



## **NORTH TEXAS MUNICIPAL WATER DISTRICT**

**501 E. Brown Street • Wylie, Texas 75098  
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### **FINANCE COMMITTEE MEETING MINUTES SEPTEMBER 7, 2022**

The Presiding Officer will be 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 may attend the meeting in person at the meeting location. Audio and video of Board members participating by videoconference will be visible to members of the public in attendance at the meeting location. The meeting will be recorded, and the audio recording will be available on the NTMWD website after the meeting.

Members of the public wishing to listen to live audio from the meeting may do so by calling in at (469) 210-7159 or toll free (844) 621-3956 and entering the following access code: 928 587 040. Please note this line will not provide for two-way communication and public comment at the meeting must be made in person at the meeting location.

#### **I. CALL TO ORDER**

Chair Chip Imrie served as Presiding Officer and called the meeting to order at approximately 10:00 a.m. on Wednesday, September 7, 2022.

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

<b>Finance Committee Members</b>		<b>Attendance</b>
1	Chip Imrie, Chair	In Person
2	Terry Sam Anderson	Remote
3	Kalen Boren	Remote
4	Don Gordon	Remote
5	Ron Kelley	Remote
6	Randy Roland	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 participated by telephone:

- Lauren Kalisek, Lloyd Gosselink Rochelle & Townsend

II. 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 Committee may not discuss these items but may respond with factual or policy information.

There were no requests for public comments.

III. OPENING REMARKS

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

Deputy Director Jeanne Chipperfield advised that two proposals are currently being considered by staff. One is for actuarial services regarding the District's pension plan and retiree health care, and the other is for a consultant to perform a premium study and a buy in study for the Regional Water System.

Executive Director Jenna Covington welcomed the new Finance Committee members. She advised that in today's meeting an overview of the Finance operations will be provided.

Chair Chip Imrie welcomed the new Committee members and announced that Director Ron Kelley has agreed to be the Committee Vice-Chair. He also advised there will be an Executive Session today to discuss Item V. B.

IV. ACTION ITEMS

- A. Consider approval of Finance Committee meeting minutes – June 8, 2022

Upon a motion by Director Don Gordon and a second by Director Ron Kelley, the Finance Committee voted unanimously to approve the meeting minutes for June 8, 2022.

- B. Review and possible action on 2022-23 All Systems Annual Budget and the Amended 2021-22 All Systems Annual Budget

Jeanne Chipperfield presented this item. She provided an overview of the processes involved with preparation of a budget and advised that there are some proposed changes from what was presented previously for the FY22 Amended Budget and the FY23 Proposed Budget.

Ms. Chipperfield explained that the Regional Solid Waste System (RSWS) has higher than anticipated FY22 revenue from the sale of landfill gas. Previously the FY22 Amended Budget allocated \$1,350,000 of this revenue to the RSWS Capital Improvement Fund. Member cost per ton is now estimated at \$38.13, below the budgeted \$38.25. Staff is recommending revising the transfer down to \$297,900, reducing the amended cost per ton to \$36.16 and increasing credit memos to the Members of this system.

For FY23, Ms. Chipperfield advised that the Sabine Creek Wastewater Treatment Plant (WWTP) August 2022 bond sale had better than anticipated interest rates. The FY23 Budget was based on an interest rate of 4.62%. The final interest rate is 4.18%. The FY23 Budget savings to the system is just over \$400,000. Average annual savings thereafter are over \$296,000. Staff is recommending reducing the FY23 Budget from \$7,266,900 to \$6,847,000.

Ms. Chipperfield provided a brief overview of performance metrics and how they align with the Strategic Plan. She also advised that six (6) bond sales are proposed for the FY23 Budget. The projected cost for each was provided. Ms. Chipperfield advised that the challenges for next year's budget include labor shortages and costs, chemical costs, and capital projects construction inflation. Data received from the Engineering New Record Construction Cost Index for Dallas reflect an 18 percent increase in the cost of construction projects over the previous year. A breakdown of the 45 new positions requested in the FY23 Budget was provided.

Ms. Chipperfield provided the water rate calculation that results in the cost of \$3.39 per million for wholesale water. Regional Water System minimums for FY23 were provided for the Member Cities.

Ms. Chipperfield advised that the Board will consider adopting the FY22 Amended Budget and proposed FY23 Budget at the September Board meeting. If adopted the FY23 charge letters will be mailed to the Member and Customer Cities. The final billing letters will be sent to non-water Members and Customers on October 31<sup>st</sup>.

Discussion followed as to the proportion of debt service included the budget compared to other categories of expenses. Staff responded that the percentage is consistent with previous years' budgets. It was noted that the cost of the bonds has recently increased, however several of the District's bond ratings have improved as well. A question was raised as to the ability of the District to fill all the new and open positions. Executive Director Covington responded that the District is actively pursuing filling the current openings and has begun advertising for some of the new positions. Lake permit fees in regard to developer projects, in particular for Bois d'Arc Lake, were questioned. Deputy Director Billy George responded that they are based on the labor hours that would be involved. In response to a Director's question, Deputy Director Cesar Baptista responded that the construction cost index is continually monitored, noting that costs are volatile and trending higher.

President Jack May inquired how the District's rates compare to other entities in regard to benchmarks or to other north Texas utility providers. Executive Director Covington responded that of the five (5) in north Texas, the NTMWD is ranked as the second least expensive for water rates (FY22.). She added that staff is currently working on a new reporting plan to provide the Board members with data on performance by system.

Upon a motion by Director Terry Sam Anderson and a second by Director Don Gordon, the Finance Committee voted unanimously to recommend approval of the FY22 Amended Budget and the FY23 Proposed Budget to the Board of Directors.

V. DISCUSSION ITEMS

A. Overview of District Finances and Financial Operations

Jeanne Chipperfield provided an overview of the District's financial staff that includes three (3) departments: Accounting, Finance, and Purchasing (Procurement). A list of responsibilities of each department was reviewed as well as details on the volume of data and projects. Staffing for each department was provided.

A list of awards and recognitions was provided. Financial reporting and transparency efforts were reviewed as well as reporting requirements. In response to a Director's question, Ms. Chipperfield advised that the District has not pursued the Transparency Award because it requires posting contracts on the District's website. She added that other requirements may be met however posting contracts is still being evaluated. President May inquired about use of funds for wastewater emergencies from the water system. Staff responded that a "loan" could be made and interest would be charged.

B. Discuss status of implementing recommendations from the Security Audit

At 11:00 a.m. Chair Imrie announced the need for an Executive Session of the Committee to discuss Item V. B. on the agenda pursuant to the Texas Government Code, Section 551.076, Deliberation regarding security device or security audits.

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

Open Session reconvened at 11:52 a.m. The public teleconference line was reconnected.

No action was taken in Executive Session. No action was taken in open session as a result of Executive Session.

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

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

VI. ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 11:53 a.m.

APPROVED:



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CHIP IMRIE  
Chair