

RED RIVER AUTHORITY OF TEXAS
Regular Board of Directors Meeting
Meeting Minutes
September 18, 2024

The Red River Authority of Texas Board of Directors held a regularly scheduled meeting on Wednesday, September 18, 2024 at 9:00 a.m. The meeting was held at the Authority's Administrative Offices located at 3000 Hammon Road, Wichita Falls, Texas.

The meeting was open to the public, and the agenda was publicly posted in accordance with Open Meetings Act requirements.

The following directors, staff, and guests were present:

Directors:

- Mr. Jerry Bob Daniel, President, Truscott
- Mr. Conrad J. Masterson, Jr., Vice President, Cee Vee
- Mr. Michael R. Sandefur, Secretary/Treasurer, Texarkana – *Via Zoom*
- Ms. Mary Lou Bradley, Assistant Secretary, Memphis
- Mr. Jerry Dan Davis, Wellington
- Ms. Tonya D. Detten, Panhandle
- Mr. Stephen A. Thornhill, Denison – *Via Zoom*
- Mr. Joe L. Ward, Telephone

Staff:

- Mr. Fabian A. Heaney, General Manager
- Mr. Bryan Schaffner, Assistant General Manager
- Ms. Danna P. Bales, Executive Assistant
- Ms. Lana Hefton, Controller
- Mr. Glen Hite, IT Systems Administrator

Guests: Cara Clark

Item One: Call the Meeting to Order, Roll Call, Pledge of Allegiance to the Texas and U.S. Flags and Invocation.

Mr. Daniel called the meeting to order at 9:02 a.m. Ms. Bales performed roll call and announced that a quorum of the Board was present. Pledges of allegiance to the United States and Texas Flags were said by all. Mr. Daniel then provided the invocation.

Item Two: Public Comments to the Board of Directors.

There were no public comments to the Board of Directors.

Item Three:**CONSENT AGENDA**

Items on the consent agenda will be considered and acted on in one motion.

- a. Approval of the Minutes of the Regularly Scheduled Board of Directors Meeting Held on July 17, 2024, and Take Any Other Action Deemed Necessary.
- b. Consider Approval of Directors' Expenses, and Take Any Other Action Deemed Necessary.

Following review of the consent agenda items, Ms. Detten made a motion that the items on the consent agenda be approved, as presented. Mr. Davis seconded the motion, which passed unanimously by a vote of **7 For** and **0 Against**.

REGULAR AGENDA

Item Four: Consider Approval of a Ranked List of General Legal, Special Legal, and Financial Advisory Professional Services Firms to be Utilized for a Period of Five Years from October 1, 2024 – September 30, 2029, and Take Any Other Action Deemed Necessary.

Mr. Heaney provided a brief overview of the Request for Qualifications for General Legal Services, Special Legal Services, and Financial Advisory Services. He presented the scoring and ranking for each professional firm. Mr. Heaney recommended the approval of Bickerstaff, Heath, Delgado, Acosta for both General Legal Services and Special Legal Services, as well as Hilltop Securities for Financial Advisory Services. Mr. Sandefur made a motion to approve the recommended firms for the next five years. Mr. Thornhill seconded the motion, which passed unanimously by a vote of **8 For** and **0 Against**.

Mr. Daniel noted that Mr. Masterson arrived at 9:08 AM for an additional director vote.

Item Five: Election and Appointment of Officers for Fiscal Year 2024-2025, and Take Any Other Action Deemed Necessary.

- a. Election of Vice President, Secretary/Treasurer, and Assistant Secretary

Ms. Detten made the motion to nominate Conrad Masterson as Vice President. Mr. Sandefur seconded the motion, and the motion was passed unanimously by a vote of **8 For** and **0 Against**.

Mr. Heaney recommended that Mr. Sandefur step down as Secretary-Treasurer due to his unavailability to sign documents. He suggested Ms. Bradley, the current Assistant Secretary, be appointed as Secretary-Treasurer. Mr. Sandefur made the motion, Ms. Detten seconded the motion, and the motion was passed unanimously by a vote of **8 For** and **0 Against**.

Mr. Thornhill initially nominated Mr. Sandefur for the position of Assistant Secretary but later retracted the nomination due to Mr. Sandefur's inability to attend meetings in person. Subsequently, Mr. Thornhill nominated Ms. Detten as Assistant Secretary. Mr. Davis seconded this nomination, and the motion passed unanimously with a vote of **8 For** and **0 Against**.

b. Appointment of the General Manager and General Counsel by the Board of Directors

Mr. Sandefur made a motion to appoint Mr. Heaney as General Manager. His motion was seconded by Ms. Detten, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Ms. Detten made a motion to appoint Ms. Emily W. Rogers, with Bickerstaff, Heath, Delgado, Acosta LLP. Ms. Bradley seconded the motion, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

c. Appointment of the Executive Committee by the President. Current Executive Committee Members

Mr. Daniel reappointed the same members for the Executive Committee (Ms. Bradley, Mr. Daniel, Mr. Masterson, and Mr. Sandefur).

d. Reappointment of the Asset Management/Customer Service, Governmental/Regulatory, and Finance Committees by the President.

Mr. Daniel reappointed the same Directors for Asset Management/Customer Service, Governmental/Regulatory, and Finance Committees, and updated staff contacts.

Asset Management Committee/Customer Service Committee

Mary Lou Bradley
Jerry Bob Daniel
Conrad J. Masterson
Bryan Schaffner – Staff Contact

Regulation/Governmental Committee

Jerry Bob Daniel
Joe Larry Ward
Tonya D. Detten
Fabian Heaney – Staff Contact

Finance Committee

Jerry Dan Davis
Stephen A. Thornhill
Michael R. Sandefur
Lana Hefton – Staff Contact

Item Six: Receive Presentation from Controller, Lana Hefton, on the Consolidated Annual Operating Budget for Fiscal Year 2024-2025, and Take Any Other Action Deemed Necessary.

Ms. Hefton presented an overview of the Consolidated Annual Operating Budget for Fiscal Year 2024-2025. She reported a projected revenue increase of \$1.06 million, while expenses are expected to rise by \$1.3 million.

Additionally, Ms. Hefton mentioned an increase of \$96,000 in the budget allocated for Short-Term Capital Expenditures by Division. This funding will be used to replace all master meters with Advanced Metering Infrastructure (AMI) systems, enabling the meters to sync with the Harmony reading system. There was no action taken for this item.

Item Seven: Receive a Recommendation from the Finance Committee and Consider Approval of Resolution No. 2024-009, Adopting the Consolidated Annual Operating Budget for Fiscal Year 2024-2025, Including the Fee Schedules, Calendar, and Take Any Other Action Deemed Necessary.

Mr. Sandefur presented two changes approved by the Finance Committee concerning the updates to our short-term expenses and interest rates. He emphasized that the budget process has shown remarkable improvement over the years, resulting in the Environmental Services Division being on track to break even this year. Mr. Sandefur recommended that the Board approve the 2024-2025 Budget and adopt Resolution No. 2024-009.

In response to a query from Ms. Detten about the adequacy of the interest rates, Mr. Sandefur clarified that last year's rates were only partially realized; this year, however, we anticipate having full-year income rates. He pointed out that while expenses are fixed, revenue is contingent on weather conditions. Thanks to the proactive strategies implemented by Mr. Heaney and Mr. Schaffner, including system upgrades and diligent grant-seeking efforts, we can confirm that the interest rates are sufficient.

Mr. Heaney detailed the EPA Community grant of \$1.4 million allocated for the Lockett and Carey-Northfield areas. He went on to outline our submitted Federal budget requests, which are earmarked for a substantial \$2.4 million for Truscott-Gilliland, Foard County, and Farmers Valley. Additionally, Mr. Heaney highlighted our approval for over \$2 million from the TWDB Water Fund allocation for the Rural Water Assistance Program for Lockett, with plans to apply for funding for Ringgold and Preston Shores next year. This approach positions the Authority well for future success and sustainability.

Mr. Masterson made a motion to endorse the Consolidated Annual Operating Budget for Fiscal Year 2024-2025, which Ms. Bradley seconded. The motion passed unanimously by a vote of **8 For and 0 Against**.

Item Eight: Consider the Bids Received for the Preston Shores Water System Ground Storage Tanks Project, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that we received only one bid for the project. He recommended that the Board reject this bid due to high cost and authorize a re-bid with modified project plans and scope of work.

Ms. Detten made a motion to reject the current bid received for the Preston Shores Water System Ground Storage Tanks Project, and authorize the re-bid of the project, with modified project plans and scope of work to include two new ground storage tanks, and no tank rehabilitation. Her motion was seconded by Mr. Masterson, and the motion passed unanimously by a vote of **8 For and 0 Against**.

Item Nine: Receive an Update on Utility Division Enforcements, and Take Any Action Deemed Necessary.

Mr. Heaney provided a brief overview of the water system inspection process and the potential for enforcement actions. There was a discussion about the inconsistencies in how violations are addressed across different TCEQ regions. Mr. Heaney also mentioned that systems currently under an agreed order now have the opportunity to apply for a Supplemental Environmental Project (SEP). Moving forward, any system that needs upgrades to meet standards will be eligible to apply for a SEP. No action was taken regarding this item.

President Daniel called for a five-minute break from 10:01 a. m. to 10:06 a. m.

Item Ten: Conduct an Executive Session of the Board of Directors, Pursuant to Government Code Section 551.072, Deliberation Regarding Real Property.

The Board went into Executive Session at 10:06 a. m. and reconvened at 10:47 a. m.

Item Eleven: Take Any Action Deemed Necessary from the Executive Session, Pursuant to Government Code Section 551.072.

Mr. Heaney recommended authorizing the purchase of the property for Lockett. Mr. Davis made a motion for approval, and Mr. Masterson seconded it. The motion passed unanimously with a vote of **8 For** and **0 Against**.

Item Twelve: Consider Member Designations and Approval of the Proxy Form for the Nortex Regional Planning Commission, and Take Any Other Action Deemed Necessary.

Nortex requested Board approval of a designation of a representative and proxy from the Red River Authority. Ms. Detten made the motion to designate Mr. Heaney, as the representative with Mr. Schaffner as his proxy. Mr. Sandefur seconded the motion, which passed unanimously by a vote of **8 For** and **0 Against**.

Item Thirteen: Consider Resolution No. 2024-010: Application Filing and Authorized Representative Resolution, Accepting Texas Water Development Board Rural Assistance Program Funding for the Authority's Lockett Water System, and Take Any Other Action Deemed Necessary.

Mr. Sandefur made a motion to authorize the acceptance of grant funding for the Lockett Water System under the Rural Assistance Program. Mr. Thornhill seconded the motion, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Fourteen: Consider Resolution No 2024-011, Authorizing the Execution of a Water Purchase Agreement between Red River Authority of Texas and Janalou Gatewood Longfellow and Suzanne Gatewood Logan for the Farmer's Valley Water System, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that the Farmers Valley contract had expired, and he had successfully renegotiated a new ten-year contract with the current heirs of the wells. Mr. Davis then made a motion

to approve the contract, which was seconded by Mr. Masterson. The motion was unanimously approved with a vote of **8 For** and **0 Against**.

Item Fifteen: Discussion of the 2025 - 2030 Strategic Plan.

The 2025-2030 Strategic Plan was discussed. Mr. Heaney requested that the Board review the core values and suggest any changes they believe are necessary.

Mr. Heaney concluded the discussion by encouraging the Board to consider the question, "Why does the Authority exist?" as well as to reflect on their personal goals for the Red River Authority. He stated the needs have changed over the years so this exercise encourages the Authority to refocus energy for today, while keeping a pulse on the future, and where we want to go. No action was needed.

Item Sixteen: Other Business as the Board May Deem Appropriate:

a. Board Committee Reports

Board Committee updates were provided.

b. General Manager's Report

Mr. Heaney provided updates on the following items:

1. November Rate Analysis
2. Environmental Services Division
3. EPA Nitrate Enforcement
4. Preston Shores TTHM
5. Texas Water Development Board
6. Federal Funding
7. Navigation
8. TWCA
9. Texas Rural River Authority Coalition
10. Regional Flood Planning Group

Mr. Thornhill left meeting at 11:20 a. m.

c. Assistant General Manager's Report

Mr. Schaffner provided updates on the following items:

1. Preston Shores Water System
2. Truscott Gilliland System Repairs
3. Customer Awareness
4. SCADA
5. Asset Management
6. Regulatory
7. Utility Division.

d. Executive Assistant's Report

Ms. Bales provided an Administration update.

e. Controller's Report

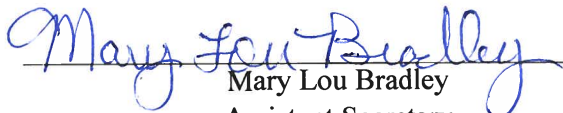
Ms. Hefton provided a financial update.

Item Seventeen: Comments from the Directors and Suggestions for Future Agenda Items.

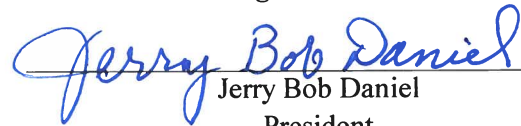
No suggestions or comments.

Item Eighteen: Adjourn Meeting.

Mr. Daniel made a motion to adjourn the meeting at 11:47 a. m. His motion was seconded by Ms. Detten, and the motion passed unanimously by a vote of **8 For** and **0 Against**.



Mary Lou Bradley
Assistant Secretary



Jerry Bob Daniel
President