

RED RIVER AUTHORITY OF TEXAS

Board of Directors

Meeting Minutes

September 20, 2023

The Red River Authority of Texas Board of Directors conducted a regularly scheduled meeting on Wednesday, September 20, 2023 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 also available remotely via Zoom.

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

Staff:

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

Guests:

- Jeffrey L. McIntyre, President, Texas Water Utilities, Sugar Land
- Terry Benton, Vice President, Texas Water Utilities, Rhome
- Randy Young, Director of Corporate Development, Texas Water Utilities, Sugar Land

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

President Daniel called the meeting to order at 9:00 a.m. Ms. Bales performed roll call, and announced the establishment of a quorum. All directors were present although there is still one open seat on the Board from Region 1. Pledges of allegiance to the United States and Texas Flags were led by President Daniel. President Daniel then provided the invocation.

Item Two: Public Comments to the Board of Directors.

There were no public comments to the Board of Directors.

CONSENT AGENDA

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

Item Three: a. Approval of the Minutes of the Regularly Scheduled Board of Directors Meeting and Video Conference Call Held on July 19, 2023

Mr. Ward made a motion to approve the minutes from the July 19, 2023 Board Meeting. Mr. Davis seconded the motion, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

REGULAR AGENDA**Item Four: Elect Officers for Fiscal Year 2023-2024, and Take Any Other Action Deemed Necessary.****a. Election of Vice President, Secretary/Treasurer, and Assistant Secretary**

Mr. Ward made a motion to elect Mr. Masterson as Vice President. Mr. Masterson made a motion to elect Mr. Sandefur as Secretary/Treasurer, and Ms. Detten made a motion to elect Ms. Bradley as Assistant Secretary. All motions were seconded by Mr. Sandefur, and passed unanimously by a vote of **8 For** and **0 Against**.

b. Appointment of the Executive Committee by the President

President Daniel appointed the Executive Committee as Mr. Masterson, Mr. Sandefur, and Ms. Bradley.

c. Appointment of the General Counsel by the Board of Directors

Ms. Detten made a motion to appoint Ms. Sara Thornton, with Gosselink Rochelle and Townsend, PC, as General Counsel. Mr. Davis seconded the motion, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Mr. Whiteman stated that typically, the Board would also appoint the General Manager during this agenda item, but that is set for discussion during Executive Session (Item 12), with any action being taken during Item 13 of this meeting.

Item Five: Consider a Request from Texas Water Utilities Representatives to Discuss the Preston Water System with the Board, and Take Any Other Action Deemed Necessary.

The Board received a presentation from representatives with Texas Water Utilities, the parent company of Southwest Water. The Authority provides wholesale water to Southwest Water, who then provides it to their Ridgcrest Water System in Grayson County, Texas.

President Daniel called for a break at 9:55 a.m. The meeting reconvened at 10:07 a.m.

Item Six: Receive a Presentation from Controller, Lana Hefton, on the Consolidated Annual Operating Budget for Fiscal Year 2023-2024, and Take Any Other Action Deemed Necessary.

Ms. Hefton provided the Board with an overview of the Consolidated Annual Operating Budget for Fiscal Year 2023-2024. While providing information on the increases in expenditures, she explained that the increase personnel costs are primarily due to the state passing legislation that increased the State Auditor's Office Position Classification Plan salary groups that the Authority utilizes for all of its employees. Mr. Whiteman further explained that the legislature passed an increase of 5% to all salary group classifications for the state's fiscal years 2024 and 2025, with an additional stipulation that no employee would receive less than a \$3,000 per year increase. He added that this, in addition to an available 5% merit increase that is subject to individual performance reviews, is included in the budget.

Item Seven: Receive a Recommendation from the Finance Committee and Consider Adopting Resolution No. 2023-013, Adopting the Consolidated Annual Operating Budget for Fiscal Year 2023-2024, Including the Fee Schedules, Calendar, and Take Any Other Action Deemed Necessary.

As Chair of the Finance Committee, Mr. Sandefur stated that the Committee had reviewed and was in agreement with the budgeted numbers presented, and recommends the adoption of the Consolidated Annual Operating Budget for Fiscal Year 2023-2024. He added that as compared to last year's budgeted deficit of \$1.4M, this year's budget depicts a \$423,000 excess, with the majority of that being from interest income.

Following minor discussion, Mr. Sandefur made a motion to adopt Resolution No. 2023-013, adopting the Consolidated Annual Operating Budget for Fiscal Year 2023-2024. His motion was seconded by Mr. Masterson, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Eight: Consider Awarding the Primary Depository for the Red River Authority of Texas to Maintain Custody of the Authority's Funds for a Period of Three Years from October 1, 2023 – September 30, 2026, and Take Any Other Action Deemed Necessary.

Ms. Hefton stated that a Request for Proposals was advertised and eight local banks were contacted directly in an effort to solicit proposals for the Authority's depository account. She explained that only two banks responded; the Authority's current depository bank, American National Bank and Trust and First National Bank in Wichita Falls. She then explained the pros and cons of each proposal.

Following minor discussion, Mr. Sandefur made a motion to award First National Bank as the Authority's primary depository to maintain custody of the Authority's funds for a period of three years from October 1, 2023 through September 30, 2026. His motioned was seconded by Mr. Thornhill, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Nine: Consider Ratifying a Ranked List of Engineering and Environmental Professional Services Firms to be Utilized for a Period of Five Years from October 1, 2023 – September 30, 2028, and Take Any Other Action Deemed Necessary.

Mr. Whiteman stated that in accordance with 30 T.A.C. Section 292.13(4)(B), the Authority maintains a list of at least three qualified persons or firms for professional engineering and environmental services, and the list is updated every five years. He explained that the last time the list was updated was in 2018, so a Request for Qualifications was advertised and Key Level Staff analyzed and ranked the responses. Mr. Whiteman referred to the ranked list located in the Board Book.

Following minor discussion, Mr. Davis made a motion to approve the ranked list of Engineering and Environmental Professional Firms to be utilized for a period of five years from October 1, 2023 through September 30, 2028. His motion was seconded by Ms. Detten, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Ten: Consider Authorizing the Advertisement for Bids to Construct a Ground Storage Tank and Authorizing the Advertisement for Bids to Perform SCADA Improvements for the Preston Shores Water System, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that the Authority has two existing ground storage tanks at its Preston Shores Water System and one is in need of rehabilitation. He stated that the initial quote to rehabilitate the tank is \$218,000, and this would be half of the projected cost of a new tank. Since the tank is 26 years old and has not held up well, he explained that a new 140,000-gallon tank would better serve the long-term needs of the system.

Item Ten: Consider Authorizing the Advertisement for Bids to Construct a Ground Storage Tank and Authorizing the Advertisement for Bids to Perform SCADA Improvements for the Preston Shores Water System, and Take Any Other Action Deemed Necessary. (continued)

Mr. Heaney also explained that the Authority has an existing radio telemetry system to control the start and stop of the raw water pumps, the decant pumps and plant operation at the Preston Shores Water System. He explained that it has recently become inoperable and it is recommended that the old radio system be replaced with a new supervisory control and data acquisition system (SCADA). He added that initial quotes are upwards of \$80,000.

Following discussion, Mr. Sandefur made a motion to authorize the advertisement for bids to construct a ground storage tank and to authorize the advertisement for bids to perform SCADA improvements for the Preston Shores Water System. His motion was seconded by Mr. Ward, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Eleven: Consider Adopting Resolution No. 2023-014, Amending Chapter 1 - General Administration of the Administrative Policy and Procedure Manual, and Take Any Other Action Deemed Necessary.

Mr. Whiteman stated that in 2022, the Authority was instructed that it should offer Family Medical Leave Act (FMLA) benefits to its employees, so it was added to the Administrative Policy and Procedure Manual (Policy). He also explained that recently, President Daniel was in discussion with current counsel on a personnel matter, and the attorney requested a copy of the Authority's Policy. It was during the attorney's review that they saw where the Authority was offering FMLA leave to its employees. Mr. Whiteman further stated that the attorney informed President Daniel that even though the Authority is a public entity, its employees are not eligible for FMLA leave, due to the eligibility requirement of at least 50 employees in one location.

Following minor discussion, Ms. Detten made a motion to adopt Resolution No. 2023-014, amending Chapter 1 – General Administration of the Administrative Policy and Procedure Manual. Her motion was seconded by Mr. Davis, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

President Daniel called for a five-minute break from 11:00 a.m. to 11: 05 a.m.

Item Twelve: The Board Will Consider and Review the General Manager Position and May Retire to Closed Session, Pursuant to Government Code Section 551.074, Personnel Matters.

The Board went into Executive Session at 11:06 a.m. and reconvened at 12:07 p.m.

Item Thirteen: Consider Taking Any Action Deemed Necessary from the Executive Session, Pursuant to Government Code Section 551.074.

Ms. Detten made a motion to reappoint Randy Whiteman as General Manager. Her motion was seconded by Mr. Masterson, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Fourteen: Consider and Receive an Update on the Strategic Plan from the General Manager, and Take Any Other Action Deemed Necessary.

Mr. Whiteman provided updates to the Board on each of the Core Values of the Strategic Plan.

a. Responsibility

Mr. Whiteman provided the Board with an update on the Authority's federal funding request, as well as the pending Texas Water Development Board funding applications. He also stated that other utility billing software providers are being researched to ensure that we are offering the best product to our customers.

b. Conservation

Mr. Whiteman stated that the Authority continues to provide administration and oversight of the Region B Water Planning Group. He also explained that flood plans for both the Region 1 and Region 2 Flood Planning Groups were submitted to the Texas Water Development Board, and the Texas Water Development Board adopted them at their July 25, 2023 meeting.

c. Customer Service

Mr. Whiteman provided an update on the rate appeal that was filed with the Public Utility Commission on the new rates that went into effect February 1, 2023. He stated that he has asked the PUC for an order granting a motion to dismiss for lack of jurisdiction.

d. Leadership

Mr. Whiteman provided an update to the Board on Leadership initiatives.

Item Fifteen: Consider Approval of Directors' Expenses, and Take Any Other Action Deemed Necessary.

Following review of the Board of Directors' expenses, Mr. Masterson made a motion they be approved, as presented. His motion was seconded by Mr. Ward, and the motion passed by a vote of **8 For** and **0 Against**.

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. Whiteman stated his updated was provided during Item 14.

c. Assistant General Manager's Report

1. Environmental Services Division

Mr. Heaney provided an update on the Environmental Services Division.

2. Utility Division

Mr. Heaney provided an update on the Utility Division.

3. Capital Improvement Update

Mr. Heaney provided a Capital Improvement update.

d. Executive Assistant's Report

1. Administration

Ms. Bales provided an Administration update.

2. Regional Water Planning Group - Area B

Ms. Bales provided an update on the Regional Water Planning Group – Area B.

e. Controller's Report

1. Finance

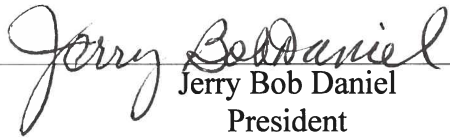
Ms. Hefton provided a financial update.


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

Discussion was held in regards to holding a special called Board of Directors meeting on October 18, 2023 to further review General Manager applicants, as well as review and possibly approve an amendment to the Regional Water Planning Group – Area B contract from the Texas Water Development Board to receive additional planning funds.

Item Eighteen: Adjourn Meeting.

Ms. Dettën made a motion to adjourn at 12:26 p.m. Her motion was seconded by Mr. Ward, and the motion passed unanimously by a vote of **8 For** and **0 Against**.


Jerry Bob Daniel
President


Mary Lou Bradley
Assistant Secretary