



WEST-CENTRAL-TEXAS-MUNICIPAL-WATER-DISTRICT

410 Hickory Street, Abilene, TX 79601 · Phone 325-673-8254 · Fax 325-673-8272 · www.wctmwd.org

389th Meeting of the Board of Directors

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

REGULAR MEETING
May 17, 2017 · 9:30 AM
ABILENE, TEXAS

DIRECTORS PRESENT

ABILENE

Russell Berry Kelly Kinard
Jane Beard K. O. Long

ALBANY

Randall Palmore David Cleveland

ANSON

Rowland Foster

BRECKENRIDGE

Stan Carstens Paul Prater

DIRECTORS ABSENT

ABILENE

Ron Butler Joe Canon

ALBANY

ANSON

Jimmie Richmond

BRECKENRIDGE

STAFF AND OTHER GUESTS PRESENT

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

David Buhrmann, Attorney
Debbie Strayer, Admin/Finance Specialist

Call to Order

President Palmore called the 389th meeting of the West Central Texas Municipal Water District Board of Directors to order at 9:30 a.m. on Wednesday, May 17, 2017, in accordance with the statutes of the State of Texas. A quorum was present.

Public Comment

Mr. Palmore opened up the floor for public comments at 9:32 a.m. No public comments were made. Mr. Palmore closed the public hearing at 9:32 a.m.

Minutes

Mr. Palmore stated that the minutes from the prior meeting (#388) should be considered for approval at this time. Mr. Berry made a motion to approve the minutes. Mr. Carstens offered a second and the motion carried unanimously.

Consent Agenda

Mr. Palmore asked if there were any comments or concerns with the Consent Agenda items which included:

- Financial Statements for October 2016, November 2016 and December 2016
- Quarterly Investment Report for the six months ended March 31, 2017
- Contingency Fund Balance Sheet for March 31, 2017
- Expense Vouchers for December 2016 through February 2017

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

Development, Operations and Water Policy Committee Report:

HCR Yield Study (MIP 2017-20)

Mr. Wingert began his discussion by stating that Jon Albright with Freese and Nichols Engineering Firm (F & N) gave a presentation at the February Board Meeting of their yield study findings of Hubbard Creek Reservoir. F & N determined that the one year safe yield had dropped from 33,070 acre ft. per year to 21,080 acre ft. per year which is a 36% decline. Mr. Wingert informed the Board that Cory Shockley with HDR emailed Jon Albright and stated that the F & N yields were 20% lower than the HDR yields. The HDR one year yield is around 25,300 acre ft. and the F & N yield is 21,080 acre feet. One reason for the difference is that HDR goes through their monthly time step and if they get a negative number they truncate that to zero. F & N carries the negative under the assumption that negatives and positives will cancel out over the long term. Another reason is that HDR is following the strict plan criteria but F & N did an independent yield study. A review of the water availability model and plan criteria has various items requiring consideration of full utilization of permitted water rights for downstream releases. Mr. Wingert stated that the HDR study has not been finalized but F & N has finalized their study. The critical factor in the F&N study is that the Hubbard Creek yield has dropped dramatically. Once the HDR study is finalized, the District can compare the two reports to see exactly what the differences are. Mr. Wingert plans to meet with Abilene to discuss the decline in the safe

yield and review the differences between the two studies. Mr. Kinard questioned if the F & N study could be made available to Region G for planning purposes. Mr. Wingert stated that Region G is doing their own independent study but he can make it available if requested. Mr. Kinard said he would like to forward a copy to Region G for planning purposes.

Quarterly Update of Outstanding CIP/MIP Projects

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

Close Out Completed CIP/MIP Board Resolutions

Staff has completed work on five CIP/MIP projects which the Operations Committee recommended at their meeting be closed. Those projects are:

- 2016-07 Replace 30" Isolation Valve
- 2017-01 Purchase ¾ Ton Pickup
- 2017-02 Purchase 1 Ton Pickup
- 2017-07 Interior Coating, 2 MG Tank B1-Contractor
- 2017-08 Pothole Machine

Mrs. Beard made a motion to close the CIP/MIP projects listed above; Mr. Kinard offered a second and the motion carried unanimously.

Declare Surplus Property

Staff inventoried equipment and prepared a list of about 75 items to be declared as surplus property. (Shown below)

IT/Computers

- 5 Servers
- 8 Monitors
- 4 Sets of speakers
- 2 Monitor switches
- 1 Flatbed scanner
- 8 Keyboards
- 2 Routers
- 7 Mice
- 1-4 Port network switch
- 1-56k Modem
- 2 Laptop bags
- 2 Laptops
- 1 Radio

- 1 Camcorder

Office

- 8 File Cabinets
- 1 Humidifier
- 1 Portable A/C unit
- 1 Vacuum attachments
- 4 Office desks
- 3 Desk returns
- 1-4ft. Round wooden conference table
- 4 Office chairs that have four legs (per safety officer recommendation)

Field/Lake Shop

- 1 Small bed mount twin tank gas compressor
- 1-1978 Marlin boat
- 1-1968 Shop made pipe trailer
- 1 Old spray trailer
- 1 Old pressure washer
- 1-2004 Ford F250 truck
- Old impact wrenches

The Operations Committee recommends the Board declare the 75 items listed above as surplus property and authorize their disposal or sale. Mrs. Beard made that motion; Mr. Berry offered a second; and the motion carried unanimously.

FY2018 CIP/MIP Project Discussion

Mr. Wingert stated that the Operations Committee spent a good deal of time discussing options for the CIP/MIP program for next year. The District has spent anywhere from \$424,000 to \$990,000 on CIP/MIP projects over the past few years with the exception of additions for items such as the WCBWDS purchase and the yield study. The key issue with the upcoming program is the motor control centers or the switch gear replacement on the Hubbard Creek side. Total cost for replacing the motor control centers is expected to be \$440,000 each which includes replacement of the incoming line cabinet with the disconnect, voltage monitoring equipment, and the starters for lake Pump #5 and lake Pump #6 which have motor protection monitoring and requires rewiring. Engineering for the project would include a power coordination study, formal bid process, and start up and testing during construction. Staff has discussed the need to replace these motor control centers for the older pumps on the pipeline before. The Westinghouse units that were installed in the 1970's are obsolete and it's very difficult to find replacement parts. Some of the units have damaged safety shutters making maintenance operations somewhat dangerous. Colorado River Municipal Water District actually had one explode which prompted them to replace all of their similar starters. The new motor control centers will have a multi len or similar type motor protection system which is much more sensitive than the existing fuses and will react

quicker than the mechanical relays. It will also allow for network monitoring and power factor correction which will help with power costs.

Other additional key items were also discussed by Mr. Wingert. Mr. Kinard questioned that if Abilene is not planning on taking water any time soon, then can the system modeling of \$85,000 be postponed into a future year? Mr. Wingert stated that the system modeling is key for a couple of reasons. One step is to look at the low flow regime. Pump #5 is a VFD pump and it is the primary pump. Staff can operate Pump #4 which is a larger pump but it is a fixed speed pump so it's a very inefficient operation. The District dumps a lot of water out at the station when Pump #4 is running. One thing staff would like this study to do is to look at the possibility of switching the existing VFD from Pump #3 to Pump #4 in order to have a reasonable backup for Pump #5. Mr. Kinard stated that it sounds like Mr. Wingert has already figured things out. Mr. Prater commented who knows better to model a system than the people who are operating it. Mr. Prater said he is with Mr. Kinard and thinks this needs to be postponed.

Mr. Wingert went on to discuss the three different budget options that are being looked at. Option A would fund all the proposed projects at a cost of \$1,034,100. Option B seemed to be the one preferred by the Committee with a price of \$787,500. Option C came in at \$504,100. Mr. Wingert also discussed the ongoing problem with our heating and air conditioning system in this building and the options for repairing it. No Board action was taken.

Finance, Personnel and Customer Service Committee Report:

TCDRS Information

The District has used TCDRS to manage the District's retirement plan since 1968. Mr. Wingert discussed features the TCDRS plan has in allowing the Board flexibility in setting rates. One feature is the employee deposit rate, and the second is the employer matching rate. TCDRS reported that the District's total contribution rate for 2018 will be 8.87% (group rate of 8.55% plus a group term life rate of .32%). Mr. Wingert discussed the pros and cons of staying with TCDRS versus finding another retirement plan. Mr. Kinard brought up the fact that we have a life insurance component through TCDRS and we also have a separate policy for our employees. Mr. Foster commented that he attended the TCDRS presentation at the Finance Committee meeting and he didn't like deals that the District cannot get out of. He questioned how it is managed when TCDRS spends so much on hedge funds and legal fees, and he questioned the fact that TCDRS had an earnings target with not only a bottom but also a cap on what it can earn. Mr. Wingert explained that what TCDRS has is a band they try to shoot for. Mr. Wingert stated that the District employees like the benefit and it would probably cost the District too much to get out of the contract. Mr. Berry commented that the District probably couldn't find anything better. Mr. Kinard did not agree. Mr. Foster commented that it struck him that the system was taking care of the system first and foremost but he guesses that's true of everything. Mr. Kinard compared it to TCAP which he stated has imploded because they have all these fees for all these services and all the District needs is electricity, so the District can go to the market and get it

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much cheaper. Mr. Kinard noted that it's taken the District a long time to get out of that but the savings have been substantial. No Board action was taken.

Personnel Policy Changes for PTO

The Board adopted the current Personnel Policy back in 2014. Staff is proposing some minor changes to enhance the benefits package as well as update the policy. The District currently pays \$4 a month in longevity pay. Staff is proposing increasing longevity pay to \$5 a month. Another requested change is to add a sixth week of PTO for employees with more than fifteen years of service. Mr. Foster questioned how the current PTO is working for employees and Mr. Wingert discussed a few pros and cons of having PTO all in one bank. Mr. Kinard asked how many employees have 15 years of service and Mr. Wingert stated the District currently has two employees that fall into that category with a third one coming up shortly. Mr. Carstens commented that our PTO time is way better than what is currently out in the private sector. No Board action was taken.

Close Ivie Reservoir/Special Revenue Fund

All Revenue and refunding bonds that were issued to finance the construction of the Ivie project were retired in January 2016. On April 1, 2004 the District, CRMWD and Abilene executed a three way memorandum of understanding that required the District to assign all of its rights and obligations under the Ivie contracts to Abilene once the bonds were retired. Terms of this memorandum were finalized on September 15, 2016 with the assignment and termination agreement that released the District from these conditions. The Finance Committee recommends the Board close the Ivie Reservoir/Special Revenue Fund. Mr. Foster made a motion to close the Ivie Reservoir/Special Revenue Fund, Mr. Carstens made a second and the motion carried unanimously.

Resolution to participate in TexPool Investment Fund Pool

Mr. Wingert discussed that the District's investments have been earning about .37% for the past several months. Staff has noticed other investment opportunities such as TexPool are typically paying twice that much. Mr. Wingert shared several pages of information about TexPool and what it offers. Mr. Wingert also discussed the criteria that must be made in order to change over to TexPool. The Finance Committee recommends the Board execute the resolution authorizing participation in the TexPool Investment Pool and designating Christy Ferguson and Chris Wingert as authorized representatives. Mr. Berry made that motion to designated staff as authorized representatives to invest in TexPool as stated above. Mr. Foster offered a second, and the motion carried unanimously.

FY2018 General Fund Budget Discussion

Several key elements of the FY 2018 budget are still being discussed or are unknown at this time. Some of those elements are:

Adding a proposed 10% increase to the skilled and specialist employee categories.
Cities estimated Water Usage.

Power cost reduction savings could be approximately \$240,000.

Health insurance rates are unknown at this time.

CIP/MIP Budgets-Staff is offering 3 different budgets...Option A=\$1,034,100. Option B=\$787,500 and Option C=\$528,100.

Mrs. Beard discussed the safety problems with the motor starter expenses (as discussed in the Operations Committee report). She asked if there was any way to address the safety concerns with the damaged shutters. Mr. Wingert stated all of the motor control centers will have to be replaced down the line. Mr. Cleveland asked if there was just one of them that needed to be replaced and Mr. Wingert explained there are four lineups that need to be replaced. Mr. Prater said his recommendation would be option B minus the two studies listed. Mr. Foster stated he would like to know the cost of the low flow study. Mr. Kinard questioned if we can get health insurance estimates any sooner than we normally do. Mr. Wingert stated health insurance costs will be released in July. Mr. Palmore asked about numbers on the 10% salary increase being within this budget draft. Mr. Berry stated that the cost of health care could determine if the 10% salary increase should be included. Mr. Wingert stated that staff can rerun budget once the cost of health care is determined.

The Board will not set the FY2018 General Budget until the August meeting.

Executive Session

In accordance with Section 551.074 (discussion about personnel matters) the Board went into Executive Session at 10:51 a.m. The Board reconvened in an open session at 11:24 a.m. and Mr. Palmore announced that no action was taken during Executive Session.

President and Officers' Report

Appointment of Board Members, Bonds, Oaths of Office

The Nominating Committee consisted of Paul Prater, Kelly Kinard, K.O. Long, and Jimmie Richmond. Kelly Kinard agreed to be the Chairman of the Committee. The Nominating Committee is recommending the following slate of officers to serve from June 1, 2017 to May 31, 2018.

President-Randall Palmore
Vice President-Jane Beard
Treasurer-Rowland Foster
Assistant Treasurer-Russell Berry
Secretary-Stan Carstens
Assistant Secretary-Joe Canon

Mr. Prater made that motion; K.O. Long offered a second; the motion passed unanimously.

Mr. Wingert made a note that Mrs. Richmond, Mr. Cleveland & Mr. Pater were reappointed to the Board. However, Abilene has not given their reappointments to Staff.

Manager's/Staff Report

Revised Surface Lease for Veale Park Pump Station

The District currently has a lease for a 15 acre tract from the MT7 Ranch that is a part of the West Central Brazos system. The current lease was signed in 1978 and it is a perpetual lease that does not expire as long as the District operates a pump station on that sight. The Brazos River Authority paid anywhere from \$4,178.00 to \$5,282.00 per year for the lease. Mr. Wingert has been in contact with MT7 Ranch about the possibility of renegotiating the lease which could have a couple of benefits:

- (1) It would reduce the acreage that the District has to maintain.
- (2) It would clarify the lease payment issue so that there would be no question going forward on lease payment calculations.

MT7 has volunteered to replace the aged fence on the east side if the District realigns the tract. The District's proposed lease features adjustments on a 10 year interval with the annual payments remaining constant during the intervening years. The District would like to consider reducing the tract size. MT7 is willing to grant the District a pipeline easement for the portion of the 27" Ranger Line that will no longer be contained within the reduced easement area. The District will provide a surveyor to mark and describe the reduced easement tract and the modified "Ranger Line" easement at no cost to MT7. No Board action was taken.

SRSUD Easement

Staff visited with Ms. Leshia Brewster who is the General Manager at SRSUD. SRSUD is moving very slow with the pipeline construction due to funding issues. SRSUD has not contacted Mr. Musselman regarding the 1360 ft. potential crossing of Musselman property. Mr. Wingert stated that he received an email from Ms. Brewster with formal request regarding alternate easement locations. The purpose of her request is to confirm SRSUD's intent to obtain the easement for an option over one portion of the property located in the J.E. McMeechum survey, abstract 109 Stephens, County, Texas. This would be for installing a 6" and 4" water distribution line along CR 274 to North Cove Subdivision. Mr. Wingert stated he's not sure that Ms. Brewster understands the whole issue. Mr. Wingert asked if there is somebody else he needs to be dealing with and Mr. Carstens stated to contact Mark Dempsey. No Board action was taken.

District Agreements

Mr. Wingert stated that the District has agreements with the Brazos River Authority for the supply of water out of Possum Kingdom to serve Clearly and DFG Energy. Clearly has negotiated 100 acre ft. of interruptible water per year. DFG has negotiated and executed a

five year 235 acre ft. per year water supply agreement and is in the process of executing the water transmission agreement and the interruptible supply agreement for 107 acre feet. DFG is delinquent on payments quite regularly and they are currently two months past due but claim they will catch up on payments by June 15th. The current agreement allows the District to suspend or curtail water deliveries with a 30 day notice as well as the ability to invoke an 18% late payment charge. If DFG fails to pay by June 15th, Mr. Wingert will review both of these options. No action was taken.

WCBWDS Construction Update

Mr. Wingert stated that the construction at the Possum Kingdom Intake is close to completion. The replacement a/c for Pump #5 (VFD house) is not performing as expected so the contractor is still working on this issue. The contractors lack the removal of the old 2400V Oncor transformers and the coating of the pump station floor. The product water pump station pipelines should have a final inspection on May 26th. No Board action was taken.

Legislative Update

Mr. Wingert gave an update on several pending bills in the legislature. Senate Joint Resolution #36 would prevent future taxation on the sale of purchased water at the wholesale level. House Bill #605 addresses Chapter 11 of the water code to require water rights applicants to submit an economic impact study with each application. House Bill #614 Amends Chapter 11 of the water code to require procedures and timelines with TCEQ for their processing of water rights applications. Senate Bill #1239 would allow a water district director that's appointed by a Municipality to be removed at any time. No Board action was taken.

Water Supplies and Projections

Mr. Wingert discussed projected Hubbard Creek Reservoir lake levels and future drought stage possibilities. At the present time Hubbard Creek and Lake Fort Phantom are full. No Board action was taken.

Travel and Training Report

Mr. Wingert referenced the report in the book showing that staff has attended trainings in Payroll Law, Payroll Compliance, Texas SHRM, Freshwater Mussel Work Group and he has attended various TWCA meetings.

Staff Vacancies

Mr. Wingert referenced the organization chart in the Board book showing we have recently hired Jennifer Wagner to replace Adrianna Santana as the Office/Records Assistant leaving no vacancies at this time.

Other Significant Issues


Mr. Wingert discussed the TCAP and GEXA contracts. He described the requirements on how a member may leave TCAP with a 30 day notice and must pay fees and expenses for the fiscal year. GEXA also contains a section that lists customer early termination damages. The District currently pays 6.421¢ per kwh for the energy and the TCAP fee. GEXA's fee is .15¢ per kwh. The District could expect \$140,000 to \$170,000 savings depending on what our usage is but Abilene's consumption is going to be the key. Fort Phantom Hill is full and Abilene is not taking any water at all out of Phantom right now. If the District chooses to terminate the TCAP contract and Abilene decides to use Phantom water and come off of Hubbard water, then the savings would be reduced. If the Board wants to pursue terminating the existing electric contracts, a Special Board Meeting would need to be called. Board members agreed that a Special Board Meeting needs to be set up sooner than later.

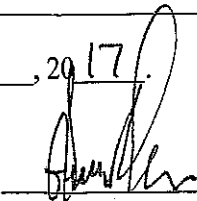
Mr. Wingert discussed the Neely Encroachment issue. The Board has discussed this numerous times in the past and there is a 1.58 acre encroachment on the land and the Board set a \$4,000 price for the encroachment. Staff met with the Neely's and they still objected to the \$4,000 charge but verbally agreed to a 24 month payment plan. A formal agreement letter was sent to the Neely's April 17th. This agreement required them to sign it and make their first payment by May 15th and they failed to meet that deadline. Mr. Wingert then met with Mr. Buhrmann to discuss our available options. Mr. Buhrmann did give Mr. Wingert a follow-up letter that noted the \$4,000 is similar to the approximate land value we have used on other encroachments. Staff will follow up on this issue.

Mr. Palmore talked to everyone about the Board of Directors wall of pictures. Staff will have a photographer here for the August 30th Board Meeting to take pictures of anyone who needs to have their picture made.

There being no further business before the Board, the 389th meeting adjourned at 12:06 p.m.

Approved this 30th day of AUGUST, 2017.


Stan Carstens, Secretary


J. Randall Palmore, President