



NORTH TEXAS MUNICIPAL WATER DISTRICT

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MINUTES PLANNING WORKSHOP OF THE BOARD OF DIRECTORS OCTOBER 21, 2016

The North Texas Municipal Water District Board of Directors met in a Planning Session on Friday, October 21, 2016, at 8:00 a.m. in the NTMWD Administrative Offices located at 501 E. Brown Street, Wylie, Texas. Notice of the meeting was legally posted in accordance with Government Code, Title 551, Open Meetings.

I. CALL TO ORDER

President Terry Sam Anderson called the meeting to order at approximately 8:00 a.m.

II. INVOCATION

Director Joe Joplin offered the invocation.

III. PLEDGE OF ALLEGIANCE

Secretary John Sweeden led the Board of Directors in the Pledge of Allegiance.

IV. PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG

Secretary John Sweeden led the Board of Directors in the Pledge of Allegiance to the Texas Flag.

V. ANNOUNCEMENT OF QUORUM

Secretary John Sweeden announced a quorum was present. Directors Don Cates, Phil Dyer, Bill Forbus, and Michael Lopez were absent.

The following Directors were present for the October 27, 2016, Regular Board meeting:

Terry Sam Anderson	Charles McKissick
Joe Farmer	Jim Mellody
Marvin Fuller	John Murphy
Bill Glass	Larry Parks
Don Gordon	Richard Peasley
Rod Hogan	Bobby Robinson
Joe Joplin	Richard Sheehan
James Kerr	Lynn Shuyler
Bill Lofland	John Sweeden
Jack May	Bob Thurmond
Wayne May	

The following NTMWD consultants attended the meeting:

Lewis Isaacks – Gay McCall Isaacks & Roberts
Lauren Kalisek – Lloyd Gosselink Rochelle & Townsend
Jason Hill – Lloyd Gosselink Rochelle & Townsend

VI. WELCOME

President Terry Sam Anderson welcomed the Board of Directors to the fall Planning Workshop.

VII. DISCUSSION ITEMS

A. Strategic Planning

1. Background and FY16 Initial Version

Executive Director Tom Kula provided a review of the NTMWD's strategic planning. Mr. Kula indicated the Strategic Plan was first developed in December 2014, reviewed with the Board of Directors in January 2015, and identified five "priorities" as follows:

1. Provide Superior Water, Wastewater, and Solid Waste Services Today
2. Secure the Future for Water, Wastewater, and Solid Waste Supplies and Services
3. Maintain Strong Relationships with Member Cities, Customers, Partners, and the Public
4. Maintain our Infrastructure to Provide Reliable Service Today and Tomorrow
5. Take Care of Our People

Mr. Kula identified the Champions in each area as follows:

- Water – Billy George
- Wastewater – Jenna Covington
- Solid Waste – Jeff Mayfield
- Maintenance – Dave Patton
- Planning – Joe Stankiewicz

2. FY16 Accomplishments

Mr. Kula and the Champions highlighted key accomplishments for each priority included in the 2015-2016 Strategic Plan.

In response to a question from a Board member, Mr. Kula explained that staff is working on developing a job description for a District Safety Coordinator. Although someone is serving in this role currently, the position needs to be restructured.

3. Spring Planning Workshop Follow-Up

Mr. Kula provided an update on follow-up items from the spring Planning Workshop action items.

4. FY17 Plan and Priority Actions

Mr. Kula reviewed the 2016-2017 Strategic Plan and advised that “priorities” were being changed to “goals” and reviewed specific goals, which were included in the updated Strategic Plan placemat.

Board members provided the following feedback on the District’s Strategic Plan:

- Include the concept of prudent expenditure of District funds into the goals
- Consider tying actions that come before the Board for approval to a Strategic Plan goal, perhaps through reference in the accompanying ad memo
- Review the language on “improving” water quality to make sure it is not perceived as a negative. With regard to enhanced drinking water quality, staff clarified that the District is implementing an optimization program that seeks to significantly exceed regulatory minimum water quality requirements
- Provide as much detail for future planning for solid waste as for water and wastewater
- Board should consider formally adopting Strategic Plan

B. Permitting

1. Main Stem Pump Station and Pipeline Project

Deputy Director Mike Rickman provided an update on the Main Stem Pump Station and Pipeline project. He reported that all permits have been received and a successful mediation was held with the Caroline Hunt Trust Estate (CHTE) on October 17, 2016, which resulted in the agreement subject to Board approval that NTMWD will purchase the 2,000 acre wetland, 254 acres surround the wetland for maintenance purposes, and pipeline easements on the CHTE property.

2. Lower Bois d’Arc Creek Reservoir Project

Mr. Rickman provided an update on the Lower Bois d’Arc Creek Reservoir Project. He reported that work on the Draft Environmental Impact Statement continues, regular coordination meetings are being held with the US Army Corps of Engineers (USACE) and Environmental Protection Agency (EPA), an updated mitigation plan will be submitted to the USACE and EPA in November, and the project is on track for early 2018 USACE permit decision without legislative action.

Board members provided the following feedback on the LBCR project:

- Concern with additional mitigation land needed in close proximity to the City of Bonham
- Escalating cost of the project

Executive Director Tom Kula indicated a full update will be provided to the Board at the November 2016 Work Session that will focus on engineering, design/construction, and additional costs due to delay in permitting.

C. Near-Term Water Rights/Water Availability

Assistant Deputy Director Billy George provided a review of near-term water rights/water availability. Raw water supplies reviewed included:

- Lavon
- Chapman
- Tawakoni
- Lake Fork
- Texoma
- East Fork Raw Water Supply
- Bonham

Mr. George reviewed 2015 and 2016 water demand and supply outlook projections. He also provided a review of water rights vs. water availability and indicated water sources are in good shape going through the end of 2016. However, Mr. George reported concerns due to delay in permitting LBCR and MSPS and if 2017 and 2018 are not wet to normal years, the likelihood of running short of water rights is significant. If this should this happen, NTMWD should temporarily operate with more aggressive restriction triggers to minimize probability of entering state restrictions and increase blending of Texoma water to 3:1. Other efforts ongoing to help should this occur include gaining access to NTMWD Lake Fork water and TCEQ granting a three-year temporary overdraft permit for Lake Lavon.

Board members requested that Member Cities and Customers be notified as soon as possible regarding the 3:1 blending of Texoma water.

D. Climate Variability

Assistant Deputy Director Billy George provided an overview of changing climate data, which included impacts of changing climate, future predictions, and implications for future water planning.

Executive Director Tom Kula reported that the staff plans to invite climate variability expert, Dr. Katharine Hayhoe, Climate Scientist from Texas Tech University, to speak at the 2017 Spring Board Planning Workshop.

E. Real Property, Contractual, Legal, and Regulatory Matters Related to Long-Term Water Supply Planning

The regular session recessed at 12:46 p.m.

President Terry Sam Anderson declared a need for an Executive Session of the Board of Directors pursuant to Section 551.071, Consultation with Attorney, of the Texas Government Code. The Executive Session was called to order by President Terry Sam Anderson at 12:47 p.m.

The Executive Session adjourned at 1:50 p.m.

The Board of Directors reconvened into regular session at 1:51 p.m.

F. Update on Board Governance Matter

1. Request for Attorney General Opinion

Lauren Kalisek of Lloyd Gosselink Rochelle & Townsend provided background on this matter. In the fall of 2015, Member City resolutions were received requesting District action, and the District hosted a Member City representative meeting in December 2015 to discuss the matter.

In January 2016, the Board of Directors held a Work Session to discuss feedback from the Member Cities, and the Board of Director took the following action also in January 2016:

- Adopted Resolution to request new Attorney General opinion, and simultaneously initiate and support legislation during the 2017 Legislative Session to amend the Enabling Act to:
 - “allow for the removal of a Director during his or her unexpired term through action of the appointing Member City Council and seek the concurrence of the Member Cities on the language of such legislation.”

Mrs. Kalisek reported that the Attorney General opinion was received on October 18, 2016, reaffirming the previous 1990 Opinion that Directors are officers of the District and cities have implied authority to fill vacancies but no authority to remove a Director prior to expiration of his or her term. Mrs. Kalisek reviewed the steps of the legislative process to amend the NTMWD Enabling Act.

Board members provide the following feedback on the governance matter:

- Request to provide copies of Member City briefs provided for Attorney General Opinion
- Suggestion to reconfirm with the Member Cities their desire to pursue amendment

Executive Director Tom Kula advised this matter would be discussed at the upcoming Legislative Committee meeting.

G. Update on Member City Working Group Meetings

Deputy Director Judd Sanderson provided an update on the Member City Working Group meetings. He reported that four meetings had been held and the next meeting is scheduled on October 31, 2016, in which the consultant will review the banking concept and analysis and determine if the group is interested in refining the banking option. He indicated \$170,000 had been authorized on this effort and an additional \$60,000 is being requested at the November Board meeting. Mr. Sanderson reviewed the current rate making process, how the budget is developed as well as the banking concept.

Executive Director Tom Kula advised that the consultants would seek input from each Member City at the next working group meeting to determine their interest in pursuing the banking option or other options.

Board members provided the following feedback on this item:

- Encourage terminology of “capacity issue” rather than take or pay
- Encourage terminology of “demand charge” rather than take or pay

H. Customer Contract Review and Water Rate Differential

Lauren Kalisek provided a brief customer contract review discussion. She identified some factors that differentiate between Member/Customers such as:

- Credit ratings
- Cost savings of a regional system versus separate individual systems

Board members discussed the need for additional Board briefings from staff and more focused discussions on this topic.


VIII. CLOSING REMARKS

In closing, President Terry Sam Anderson expressed appreciation to the Board and NTMWD staff.

IX. ADJOURNMENT

There being no further business, the meeting adjourned at approximately 3:49 p.m.

APPROVED:



TERRY SAM ANDERSON, President

ATTEST:



JOHN SWEEDEN, Secretary

(Seal)

