



WEST·CENTRAL·TEXAS·MUNICIPAL·WATER·DISTRICT

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397th Meeting of the Board of Directors

STATE OF TEXAS COUNTIES OF: JONES, SHACKELFORD, STEPHENS, TAYLOR, EASTLAND, AND PALO PINTO	REGULAR MEETING February 6, 2019· 9:30 AM ABILENE, TEXAS
<p style="text-align: center;"><u>DIRECTORS PRESENT</u></p> <p style="text-align: center;"><u>ABILENE</u></p> <p>Russell Berry Kelly Kinard Sam Chase Norm Archibald Ron Butler</p> <p style="text-align: center;"><u>ALBANY</u></p> <p>David Cleveland</p> <p style="text-align: center;"><u>ANSON</u></p> <p>Keith Gilbert Rowland Foster</p> <p style="text-align: center;"><u>BRECKENRIDGE</u></p> <p>Paul Prater Scott Harris</p>	<p style="text-align: center;"><u>DIRECTORS ABSENT</u></p> <p style="text-align: center;"><u>ABILENE</u></p> <p>Joe Canon</p> <p style="text-align: center;"><u>ALBANY</u></p> <p>Randall Palmore</p> <p style="text-align: center;"><u>ANSON</u></p> <p style="text-align: center;"><u>BRECKENRIDGE</u></p>
<u>STAFF AND OTHER GUESTS PRESENT</u>	
<p>Chris Wingert, General Manager Christy Ferguson, Admin. Services Manager Ronnie Tilly, Operations Mgr. Blake Woodall, Planning and Dev. Mgr.</p>	<p>David Buhrmann, Attorney Debbie Strayer, Admin/Finance Specialist Diane Terrell, C.P.A., Eide Bailly Becky Roberts, C.P.A.-District Financial Consultant</p>

Call to Order

Rowland Foster, Vice President, called the 397th meeting of the West Central Texas Municipal Water District Board of Directors to order at 9:30 a.m. on Wednesday February 6, 2019, in accordance with the statutes of the State of Texas. A quorum was present.

Public Comment

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

Recognition of the 2018 Employees of the Year

Mr. Wingert told the Board that the District implemented an Employee of the Year program in Fiscal Year 2017. He explained that District Staff can nominate their fellow co-workers for this award, with the exception of Managers, and stated that the award is presented to the recipients each year at the District's annual Christmas Party. Mr. Wingert told the Board that the recipients for Fiscal Year 2018 were Joe Lechner-Pumping Specialist I and Keith McLane-Pipeline Maintenance. Mr. Wingert gave a summary of what Staff had stated about these employees and why they were chosen for the award. Mr. Wingert told the Board that Joe Lechner has left the District to pursue another job opportunity. He then asked the Board to recognize Keith McLane who was in attendance at the meeting. The Board applauded Mr. McLane for his hard work.

After the recognition of the Employee of the Year, Vice President Foster recommended that the Board move to Item 6 on the agenda (the Finance Committee Report), in order to accommodate the auditors who were in attendance so that they could present their information to the Board and be dismissed afterwards. The Board agreed.

Finance, Personnel and Customer Service Committee Report:

Independent Audit Report for FY 2018

Mr. Wingert introduced Diane Terrell, C.P.A., of Eide Bailly, LLC who was here to present the audit for the fiscal year ending September 30, 2018.

Ms. Terrell thanked the Board for allowing them to perform the audit and she complimented Christy on her organization and for her assistance in providing the audit information. Ms. Terrell stated that there were no audit adjustments. Ms. Terrell proceeded to brief the Board on the details of the audit and she noted the result was an unmodified opinion and that the financial statements presented fairly, in all material respects, the position of the District. She highlighted the balance sheet, revenues and expenses as well as compared the budget to final audit numbers. She also stated that they reviewed the District's methodology for the Member City billings for water delivery and energy charges in accordance with the Water Contract Amendment #2 and noted that the calculations were done correctly. Ms. Terrell opened up the floor for questions and there were none.

Mr. Cleveland made a motion that the Board approve the Independent Auditors Report for Fiscal Year Ending September 30, 2018. Mr. Berry offered a second, and the motion carried unanimously.

District Internal Auditor Report

Mr. Wingert stated that Becky Roberts has served as the District's Financial Consultant for many years and that her contract requires her to report project summaries or research findings to the Board annually. Mr. Wingert introduced Ms. Roberts and she gave the Board a summary of the projects she has worked on which included; reviewing financials, assisting with audit preparation, reviewing the investment report, reviewing budget information and various consultations with staff as needed. Ms Roberts stated that she appreciates her relationship with the District and asked for comments or questions from the Board and there were none.

Mr. Cleveland made a motion that the Board approve Ms. Roberts report as shown on page 6.01. Mr. Harris offered a second, and the motion carried unanimously.

District Investment Policy

Mr. Wingert said the District is required to review and update the Investment Policy on an annual basis to include any new requirements mandated by law. He stated that there was no legislative session last year requiring any changes, thus this year's Policy is identical to the one adopted last year.

Mr. Cleveland made a motion that the Board adopt the District's Investment Policy for 2019 as shown on pages 6.02-6.09. Mr. Archibald offered a second, and the motion carried unanimously.

Depository Request for Proposals

Mr. Wingert stated that First Financial Bank will continue serving as the District's depository bank through September 30, 2019 and that the District will need to seek bids to contract for such services beyond that time.

Mr. Wingert directed the Board to pages 6.10-6.15 that show a draft for Request for Proposal for Banking Services. He noted that the bid stated that services will begin October 1, 2019 and will need to run three years. Mr. Foster questioned the timeframe in the draft bid by asking if the end date should be September 2022 instead of 2021. Mr. Wingert stated that yes, the services will need to run through September 30, 2022 and Staff will make that date change in the bid proposal. Mr. Wingert said that bids will be received until 3:00 pm on April 4, 2019 and staff will recommend a proposer to the Finance Committee at the April 18th meeting. Mr. Wingert did direct the Board to the addition of Section 6 of the RFP for 2019 which requires the Depository to submit a form to be in compliance with FIRREA (Financial Institutions Reform, Recovery and Enforcement Act).

Mr. Cleveland made a motion that the Board approve the Request for Proposal for Banking Services as shown on pages 6.10-6.15 with the correction of the end date to be September 30, 2022 and authorize the General Manager to receive the bids. Mr. Kinard offered a second, and the motion carried unanimously. Mr. Butler abstained from voting.

Minutes

Vice President Foster stated that the minutes from the prior meeting (396) need to be considered for approval at this time. Mr. Prater made a motion to approve the minutes. Mr. Berry offered a second, and the motion carried unanimously.

Consent Agenda

Mr. Wingert asked if there were any comments or concerns with the Consent Agenda items, which include:

- General Fund Financial Statements for September and October 2018
- Balance Sheet for the Contingency Fund as of December 31, 2018
- Quarterly Investment Report for the three months ending December 31, 2018
- Expense Vouchers for October, November, and December 2018

No comments or concerns were addressed. Mr. Harris made a motion to approve the consent agenda as a whole; Mr. Berry offered a second and the motion carried unanimously.

Development, Operations and Water Policy Committee Report:

Quarterly Update of Outstanding CIP/MIP Projects

Mr. Wingert gave a report on the current outstanding CIP/MIP projects. He presented the progress on all projects 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

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

- 2018-04 Information Technology Requests
- 2018-09 Lake Shop Improvements
- 2019-04 Tow Behind Man Lift
- 2019-06 Scanner for Laserfiche
- 2019-07 Trench Boxes

Mr. Berry made a motion that the Board close the five CIP/MIP projects listed above. Mr. Chase offered a second and the motion carried unanimously.

Water Conservation & Drought Contingency Plan

Mr. Wingert stated that State Law (30 TAC 288.30) requires holders of water supply permits in excess of 1,000 acre-feet per year to submit a Water Conservation Plan to the Texas

Commission on Environmental Quality (TCEQ) as well as a Drought Contingency Plan. Mr. Wingert explained that these plans usually have major revisions on a five-year cycle and that the District's current plans were last submitted in May 2014. He reviewed the current plans with the Board and highlighted what will need to be addressed for each report as shown below:

WATER CONSERVATION PLAN

- Overview of Prudent Water Management by District
- Metering and Water Accounting System
- Conjunctive Use of Water Supplies
- New Source and Water Releases for Chloride Control
- Strategic Water Releases for Chloride Control
- Precipitation Enhancement
- Brush Management
- Leak Detection and Reduction
- Public Education Programs
- Water Conservation Plans of Member Cities

DROUGHT CONTINGENCY PLAN

- Introduction
- Coordination with Region G/RWPG
- Authorization
- Variances
- Contractual Obligations and Limitations
- District Water Supply System
- Key Threats to Water System
- Distribution System
- Key Threats to Distribution System
- Repairs Generally Quick (short-term, 1-2 days)
- Redundancy and Flexibility of System Important
- Source Constraints
- Distribution Capacity Constraints
- Supply Trigger Levels
- System Emergency (Critical Conditions)
- Termination Procedures
- Plan Reviews Every Five (5) Years
- Drought Contingency Plans for Member Cities

Mr. Wingert informed the Board that staff is currently working to update both plans and combine into a single plan which will be sent to the TCEQ in May, 2019. The Board will be given the final draft plan for consideration at the May meeting.

No Board Action is required at this time.

Revision to the Term Permit for Minor Diversion applicable to Lake Lot Customers

Mr. Wingert informed the Board that the District has used an agreement for the Term Permit for Minor Diversion customers for many years without revisions. He explained that the permit allows persons living adjacent to the shore of Hubbard Creek Reservoir to remove water for lawn watering, gardening and other needs and that quantities are limited to 1 acre-foot per year and the pump discharge is limited to 1 ½” in diameter. He briefly reviewed the history of how the Term Permits came about and reviewed revisions over the past several years.

Mr. Wingert stated that the current language from the permit states:

THAT IT IS UNDERSTOOD BY BOTH PARTIES HERETO THAT THIS WATER IS SOLD “AS IS” AND THE **DISTRICT** DOES NOT REPRESENT THE WATER OF HUBBARD CREEK LAKE TO BE SUITABLE FOR ANY PURPOSE; THAT THE **PERMITTEE** TAKES AND USES SAME AT HIS SOLE RISK AS TO ITS FITNESS FOR THE PURPOSE TO WHICH HE MAY PUT SAME; AND THAT **PERMITTEE** WILL INDEMNIFY AND HOLD **DISTRICT** HARMLESS FROM THE CLAIMS OF ALL PERSONS WHO SHALL USE WATER TAKEN FROM SUCH LAKE UNDER THIS PERMIT.

Mr. Wingert commented that Staff would like to modify the language so that it is similar to the language used in the current Water Service Contract for Pipeline Customers as shown in the excerpt from Section 7 of the contract below:

7. *Customer* accepts all water furnished through the facilities of *DISTRICT* with prior notice and full understanding that (i) such is raw, untreated water produced from surface water supplies; (ii) water taken from *DISTRICT’S* supply lines is not fit or usable for human consumption unless properly treated and purified by *Customer*; (iii) *DISTRICT* makes no warranties or representations (and expressly disclaims any and all warranties) regarding the quality of water available from *DISTRICT’S* supply lines; (iv) *Customer* and any other person using water from a *DISTRICT* water supply line does so at his or her own risk; (v) *DISTRICT* shall not be liable for any personal injuries (including death), or for any injury to (or loss of) livestock or other property, resulting from the use of *DISTRICT’S* water; and (vi) under no circumstance will *DISTRICT* be liable for any special or consequential damages resulting from use of *DISTRICT’S* water.

Mr. Wingert also recommended updating the term “Texas Natural Resource Conservation Commission” to the current name of “Texas Commission on Environmental Quality”.

Mr. Buhrmann suggested using the last sentence of the current language beginning with “Permittee will indemnify and hold District harmless from the claims of all persons who shall use water taken from the reservoir under this permit.” Mr. Buhrmann stated that this wording could clarify the issue of water quality. The Board agreed that such language should be used.

Mr. Kinard asked if this section of the permit would be in red as it is shown in the Board book and Mr. Wingert stated the items in red are for reference only. Mr. Kinard suggested that the wording be in all CAPS and BOLD since this is a serious provision and the District needs to make sure the attention is called to these specifications. Mr. Chase commented that the new language has much more clarity in it.

Mr. Prater made a motion that the Board approve the revised language for the Term Permit for Minor Diversion as shown on pages 5.05-5.06 with the additions and corrections suggested by Mr. Buhmann and Mr. Kinard as discussed above. Mr. Cleveland offered a second, and motion carried unanimously.

President and Officer's Report:

Assign Nominating Committee to seek Board Officers for 2019-2020

Vice President Foster commented that President Canon will consider assigning Board Members to serve as the Nominating Committee to seek Officers to serve from June 1, 2019 to May 31, 2020 and that he may be contacting Directors soon.

Manager's/Staff Report

Water Supplies and Projections

Mr. Wingert discussed the fact that Hubbard Creek Reservoir is full and it is a tremendous thing to be in this kind of shape going into the spring. Mr. Berry commented that all the surrounding lakes are full and he has never seen Lake Ivie at 58%. Mr. Wingert then went on to review the current water supplies and projections.

No Board action is needed for this item.

WCBWDS Issues

Robert Boyer Easement

Mr. Wingert updated the Board on the issue with the Robert Boyer easement. Mr. Wingert told the Board that the District inherited the pipeline but no easement from the Brazos River Authority (BRA) when the District purchased the WCBWDS in 2016. Mr. Wingert reviewed a map with the Board showing where Mr. Boyer's property is located and showing that the easement is located where the Eliasville line crosses the property owned by Mr. Boyer. Mr. Wingert noted that the easement and the subsequent agreements which Mr. Boyer states that he made with the BRA have very restrictive terms.

One of the restrictive terms is providing up to 10 acre-foot of water each year at no cost for a 20-year period. Mr. Wingert informed the Board that Mr. Boyer nor the BRA can produce an executed copy of the agreement containing this requirement.

Mr. Wingert also stated that Staff has not had success in setting up a meeting with Mr. Boyer due to his lack of communication. Mr. Wingert did note that one option would be for the District to bypass Mr. Boyer's easement all together. Mr. Wingert said that Staff has visited with the County regarding this option and he stated that the County would not have a problem giving the District water rights to lay a new line.

Finally, Mr. Wingert listed some of the problems Staff is facing with this issue which are:

- Finding a way to legally access the property if a leak were to occur and needed fixed
- The District cannot continue to supply free water to Mr. Boyer with free transportation of that water for an indefinite period of time, as is currently the case.
- The District cannot determine how much water Mr. Boyer is using since his taps are not metered
- The restrictive conditions that are unique to this particular tract should be removed.

Miscellaneous discussion was held regarding this issue.

No Board action was needed.

MT7 Ranch Meters

Mr. Wingert stated that there are nine (9) water meters on the MT7 Ranch and that most of the meters are tied to blow-off valves instead of taps. Mr. Wingert said that one of the challenges the District has with MT7 Ranch meters is that the District is required by the BRA to calibrate all of the meters at least once every three years. He stated that the high number of meters on the ranch require a lot of time and expense and there are some issues with legal access to the meter locations. Mr. Wingert told the Board that he is trying to set a date for a meeting with the ranch foreman to see if there is a way to consolidate several of the branches MT7 has into one or two tapped meter locations. Mr. Wingert said that he would encourage MT7 to help the District not only simplify the number of meters requiring calibration but to also pull these meters back adjacent to the pipeline.

No Board action was needed.

Maintenance Activities

Mr. Wingert reviewed the progress on repairs to the Abilene Vault Bypass and stated that work has essentially been completed minus a few clean up items. He also commented that Staff did an excellent job in the design, fabrication and installation of the project.

Mr. Wingert also brought the Board up to date on Booster 2, Pump 1 motor replacement and gave a timeline of when he expects the motor to be shipped.

No Board action was needed.

Travel and Training Report

Mr. Wingert referenced the report in the book showing that Staff has attended a few training opportunities and conferences this quarter. Mr. Chase questioned the major cost on travel and training and Christy Ferguson stated that it varies between hotel and conference costs.

No Board action was needed.

Staff Vacancies

Mr. Wingert referenced the organization chart in the Board book showing there are two positions open at this time for Lake Maintenance and Pumping Specialist.

No Board action was needed.

Other Significant Issues

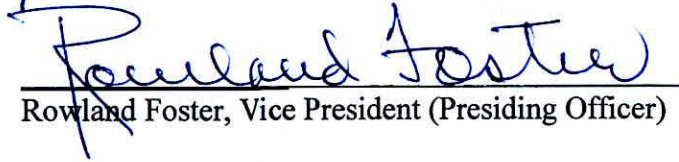
Mr. Wingert updated the Board on the status of the Bill of Sale from the City of Abilene covering the transfer of certain assets related to the Raw Water Reclamation Plant in Breckenridge. Mr. Buhrmann brought the Board up to date on the back and forth conversations with the City of Abilene and the lack of knowing when the project will be completed since the City has no need for water and it could be years before the plant will be needed. Mr. Cleveland commented that a multi-million-dollar facility that sits idle for many years is only doing it harm by not being used. Mr. Wingert stated that in an ideal world they should run a couple of million gallons a day to make sure everything is working properly. Mr. Wingert expressed concerns regarding the fact that Abilene could wait too long on running the equipment and the plant may not function as needed in a water crisis.

Mr. Wingert highlighted S.B. No. 407 by Birdwell from the current legislative session and stated that Staff is opposing this bill. He noted that the bill would require any district created under Section 59, Article 16 of the Constitution to have a member of the board designated as the "presiding officer" by the Governor. He said that currently, the District's Board is appointed by Member Cities and the Board selects the presiding officer from that body making the current Bill language contrary to the way the District is required to operate. Mr. Wingert then reviewed a handful of bills he and Mr. Woodall are keeping an eye on with the Board.

No Board action was needed.

There being no further business before the Board, the 397th meeting adjourned at 11:12 a.m.

Approved this 15 day of May, 2019.


Rowland Foster, Vice President (Presiding Officer)


Paul Prater, Secretary