

RED RIVER AUTHORITY OF TEXAS
Regular Board of Directors Meeting
Meeting Minutes
January 17, 2024

The Red River Authority of Texas Board of Directors held a regularly scheduled meeting on Wednesday, January 17, 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 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
 Mr. Stephen A. Thornhill, Denison – *Via Zoom*
 Mr. Joe Ward, Telephone – *Via Zoom*

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

Guests: Mr. David Parkman, Edgin, Parkman, Fleming and Fleming, P.C.

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 9:01 a.m. Ms. Bales performed roll call and announced that Ms. Tonya Detten was absent. Ms. Bales stated 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 Special Called Board of Directors Meeting Held on October 18, 2023.**
- b. **Approval of the Minutes of the Executive and Investment Committees Meeting Held on Tuesday, January 16, 2024.**

Following review of the consent agenda items, Ms. Bradley 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 the *Annual Comprehensive Financial Report for the Fiscal Years Ended September 30, 2023 and 2022*, Presented by the Authority's Auditor, and as Recommended by the Executive Committee for Audit Evaluation and Execution of the State Filing Affidavit, and Take Any Other Action Deemed Necessary.

Mr. David Parkman, with Edgin, Parkman, Fleming and Fleming, PC, thanked the Board for allowing his firm to perform the Authority's audit this year, and stated that he provided an in depth presentation to the Executive Committee the day prior, and would be brief in his presentation today, unless there were areas of the report that the board would like him to discuss in detail.

Referring to the Independent Auditor's Report on Financial Statements beginning on page 39 of the Board Book, he stated that the financial statements are in conformity with accounting principles generally accepted in the United States of America. 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.

Item Four: Consider Approval of the *Annual Comprehensive Financial Report for the Fiscal Years Ended September 30, 2023 and 2022*, Presented by the Authority's Auditor, and as Recommended by the Executive Committee for Audit Evaluation and Execution of the State Filing Affidavit, and Take Any Other Action Deemed Necessary. (continued)

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 minor discussion, Mr. Sandefur made a motion to approve the *Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023 and 2022*, as recommended by the Executive Committee and execute the State Filing Affidavit. Mr. Thornhill seconded his motion, which passed unanimously by a vote of **7 For** and **0 Against**.

Item Five: Consider Approval of the Investment Activity Report for the Period Ended September 30, 2023, and Resolution #2024-001 Adopting the Authority's Investment Policy, Investment Strategy, and the Investment Officers for Calendar Year 2024, as Recommended by the Executive and Investment Committees, and Take Any Other Action Deemed Necessary.

Mr. Sandefur stated that the Executive Committee reviewed and discussed this item in detail at the Committee Meeting held the day prior and recommends it be approved. He stated that Mr. Nick Bulaich with Hilltop Securities had provided recommendations to some of the narrative in the Investment Policy last year, and those recommendations were included in this year's policy. Additionally, he stated that there were no changes made to the Investment Strategy for the ensuing calendar year.

Following minor discussion, Mr. Sandefur made a motion to approve Resolution #2024-001 adopting the Authority's Investment Policy, Investment Strategy, and the Investment Officers for the ensuing calendar year, and approve the Investment Activity Report for the period ended September 30, 2023, as recommended by the Executive Committee. Mr. Masterson seconded his motion, which passed unanimously by a vote of **7 For** and **0 Against**.

Item Six: Consider Approval of Resolution #2024-002, Adopting the Indirect Cost Accounting Plan for Calendar Year 2024, as Recommended by the Executive Committee, and Take Any Other Action Deemed Necessary.

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

Following minor discussion, Mr. Sandefur made a motion to approve Resolution #2024-002 adopting the Indirect Cost Accounting Plan for the ensuing calendar year, as recommended by the Executive Committee. His motion was seconded Mr. Masterson, which passed unanimously by a vote of **7 For** and **0 Against**.

Item Seven: Consider Approval of an Amended Utility Division Schedule of Fees and Charges in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that the Utility Division Schedule of Fees and Charges in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget included some incorrect charges for services, and needed to be amended with the revised version included in the Board Book.

Following minor discussion, Mr. Davis made a motion to approve the amended Utility Division Schedule of Fees and Charges in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget. His motion was seconded by Mr. Masterson, and the motion passed unanimously by a vote of **7 For** and **0 Against**.

Item Eight: Consider Authorizing the Purchase of Vehicles for the Utility Division through the Texas Buy Board Purchasing Cooperative, as Specified in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget, and Take Any Other Action Deemed Necessary.

Mr. Heaney stated that as a part of the Authority's vehicle replacement program, four vehicles are budgeted for replacement in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget. He explained that staff researched pricing, and the best deal is through the Texas Buy Board Purchasing Cooperative, of which the Authority is a member. He added that the actual price quoted is an additional \$9,460 per vehicle, for a total amount of \$218,240. He explained that while this is a significant increase from the estimated cost of the vehicles, none of the authorized vehicles in Fiscal Year 2022-2023 were purchased, and there are significant issues with the oldest vehicles in the fleet: 2014 and 2015 year models.

Item Eight: Consider Authorizing the Purchase of Vehicles for the Utility Division through the Texas Buy Board Purchasing Cooperative, as Specified in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget, and Take Any Other Action Deemed Necessary. (continued)

Following discussion, Ms. Bradley made a motion to authorize the purchase of vehicles for the Utility Division through the Texas Buy Board Purchasing Cooperative, as specified in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget. Her motion was seconded by Mr. Davis, which passed unanimously by a vote of **7 For** and **0 Against**.

Item Nine: Consider Authorizing the Advertisement for Bids for a McElroy Line Tamer, Cage Trailer, and Fusion Package, as Approved in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget, and Authorize the General Manager to Award the Bid and Purchase the Equipment, not to Exceed \$100,000 Per Section 19 of the Bylaws, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that this was authorized in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget at an amount of \$70,000, contingent upon a pipe donation for the Lockett Water System. Since the Authority has secured a donor for HDPE pipe for the Lockett System, which is now in production, he stated that we need to purchase this package to facilitate construction of the replacement lines in Lockett by the Authority's in-house construction crew. He added that this package will also facilitate additional line replacements using HDPE pipe across Authority systems going forward.

Mr. Heaney explained that a preliminary quote was received after the budget process in the amount of \$74,144. He stated that the quote includes a McElroy Line Tamer 4-inch to 6-inch combined with Coil Trailer, including self loading options and peripherals, a McElroy Pit Bull DIPS Fusion Machine, and 2-inch through 6-inch insert sets.

Additionally, Mr. Heaney stated that as it appears the amount of this bid will be less than the \$100,000 contracting threshold for the General Manager, the request is for the Board to authorize the General Manager to accept and award the bid, so long as it does not exceed the purchase threshold of \$100,000.

Following discussion, Mr. Sandefur made a motion to authorize the Advertisement for Bids for a McElroy Line Tamer, Cage Trailer, and Fusion Package, as approved in the Fiscal Year 2023-2024 Consolidated Annual Operating Budget, and authorize the General Manager to award the bid and purchase the equipment, not to exceed \$100,000 per Section 19 of the Bylaws. His motion was seconded by Mr. Davis, and the motion passed unanimously by a vote of **7 For** and **0 Against**.

Item Ten: Receive a Recommendation to Declare Excess and Obsolete Equipment as Surplus Property for Sale or Disposal, and Take Any Other Action Deemed Necessary.

Mr. Heaney provided an overview of the list of excess or obsolete equipment to be declared as surplus property, as shown in the Board Book. Following minimal discussion, Mr. Davis made a motion to declare the equipment as surplus property for sale or disposal. Mr. Masterson seconded his motion, and the motion passed unanimously by a vote of **7 For** and **0 Against**.

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

Referring to the summary in the Board Book, Mr. Heaney provided an update on the Strategic Plan initiatives to the Board. He added that we are in the fourth year of the Strategic Plan, and will begin efforts to update it for the years 2026-2030 in the near future.

Item Twelve: Conduct an Executive Session of the Board of Directors Pursuant to Government Code Sections §551.072 and §551.074:

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

The Board went into Executive Session from 10:11 a.m. to 10:53 a.m.

Item Thirteen: Consider Taking Any Action Deemed Necessary from the Executive Session.

There was no action from the Executive Session.

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

Following review of the September 20, 2023 and October 18, 2023 Directors' expenses, Mr. Thornhill made a motion they be approved, as presented. His motion was seconded by Mr. Davis, and the motion passed unanimously by a vote of **7 For** and **0 Against**.

Item Fifteen: Consider a Proclamation for Recognition and Commendation for Randall W. Whiteman on His Retirement to be Effective February 29, 2024.

Mr. Sandefur made a motion approving a Proclamation for Recognition and Commendation for Randall W. Whiteman on his retirement to be effective February 29, 2024. His motion was seconded by Mr. Masterson, and the motion passed unanimously by a vote of **7 For** and **0 Against**.

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

a. Board Committee Reports

There were no Board Committee updates.

b. General Manager's Report

Mr. Heaney provided a brief update on capital improvement projects, lead pipe surveys, and the Environmental Services Division.

c. Executive Assistant's Report

Ms. Bales provided an administrative update.

d. Financial Report by the Controller

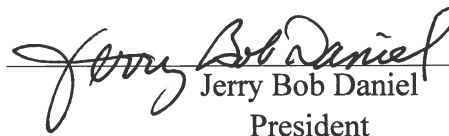
Ms. Hefton provided a financial update.


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

Mr. Thornhill questioned when the Contract Revenue Bonds – Series 2017 were callable. Ms. Hefton responded that they were callable in 2026.

Item Eighteen: Adjourn Meeting.

M. David made a motion to adjourn the meeting at 11:06 a.m. His motion was seconded by Ms. Bradley, and the motion passed unanimously by a vote of **7 For** and **0 Against**.


Jerry Bob Daniel
President


Mary Lou Bradley
Assistant Secretary

