



MINUTES

UPPER TRINITY REGIONAL WATER DISTRICT BOARD OF DIRECTORS MEETING

SEPTEMBER 1, 2011

REGULAR SESSION BOARD MEETING

1. Call to Order

The Board of Directors of the Upper Trinity Regional Water District convened, with President Timothy Fisher presiding, at 1:59 P.M. on Thursday, September 1, 2011 at the UTRWD Board Meeting Room, 900 N. Kealy, Lewisville, TX 75057.

2. Roll Call

The attendance of the Board of Directors was taken. A quorum was present for the meeting.

Board Members in Attendance:

Timothy Fisher, President, Denton
Lance Vanzant, Treasurer, Celina
Kenneth Faulkner, Aubrey
Janet Aune, Copper Canyon
Jean Campbell, Denton County At-Large
Zane Miller, DCFWSD #1A
Kenneth Parr, Flower Mound
Virginia Blevins, Justin
Leslie Maynard, Oak Point
Tom Adams, Pilot Point
Rob Woods, Sanger

Todd Madison, Vice President, Lincoln Park
Chris Boyd, Secretary, Mustang SUD
Richard Smith, Bartonville
Justin Brown, Corinth
Johnny Harris, Denton County
Kevin Mercer, DCFWSD #7
Richard Lubke, Highland Village
Gary Calmes, Krum
Richard Huckaby, Ponder
Chris Blair, Prosper

Board Members Absent:

Lyle Dresher, Argyle *
Ramiro Lopez, Irving
Steven Bacchus, Lewisville *

Niels Martin, Double Oak *
Mike Fairfield, Lake Cities MUA*

* Excused Absence

Staff & Advisors in Attendance:

Thomas E. Taylor, Executive Director
Larry Patterson, Director/ Water Resources
Tom Snyder, Ass't Director/Eng & Const
Jody Zabolio, Ass't Director / Operations
Lester Harris, Accounting Manager
David Medanich, Financial Advisor

John F. Boyle, Jr., General Counsel
Bill Greenleaf, Director / Business Services
Nancy Tam, Assistant to Executive Director
Don Hill, Mgr / Property Services
Mark Skaggs, MIS Analyst

Others in Attendance:

Jim Karlovich, Past President
Gordon Wells, Freese & Nichols
Michael Ryan, Flower Mound

Jeff Payne, Freese & Nichols
Cheryl Davenport, Flower Mound

3. Pledge of Allegiance and Invocation

The Pledge of Allegiance was led by Justin Brown. The Invocation was provided by Johnny Harris.

4. Opening Remarks:

A. President's Remarks concerning conduct of the meeting, posted agenda items, committee assignments, and related matters.

- President Fisher recognized Mr. Jim Karlovich, Past President, and thanked him for being a special guest of the Board today.
- The District will be hosting a NCTCOG Integrated Stormwater Management (iSWM) Training Workshop on September 15 at 9:00 A.M.

B. Executive Director's Status Report about legislation and regulatory matters, about budgets, current projects and on-going programs of the District, including: the Regional Water System, Water Resource Development, Regional Water Reclamation Systems and Watershed Protection.

- The District hit a new usage peak of 55 mgd. Normally, by September 1st water usage is closer to 30 mgd, but this year, usage is still in the upper 40's. We are not out of the drought period yet.
- Lake levels overall are just above 80%. Much of this water is in Ray Roberts Lake, with Chapman Lake being the lowest at 46%. Overall, we are in good shape - - probably one of the best reports in the State of Texas in terms of having 83% of our water still available at this stage of the drought.
- Regarding water supply and lakes, Mr. Taylor received an invitation to attend and make a presentation about Lake Ralph Hall at the World Conference on Lakes. This Conference, normally held in other countries - - Japan, China, Denmark, Italy, Argentina - - is being held in Austin, Texas this year on November 2. They have asked the District to make a presentation on Lake Ralph Hall from an owner's point-of-view - - planning for lakes, managing lakes, water supply planning, etc.
- The November Board meeting will be a Retreat/Board Meeting. Each Retreat taken by this Board has been successful, informative, and helps give the Board an edge on what is involved in the long-range planning that we do. Staff is looking at possibilities for the Retreat. Tentative ideas include touring the Dallas (Eastside Water Treatment Plant) near Lake Ray Hubbard, Richland Chambers Lake and Lake Ray Hubbard.

C. Presentations about awards, recognitions, achievements, etc. of the District, Board Members, Member Entities and Staff.

None.

5. Visitor Comments Concerning Agenda Topics.

None.

CONSENT AGENDA

President Fisher moved to the Consent Agenda. Ken Parr requested Item No. 8 be pulled for individual consideration.

Zane Miller made a motion to approve Consent Agenda items No. 6 and 7. Seconded by Jean Campbell. The votes were all Yes. Motion carried. The items approved were:

6. Adopt minutes of August 4, 2011 Board Meeting.
7. Accept Monthly Management Report for the period ended July 31, 2011.

Todd Madison arrived at 1:21 PM.

ITEMS FOR INDIVIDUAL CONSIDERATION

8. Authorize a one-time waiver of the retroactive portion (to June 1, 2011) of the Demand Charge for new water subscriptions requested before October 1, 2011.

Mr. Parr and others expressed concerns that an offer of discount for the Demand Charge, for any reason, may set a precedent for the future. **Gary Calmes made a motion to approve Item No. 8. Seconded by Leslie Maynard.** The votes were 11 Yes, 9 No (Smith, Brown, Fisher, Miller, Parr, Boyd, Maynard, Adams, Huckaby). Motion carried.

9. Consider adoption of rates for services provided by the District:

- A. Wholesale Rates for Regional Treated Water System, including a drought adjustment clause.
- B. Wholesale Rates for Lakeview Regional Water Reclamation System
- C. Wholesale Rates for Northeast Water Reclamation System
- D. Wholesale Rates for Non-Potable Water Service

Under heavy drought demands, the District has to purchase extra water at a cost that is above the cost used for rate setting, thus creating a loss for the District; at the same time, the retail systems are receiving extra revenues. The Rate and Finance Committees, and Staff recommend a Drought Adjustment Clause to maintain stable finances. Otherwise, Staff would recommend a higher base rate that would be appropriate under cost recovery obligations. Staff recommends that the Drought Adjustment Clause be included in the rate schedule as presented in the Rate Resolution. If this is not acceptable, Staff recommends the volume rate be set at 88¢ instead of the 86¢ rate with the clause.

Richard Huckaby requested to pull Item 9.A to vote separately. **Huckaby made a motion to approve Item 9. B, C, D as presented. Seconded by Rob Woods.** The vote was all yes, motion carried.

After discussion of ways to avoid an open-ended adjustment clause, for **Item 9.A, Kevin Mercer made a motion to approve rates as presented - - with the 86¢ base rate including Drought Adjustment Clause, with a 4¢ cap on the amount of adjustment above the base rate.**

Seconded by Kenneth Faulkner. The vote was 16 Yes, 4 No (Lubke, Huckaby, Blair, Woods). Motion carried.

10. Adoption of budgets for fiscal year 2011-2012:

- A. Operating Budgets
- B. Capital Improvement Budget

Staff recommended the adoption of both the operating and capital improvement budgets as proposed. Ken Parr requested the Board to vote on A and B separately.

Item No. 10.A: Todd Madison made a motion to approve 2011-2012 Operating Budgets. Seconded by Leslie Maynard. No further discussion. The votes were 20 Yes, 0 No. Motion carried.

Item No. 10. B: Rich Lubke made a motion to approve the 2011-2012 Capital Improvement Budget. Seconded by Zane Miller. No further discussion. The votes were 18 Yes, 2 No (Brown, Parr). Motion carried.

11. Authorize Contract and Task Order No. 1 with Freese & Nichols, Inc. for professional services to conduct an assessment of how low water levels affect the intake for Chapman Lake Water, and prepare a feasibility study with recommendations for interim strategies for reliable access to available water during low lake levels. Interim improvements may be needed, pending long-term improvements to address sedimentation deposits that affect the Intake. This is a cooperative study with other water users. (Special Weighted Capital Vote)

As part of the District’s responsibilities to manage its water supply sources under extreme drought conditions, Larry Patterson provided a briefing to the Board regarding a significant water issue on Chapman Lake.

Earlier, staff had briefed the Board regarding the extraordinary low water situation and a possible need for dredging to remove accumulated silt near the intake. More recently, after further consultation with the other water systems that depend on the Lake, it was concluded that dredging is an overly expensive strategy, unless it is part of a permanent fix. A consensus among the parties is to pursue alternative remedies at less cost; then, in due course, develop a more permanent strategy for the sedimentation problem.

Virginia Blevins made a motion to approve Item No. 11 as recommended by staff with proposed fee in the amount of \$38,000.00 for Contract and Task Order No. 1 with Freese & Nichols, Inc. Seconded by Jean Campbell. The *Special Weighted Capital Vote* proceeded as follows:

ENTITY	ELIGIBLE WEIGHTED VOTE	YES	NO	ABSENT
AUBREY – Faulkner	1	1		
BARTONVILLE – Smith	1	1		
CELINA – Vanzant	1	1		
CORINTH – Brown	3	3		
DENTON (CITY) – Fisher	2	2		
DC AT-LARGE - Campbell	1	1		

DCFWSO #1A -- Miller	2	2		
DCFWSO #7 -- Mercer	1	1		
DOUBLE OAK -- Martin	1			1
FLOWER MOUND -- Parr	9	9		
HIGHLAND VILLAGE -- Lubke	2	2		
IRVING -- Lopez	2			2
JUSTIN -- Blevins	1	1		
KRUM -- Calmes	1	1		
LAKE CITIES MUA -- Fairfield	2			2
LEWISVILLE -- Bacchus	2			2
LINCOLN PARK -- Madson	1	1		
MUSTANG SUD -- Boyd	2	2		
OAK POINT -- Maynard	1	1		
PROSPER -- Blair	1	1		
SANGER -- Woods	1	1		
TOTAL	38	31		7

The votes were 31 Yes, 0 No. Motion carried.

A 10-minute recess was called.

12. Executive Session concerning Acquisition of Easements, Rights-of-Way and other property for Water Resource Development, and Regional Treated Water System pursuant to Texas Government Code, Section 551.072, and according to location maps of the projects available in the District Office; and regarding water rights; and, meeting with legal counsel pursuant to Texas Government Code, Section 551.071, relative to a matter in which the attorney is required under the Texas Disciplinary Rules of Professional Conduct to convey advice in Executive Session.

The Board of Directors went into Executive Session at 3:13 P.M.
 The Board returned to open meeting at 3:19 P.M.

13. Consider action on property matters, some of which may have been discussed in Executive Session. (May require either a Regular Weighted Capital Vote or a Special Weighted Capital Vote)

The following property matter was discussed in the Executive Session and was presented in Open Session for consideration:

Approve a Resolution to authorize the Executive Director to execute purchase of property (Moore Estate -- Parcel P25 -- LRH) for the Lake Ralph Hall Project. **Rich Lubke made a motion for approval of the Resolution # 2011-15 for Item No. 13. Seconded by Virginia Blevins.** The *Special Weighted Capital Vote* proceeded as follows:

ENTITY	ELIGIBLE WEIGHTED VOTE	YES	NO	ABSENT
AUBREY -- Faulkner	1	1		

BARTONVILLE – Smith	1	1		
CELINA – Vanzant	1	1		
CORINTH – Brown	3	3		
DENTON (CITY) – Fisher	2	2		
DC AT-LARGE – Campbell	1	1		
DCFWSO #1A – Miller	2	2		
DCFWSO #7 – Mercer	1	1		
DOUBLE OAK – Martin	1			1
FLOWER MOUND – Parr	9		9	
HIGHLAND VILLAGE – Lubke	2	2		
IRVING – Lopez	2			2
JUSTIN – Blevins	1	1		
KRUM – Calmes	1	1		
LAKE CITIES MUA – Fairfield	2			2
LEWISVILLE – Bacchus	2			2
LINCOLN PARK – Madison	1	1		
MUSTANG SUD – Boyd	2	2		
OAK POINT – Maynard	1	1		
PROSPER – Blair	1	1		
SANGER – Woods	1	1		
TOTAL	38	29	9	7

The votes were 29 Yes, 9 No. Motion carried.

14. Consider schedule for future Board Meetings.

The next regularly scheduled Board meeting will be on October 6. According to Taylor, at this time, it is unsure if an October meeting will be necessary. Staff recommended not scheduling a meeting, except subject to call by the President. If so, the next meeting would be the Fall Retreat on November 3. No action is required.

President Fisher solicited for additional inputs regarding the upcoming Retreat meeting, to send those via emails to the Executive Director or any of the Officers.

15. Review future agenda items, activities and announcements for future Board meetings.

None.

16. Visitor Comments Concerning Non-Agenda Topics.

None.

17. Adjournment.

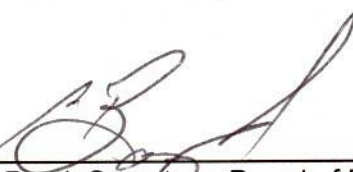
President Fisher adjourned the meeting at 3:22 P.M.

Recorded By:



Nancy T. Tam, Assistant Secretary, Board of Directors

Certified By:



Chris Boyd, Secretary, Board of Directors