



WEST-CENTRAL-TEXAS-MUNICIPAL-WATER-DISTRICT

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399th Meeting of the Board of Directors

STATE OF TEXAS COUNTIES OF: JONES,
SHACKELFORD, STEPHENS, TAYLOR,
EASTLAND, AND PALO PINTO

REGULAR MEETING
August 28, 2019· 9:00 AM
ABILENE, TEXAS

DIRECTORS PRESENT

DIRECTORS ABSENT

ABILENE

Joe Canon Russell Berry
Sam Chase
Norm Archibald

Kelly Kinard Ron Butler

ALBANY

Randall Palmore David Cleveland

ALBANY

Keith Gilbert Rowland Foster

ANSON

Paul Prater Scott Harris

BRECKENRIDGE

STAFF AND OTHER GUESTS PRESENT

Chris Wingert, General Manager
Christy Ferguson, Admin. Services Manager
Ronnie Tilly, Operations Mgr.
Blake Woodall, Planning and Dev. Mgr.

David Buhrmann, Attorney
Debbie Strayer, Admin/Finance Specialist

Call to Order

Joe Canon, President, called the 399th meeting of the West Central Texas Municipal Water District Board of Directors to order at 9:02 a.m. on Wednesday August 28, 2019, in accordance with the statutes of the State of Texas. A quorum was present.

Public Comment

President Canon opened up the floor for public comments. No comments were made.

Minutes

President Canon stated that the minutes from the prior meeting (#398) need to be considered for approval at this time.

Mr. Prater made a motion to approve the minutes. Mr. Harris offered a second and the motion carried unanimously.

Consent Agenda

Mr. Wingert reviewed the items on the Consent Agenda for the Board. President Canon asked if there were any comments or concerns with the Consent Agenda items, which include:

- Financial Statements for February 2019, March 2019, April 2019 and May 2019
- District's Contingency Fund Balance Sheet as of June 30, 2019
- Quarterly Investment Report for the nine months ending June 30, 2019
- Expense Vouchers for April, May, June and July 2019

Mr. Foster made a motion to approve the consent agenda as a whole. Mr. Palmore offered a second and the motion carried unanimously.

Development, Operations, and Water Policy Committee Report:

President Canon asked Mr. Foster, Committee Chair, to present the Operations Committee Report. Mr. Foster stated that the Committee discussed several items at their meeting and he asked Mr. Wingert to give the Board the details on the items discussed at the meeting.

Quarterly Update of Outstanding CIP/MIP Projects

Mr. Wingert gave a report on the current outstanding CIP/MIP projects. He presented the update and stated that several of the projects have either been closed, completed, or are nearing completion. No Board action was needed.

Close Out Completed CIP/MIP Board Resolutions

Mr. Wingert stated that Staff has completed work on seven CIP/MIP projects listed below:

- 2018-03 District Property Upgrades
- 2019-01 Purchase ¾ ton pickup
- 2019-02 Purchase ¾ ton pickup
- 2019-05 Haul Truck

- 2019-08 2nd Line Locator
- 2019-09 SCADA UPS Replacements
- 2019-10 Abilene Telephone Upgrade

Mr. Foster made a motion that the above seven projects listed be closed out. Mr. Gilbert offered a second and the motion carried unanimously.

Proposed FY 2020 CIP/MIP Budget

Mr. Wingert gave the Board a history of the CIP/MIP programs that the District has had since 2015. Mr. Wingert discussed the thirteen CIP/MIP projects (listed below) recommended by the Operations Committee for the FY 2020 CIP/MIP Budget. Mr. Wingert noted that a transfer of \$693,000 from the FY 2020 General Fund Budget will be necessary to fund these items.

The projects recommended for the FY2020 CIP/MIP Budget include:

- 2020-01 ¾ Ton Pickup
- 2020-02 ¾ Ton Pickup
- 2020-03 SUV (for the General Manager)
- 2020-04 District IT Requests
- 2020-05 District Property Upgrades
- 2020-06 Board Room Chairs
- 2020-07 Booster 2 Road Improvements
- 2020-08 Clean B-1 Small Tank
- 2020-09 Hydraulic Panel Replacements
- 2020-10 WCBWDS SCADA Improvements
- 2020-11 B2 MCC Replacement
- 2020-12 B2 MCC Replacement Engineering
- 2020-13 Electronics Shop Improvements

Mr. Wingert reminded the Board that formal action on the CIP/MIP Budget will be considered after the public hearing, therefore, action on the FY2020 CIP/MIP Budget was delayed until after the public hearing under agenda item 10a.

USGS Joint Funding Agreement

Mr. Wingert told the Board that the District typically executes an agreement with USGS every year to operate and maintain two stream flow gauges, one lake level gauge, and to conduct routine water quality monitoring, including monitoring for the presence of zebra mussels. He commented that the District's cost for monitoring this year will not change.

Mr. Prater made a motion that the Board authorize the General Manager to execute the USGS Streamflow, Water Quality Monitoring and Species Sampling Agreement for FY 2020 including an expenditure not to exceed \$63,800 for this purpose. Mr. Palmore offered a second and the motion carried unanimously.

Finance, Personnel and Customer Service Committee Report:

President Canon asked Mr. Cleveland, Committee Chair, to present the Finance Committee Report. Mr. Cleveland reviewed the items that the Committee discussed and then asked Mr. Wingert to present the details on the items discussed at the meeting.

District Health Insurance

Mr. Wingert commented that the trend in health insurance continues to be towards higher deductibles and higher out of pocket maximums, thus making it harder to afford services under these plans. Mr. Wingert noted that Staff reviewed sixty-five health insurance quotes and stated that Staff had to be sensitive to the usefulness each plan would have to both Abilene and Breckenridge participants. He stated that the HMO plans being offered seemed to have limited coverage for the District's Breckenridge Staff members. Mr. Wingert told the Board that consideration was also given to the plan's deductibles and out-of-pocket maximums.

Mr. Wingert stated that **BCBS Plan G653CHC Gold** was recommended by the District's Health Care Consultant as well as District Staff and the Finance Committee. Mr. Wingert reviewed the details of the G653CHC plan below.

G653CHC-This "Gold" level plan has the same terms as the District's current plan, except for a change from an \$8,000 maximum (for individual) to an "unlimited" maximum for out-of-pocket expenses from a provider not in the network. The District's cost for this plan would be \$2,101 (1%) higher than the current premiums paid by the District and the employees.

Mr. Harris made a motion that the Board adopt the Blue Cross Blue Shield Plan "**G653CHC**" for FY 2020. Furthermore, the recommendation includes the District paying a total of 100% for Employee Only coverage, 73.45% Employee and Spouse coverage, 73.05% Employee and Child coverage, and 68.93% Employee and Family coverage. Mr. Gilbert offered a second and the motion carried unanimously.

Authorization of the TCDRS Plan Provisions for the 2020 Plan Year

Mr. Wingert stated that the District has contracted with Texas County and District Retirement System (TCDRS) since November 1968 for retirement services. He went on to discuss the renewal package for Plan Year 2020 stating the District will actually pay a "Total Contribution Rate" of 9.35% which is made up of a 9.06% "Retirement Plan Rate" and a 0.29% "Group Term Life Rate". Mr. Wingert explained that the 2019 Retirement Plan Rate was 8.28% and the 2019 Group Term Life Rate was 0.27% and that Plan Year 2020 marks the first increase following four consecutive years of decline in the Retirement Plan Rate. Mr. Canon asked about the "Assumptions/Methods" percentage on the renewal documents and Mr. Wingert said he would have to ask TCDRS about what that is. Mr. Foster questioned if retirees receive the life insurance benefit, and Mr. Wingert said that no, they do not.

Mr. Wingert informed the the Board that the Finance Committee recommended that the District continue to utilize TCDRS for Plan Year 2020 with the following provisions:

- A TCDRS required contribution rate of 9.06% be adopted for Plan Year 2020
- A 7.00% Employee Deposit Rate and a 150% Employer Matching Rate
- No “Cost of Living Adjustment” (COLA) being applied to retirees
- No addition be made to the required rate
- Continuing with the Life Insurance Option at a rate of 0.29%

Mr. Palmore made a motion that the Board authorize the General Manager to execute documents providing for the continuation of the TCDRS retirement plan for Plan Year 2020 under the previously listed conditions. Mr. Chase offered a second and the motion carried unanimously.

WCBWDS Source Water Rates

Mr. Wingert told the Board that the District received a notice from the BRA regarding their adopted 2020 Water Rates. He stated that the current rate for Municipal or Industrial use will increase from \$77.00 to \$79.00 per acre-foot (+3.3%) and the agricultural rate will increase from \$54.05 to \$55.30 per acre-foot (also +3.3%). Mr. Wingert said that traditionally the District adds a surcharge of \$0.50 per acre-foot to the BRA rates to cover incidental costs.

Mr. Wingert informed the Board that the District’s proposed Interruptible Rates for Calendar Year 2020 are \$79.50 per acre-foot for Municipal and Industrial water and \$55.80 per acre-foot for Agricultural water contracted from Possum Kingdom Reservoir.

Mr. Wingert clarified that the rate for Firm Water Customers will be applicable between September 1, 2019 and August 31, 2020 and that the Interruptible Water Customer rates will be effective January 1, 2020 and December 31, 2020.

Mr. Wingert noted that formal action on the WCBWDS Source Water Rates will be considered after the public hearing under agenda item 9b.

WCBWDS Transportation Rates beginning September 1, 2019

Mr. Wingert told the Board that the Finance Committee proposed a Fixed Rate of \$166.69 per acre-foot and a proposed Variable Rate of \$96.65 per acre-foot for FY 2020. He noted that these rates are being increased from \$162.83 for the Fixed Rate and \$79.39 for the variable rate due to the increased water usage expected from SRSUD.

Mr. Wingert said that formal action on the WCBWDS Transportation Rates will be considered after the public hearing under agenda item 9d.

Proposed FY 2020 General Fund Budget

Mr. Wingert stated the Draft FY 2020 General Fund Budget was reviewed by the Finance Committee at their meeting and that it includes a transfer of \$693,000 from the General Fund to the Capital Projects Fund in order to fund the proposed CIP/MIP projects and a transfer of

\$171,430 from the General Fund to the Contingency Fund for the WCBWDS purchase repayment.

Mr. Wingert highlighted some elements of the Draft Budget below:

- Salary increases
- Power cost reduction due to Abilene's estimated decrease in water use
- TCDRS retirement costs
- Health insurance
- Operations and Maintenance costs
- CIP/MIP Budget

Mr. Wingert noted that formal action on the General Fund Budget will be considered after the public hearing under agenda item 10c.

Depository Agreement and Collateral Security Agreement for First Financial Bank

Mr. Wingert commented that the Board selected First Financial Bank (FFB) to serve as the Depository Institution at the May Board Meeting. He then stated that the District learned that FFB reworked their standard Bank Depository Agreement and added a Collateral Security Agreement during the May timeframe. He went on to address the changes to the following:

Bank Depository Agreement

- Requiring the District to notify FFB at least one business day in advance of additional deposits
- The District must give FFB a ten-day window after notice to cure any deficiency
- The District must represent that we have "complied with all applicable laws governing the selection of the depository bank"

Collateral Security Agreement

- This proposed Agreement states that the "Eligible Collateral" shall be the "types enumerated in the Schedule of Eligible Collateral" rather than being "in accordance with the Public Funds Collateral Act" as was used in the current Depository Agreement. The proposed Agreement also includes strong language in Section 11 (f) and 11 (g) designed to protect Custodians rights.

Mr. Wingert stated that the Finance Committee concluded it was in the best interest of the District to contract with FFB for Depository Bank services, using the two proposed documents, rather than try to rebid the work under an extremely tight timeframe.

Mr. Foster questioned who is the Custodian and Mr. Wingert replied Frost Bank. President Canon also asked who are the authorized persons to which Mr. Wingert replied himself and Christy Ferguson.

Mr. Archibald made a motion that the Board authorize the General Manager to act on behalf of the District in the execution of the Bank Depository Agreement shown on pages 5.16-5.24 and the Collateral Security Agreement shown on pages 5.25-5.35 in order to secure First Financial Bank as the District's Depository Bank Services during the period from October 1, 2019 through September 30, 2022, with an optional two-year extension under the same terms and furthermore for the General Manager to designate individual Staff members as authorized persons for the District. Mr. Butler, Chief Executive Officer of First Financial Bank, abstained from voting on this item by his absence. Mr. Berry offered a second and the motion carried unanimously.

Executive Session under Section 551.072 and 551.074 of the Texas Open Meetings Act

President Canon stated that the Board of Directors of the West Central Texas Municipal Water District will now convene in a closed, Executive Session beginning at 9:58 am in accordance with the Texas Open Meetings Act Section 551.072 Deliberation Regarding Real Property and Section 551.074 Personnel Matters.

The Board reconvened in an Open Session at 11:14 am. President Canon stated that no action was taken in Executive Session.

Consider Amending, Abandoning or Replacing the Eliasville Pipeline Easement across the Spain-Boyer Property in Stephens County, Texas

Mr. Foster made a motion for the design and construction of a Bypass Pipeline around section 1173 of the TE & L company survey in Stephens County and to authorize the expenditure of up to \$120,000 for such purpose. Mr. Berry offered a second and the motion passed unanimously.

Consider Abandonment of the Schwind-Boaz Easement Stephens County, Texas

Mr. Wingert told the Board that Mr. Randy Boaz notified the District that he is attempting to purchase a tract of land immediately north of the Walmart on FM 3099. Mr. Wingert stated that Mr. Boaz already owns the land to the north of this property and would like to link the two tracts together, unencumbered, by the District's easement. Mr. Harris asked for a clarification on this easement and Mr. Wingert stated this easement hasn't been needed in fifty plus years. Mr. Buhrmann addressed his concerns about whether or not it is even enforceable today. Mr. Wingert said that there is basically no beneficial use for this easement at the present time or in the foreseeable future.

Mr. Foster made the motion that the District release the 1,062.4 foot long pipeline easement granted by J.F. Schwind, et ux. As recorded in Volume 341, Page 21 of the Deed Records of Stephens County, Texas. Mr. Palmore offered a second and the motion carried unanimously.

Formal Action Regarding the WCBWWDS Water Rates

Public Hearing Regarding the WCBWDS Water Rates

President Canon announced the opening of the public hearing regarding WCBWDS Water Rates at 11:20 am and asked if there were any public comments. Mr. Canon noted that no public comments were made and the public hearing was closed at 11:22 am.

Adoption of Proposed WCBWDS Water Rates

Mr. Cleveland made a motion that the Board set a Firm Water Rate of \$79.50 per acre-foot for Non-Municipal Customers and \$55.80 per acre-foot for Agricultural Customers for September 1, 2019 through August 31, 2020. Mr. Berry offered a second and the motion carried unanimously.

Mr. Berry made a motion that the Board set an Interruptible Water Rate of \$79.50 per acre-foot for Non-Municipal Customers and an Interruptible Water Rate of \$55.80 per acre-foot for Agricultural Customers for January 1, 2020 through December 31, 2020. Mr. Harris offered a second and the motion carried unanimously.

Public Hearing Regarding WCBWDS Transportation Rates

President Canon announced the opening of the public hearing regarding WCBWDS Transportation Rates at 11:25 am. He asked if there were any public comments. Mr. Canon noted that no public comments were made and the public hearing was closed at 11:26 am.

Adoption of Proposed WCBWDS Transportation Rates

Mr. Cleveland made a motion that the Board set a Fixed Transportation Rate of \$166.69 per acre-foot and a Variable Transportation Rate of \$96.65 per acre-foot for WCBWDS customers during the period of September 1, 2019 through August 31, 2020. Mr. Chase offered a second and the motion carried unanimously.

Formal Action Regarding the District's FY 2020 Budget

Public Hearing Regarding the District's Budget

President Canon announced the opening of the public hearing regarding the District's Budget at 11:27 am. He asked if there were any public comments. No public comments were made and the public hearing was closed at 11:28 am.

Adoption of Proposed FY 2020 CIP/MIP Budget

Mr. Archibald made a motion that the Board authorize a transfer not to exceed \$693,000 from the General Fund to the Capital Projects Fund to fund the thirteen CIP and MIP projects listed on Page 4.03; Mr. Gilbert offered a second and the motion carried unanimously.

Adoption of Proposed FY 2020 General Fund Budget

Mr. Harris made a motion to amend the FY2020 General Fund Budget as presented to include a salary increase for the General Manager as discussed in Executive Session. Mr. Palmore then made a motion that the Board adopt the FY 2020 General Fund Budget which includes funding for Blue Cross/Blue Shield Insurance Plan G653CHC, funding for TCDRS contributions, and to amend the FY2020 Budget presented to include the salary adjustment for the General Manager; Mr. Harris offered a second and the motion carried unanimously. President Canon stated that he will inform Staff of the increase amount that will need to be added to the Budget in a confidential meeting with Mr. Wingert and Christy Ferguson.

President and Officers' Report

Mr. Wingert presented the FY 2020 Calendar to the Board showing the meeting dates. He asked for any questions or changes to the Calendar and the Board did not have any.

Manager's/Staff Report

Water Supplies and Projections

Mr. Wingert reviewed current water supplies and projections and he stated that currently Hubbard Creek Reservoir is 95% full.

Hubbard Creek Reservoir Issues

Mr. Wingert discussed the five year lease that the District granted to Donnie Sechrest. He noted that the lease states that "Lessee shall construct a privacy fence around the property to shield it from public visibility" and that Section 19 of the Lease Agreement further states; "Lessee shall be in default of this Lease if Lessee fails to fulfill any lease obligation or term by which Lessee is bound. Subject to any governing provisions of law to the contrary, if Lessee fails to cure any default, including but not limited to remedying any financial obligation within 30 days after written notice of such default is provided by Lessor to lessee, Lessor may take possession of the Premises without further notice". Mr. Wingert told the Board that Mr. Sechrest has not fulfilled the requirement of building a fence despite having almost three years to complete it. Mr. Wingert said the District plans to issue notice of default to Mr. Sechrest to begin the thirty day period of lease termination. Mr. Wingert then said that the District will take possession and clean the property at Mr. Sechrest's expense unless he completes the required fencing. No Board action is needed for this item.

WCBWDS Issues

Mr. Wingert brought the Board up to date on repairs being done on the Copeland washout. He also talked about the Hydrilla infestation at Hubbard and said it has been decided to wait

until spring to address it. Mr. Wingert also told the Board that Archer Petroleum is showing interest in a Waterflood contract with the District.

Maintenance Activities

Mr. Wingert said that Staff has started clearing the WCBWDS Pipeline Easements using the new brush mulcher. He said that work has started on the Ward B pipeline south of U.S. 180 and continues to move westward.

Travel and Training Report

Mr. Wingert referenced the report in the book showing training opportunities and conferences that Staff has taken part in this quarter.

Staff Vacancies

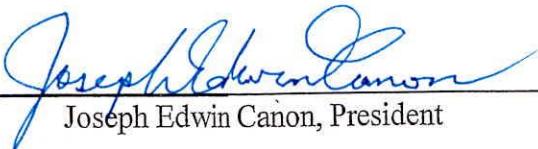
Mr. Wingert referenced the organization chart in the Board book and noted that the District is fully staffed at this time.

Other Significant Issues

Mr. Wingert discussed with the Board the option of offering Staff a 457(b) retirement plan. He also stated that Staff has expressed a desire for those possessing a valid Concealed Carry License to be able to possess a firearm while on District property and that Staff is researching random Drug and Alcohol testing on all employees. He stated that these items may be brought to the Board at the November meeting.

There being no further business before the Board, the 399th meeting adjourned at 11:57 am.

Approved this 13th day of November, 20 19.



Joseph Edwin Canon, President



Paul Prater, Secretary