

POLICY COMMITTEE MEETING

September 10, 2025



Agenda

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
- III. OPENING REMARKS
- IV. ACTION ITEMS
- V. DISCUSSION ITEMS
- VI. ADJOURNMENT



Agenda

IV. ACTION ITEMS

- A. Consider approval of Policy Committee meeting minutes – September 11, 2024
- B. Amendments to Finance Policies Manual
- C. Amendments to Personnel Policies Manual

V. DISCUSSION ITEMS

- A. Operations Policies Manual project
- B. September schedule for Board of Directors
- C. Departmental updates
 - 1. Administrative Services
 - 2. Engineering and Capital Improvement Program
 - 3. Solid Waste and Integrated Services
 - 4. Water and Wastewater
- D. Opportunity for Committee members to provide feedback on the Policy Committee meeting or request potential future agenda items



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Jeanne Chipperfield, AGM

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Finance Policies Manual Review

- Manual currently includes 9 individual policies, investment strategy statement, and authorized lists of training sources, investment advisors, and investment brokers
- Proposed updates include
 - Clarification of use of budgeted debt service funds
 - Refinement of fund balance policies
 - Addition of a funding policy for the Employee Retirement Plan
 - Minor typographical and formatting corrections



Section 1. Fiscal Management-Operating Fund Budgets

- Debt service on for new bonds or planned refunding of extendable commercial paper is budgeted for the upcoming year based on award schedules prepared 12-18 months in advance of the bond sale
- Changes in award timing or amounts can make a significant difference in the first year's debt service
- To preserve the budgeted intent for the funds, recommend adding language stating the budgeted debt service funds for a new bond sale may be reallocated to reduce the size amount of the bond sale
 - Principal reduction will lower overall debt service costs



Section 2. Fund Balance

- Update definition of Contingency Fund and Reserve for Maintenance to include *large planned system maintenance expenses and unforeseen major repairs* as authorized uses of funds
- Regional Water System Contingency Fund – remove “150 day target” from the combined Operating and Contingency Fund balances
 - Not well defined and implies budgeting funds to meet target
- Health Insurance Holding Funds – update language to maintain separate minimum balances instead of a cumulative balance
 - Funds are budgeted as separate line items and are not interchangeable



Section 10. Proposed Retirement Plan Funding Policy

- State law requires that a retirement plan and plan sponsor jointly adopt a pension funding policy
- District began following a funding practice in 2023 after the completion of an actuarial experience study; however, a formal policy was not established
- District's actuaries, with staff input, developed a Retirement Plan Funding Policy that reflects best practices and Texas Pension Review Board guidance
 - Retirement Plan Committee reviewed and approved the proposed policy at its February 2025 meeting
 - Finance Committee reviewed and recommended the proposed policy for Board approval at its June meeting
- Policy includes the following sections
 - Purpose
 - Primary Funding Objective – fully fund the long-term cost of benefits
 - Priorities and Guidelines - to achieve the funding objective
 - Funding - methods to measure plan assets and liabilities; amortization of liabilities; timing of experience studies



Sections 10.1 & 10.2: Purpose and Primary Objectives of Funding Policy

- Define the goals and objectives of funding of the Retirement Plan
- Ensure objectives are consistent with Texas Pension Review Board, State statutes and Retirement Plan document
- Ensure objectives consider best practice recommendations
- Provide policy guidance to current and future Boards
- Primary objective to fully fund the long-term cost of the benefits provided in the Plan



Section 10.3: Funding Policy Priorities and Guidelines

- Priorities and Guidelines
 - 100% payment of vested benefits when due
 - Target a funded ratio of 100% (Texas statute, best practice)
 - Contribution stability and sound financing of benefits
 - Intergenerational equity
 - Benefit enhancement guidelines



Section 10.4: Funding Policy

- **Defines methods to determine annual contribution, liability and asset valuation**
 - Annual District contribution determined by the Actuarially Determined Contribution (ADC)
 - Cost Method – Entry Age Normal (EAN) Level Percent of Pay
 - Asset Method – smoothed value of assets using a 5-year smoothing period
 - Amortization methods defined
- **Other Considerations**
 - Timing of actuarial experience studies
 - Risk sharing
 - Review of policy from time to time
 - Joint adoption of the policy



Committee Consideration

The Executive Director and NTMWD staff recommend the Board of Directors authorize amendments to the Finance Policies Manual.



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Ike Obi, Director of Human Resources

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Amendments to Personnel Policies Manual

Overview

- Presented recommended revisions to the Personnel Policies Manual as discussion item to the Personnel Committee on May 7, 2025
- Personnel Committee recommended approval
- Following Personnel Committee presentation, revised “Electronic Communication, Computer, Social Networking and Internet Policy” to address a recent incident and strengthen policy
- Detailed redline and clean copies provided



Amendments to Personnel Policies Manual

Recommended Updates, Changes and Corrections

- Minor revisions and corrections
- Alignment of policies to legal requirements
- Substantive changes



Minor Revisions and Corrections

Clarifications, correction of typos, duplications and format

Policy Section	Title
Section 1.11	Resignation – wording correction ("shall" to "will")
Section 2.3.3	Business/Property Interest Conflict – wording correction
Section 4.3	Overtime Fair Labor Standards Act – add that District adheres to the Fair Labor Standards Act – federal wage laws
Section 4.5	Callback Pay – renaming policy to clarify meaning and use
Section 4.6	On-Call/Standby Pay – add language to clarify policy
Section 5.2	Sick Leave – clarify that employees who move to part-time can use accrued sick leave balance, and not paid-out at termination
Section 5.5	Vacation – clarify that employees who move to part-time may retain vacation balance and be paid out at termination
Section 6.3	Retirement Recognition Program – add that an award packet in lieu of engraved watch as an option for 20-year employees



Legal Requirements

Align policies to employment law changes and workplace rules

Policy Section	Title
Section 2.3.8	Political Activities – Employers must allow employees up to 2 hours of paid time off to vote on election day if they have not voted during early voting and work schedule does not allow sufficient time to vote on election day "without a loss or reduction of wages or another benefit of employment" (Tex. Election Code Title 16, Chapter 276.001 and 276.004). Employee must coordinate with HR
Section 2.11	Workplace Violence and Weapons – Add notification of right to report workplace violence or suspicious activities to Texas DPS
Section 4.8	Timekeeping – Reinforce exempt employee's responsibility to timely report any absences during their normal work schedule. Failure to do so may result in a reduction of paid hours
Section 6.2	Worker's Compensation – Add a new policy on timely reporting of workplace injury by injured employee or employee who witnessed the incident. Also clarifying a policy of no retaliation for filing a workers' compensation claim



Substantive Policy Changes

Section 1.12 – Hiring Former Employee as Independent Contractor

- Adding a new policy to require close coordination with HR when hiring a former employee as an independent contractor to ensure that the former employee is in good standing and classified correctly

Section 1.13 – Personnel Files

- Adding language to formalize how confidential personnel records are handled and clarify that information contained in personnel files is confidential, unless disclosure is required by law or District policy



Substantive Policy Changes

Section 2.3.4 – Benefits to Previous Employer or Former Employee

- Adding a policy to prohibit employees from participating in District contracts or matters that benefit most recent former employer within 12 months of District employment
- Adding language to prohibit former employees from representation of third parties for compensation for 12 months following separation of employment. Does not prohibit employee from representation of self or family member

Section 2.13 – Electronic Communications, Computer, Social Network and Internet Policy

- Adding a language to prohibit the use of NTMWD computers or mobile devices to download files or click on links that harm NTMWD network



Substantive Policy Changes

Section 4.11 – Longevity Pay

- Adding a new policy to provide a retention incentive pay based on service to the District at \$5 per month of continuous District service
- Capped \$1,200 for employees with 20 or more years of service
- Paid annually in a separate paycheck in November. Does not count towards base pay rate
- Annual cost estimated at \$455,000 – about 0.60% of total estimated FY26 salaries

Section 5.7 – Official Holidays

- Add Veteran's Day as a District holiday
- Supported by systems and member cities survey data
- Annual cost estimated at \$79,000 – about 0.10% of total estimated FY26 salaries



Committee Consideration

The Executive Director and NTMWD staff recommend the Board of Directors authorize amendments to the Personnel Policies Manual



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Brian Brooks, Director of Executive & Board Services

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Operations Policies Manual Project Update

- Purpose of the Project
 - Consolidate, update, and organize these policies into a single, cohesive Operations Policies Manual that reflects the current and future needs of NTMWD's operational functions
 - Improve clarity, accessibility, and governance of operational policies across the District
 - Create the architecture for future policy adoption and revisions
- Tasks and Timeframe
 - Develop a framework for the manual – Complete
 - Review and drafting of sections – In progress through December
 - Present draft sections to parent committees for feedback and revisions – January through July
 - Present recommended draft of Operations Policies Manual to Policy Committee – August and September
 - Present recommended Operations Policies Manual to the Board for consideration and possible adoption – September



Operations Policies Manual Project

SECTION 1. GENERAL

- 1.1. Governing Authority
- 1.2. Purpose and Scope
- 1.3. Definitions
- 1.4. Reporting
- 1.5. Real Estate

DRAFT

SECTION 2. WATER

- 2.1. Water System Overview
- 2.2. Water Rates Section
- 2.3. Customer Requests for Water Service
- 2.4. Additional Delivery Points and Transmission Line Extensions
- 2.5. Water Conservation and Water Resource and Emergency Management Plans
- 2.6. Watershed Impoundments
- 2.7. Shoreline Management Plan
- 2.8. Watershed Monitoring and Clean River Program Participation

SECTION 3. WASTEWATER

- 3.1. Wastewater System Overview
- 3.2. Wastewater Charges
- 3.3. Request for Wastewater Services
- 3.4. Quality and Quantity
- 3.5. Water Reuse
- 3.6. Facility Acquisition

SECTION 4. SOLID WASTE

- 4.1. Solid Waste System Overview
- 4.2. Solid Waste System Charges
- 4.3. Requests for Solid Waste Services
- 4.4. Acceptable Waste Delivered by Residents of Member Cities to NTMWD Facilities



Path Forward

Drafting

- Staff are currently working in teams to develop sections
- Lloyd Gosselink is providing legal drafting for continuity and compliance

Parent Committees

- Staff will review current policies and present draft sections to committees for feedback
- Parent committees will consider sections for recommendations to the Policy Committee
- Complex policy revisions may require multiple committee meetings

Policy Committee

- Policy Committee will receive the complete draft of the Operations Policies Manual for feedback
- Policy Committee will consider the draft policies manual for recommendation to the Board

Board of Directors

- Board of Directors will consider the Operations Policies Manual as recommended by the Policy Committee



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Jenna Covington, Executive Director

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