



## **NORTH TEXAS MUNICIPAL WATER DISTRICT**

**501 E. Brown Street • Wylie, Texas 75098  
(972) 442-5405 – Phone • (972) 295-6440 – Fax**

### **MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS JANUARY 26, 2023**

The North Texas Municipal Water District (NTMWD) Board of Directors met in a regular meeting on Thursday, January 26, 2023, 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 2:32 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 Rick Crowley 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:

<b><i>DIRECTOR</i></b>	<b><i>IN PERSON</i></b>	<b><i>REMOTE</i></b>
<b>Terry Sam ANDERSON</b>	√	

Robert <b>APPOLITO</b>	Absent	
Kalen <b>BOREN</b>		√
John <b>CARR</b>	√	
Rick <b>CROWLEY</b>	√	
George <b>CRUMP</b>	√	
Phil <b>DYER</b>	√	
Joe <b>FARMER</b>	√	
Marvin <b>FULLER</b>	√	
Don <b>GORDON</b>	√	
David <b>HOLLIFIELD</b>	√	
Chip <b>IMRIE</b>	√	
Blair <b>JOHNSON</b>	√	
Ronald <b>KELLEY</b>	√	
James <b>KERR</b>	√	
Geralyn <b>KEVER</b>	√	
Jack <b>MAY</b>	√	
Richard <b>PEASLEY</b>	√	
Randy <b>ROLAND</b>		√
Lynn <b>SHUYLER</b>	Absent	
Keith <b>STEPHENS</b>	√	
Jody <b>SUTHERLAND</b>	√	
John <b>SWEEDEN</b>	√	
Larry <b>THOMPSON</b>	√	

The following NTMWD legal and professional consultants attended the meeting:

- Lauren Kalisek – Lloyd Gosselink Rochelle & Townsend

- Kevin Smith – Crowe, LLP

## VI. OPENING REMARKS

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

President May advised that he, Executive Director Covington and David Kelly recently attended the Water for Texas Conference. While in Austin they also visited the Capital and had the opportunity to speak to some legislators. Additionally, they attended a panel discussion in reference to the State's budget surplus. President May advised that primary needs discussed included infrastructure, flooding issues (Houston), water conservation, and future water supply needs.

President May reviewed the tentative schedule of meetings for February 2023 as follows:

- February 8<sup>th</sup> – Executive Committee
- February 16<sup>th</sup> – Board Work Session: Customer Premiums
- February 22<sup>nd</sup> – Water and Wastewater Committees
- February 23<sup>rd</sup> – Board Meeting

President May advised that after receiving multiple questions and comments regarding the Executive Director's annual evaluation process, he has created a special working group to review policies and make recommendations to the Policy Committee. The charge of this Special Working Group is to look at the Board Policies Manual related to the ED/GM Annual Evaluation Process and Executive Compensation. Dr. Farmer will head up this group consisting of Director Dyer, Director Imrie, Director Keever and Director Stephens. Once they have reviewed the policies, they will present a recommendation to the Policy Committee.

- 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 Covington announced the 2022 Employee of the Year and Team of the Year.

Executive Director Covington reviewed that the Carl W. Riehn Employee of the Year award was created in 1999 to commemorate and memorialize the 28 years of dedicated service of Mr. Riehn, who served as the District's Executive Director from 1969 to 1998. She advised that for 2022, 25 employees were nominated. The four finalists include: Kevin Wiseman, Darrell Haynes, Pete Myers, and Katy Locke.

Pete Myers, Fleet Maintenance Shop Foreman is the recipient of the 2022 Employee of the Year. Mr. Myers also received this award in 2007.

Executive Director Covington advised that the Team of the Year Award was created to recognize outstanding teamwork and job performance to achieve the NTMWD mission –

“Provide high quality and dependable water, wastewater and solid waste services in a cost efficient manner.”

The intent of this award is to promote cooperation, communication, planning and prioritization and other attributes of a cohesive team while recognizing those that exceed these expectations. For 2022 there were 15 nominations with three finalists. Those include: the Shutdown Trailer Team, the Operations Challenge Team, and the Water Conveyance System Shutdown Field Operations Team.

The Team of the Year award was given to the Shutdown Trailer Team. Executive Director Covington stated this team of electrical professionals came together to design and build an electrical shut-down trailer which resulted in reliable shut-down procedures during electrical switchgear maintenance, increase safety factors for employees and contractors, and back-up for MCC for emergency power outages. This equipment took over a year to design, procure parts and build and was completed in November 2022.

Award recipients were present for the recognitions.

## **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.

Three representatives from the City of Rowlett spoke in favor of Rowlett becoming a Member of the NTMWD as follows:

- 1) Mayor Blake Margolis- requested the District commence annexation proceedings for Rowlett.
- 2) Councilmember Brian Galuardi- spoke in favor of an annexation policy for the District and against a buy-in policy.
- 3) Councilmember Jeff Winget- spoke of Rowlett’s and the District’s Strategic Plans.

## **VIII. DISCUSSION ITEMS**

### **A. Consider development of a Member City annexation policy**

Attorney Lauren Kalisek provided a briefing in regard to a possible Member City annexation policy. She advised this is a follow up to input received from Member Cities and Customers following the 2022 Amawalk Report. This report was done relative to the Member City Public Utility Commission Rate Case Settlement and the current Customer Premium Study. Additionally, this discussion includes the City of Rowlett Petition to become a Member City of the NTMWD.

Attorney Kalisek reviewed the Enabling Legislation for the District which sets out the process for adding new Members (annexations); previous annexations; the 2016 Board Resolution No. 16-40 on a new Member City policy; and, the 2022 Stakeholder feedback received from Member Cities and Customers.

Attorney Kalisek advised that Rowlett's petition was presented to the District on December 8, 2022. She noted that the District is committed to remain in communication with Rowlett regarding the request.

Attorney Kalisek noted that the Customer Premium Study is a separate project but will inform the annexation policy discussion. She also advised that there is a Board Work Session scheduled for February 16, 2023 in regard to the Customer Premium Study.

**IX. EXECUTIVE SESSION.**

At 3:12 p.m. President May announced the need for an Executive Session of the Board of Directors to discuss items IX. A. on the agenda pursuant to the Texas Government Code, Section 551.071, Consultation With Attorney.

- A. Consultation with Attorney  
(Tex. Gov't Code Section 551.071)
  - 1. Consider development of a Member City annexation policy

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 4:05 p.m. The public teleconference line was reconnected.

No action was taken in Executive Session. No action was taken in Open Session.

Executive Director Covington thanked the Attorney and the Board Members for the Executive Session discussion. She advised that based on that discussion, the District's path forward will be to continue efforts to complete Bois d'Arc Lake and to commence delivery of water from the Leonard Water Treatment plant later this spring. She also advised that the District will continue its efforts associated with the Customer Premium and Buy-in Study with the intent of a potential discussion of developing this later this spring.

**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 no requests for separate discussion of Consent Agenda items.

Upon a motion by Director Chip Imrie to approve the Consent Agenda items and a second by Director Joe Farmer, the Board of Directors voted unanimously to approve the Consent Agenda.

- A. **Approval of Regular Board Meeting Minutes - Consent Agenda Item No. 23-01-01**
  - Consider approval of December 15, 2022, Board of Directors Regular meeting minutes
- B. **Approval of Board of Directors Work Session Meeting Minutes - Consent Agenda Item No. 23-01-02**
  - Consider approval of December 8, 2022, Board of Directors Work Session meeting minutes
- C. **Approval of Modification of Capital Projects Request - Consent Agenda Item No. 23-01-03**
  - Consider approval of January 2023 Modification of Capital Projects Request
- D. **Adoption of Resolution No. 23-01 authorizing the conveyance of property to Farmers Electric Cooperative - Consent Agenda Item No. 23-01-04**
  - Consider adoption of Resolution No. 23-01 authorizing the Executive Director to execute a conveyance of property in the form of 0.027 acres of permanent easement to Farmers Electric Cooperative.
- E. **Adoption of Resolution No. 23-02 authorizing the execution of an amendment to a right-of-way acquisition program for the McKinney East Side Extension Improvements project - Consent Agenda Item No. 23-01-05**
  - Consider authorizing the Executive Director to amend a previously executed right-of-way acquisition program to add a permanent easement; adoption of Resolution No. 23-02 authorizing the use of eminent domain for Project No. 501-0551-19, McKinney East Side Extension Improvements

**XII. AGENDA ITEMS FOR INDIVIDUAL CONSIDERATION**

**GENERAL / ADMINISTRATIVE AGENDA ITEMS**

- A. **Acceptance of Annual Audit Report for fiscal year 2022 - Administrative Memorandum No. 5884**
  - Consider acceptance of the Annual Audit Report included in the Annual Comprehensive Financial Report (ACFR)

Director Chip Imrie advised that Crowe, LLP presented the draft audit results on January 11, 2023, to the Finance Committee. The final Annual Comprehensive Financial Report (ACFR) was emailed to the Board yesterday. The District's audit partner, Kevin Smith, was present for this item and provided the Board with a very high-level overview of the results.

Mr. Smith advised the Board that he has issued an "unmodified opinion" of the Report as well as for Grant Reporting. He advised that two (2) "material weaknesses" were identified under Financial Reporting that have been addressed by staff.

Director Imrie advised that the ACFR document will be mailed to the Board Members after the final printing.

Upon a motion by Director Chip Imrie and a second by Director John Sweeden, the Board of Directors voted unanimously to accept the FY22 Annual Comprehensive Financial Report (ACFR.)

### WATER AGENDA ITEMS

**B. Authorize execution of an interlocal agreement (ILA) with Tarrant Regional Water District (TRWD) - Administrative Memorandum No. 5885**

- Consider authorizing the Executive Director to execute an ILA with TRWD in the amount of \$63,000 for a conceptual level study to evaluate the potential for collaboration on the Cedar Creek Wetlands project

Director Terry Sam Anderson advised that the Water Committee reviewed this item yesterday and voted to recommend the Board authorize the Executive Director to execute an Interlocal Agreement with Tarrant Regional Water District to study conceptual level options for incorporating NTMWD's available treated return flows into TRWD's Cedar Creek Wetlands Project. NTMWD anticipates having access to return flow volumes in excess of the existing capacity of its East Fork Wetlands.

Upon a motion by Director Terry Sam Anderson and a second by Director James Kerr, the Board of Directors voted unanimously to approve.

**C. Authorize award of construction contract and inspection services on the East System Control Valve project - Administrative Memorandum No. 5886**

- Consider authorizing award of construction contract with MELA Contracting Inc., in the amount of \$4,109,000 and authorizing internal inspection services in the amount of \$450,000 for Project No. 101-0604-22, East System Control Valve

Director Terry Sam Anderson advised that the Water Committee reviewed this item yesterday and voted to recommend the Board authorize award of a construction contract and internal inspection services for the installation of the East System Control Valve on the Wylie Water Treatment Plant Complex to supply additional treated water for growing water demands in the East Transmission System.

Upon a motion by Director Terry Sam Anderson and a second by Director Geralyn Keever, the Board of Directors voted unanimously to approve.

### **XIII. CLOSING ITEMS**

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

Director Anderson advised that the Water Committee will schedule an update in the future regarding water conservation and water reuse.

Director Crowley requested some information from staff as to how they determine whether inspection services are done in-house or contracted out.

President May reminded everyone of the Director's dinner that will be held this evening at 6:15 p.m.

B. Premier of video "Bois d'Arc Lake: Continuing the Legacy of Service"

Executive Director Covington presented an advanced viewing of the video-

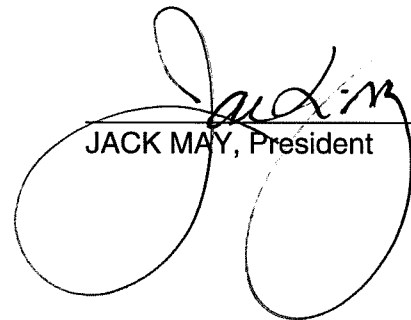
"Bois d'Arc Lake: Continuing the Legacy of Service"

She advised the video was developed to be utilized in conjunction with the opening of the Lake for recreation and will be premiered to the public at that time.

**XIV. ADJOURNMENT**

There being no further business, the meeting adjourned at approximately 4:26 p.m.

APPROVED:

  
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JACK MAY, President

ATTEST:

  
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GEORGE CRUMP, Secretary

