

NORTH TEXAS MUNICIPAL WATER DISTRICT

MINUTES OF FINANCE/AUDIT COMMITTEE MEETING
HELD ON THURSDAY, FEBRUARY 25, 2016, AT 2:30 P.M.
IN THE NTMWD ADMINISTRATIVE OFFICES, WYLIE, TEXAS

I. CALL TO ORDER

Chairman Larry Parks called the meeting of the Finance/Audit Committee to order at approximately 2:30 p.m. on Thursday, February 25, 2016, in the Administrative Offices in Wylie, Texas.

Finance/Audit Committee members in attendance included Chairman Larry Parks, Directors John Murphy, Phil Dyer, Darrell Grooms, Jack May, and Charles McKissick. Director James Kerr was absent. A quorum of the Finance/Audit Committee was present.

NTMWD Board President Joe Joplin, Vice President Terry Sam Anderson, Secretary Bob Thurmond, and Directors Richard Peasley, Richard Sheehan, Joe Farmer, and Wayne May were also present.

NTMWD staff in attendance included Tom Kula, Mike Rickman, Judd Sanderson, Joe Stankiewicz, Rodney Rhoades, Eric Felthous, John Montgomery, Terina Turner, Janet Rummel and Melisa Fuller.

David Medanich, Nick Bulaich and Scott McEntire of First Southwest, Kim Calhoun of Westwood Holdings Group, and Ken Brown, Jack Brown and Peter Routh of Maplewood Investments were also in attendance.

II. ACTION ITEMS

A. Consider Approval of Minutes – January 28, 2016

On a motion by Director Darrell Grooms and a second by Director Phil Dyer, the Finance/Audit Committee voted unanimously to approve the minutes of the meeting held on January 28, 2016.

B. Review and Possible Action on Depository Collateralization

Deputy Director Judd Sanderson provided a report on Cash and Investment Balances as of December 31, 2015, which included a balance with 1% in cash and 99% in investments.

Mr. Sanderson reviewed the Deposit Pledge Agreement between NTMWD, Inwood National Bank as depository, and The Independent BankersBank as the collateral safekeeping institution that requires Inwood to secure district funds as follows:

- In an amount that equals 100% of District's funds less FDIC insurance (\$250K)

- By pledging securities (authorized by Public Funds Collateral Act) as collateral
 - Securities are held by The Independent Bankers Bank
 - Securities are pledged solely to and for NTMWD

Deputy Director Judd Sanderson reviewed investments with TexPool and Logic. Scott McEntire provided information on the investments.

On a motion by Director John Murphy and a second by Director Phil Dyer, the Finance/Audit Committee voted unanimously to accept the depository collateralization report.

C. Review and Possible Action on Lower East Fork Wastewater Interceptor System Bond Refunding Alternatives

David Medanich of First Southwest reviewed the plan to refund approximately \$11.7 million in outstanding bonds for the Lower East Fork Wastewater Interceptor System, which currently results in over \$1,500,000 of debt services savings to the District. Bonds will be sold via competitive sale on March 24, 2016.

On a motion by Director Phil Dyer and a second by Director John Murphy the Finance/Audit Committee voted unanimously to recommend proceeding with the Lower East Fork Wastewater Interceptor System Refunding bond sale.

D. Review and Possible Action on Muddy Creek Regional Wastewater System Bond Refunding Alternatives

David Medanich of First Southwest reviewed the plan to refund approximately \$5.7 million in outstanding bonds for the Muddy Creek Regional Wastewater System, which currently results in approximately \$600,000 of debt service savings to the District. Bonds will be sold via competitive sale on March 24, 2016.

On a motion by Director Darrell Grooms and a second by Director Phil Dyer the Finance/Audit Committee voted unanimously to recommend proceeding with the Muddy Creek Regional Wastewater System Bond Refunding bond sale.

E. Review and Possible Action on 2015 Retirement Fund Investment Performance by Maplewood Advisors, Inc.

Judd Sanderson reviewed they history of NTMWD's retirement funds and explained that in 1998 funds were split between Westwood Holdings Group, Maplewood Investors, Inc.

Ken Brown of Maplewood Advisors, Inc., provided an overview of the portfolio. Peter Routh reviewed the 2015 return on investment, which was -2.2% and recommended no changes to the current investment portfolio allocation.

F. Review and Possible Action on 2015 Retirement Fund Investment Performance by Westwood Holdings Group, Inc.

Kim Calhoun with Westwood Holdings Group reviewed the 2015 Retirement Fund Investment performance. She reported the annualized gross return since inception was 7.3%, and the current performance for 2015 was -2.2%, and recommended no changes to the current investment portfolio allocation.

G. Review and Possible Action on 2015 Retiree Health Insurance Fund Investment Performance by Westwood Holdings Group, Inc.

Kim Calhoun with Westwood Holdings Group, Inc. reviewed the 2015 Retiree Health Insurance Fund Investment Performance, reported the annualized annual gross return since inception was 4.2% and the current performance for 2015 was -2%.

On a motion by Director Darrell Grooms and a second by Director John Murphy, the Finance/Audit Committee voted unanimously to take the following action:

- Accept the 2015 Retirement Fund Investment Performance Report as presented by Maplewood Advisors, Inc.
- Accept the 2015 Retirement Fund Investment Performance by Westwood Holdings Group, Inc.
- Accept the 2015 Retiree Health Insurance Fund Investment Performance by Westwood Holdings, Group, Inc.

H. Review and Possible Action on Financing Filter Equipment for Sabine Creek Wastewater Treatment Plant

Judd Sanderson reviewed the need for an emergency purchase of Filter Equipment for the Sabine Creek Wastewater Treatment Plant at a cost of \$418,000 and the proposed Financing Plan, which included funding in the amount of \$50,285 being advanced from the Sabine Plant Reserve for Maintenance Fund and \$367,715 being advanced from the Regional Water System Capital Improvement Fund. Mr. Sanderson indicated a bond sale was planned for August 2016 in the amount of \$9.4M, which will include funds for the reimbursement for the advances for the filter equipment.

Upon a motion by Director Darrell Grooms and a second by Director Phil Dyer, the Finance/Audit Committee voted unanimously to approve the Sabine Creek Plant filter equipment purchasing plan.

III. ADJOURNMENT

There being no further business, the meeting adjourned at 3:44 p.m. The next meeting of the Finance/Audit Committee will be called by the Chairman with proper notification to all members.



LARRY PARKS
Chairman