



NORTH TEXAS MUNICIPAL WATER DISTRICT

**501 E. Brown Street • Wylie, Texas 75098
(972) 442-5405**

FINANCE COMMITTEE MEETING MINUTES APRIL 9, 2025

The Presiding Officer was present at the meeting location, the NTMWD Administrative Offices, 501 E. Brown Street, Wylie, Texas 75098, with two-way video and audio communication between Board members participating by videoconference, establishing a quorum. The public was invited to attend the meeting in person at the meeting location and offer Public Comments. Board Members participating by videoconference were visible to members of the public in attendance at the meeting location. Members of the public who wished to listen to live audio from the meeting were able to do so by calling (469) 210-7159 or toll free (844) 621-3956 and entering the following access code: 928 587 040. This line did not provide two-way communication. The audio recording of the meeting is available on the NTMWD website.

I. CALL TO ORDER

Chair Geralyn Kever served as Presiding Officer and called the meeting to order at approximately 3:00 p.m. on Wednesday, April 9, 2025.

The following Finance Committee members were present; therefore, a quorum was present:

Finance Committee Members		Attendance
1	Geralyn Kever, Chair	In Person
2	Lori Barnett Dodson	Remote
3	Alan McCuistion	Remote
4	Rick Mann	Remote
5	George Purefoy	Absent
6	John Sweeden	Remote
7	Larry Thompson	Remote

Members of the Executive Committee were present as well as other Board members. Executive Director Jenna Covington and other members of the NTMWD management team were in attendance.

The following consultants attended via teleconference:

- Lauren Kalisek, Lloyd Gosselink Rochelle & Townsend
- Nick Bulaich, Hilltop Securities
- Molly Carson, McCall Parkhurst & Horton LLP

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II. PUBLIC COMMENTS

Members, customers, and the public were invited to participate during the public comment period of the meeting. Before the start of the meeting, speakers must complete and submit a "Public Comment Registration Form." During this portion of the meeting, speakers will be recognized by name and asked to provide their comments. The time limit is three (3) minutes per speaker, not to exceed a total of thirty (30) minutes for all speakers. Texas Open Meetings Act prohibits the Committee from discussing items not listed in the agenda. However, Committee Members may respond with factual or policy information.

There were no requests for public comment.

III. OPENING REMARKS

A. Chair/Executive Director/Committee Champion Status Report concerning legislation and regulatory matters, budgets, current projects and ongoing programs of the District

Assistant General Manager- Chief Financial Officer Jeanne Chipperfield reported that due to the bids for Panther Creek coming in higher than expected, the Regional Water System (RWS) bond sale has been postponed until the June Board meeting. She added that the S&P rating for the Panther Creek bonds has been set at AA- with a positive outlook. Ms. Chipperfield also advised that the ECP and Regional Wastewater (RWWS) refunding will be pushed to July or later.

The Finance team is busy working on the next budget, including new positions. There will be a budget outlook presentation in June and a July budget work session. As usual, the budget is set to be adopted in September.

IV. ACTION ITEMS

A. Consider approval of Finance Committee meeting minutes – February 12, 2025

Upon a motion by Director John Sweeden and a second by Director Larry Thompson, the Finance Committee voted unanimously to approve the meeting minutes for February 12, 2024.

B. Regional Wastewater System Revenue Bonds, Series 2025

Finance Manager Drew Farris presented this item. He advised that in 2020 the Texas Water Development Board (TWDB) Clean Water State Revolving Fund Bonds (CWSRF) granted a multi-year commitment for the Rowlett Wastewater Treatment Plant Expansion. Those funds were repurposed for the Sister Grove Regional Water Resource Recovery Facility Phase II. The bond issue for these funds is budgeted in the FY 2025 annual budget. The final rates will be provided by the TWDB on April 24, 2025. Delivery of the funds will be on May 22, 2025.

Mr. Farris advised that these funds would provide partial funding for Sister Grove Phase II in the amount of \$37 million. The remaining \$109.5 million will be funded by existing CWSRF bond proceeds and Extendable Commercial Paper (ECP). There will also be an origination fee of 1.75%, and a cost of issuance of \$200,000. There will be level debt service payments with a 30-year term. The estimated interest rate is 3.01%.

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Director Thompson asked how the Rowlett project will be funded. Mr. Farris responded that ECP will be used, then refunded with open market bonds. Director Thompson asked why the Rowlett project did not use federal funds. Mr. Farris responded that at the time it made more sense to go through the State.

Director Lori Dodson asked who receives the origination fee. Nick Bulaich responded that it goes to the Texas Water Development Board.

Upon a motion by Director Larry Thompson and a second by Director Alan McCuistion, the Finance Committee voted unanimously to recommend approval to the Board of Directors.

C. Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2025

Drew Farris presented this item. He advised the Buffalo Creek Wastewater Interceptor System serves and is funded by the cities of Forney, Heath and Rockwall. This bond issue was budgeted in the FY 2025 annual budget. There will be an open market bond sale on May 22, 2025 with delivery of funds on June 25, 2025. Mr. Farris reviewed that there are five projects included in this bond sale. Those are the Buffalo Creek Parallel Interceptor Phase II right-of-way; the Buffalo Creek Parallel Interceptor Phase II engineering for final design; the Buffalo Creek Parallel Lift Station Improvements engineering for preliminary design; the Buffalo Creek Parallel Force Main engineering and inspection; and the Buffalo Creek Parallel Force Main construction. The total for these projects is \$42.1 million. There will also be a debt service reserve fund in the amount of \$2.2 million, and a cost of issuance of \$400,000. There will be level debt service payments with a 30-year term. The estimated interest rate is 4.67 percent. Mr. Farris noted that the current financial market has impacted the anticipated interest rate, adding that it may change. Director Kever asked at what point would the bond sale be reconsidered due to rising interest rates. Mr. Farris stated that the actual interest rate will be provided at the Board meeting. Nick Bulaich offered brief comments regarding the bond market volatility over the past three days.

Director Thompson asked why this project is not being done through the Texas Water Development Board. Mr. Farris responded that interceptor systems are more difficult to fund through the State funding programs.

Upon a motion by Director John Sweeden and a second by Director Alan McCuistion, the Finance Committee voted unanimously to recommend approval to the Board of Directors.

D. Regional Water System Revenue Refunding and Improvement Bonds, Series 2025

Drew Farris presented this item. This bond issue will be used for refunding the Regional Water System ECP projects from February 2022 through June 2025 in the amount of \$680 million. The Regional Water System Series 2014 and 2015 bonds will also be refunded in the amount of \$272.7 million. The total amount to be refunded is \$952.7 million. Total bonds including refunding bonds, issuance costs and a deposit to the debt service reserve fund is \$992.1 million. Mr. Farris noted that the size of the bond refunding is subject to change based on the interest rates and projected interest savings. There will be level debt service payments with a 30-year term. The estimated

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interest rate is 4.42 %. Mr. Farris added that this bond issue was included in the FY 2025 annual budget.

Mr. Farris explained that due to the large size of the transaction staff, along with the District's Financial Advisor, determined the best path forward would be to utilize a negotiated sale. The sale will be held on June 26, 2025 with delivery of funds on July 23, 2025. A team of underwriters (underwriting syndicate) has been recommended, to market the bonds. Selection was based on history and performance with the District's bond sales as well as Texas / national rankings for underwriting volume. The underwriting syndicate includes both large national firms as well as regional firms. Ten firms were recommended based on the size of the deal with JP Morgan leading the deal. A list of the firms was reviewed.

Discussion followed regarding how the list of underwriters was developed and the 30-year term. Several Directors spoke in favor of moving forward.

Upon a motion by Director John Sweeden and a second by Director Larry Thompson, the Finance Committee voted unanimously to recommend approval to the Board of Directors.

V. DISCUSSION ITEMS

A. 2025 Strategic Financial Plans

Jeanne Chipperfield presented this item. She advised this is the annual update of the Strategic Financial Plans (SFP), which includes a ten-year projection of costs and volumes. She stated that the District has 28 separate systems that have their own capital improvement projects, debt service, operations and maintenance expenses. In preparing the SFPs, staff considers inflation, interest rates, personnel and shared services costs, cost of chemicals and construction, and bond sales. She noted that projections included in the SFPs for the upcoming year (FY26) are intended to reflect what was projected in the previous year.

During the presentation, Director of Planning R.J. Muraski provided information on planned capital projects for the Regional Water System, Regional Wastewater System, Upper East Fork Interceptor System, Regional Solid Waste System, and Small Systems. He provided costs of the projects beginning FY 2026 through FY 2030, rates, and drivers, specifically growth and aging infrastructure.

Ms. Chipperfield stated that the Regional Water System ten-year rate projections include the new Customer Premium Methodology which begins in 2029. For FY 2026 the water rate is expected to be \$4.19 per 1,000 gallons.

Ms. Chipperfield provided information regarding the District's bond ratings and outstanding debt. She added that the Independent Financial Review had included recommendations to increase the debt/revenue ratio, increase cash and provide additional coverage. General comments from Directors included looking at this matter again in the future.

Ms. Chipperfield stated that the District has planned for increasing growth, aging infrastructure, regulatory changes, and inflation. Utilization of ECP programs will help

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to keep rates steady. She added that she will share the SFP summaries with Members and Customers and publish them on the District's website. The SFPs will be incorporated into the FY26 annual budget for each system.

Several Directors commented that the information provided be shared with the cities soon so they can use the information when preparing their own budgets.

B. Opportunity for Committee members to provide feedback on the Finance Committee meeting or request potential future agenda items

There were no comments and no requests for potential future agenda items.

VI. ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 4:28 p.m.

APPROVED:



GERALYN KEVER
Chair