

BOARD OF DIRECTORS FOR LAKE CITIES MUNICIPAL UTILITY AUTHORITY

Workshop and Regular Meeting Minutes

January 10, 2022 at 6:30 PM

WORKSHOP – 6:30 PM

CALL TO ORDER

President Tom Rufer called the workshop to order at 6:31 PM.

Board Members Present: President Tom Rufer, Vice President Evan Huff, Secretary Jennifer Gordon, Director Cecil Carter

Board Members Absent: Director Joe Flowers

WORKSHOP ITEMS

1. Presentation of Fiscal Year 2021 Financial Report and Auditor Report by CliftonLarsonAllen LLP.

Bhakti Patel, CPA and Principal at CliftonLarsonAllen LLP (CLA), presented the FY 2021 Financial Statements and Audit Report. Summary Highlights: The assets and deferred outflows of resources of the Authority exceed its liabilities and deferred inflows of resources at the close of FY 2021 by \$35.6M (net position). Of this amount, \$3.4M (unrestricted net position) may be used to meet the Authority's fiscal policies. Total net position increased by \$2.2M. These figures are consistent with the financials reported during FY 2020. CLA identified one significant deficiency in internal control – management relies on its audit firm to identify and record entries related to OPEB liability, depreciation, capitalization of CIP, bond premium amortization and reclassification of long-term debt. Also, there are system limitations that prohibit the Authority from making all suggested entries. CLA recommends that the Authority consider additional training for personnel to calculate and prepare closing entries and to consider upgrading its financial operating systems that will allow posting of all suggested entries. LCMUA did not disagree with the finding. There were no material weaknesses found during the audit.

President Rufer closed the workshop at 6:57 PM.

REGULAR MEETING – 7:00 PM

CALL TO ORDER

President Tom Rufer called the regular meeting to order at 7:00 PM.

PUBLIC COMMENTS

There were no public comments.

CONSENT ITEMS

- 1. Consider approval of the minutes for the Regular Meeting and Public Hearing on November 8, 2021.**
- 2. Consider approval of the Lake Cities Municipal Utility Authority's Financial Report for the fiscal year ending August 31, 2021.**

Director Carter made a motion to approve the consent items. Vice President Huff seconded the motion and the motion passed unanimously.

INDIVIDUAL ITEMS

3. Discuss, consider, and act on authorizing SAMCO Capital to proceed with preparing an application to refund Revenue Bond Series 2013 with the Texas Commission on Environmental Quality.

Mark McLiney with SAMCO Capital presented the details related to the refunding opportunity for the Authority. He stated that with refunding, a new application does not need to be prepared for TCEQ as it was stated on the agenda. Refunding is refinancing the bond that was issued in 2013 to save between \$200k - \$416k in interest payments over the remaining term (the final savings amount will be determined at refunding closure). Director Carter made a motion for approval of SAMCO Capital and the Authority to prepare documents for the refunding process with final review at the next meeting of the Board of Directors. Vice President Huff seconded the motion and the motion passed unanimously.

4. Consider report from the General Manager on the following items:

a. Revenue and Expense Report for the month ending December 31, 2021

Assistant General Manager, Kate Boatler presented the FY 2022 financials thru 12/31/21.

b. Shady Shores Right-of-Way Study on Brown Terrace and associated waterline upgrade

General Manager, Mike Fairfield stated that the Town of Shady Shores is in the process establishing dedicated utility ROW instead of the current prescriptive ROW in the area. This process will enable the Authority to survey the water and sewer lines and establish utility easements and allowing for the planning of new development in the area.

c. Update on Lift Station 5 relocation project

Engineer Mike Anderson stated Oncor is working to set the power meter on the site. There will also be some savings to the original contract bid because the amount of boring has been reduced. Construction should begin by the start of summer 2022.

d. Update on Harbor Grove Fire Protection Extension in conjunction with Town of Hickory Creek

GM Fairfield stated the Town of Hickory Creek has asked for additional fire protection in Harbor Grove. The total estimate to finish the project is about \$373k. The Authority is waiting for final supply item costs. GM Fairfield plans to meet with the Town Administrator in the coming weeks to discuss next steps.

e. Request for Interlocal Agreement with City of Denton for Lake Lewisville Water Treatment Plant Phase II Improvements

GM Fairfield explained the City of Denton would like water service at their water intake site on Lake Lewisville for the chemical storage building. The City will pay for project materials and the cost of construction. LCMUA's Project Crew will complete the construction. Regular water use will be metered and invoiced monthly.

f. Presentation of potential LCMUA Construction Projects Dashboard

Assistant GM Boatler explained the Authority is working with the GIS team to create a LCMUA Construction Projects Dashboard. The dashboard is still in the development stages and not ready to be published to the public.

- 5. Discuss, consider, and act on authorizing staff to engage professional services to pursue an application for debt funding with the Texas Commission on Environmental Quality for the projects included in the Capital Improvement Plan.**

Assistant GM Boatler presented the list of water and sanitary sewer projects eligible to be funded by a bond issuance. The estimated total for the projects is \$10M. Director Carter made a motion to authorize staff to engage professional services to pursue an application for debt funding. Vice President Huff seconded the motion and the motion passed unanimously.

- 6. Discuss, consider, and act on Order 2022-01 ordering an election to be held in Denton County, Texas on May 2, 2020 for the purpose of electing Board Members for Places 1 and 2 of the Board of Directors of Lake Cities Municipal Utility Authority; prescribing the time and manner of the conduct of the election to be in accordance with an agreement with the Election Administrator of Denton County; providing a severability clause; providing an open meetings clause; and providing an effective date.**

Vice President Huff pointed out the item date should be May 2, 2022. Assistant GM Boatler confirmed. Secretary Jennifer Gordon made a motion to approve Order 2022-01 with an updated date of election. Vice President Huff seconded the motion and the motion passed unanimously.

President Rufer closed the regular meeting at 8:12 PM.

EXECUTIVE SESSION

President Rufer opened the executive session at 8:15 PM.

- 7. Deliberation regarding pending or contemplated litigation or a settlement offer under Texas Government Code Section 551.071 involving acquisition of property related to the Shady Shores Road Reconstruction Project.**

President Rufer closed the executive session at 8:30 PM.

RECONVENE INTO REGULAR SESSION

President Rufer reconvened the regular session at 8:30 PM.

- 8. Discuss, consider, and act on items from Executive Session.**

No action taken.

- 9. Discuss announcements, activities, and agenda items for future Board meetings.**

Assistant GM Boatler brought news to the Board of the passing of retired, long term employee Bernice Wright. She passed on October 13, 2021 but the family did not share the news with LCMUA at the time.

Financial Analyst, Valerie Price gave an update on the progress of the LCMUA website refresh. The executive member headshots will be finished up by the end of the month.

Future meeting dates will be:

- March 21, 2022 at 7:00 PM
- May 16, 2022 at 7:00 PM.

ADJOURNMENT

President Rufer adjourned the meeting at 8:37 PM.

To be approved by the LCMUA Board of Directors March 21, 2022.

SIGNATURE ON ORIGINAL

Tom Rufer, President

SIGNATURE ON ORIGINAL

Jennifer Gordon, Secretary

(SEAL)

