



NORTH TEXAS MUNICIPAL WATER DISTRICT

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MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS AUGUST 25, 2022

The North Texas Municipal Water District (NTMWD) Board of Directors met in a regular meeting on Thursday, August 25, 2022, at 2:30 p.m. Notice of the meeting was legally posted in accordance with Government Code, Title 551, Open Meetings.

I. CALL TO ORDER

President Jack May called the meeting to order at approximately 2:30 p.m.

President May advised the following regarding the meeting:

The meeting today is being conducted in person with two-way video and audio communication between Board members participating by videoconference, establishing a quorum. The public may attend the meeting in person. Audio and video of Board members participating by videoconference will be visible. Members of the public wishing to listen to live audio from the meeting may do so by calling in.

II. INVOCATION

Director Keith Stephens offered the invocation.

III. PLEDGE OF ALLEGIANCE

President May led the Pledge of Allegiance.

IV. PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG

President May led the Pledge of Allegiance to the Texas Flag.

V. ROLL CALL/ANNOUNCEMENT OF QUORUM

The roll was called, and attendance was confirmed as follows:

	DIRECTORS	ABSENT	REMOTE
1	Anderson, Terry Sam	√	
2	Appolito, Robert	√	

3	Boren, Kalen		
4	Carr, John		
5	Crowley, Rick		
6	Crump, George	√	
7	Dyer, Phil		
8	Farmer, Joe		
9	Fuller, Marvin		
10	Gordon, Don		
11	Hollifield, David		
12	Imrie, Chip		
13	Johnson, Blair		
14	Kelley, Ron		
15	Kerr, James (Jim)		√
16	Keever, Geralyn		
17	May, Jack		
18	Patrick, Brenda Jean	√	
19	Peasley, Richard		
20	Roland, Randy		
21	Shuyler, Lynn		
22	Stephens, Keith		
23	Sutherland, Jody		
24	Sweedden, John		
25	Thompson, Larry		

The following NTMWD legal and professional consultants attended the meeting:

- Lauren Kalisek – Lloyd Gosselink Rochelle & Townsend
- Lewis Isaacks, Mark Walsh – Saunders Walsh & Beard
- Tom Gooch – Freese and Nichols, Inc.
- Nick Bulaich, David Medanich – Hilltop Securities
- Molly Carson – McCall Parkhurst and Horton

VI. OPENING REMARKS

A. President’s Remarks concerning current events, conduct of meeting, posted agenda items, committee assignments, and related matters

President May reviewed the tentative list of meetings for September 2022 as follows:

- o Wednesday, September 7th - Executive, Finance and Policy Committees
- o Wednesday, September 21st – Real Estate and Water Committees
- o Thursday, September, 22nd – Board Meeting

He also reminded everyone that there is a Board tour of the Stewart Creek Wastewater Treatment Plant scheduled on Friday, September 16th from 9 a.m. to 11:00 a.m.

B. Executive Director’s Status Report concerning legislation and regulatory matters, budgets, current projects and ongoing programs of the District including the

Regional Water System, Regional Wastewater System, Regional Solid Waste System, Watershed Protection, and Water Conservation

Executive Director Jenna Covington advised that the East System Ground Storage Tank project is now complete. She also advised that Bois d’Arc Lake is now 38 percent full. She noted that the program for the Bois d’Arc Lake Dedication Ceremony in October is complete. She requested RSVPs from the Directors so that transportation from the Wylie offices may be arranged.

VII. PUBLIC COMMENTS

Prior to the start of the meeting, speakers must complete and submit a “Public Comment Registration Form.” During the public comment 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. The Board may not discuss these items but may respond with factual or policy information.

Pat O’Neill with Black & Veatch spoke regarding the company’s relationship with the District, past and present.

Justin Jinright spoke regarding ongoing issues with his property.

VIII. DISCUSSION ITEMS

A. Review of ongoing regional drought conditions and consumption update

Deputy Director Billy George presented this item. He advised that while the area is still in a drought, demands are dropping due to some recent rains and effective conservation efforts. He provided data on average water usage for 2022 compared to 2000. He advised that the water year of 2021-2022 set a new record of 117 billion gallons sold and added that the previous record was set in 2019-2020 with 106 billion gallons sold.

Mr. George provided a chart of consumption by the Member Cities, noting that seven (7) set new minimums. Customer Cities had 19 of 34 establishing new minimums as well. Mr. George noted that Customers receive 20 percent of the water sold by the District and Members receive 80 percent.

Mr. George advised that the District would continue its coordination with the Member and Customer cities and engage them to update the District’s Water Conservation Plan and Water Resource & Emergency Management Plan by 2024. The water supplies and lake levels will be closely monitored in order to update water supply models for 2023.

Director Richard Peasley inquired whether the District could have had sufficient capacity this summer if the problem with the sedimentation basin had not been a factor. Mr. George responded that there may have been sufficient capacity.

Director John Carr asked if a calculation can be made to determine how many acre-feet of water was consumed over the past summer. Mr. George responded that could be provided.

B. Update on amended FY 21-22 and proposed FY 22-23 Annual All Systems Budgets

Deputy Director Jeanne Chipperfield provided an overview of positive milestones and efficiencies put in place during this year. She provided a list of major changes that have been made to the FY22 amended budget since the July budget work session that include the following for the Regional Water System:

- Excess revenue billing increased \$1.3M as Water Year 2022 ended and actuals finalized
- Chemical costs re-estimated - increase from \$56M to \$64M
- Increase transfer from Rate Stabilization Fund (\$4M); defer transfer to Contingency (\$1.2M); debt service savings (\$2.4M) to maintain 90-day operating reserve
- Overall RWS reserves projected at 132 days at 9-30-22; previously 144 days

Major changes to the proposed FY23 budget since the July budget work session for the Regional Water System were reviewed as follows:

- New minimums increased revenue \$2M
- Adjust funding dedicated to reserve replenishment \$2M due to additional reserve use in FY22
- Overall RWS reserves at 135 days projected for 9-30-23; previously 137 days

A graph summarizing expenditures by System was provided. Ms. Chipperfield reviewed the budget related schedule and advised that during August the Regional Water System billing invoices were sent to Members and Customers. She advised that the Board will consider approving the FY22 amended budget and the FY23 proposed budget at the September Board meeting. She noted that the FY23 final billing letters will be sent to non-water Members and Customers on October 31st.

Wayne Larson, Communication Director provided an update on communication and education efforts that will be used to relay rate increase information.

IX. EXECUTIVE SESSION

At 3:16 p.m. President May announced the need for an Executive Session of the Board of Directors to discuss items IX. A. 1 -2, and B., pursuant to the Texas Government Code, Section 551.071 Consultation With Attorney and Section 551.072 Deliberation Regarding Real Property.

A. Consult with legal counsel regarding pending or contemplated litigation (Tex. Gov't Code Section 551.071)

1. *NTMWD v. S.J. Louis Construction of Texas, Ltd., ACT Pipe and Supply, Inc., J-M Manufacturing, Inc., d/b/a JM Eagle, Inc., Cause No. 429-06607-2019, 429th Judicial District, Collin County, Texas (121 Force Main)*
2. Buffalo Creek Parallel Interceptor, Phase I Project

- B. Update on Long Range Water Supply Plan
(Tex. Gov't Code Section 551.071 and 551.072)

President May confirmed with staff that the public access line was disconnected and that the audio recording was disabled during the Executive Session discussion.

X. RECONVENE INTO REGULAR SESSION

In accordance with Texas Government Code, Chapter 551, the Board of Directors of NTMWD will reconvene into regular session to consider action, if any, on matters discussed in Executive Session.

Open Session reconvened at 4:39 p.m. The public teleconference line was reconnected.

No action was taken in Executive Session. President May advised that action will be taken on item IX. A. 1.

Director Ron Kelley made the following motion on item IX. A. 1:

"I make a motion that NTMWD enters into the proposed written settlement agreement with S.J. Louis Construction of Texas, Ltd., Act Pipe & Supply, Inc., and J-M Manufacturing Company, Inc. d/b/a JM Eagle, resolving all remaining claims in Cause Number 429-06607-2019."

Motion was seconded by Director Geralyn Keever. The Board of Directors voted unanimously to approve the motion. Director Jim Kerr was absent from the vote.

President May called for a short recess.

XI. CONSENT AGENDA ITEMS

President May inquired whether any Director would like to remove an item from the Consent Agenda for separate discussion. There were none.

Upon a motion by Director Chip Imrie and a second by Director Phil Dyer, the Board of Directors voted unanimously to approve the Consent Agenda. Director Jim Kerr was absent from the vote.

- A. **Approval of Regular Board Meeting Minutes - Consent Agenda Item No. 22-08-01**
- Consider approval of July 28, 2022, Board of Directors Regular meeting minutes
- B. **Approval of Board Work Session and Special Meeting Minutes - Consent Agenda Item No. 22-08-02**
- Consider approval of July 21, 2022 Board of Directors Work Session and Special meeting minutes
- C. **Approval of Monthly Construction Report - Consent Agenda Item No. 22-08-03**

- Consider approval of August 2022 Monthly Construction Report
- D. **Authorize execution of a Joint Funding Agreement with the United States Geological Survey (USGS) - Consent Agenda Item No. 22-08-04**
 - Consider authorizing the Executive Director to execute a joint funding agreement with the USGS in the amount of \$187,000 for continuation of zebra mussel monitoring program
- E. **Authorize execution of a Joint Funding Agreement with the United States Geological Survey (USGS) - Consent Agenda Item No. 22-08-05**
 - Consider authorizing the Executive Director to execute a joint funding agreement with the USGS in the amount of \$116,490 for surface water data collection and water quality monitoring
- F. **Authorize Amendment No. 8 to the Construction Manager At-Risk (CMAR) agreement for the Wylie Water Treatment Plant (WTP) projects - Consent Agenda Item No. 22-08-06**
 - Consider authorizing the Executive Director to execute Amendment No. 8, Construction Change Order No. 4 to the CMAR agreement with MWH Constructors, Inc. in the amount of \$442,513; Ratification of the Executive Director's authorization to proceed with expedited material procurement for Project No. 101-0390-15, Wylie WTP Biological Active Filtration; 101-0496-18, Ammonia System Improvements; and 101-0517-18, Wylie WTP II Structural and Mechanical Improvements-Phase I Partial GMP No. 1 for work related to Project No. 101-0517-18, Plant II Structural and Mechanical Improvements
- G. **Authorize execution of an architectural services agreement for the Wylie Fleet Maintenance Service Center project - Consent Agenda Item No. 22-08-07**
 - Consider authorizing the Executive Director to execute an architectural services agreement with Stantec Consulting Services, Inc. in the amount of \$458,125 for final architectural design and construction phase services for Project No. 401-0613-22, Wylie Fleet Maintenance Service Center
- H. **Adoption of Resolution No. 22-34 authorizing the execution of conveyance of property for the Sabine Creek Wastewater Treatment Plant (WTTP) project - Consent Agenda Item No. 22-08-08**
 - Consider adoption of Resolution No. 22-34 authorizing the Executive Director to execute a conveyance of property of approximately 1.05 acres of permanent easement to the City of Royse City
- I. **Authorize execution of an engineering services agreement for the 121 Regional Disposal Facility (RDF) Sectors 6B and 6C Mass Excavation project - Consent Agenda Item No. 22-08-09**
 - Consider authorizing the Executive Director to execute an engineering services agreement with Biggs and Mathews Environmental in the amount of \$28,900 for final engineering design on Project No. 401-0614-22, 121 RDF Sectors 6B and 6C Mass Excavation

XII. AGENDA ITEMS FOR INDIVIDUAL CONSIDERATION

GENERAL / ADMINISTRATIVE AGENDA ITEMS

A. Adoption of Resolution No. 22-35 authorizing Sabine Creek Regional Wastewater System Contract Revenue Bonds, Series 2022 - Administrative Memorandum No. 5850

- Consider adoption of Resolution No. 22-35 authorizing the issuance, sale and delivery of NTMWD Sabine Creek Regional Wastewater System Contract Revenue Bonds, Series 2022 in the amount of approximately \$80,160,000; and approving and authorizing instruments and procedures relating thereto

Director Chip Imrie advised this item was reviewed by the Finance Committee on June 8, 2022. The Finance Committee voted unanimously for the Board of Directors to adopt Resolution No. 22-35 authorizing the “issuance, sale and delivery of NTMWD Sabine Creek Regional Wastewater System Contract Revenue Bonds, Series 2022, and approving and authorizing instruments and procedures relating thereto”. These bonds are estimated to be for \$80,160,000.

The final interest rate, incorporating the principal forgiveness, is 4.18%.

Upon a motion by Director Chip Imrie and a second by Director Joe Farmer, the Board of Directors voted unanimously to approve Resolution No. 22-35 authorizing Sabine Creek Regional Wastewater System Contract Revenue Bonds, Series 2022. Director Jim Kerr was absent from the vote.

B. Amendment to NTMWD Administrative and Finance Policies Manual and Adoption of Resolution No. 22-36 approving the NTMWD Investment Policy and Investment Strategy - Administrative Memorandum No. 5851

- Consider authorizing amendment to the NTMWD Administration and Finance Policies Manual as follows: (a) Section 1, General Investment Policy; (b) Section 4, Water Variable Cost Rebate Policy; (c) Section 6, Purchasing Policy; (d) Section 10, Handgun Policy; (e) Section 11, Fund Balance Policy; (f) Section 12, Debt Management Policy; (g) Section 13, Grant Management Policy; and (h) Exhibit A, NTMWD Investment Strategy Statement; and adopt Resolution No. 22-36, as it pertains to the General Investment Policy, “A Resolution approving NTMWD Investment Policy and Investment Strategy” which includes an annual review and approval of the Investment Policy and Strategies that are included in the NTMWD Administration and Finance Policies Manual

Director Chip Imrie advised that the General Investment Policy, Water Variable Cost Rebate Policy, Purchasing Policy, Handgun Policy, Fund Balance Policy, and Debt Management Policy, were reviewed by the Finance Committee on June 8, 2022. The Finance Committee voted unanimously for the Board of Directors to approve these amendments to the NTMWD Administration and Finance Policies Manual. These policies and the Grant Management Policy were reviewed by the Policy Committee on August 10, 2022. The Policy Committee voted unanimously for the Board of Directors to approve these amendments to the NTMWD Administration and Finance Policies Manual.

A motion to approve was made by Director Chip Imrie and was seconded by Director Blair Johnson. Director Jim Kerr was absent from the vote.

In response to a Director's question Billy George responded that the handgun policy is a matter of state law and aligns with the Texas Penal Code which authorizes those licensed as peace officers to carry handguns on the Bois d'Arc Lake property.

Clarification on the rebate policy was also requested. Ms. Chipperfield responded that the rebate policy has a proposed change that would allow rebates based on actual savings in yearly expenditures and not on budgeted values. Additionally, timing of the rebate approval is proposed to be changed until after the closeout of yearly expenditures.

Executive Director Covington reviewed that with the current policy, the discussion of rebates occurs in August with approval in September. With the proposed policy change the rebates (based on actual savings) will be presented for discussion in October with approval in November. It was explained that for this year, since the budget was exceeded by \$14 million, no rebate is recommended.

The Board of Directors voted unanimously to approve the proposed amendment to the NTMWD Administrative and Finance Policies Manual, and to adopt Resolution No. 22-36 approving the NTMWD Investment Policy and Investment Strategy. Director Jim Kerr was absent from the vote.

WATER AGENDA ITEMS

C. **Adoption of Resolution No. 22-37 authorizing the execution of an Interlocal Cooperation Agreement (ILA) with the City of Richardson - Administrative Memorandum No. 5852**

- Consider adoption of Resolution No. 22-37 authorizing the Executive Director to execute an ILA with the City of Richardson regarding the joint construction of Richardson's Water Improvements and NTMWD's Project No. 101-0338-13, Meter Vault Standardization, Set Point Control Phase IV; and No. 101-0566-20, 36-inch Plano West Side Pipeline

Deputy Director Cesar Baptista presented this item. He explained that the City of Richardson has a project located at the same location (Richardson No. 2 Delivery Point) where the District also needs to upgrade its metering station and build a pipeline. Due to the proximity of the District's facilities and Richardson's facilities, a joint construction project is recommended. Mr. Baptista advised that this action does not authorize any funding and noted that the District will have oversight of the inspections on the project. Richardson City Council has approved this item.

Upon a motion by Director Geralyn Kever and a second by Director John Carr, the Board of Directors voted unanimously to approve. Director Jim Kerr was absent from the vote.

WASTEWATER AGENDA ITEMS

D. Authorize award of construction contract, engineering construction services agreement and construction management and inspection services agreement for the Sabine Creek Wastewater Treatment Plant (WWTP) expansion project - Administrative Memorandum No. 5853

- Consider authorizing award of construction contract to Eagle Contracting, LLC in the amount of \$69,831,000, award of construction management services to Plummer Associates, Inc. in the amount of \$ 3,939,953, and award of engineering construction services to AECOM Technical Services, Inc. in the amount of \$ 2,766,538 for Project No. 308-0576-20, Sabine Creek Wastewater Treatment Plant Expansion to 7 MGD (formerly Expansion to 6 MGD)

Director Ron Kelley advised that the Wastewater Committee reviewed this item yesterday and voted to recommend the Board authorize award of a construction contract, award engineering services during construction, and award construction management and inspection services for the Sabine Creek Wastewater Treatment Plant Expansion to seven million gallons per day.

The service area of the Sabine Creek Wastewater Treatment Plant has a rapidly growing population and additional treatment capacity is needed to support increase wastewater flows.

Upon a motion by Director Ron Kelley and a second by Director Joe Farmer, the Board of Directors voted unanimously to approve. Director Jim Kerr was absent from the vote.

E. Authorize construction Change Order No. 1 for the North McKinney Parallel Interceptor project - Administrative Memorandum No. 5854

- Consider authorizing construction Change Order No. 1 with McKee Utility Contractors, Inc. in the amount of \$869,643.16 for Project No. 501-0504-18 North McKinney Parallel Interceptor

Director Ron Kelley advised that the Wastewater Committee reviewed this item yesterday and voted to recommend the Board authorize Change Order No. 1 with McKee Utility Contractors, Inc.

The purpose of this change order is to lower the new parallel interceptor elevation closer to the existing North McKinney Interceptor elevation to maximize the combined capacity and accommodate a future interceptor extension northward to meet future flows and growth.

Upon a motion by Director Ron Kelley and a second by Director Chip Imrie, the Board of Directors voted unanimously to approve. Director Jim Kerr was absent from the vote.

LAND ACQUISITION / RIGHT OF WAY AGENDA ITEMS

F. Adoption of Resolution No. 22-38 authorizing the execution of a land acquisition program for the Preston Road Lift Station expansion project - Administrative Memorandum No. 5855

- Consider adoption of Resolution No. 22-38 authorizing the Executive Director to execute a land acquisition program with a budget of \$1,500,000; and authorizing the use of eminent domain to acquire property for Project No. 501-0559-20, Preston Road Lift Station Expansion

Director David Hollifield advised that the Real Estate Committee discussed this item at the July 27th Real Estate Committee meeting.

This item authorizes the Executive Director to execute a land acquisition program for the Preston Road Lift Station expansion with a budget of \$1,500,000.

Upon a motion by Director David Hollifield and a second by Director Don Gordon, the Board of Directors voted unanimously to approve Resolution No. 22-38 authorizing the execution of a land acquisition program for the Preston Road Lift Station expansion project. Director Jim Kerr was absent from the vote.

G. Adoption of Resolution No. 22-39 authorizing the execution of a property and right-of-way acquisition program for the Sabine Creek Wastewater Treatment Plant expansion project - Administrative Memorandum No. 5856

- Consider adoption of Resolution No. 22-39 authorizing the Executive Director to execute a property and right-of-way acquisition program with a budget of \$1,400,000; and authorizing the use of eminent domain to acquire property and right-of-way for Project No. 308-0576-20, Sabine Creek Wastewater Treatment Plant (WWTP) Expansion

Director David Hollifield advised that the Real Estate Committee discussed this item at the July 27th Real Estate Committee meeting.

This item authorizes the Executive Director to execute a land acquisition program for the Sabine Creek Wastewater Treatment Plant expansion with a budget of \$1,400,000.

A motion to approve was made by Director David Hollifield and seconded by Director Larry Thompson. Director Jim Kerr was absent from the vote.

In response to Director's questions, Mr. Baptista advised that the buffer around this site has been increased for future expansion. Executive Director Covington advised that 10.6 acres is recommended for the site, .3 acres is for permanent easement and .1 acres will be for temporary easement.

The Board of Directors voted unanimously to approve Resolution No. 22-39 authorizing the execution of a property and right-of-way acquisition program for the Sabine Creek Wastewater Treatment Plant expansion project.

XIII. CLOSING ITEMS

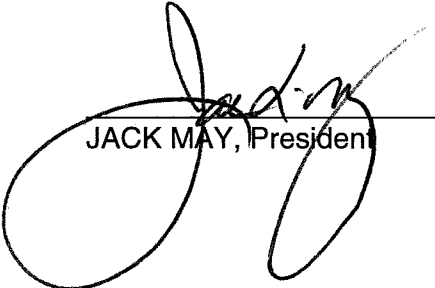
- A. Opportunity for Board members to provide feedback or request potential future agenda items.

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

XIV. ADJOURNMENT

There being no further business, the meeting adjourned at approximately 5:10 p.m.

APPROVED:



JACK MAY, President

ATTEST:



GEORGE CRUMP, Secretary

