

RED RIVER AUTHORITY OF TEXAS

Executive Committee and Investment

Committee Meeting Minutes

January 16, 2024

The Executive and Investment Committees of the Board of Directors of Red River Authority of Texas met on Tuesday, January 16, 2024 at 2:00 p.m. in the Board Room at the Red River Authority of Texas, 3000 Hammon Road, Wichita Falls, Texas. It was also available via Zoom Video Conference. The agenda and instructions on accessing the Zoom Video Conference were posted, as required under the Open Meetings Act. The following Executive and Investment Committee members, staff, and guests were present:

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Executive Committee: Mr. Jerry Bob Daniel, President, Truscott
Mr. Conrad J. Masterson, Vice President, Cee Vee
Mr. Michael R. Sandefur, Secretary/Treasurer, Texarkana (via Zoom)
Ms. Mary Lou Bradley, Assistant Secretary, Memphis

Staff: Mr. Fabian A. Heaney, General Manager
Ms. Danna P. Bales, Executive Assistant
Mr. Glen Hite, IT Systems Administrator
Mr. Randall W. Whiteman, Director of Special Projects

Guests: Mr. David Parkman, Edgin Parkman Fleming and Fleming, PC

Mr. Daniel called the meeting of the Executive and Investment Committees to order at 2:01 p.m. and noted that all members were present.

Item One: *Evaluation of the Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023 and 2022, and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 17, 2024 (See Board Book Item Four).*

Mr. Parkman expressed his appreciation for allowing his firm to perform the audit this year. He then provided an overview of the *Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023 and 2022 (ACFR)*. Referring to the Independent Auditor's Report on page 39 of the Board Book, Mr. Parkman stated that based on their examination, the financial statements presented in the audit are materially correct and received a clean opinion.

Item One: Evaluation of the *Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023 and 2022*, and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 17, 2024 (See Board Book Item Four).

Mr. David Parkman, with Edgin, Parkman, Fleming and Fleming, PC, presented the *Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023 and 2022* to the Executive Committee.

He provided an overview of the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position for the years ended September 30, 2023 and 2022 on pages 53-54 of the Board Book, and explained that the Authority ended the fiscal year with a total net position of \$21,276,285, with the change in net position being \$1,183,581. Additionally, he gave a detailed presentation on the Combining Schedule of Net Position and the Combining Schedule of Revenues, Expenses, and Changes in Net Position on pages 101 through 104 of the Board Book.

Referring to the Independent Auditor's Report on page 152 of the Board Book, Mr. Parkman stated that it is a report on internal control over financial reporting and on compliance and other matters, based on an audit of the financial statements, performed in accordance with Government Auditing Standards. He stated that the results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Referring to the Management Letter located on page 14 of the Board Book, Mr. Parkman stated that Prior Year Comments, which recommended increasing the capital threshold from \$1,000 to \$5,000, had been implemented, and that resulted in the overall net depreciable assets being reduced by \$128,360.06. Regarding the Current Year Comments, he explained that due to the large increase in inventory, primarily electronic meters, it was noted that procedures including invoice coding and work order adjustments used in the inventory processes need to be reviewed and adjusted in order to maintain an accurate perpetual balance at any given point in time. In reference to Closing Comments, he thanked management for their support and assistance during their audit, and reminded that the Management Letter is intended solely for the information and use of the Board of Directors, management, and others within the Authority.

Following discussion, Mr. Sandefur made a motion that the *Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023 and 2022* move out of the Executive Committee for consideration of approval at the Board of Directors Meeting to be held on January 17, 2024. Ms. Bradley seconded his motion, which passed unanimously by vote of **4 For** and **0 Against**.

Item Two: **Evaluation of the Investment Activity Report for the Period Ended September 30, 2023 and a Resolution Adopting the Authority's Investment Policy and Investment Strategy, for the Ensuing Calendar Year and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 17, 2024 (See Board Book Item Five).**

Referring to Item Five in the Board Book, Mr. Heaney provided comments on the Investment Activity Report for the period ended September 30, 2023 and provided an overview of the Investment Policy for the ensuing calendar year. He stated that Mr. Nick Bulaich with Hilltop Securities had provided recommendations to some of the verbiage in the Investment Policy last year, and those recommendations were included in this year's policy. Additionally, Mr. Heaney stated that there were no changes made to the Investment Strategy for the ensuing calendar year.

Following discussion, Mr. Sandefur made a motion that the Investment Activity Report for the Period Ended September 30, 2023 and a Resolution Adopting the Authority's Investment Policy, Investment Strategy, and the Investment Officers for ensuing calendar year move out of the Executive Committee for consideration of approval at the Board of Directors Meeting to be held on January 17, 2024. Mr. Masterson seconded his motion, which passed unanimously by a vote of **4 For** and **0 Against**.

Item Three: **Evaluation of the Indirect Cost Accounting Plan for Calendar Year 2024 and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 17, 2024 (See Board Book Item Six).**

Referring to the Independent Accountant's Report on page 181 of the Board Book, Mr. Parkman stated that the Texas Commission on Environmental Quality (TCEQ) requires that a list of eight agreed upon procedures be performed on the rates in the Authority's Annual Indirect Cost Accounting Plan (ICAP) to ensure the calculation of the rates were prepared in accordance with Uniform Grant Management Standards. He reminded that it is not an audit, but tests that are performed on the calculation of the rates. Mr. Parkman then provided an explanation of the procedures that were performed and the findings of each.

Following discussion, Mr. Sandefur made a motion that a Resolution adopting the Indirect Cost Accounting Plan for the ensuing calendar year move out of the Executive Committee for consideration of approval at the Board of Directors Meeting to be held on January 17, 2024. His motion was seconded Ms. Bradley, and the motion passed unanimously by a vote of **4 For** and **0 Against**.

Item Four: Conduct an Executive Session of the Executive Committee, Pursuant to Government Code Section §551.072 and §551.074:

- a. Acquisition or Disposition of Real Property**
- b. Conduct Annual Review of the General Manager and Receive Recommendations from the Executive Committee.**

The Executive Committee went into Executive Session from 2:54 p.m. to 3:36 p.m.

Item Five: Consider Recommendations from the Executive Session to the Board of Directors at the Meeting on January 17, 2024.

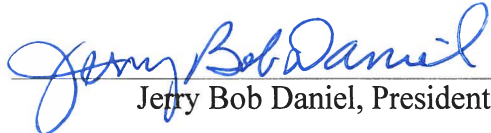
There were no recommendations from the Executive Session.

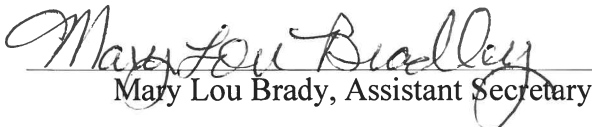
Item Six: Other Business as the Committee May Deem Appropriate.

Discussion was held regarding a Board Dinner for employee, Randall W. Whiteman, who will be retiring at the end of February.

Item Seven: Adjourn

With no more discussion, Mr. Sandefur made a motion to adjourn. Mr. Masterson seconded his motion, and the motion passed unanimously with a vote of **4 For** and **0 Against**.


Jerry Bob Daniel, President


Mary Lou Brady, Assistant Secretary