

# MINUTES



## UPPER TRINITY REGIONAL WATER DISTRICT BOARD OF DIRECTORS

THURSDAY, SEPTEMBER 3, 2020

### REGULAR SESSION BOARD MEETING (BY TELECONFERENCE)

1. Call to Order

The Board of Directors of the Upper Trinity Regional Water District (UTRWD) convened in Regular Session Board Meeting by teleconference, with President Richard Lubke presiding at 1:21 PM on Thursday, September 3, 2020.

2. Roll Call and confirm Quorum

The attendance of the Board of Directors was taken. A quorum was present for the meeting.

Board Members in Attendance:

Richard Lubke, President, Highland Village  
Bob Hart, Treasurer, Corinth  
Troy Norton, Argyle  
Mark Pape, Copper Canyon  
Johnny Harris, Denton County  
Kevin Mercer, DCFWSD #7  
Devon Kennedy, Krum  
Lyle Drescher, Northlake  
Michael Anderson, Ponder  
Tracy LaPiene, Sanger

Brian Roberson, Vice President, Aubrey  
Clay Riggs, Secretary, Flower Mound  
James Burnham, Celina  
Frank Pugsley, Denton  
Gary Calmes, Denton County at Large  
Greg Scott, Justin  
Michael Fairfield, LCMUA  
Allen McCracken, Pilot Point  
Frank Jaromin, Prosper

(Vacant), Irving

Absent:

Del Knowler, Bartonville\*  
Dick Cook, Double Oak\*  
Chris Boyd, Mustang SUD\*

Kristina Clark, DCFWSD#1A\*  
Eric Ferris, Lewisville\*

\*Excuse Absent

Staff & Advisors in Attendance:

Larry N. Patterson, Executive Director  
Nancy Tam, Assistant to Executive Director  
Tom Snyder, Director Const. & Eng.  
Jan Morris, Asst Director for Administration  
Kurt Staller, Asst. Dir, Const. & Eng.  
Jason Pierce, Mgr/Gov Affairs & Comm

Matthew Boyle, General Counsel  
Bill Greenleaf, Chief Financial Officer  
Jody Zabolio, Director of Op. & Water Res  
Mark Skaggs, Manager / IT Services  
Doug Janeway, Manager/Properties Services  
Lester Harris, Controller

3. Pledge of Allegiance and Invocation

President Lubke led the Pledge of Allegiance. There were no Invocation delivered at the meeting.

4. Oath of Office.

None.

5. Opening Remarks:

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

- President Lubke informed the Board that Dick Cook (Double Oak) had surgery last month; he is home recovering and doing well.
- Kristina Clark (DCFWS#1A) will not be in attendance today; her father had passed away. Our prayers and condolences to her and her family.

B. Executive Director's Status Report about legislation and regulatory matters, about budgets, current projects and on-going programs of the District, including: the Regional Water System, Water Resource Development, Regional Water Reclamation Systems, Watershed Protection and Water Conservation.

- For the month of August, Patterson reported new record water usage for both Taylor and Harpool Plants.
- A recent news article indicated that Corinth is taking steps to conserve water by joining the ***Wyland National Mayors Challenge for Water Conservation*** for the second year. According to Mayor Heidemann, the annual challenge to conserve water reminds us how important it is to protect this vital resource. He also challenged the community to adopt long-term practices to improve their water conservation efforts.
- Patterson reported that City of Sulphur Springs, Texas has approved an agreement with the Sulphur River Basin Authority to contribute \$25,000 for five years to support the SRBA's water quality protection, water planning and general business operations in the Basin.

C. Presentations about awards, recognitions, achievements, etc. of the District, Board Members, Member Entities and Staff.


None.

6. Public Comments Concerning Agenda Topics.

None.

**CONSENT AGENDA**

For the Consent Agenda, Lyle Drescher made a motion to approve Items 7–11. **Seconded by Gary Calmes.** The Roll Call Vote was 18 Yes, 0 No. Motion Carried. The Consent Agenda items approved were:

7. Adopt minutes of August 6, 2020 Board Meeting.
  8. Accept Monthly Management Report for the period ended July 31, 2020.
  9. Receive report of construction change orders approved by staff.
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10. Authorize advertising for Professional Engineering Services Statements of Qualifications:
  - A. Lake Ralph Hall Raw Water Pump Station Design
  - B. Lake Ralph Hall Reservoir Area Clearing and Demolition Design
11. Authorize the Executive Director to enter into a purchasing agreement with PSI Water Technologies for the purchase of production cells for the Sodium Hypochlorite Generators.

**ITEMS FOR INDIVIDUAL CONSIDERATION**

12. Consider adoption of Rates for Services provided by the District:
  - A. Wholesale Rates for the Regional Treated Water System.
  - B. Wholesale Rates for the Lakeview Regional Water Reclamation System.
  - C. Wholesale Rates for the Northeast Water Reclamation System.
  - D. Wholesale Rates for the Peninsula Water Reclamation Plant.
  - E. Wholesale Rates for the Non-Potable Water Service.
  - F. Rates for Collection of Household Hazardous Waste.
  - G. Administrative/Planning and Growth Program Fees (Approved by Budget Adoption).

**Frank Jaromin made a motion to adopt the Rates for Services as presented. Seconded by Devon Kennedy.** The Roll Call Vote was 18 Yes, 0 No. Motion Carried.

13. Consider adoption of Budgets for Fiscal Year 2020-2021:
  - A. Operating Budgets
  - B. Capital Improvement Budgets
  - C. Budget for Upper Trinity Conservation Trust

**Greg Scott made a motion to approve the Operating, Capital Improvement and Conservation Trust Budgets for FY 20-21. Seconded by Gary Calmes.** The Roll Call Vote was 18 Yes, 0 No. Budgets for Fiscal Year 2020-2021 approved.

14. Receive presentation of a 5-Year Rate Forecast for the Regional Treated Water System (RTWS).

Bill Greenleaf, Chief Financial Officer, provided the briefing to the Board. As with any forecast, the results may or may not be realized as numerous assumptions and related results can be affected by any number of things, ranging from regulatory mandates and environmental conditions (drought) to economic changes (recessions). However, based on District staff's current rate evaluation, the five-year forecast appears to show a blended rate impact increases ranging from 2.00% (2021), 3.25%-3.75% (2022, 2023, 2024) and 4.5%-5.00% (2025). This is an informational item only. No action was required.

15. Financing Agreements for the Regional Treated Water System with the Texas Water Development Board (TWDB) under the State Water Implementation Fund for Texas (SWIFT) Program: **(Weighted Capital Vote)**

At the May 2020 Board Meeting, the Board authorized an application of up to \$414 million in additional SWIFT funding from the TWDB for the Lake Ralph Hall Project - \$398 million of which was from the SWIFT "Board Participation" Program. The District's application received formal approval by the TWDB on August 5, 2020.

- A. Consider approval of a Financing Agreement for the Lake Ralph Hall Project using the SWIFT - Board Participation Program.

The next step in the process is for the District to approve the Financing Agreement to receive the first \$120 million of the approved Board Participation funding. The associated Master Agreement approval expects to be in the October 1, 2020 meeting. The remainder of the is commitment is set for FY 2021-FY 2025. The Terms of Financing is 34 years; no compounding interest on Deferred Interest Payments; fund up to 80% of the Total Project Cost.

- B. Consider approval of a Financing Agreement for the Lake Ralph Hall Project using the SWIFT - Deferred Interest Program.

The next step in the process is for the District to approve the Financing Agreement (\$15 million) to receive the approved Deferred Interest funding. The Bond Resolution approval expects to be in October or November meeting. Term of Financing is 30 years; no payments for the first 8 years; no interest is calculated on the 8 years being deferred.

The Board's approval of both Financing Agreements is the initial commitment of the District to borrow the funds from Texas Water Development Board. The borrowing allows deferral of payments until future fiscal years, so there is no FY 2021 financial impact from this action. **Kevin Mercer made a motion to approve Agenda Items 15A and 15B as recommended by staff. Seconded by Lyle Dresher.** The Vote was 32 Yes, 0 No. Motion Carried. The *Weighted Capital Vote* proceeded as follows:

ENTITY	ELIGIBLE WEIGHTED VOTE	YES	NO	ABSENT
ARGYLE – Norton	1	1		
AUBREY - Roberson	1	1		
BARTONVILLE – Knowler	1			1
CELINA – Burnham	2	2		
CORINTH – Hart	3	3		
DENTON (CITY) – Pugsley	2	2		
DC AT-LARGE - Calmes	1	1		
DCFWSO #1A – Clark	2			2
DCFWSO #7 – Mercer	2	2		
DOUBLE OAK – Cook	1			1
FLOWER MOUND – Riggs	9	9		
HIGHLAND VILLAGE – Lubke	2	2		
IRVING – (vacant, 2 votes)				
JUSTIN – Scott	1	1		
KRUM - Kennedy	1	1		
LAKE CITIES MUA – Fairfield	2	2		
LEWISVILLE – Ferris	2			2
MUSTANG SUD - Boyd	3			3
NORTHLAKE - Dresher	1	1		
PILOT POINT - McCracken	1	1		



PONDER - Anderson	1	1		
PROSPER - Jaromin	1	1		
SANGER – LaPlene	1	1		
TOTAL	41	32	0	9

16. Consider approval of a Financing Agreement with the Texas Water Development Board (TWDB) for SWIFT funding for the Regional Treated Water System – 3rd issue of Bonds for the Parallel Pipeline Project from the Taylor Water Treatment Plant to the Stonehill Pump Station. (Weighted Capital Vote)

For the planning, design and construction of a parallel pipeline from the Taylor Plant to the Stonehill Pump Station, District received approval by the Texas Water Development Board in the amount of \$42.07 million on July 26, 2018. During FY 2019 and FY 2020, a total of \$26.23 million in Low-Interest Loan financing was taken from the approved SWIFT Loan amount.

The next step in the process is for the Board to approve the proposed Financing Agreement related to the final stage of funding from the aforementioned application \$15.84 million. The associated Bond Resolution approval will be at a future meeting; term of financing is 25 years; interest rate subsidy is 25%.

**Bob Hart made a motion to approve Agenda Item 16 as recommended by staff. Seconded by Gary Calmes.** The vote was 32 Yes, 0 No. Motion Carried. The *Weighted Capital Vote* proceeded as follows:

ENTITY	ELIGIBLE WEIGHTED VOTE	YES	NO	ABSENT
ARGYLE – Norton	1	1		
AUBREY - Roberson	1	1		
BARTONVILLE – Knowler	1			1
CELINA – Burnham	2	2		
CORINTH – Hart	3	3		
DENTON (CITY) – Pugsley	2	2		
DC AT-LARGE - Calmes	1	1		
DCFWS #1A – Clark	2			2
DCFWS #7 – Mercer	2	2		
DOUBLE OAK – Cook	1			1
FLOWER MOUND – Riggs	9	9		
HIGHLAND VILLAGE – Lubke	2	2		
IRVING – (vacant, 2 votes)				
JUSTIN – Scott	1	1		
KRUM - Kennedy	1	1		
LAKE CITIES MUA – Fairfield	2	2		
LEWISVILLE – Ferris	2			2
MUSTANG SUD - Boyd	3			3

NORTHLAKE - Dresher	1	1		
PILOT POINT - McCracken	1	1		
PONDER - Anderson	1	1		
PROSPER - Jaromln	1	1		
SANGER – LaPlene	1	1		
TOTAL	41	32	0	9

17. Consider acceptance of recommendation by the Audit Committee to select the independent Auditor for a three-year term, subject to approval of annual engagement, and authorize the Executive Director to sign an Engagement Letter with Deloitte and Touche, LLP, the selected Auditor to conduct the District’s FY2020 annual financial audit.

In February 2020, the Audit Committee was informed that the FY 2019 Audit was the final year of a 5-year professional service agreement. Base on the Audit Committee’s recommendation, Staff requested Deloitte to provide a cost proposal to continue audit services for a 3-year period. The proposal presented an average annual cost increase of approx. 2.5% -- starting with an initial contract amount of \$162,000 for the FY 2020 audit. This is about half of the annual increase under the previous 5-year audit services agreement.

Both the Audit Committee and Staff recommended retaining Deloitte for a 3-year term and recommended that the Board authorize the Executive Director to sign an Engagement Letter with Deloitte to conduct the District’s FY 2020 annual financial audit. **Bob Hart made a motion to approve Agenda Item 17 as recommended by staff. Seconded by Lyle Dresher.** The Roll Call Vote was 18 Yes, 0 No. Motion Carried.

18. Authorize the Executive Director to enter into a purchasing agreement with Wunderlich-Malec Engineering for the completion of Part 3 of the District’s SCADA Upgrade Project. (Weighted Capital Vote)

The District monitors the status and controls the operation of its various water and wastewater treatment, treated water transmission and wastewater collection equipment using a software application known as Supervisory Control and Data Acquisition (SCADA). In FY 2019-2020, the District began a four phased upgrade project to convert individual licenses to a single centralized application for all the District’s facilities.

**Kevin Mercer made a motion to authorize the Executive Director to enter into a purchasing agreement with Wunderlich-Malec Engineering in the amount of \$439,532.00 for services to complete Part 3 of the District’s SCADA Upgrade Project for the Harpool Regional Water Treatment Plant and the Peninsula Water Reclamation Plant. Seconded by Frank Pugsley.** The vote was 32 Yes, 0 No. Motion Carried. The *Weighted Capital Vote* proceeded as follows:

ENTITY	ELIGIBLE WEIGHTED VOTE	YES	NO	ABSENT
ARGYLE – Norton	1	1		
AUBREY - Roberson	1	1		
BARTONVILLE – Knowler	1			1
CELINA – Burnham	2	2		
CORINTH – Hart	3	3		
DENTON (CITY) – Pugsley	2	2		

DC AT-LARGE - Calmes	1	1		
DCFWS #1A – Clark	2			2
DCFWS #7 – Mercer	2	2		
DOUBLE OAK – Cook	1			1
FLOWER MOUND – Riggs	9	9		
HIGHLAND VILLAGE – Lubke	2	2		
IRVING – (vacant, 2 votes)				
JUSTIN – Scott	1	1		
KRUM - Kennedy	1	1		
LAKE CITIES MUA – Fairfield	2	2		
LEWISVILLE – Ferris	2			2
MUSTANG SUD - Boyd	3			3
NORTHLAKE - Dresher	1	1		
PILOT POINT - McCracken	1	1		
PONDER - Anderson	1	1		
PROSPER - JaromIn	1	1		
SANGER – LaPlene	1	1		
TOTAL	41	32	0	9

19. Executive Session concerning granting or acquisition of easements, rights-of-way and other property for Water Resource Development or for Regional Treated Water System, pursuant to Texas Government Code, Section 551.072, according to location maps of the projects available in the District Office; and regarding water rights and related permits; for discussion of security matters pursuant to Texas Government Code, Section 551.076, and, regarding General Counsel and Executive Director's review of legal implications for the relocation of District water pipelines and, regarding potential lawsuit related to construction projects; and, meeting with legal counsel pursuant to Texas Government Code, Section 551.071, relative to a matter in which the attorney is required under the Texas Disciplinary Rules of Professional Conduct to convey advice in Executive Session.

The Board of Directors went into Executive Session at 1:50pm.  
 The Board returned to open meeting at 2:02pm.

20. Consider action on property matters, some of which may have been discussed in Executive Session. (Weighted Capital Vote)

The Board discussed the acquisition of the following property items in Executive Session necessary for the Lake Ralph Hall Project:

- Parcel P-191-1-LRH (Pickard Marital Trust – Assignment)
- Parcel P-191-2-LRH (Pickard Marital Trust)
- Parcel P-192-LRH (Young)
- Parcel P-163-LRH (Scott)

**Bob Hart made a motion to approve the acquisition of properties listed above necessary for the Lake Ralph Hall Project. Seconded by Lyle Dresher. The vote was 32 Yes, 0 No. Motion Carried. The Weighted Capital Vote proceeded as follows:**

ENTITY	ELIGIBLE WEIGHTED VOTE	YES	NO	ABSENT
ARGYLE – Norton	1	1		
AUBREY - Roberson	1	1		
BARTONVILLE – Knowler	1			1
CELINA – Burnham	2	2		
CORINTH – Hart	3	3		
DENTON (CITY) – Pugsley	2	2		
DC AT-LARGE - Calmes	1	1		
DCFWS #1A – Clark	2			2
DCFWS #7 – Mercer	2	2		
DOUBLE OAK – Cook	1			1
FLOWER MOUND – Riggs	9	9		
HIGHLAND VILLAGE – Lubke	2	2		
IRVING – (vacant, 2 votes)				
JUSTIN – Scott	1	1		
KRUM - Kennedy	1	1		
LAKE CITIES MUA – Fairfield	2	2		
LEWISVILLE – Ferris	2			2
MUSTANG SUD - Boyd	3			3
NORTHLAKE - Dresher	1	1		
PILOT POINT - McCracken	1	1		
PONDER - Anderson	1	1		
PROSPER - Jaromin	1	1		
SANGER – LaPlene	1	1		
TOTAL	41	32	0	9

21. Review potential agenda items, activities and announcements for future Board meetings.  
None.
22. Public Comments Concerning Non-Agenda Topics.  
None.





23. Adjournment.

There being no further business, President Lubke adjourned the meeting at 2:04 P.M.

Recorded By:   
Nancy Tam, Assistant Secretary, Board of Directors

Certified By:   
Clay Riggs, Secretary, Board of Directors

