at 2:26 p.m.

IV. Next Riverbend Meetings

Regular Called Meeting, Wednesday, July 24, 2019 at 12:00 p.m. at Riverbend Offices, 228A Texas Avenue, New Boston, Texas.

V. Adjournment

With no additional business to be discussed a motion was made by **Tina Veal-Gooch** and seconded by **Sonja Hubbard** to adjourn the meeting at 2:28 p.m.

The minutes of Riverbend Water Resources District Board of Directors meeting, June 11, 2019 were read and approved on the 24th day of JUNE, 2019.



Fred Milton, President

Attest:



Kyle Dooley, Executive Director/ CEO