

Minutes of Regular Meeting
Northeast Texas Municipal Water District
Board of Directors
January 25, 2021 – 10:00 a.m.

The Board of Directors of the Northeast Texas Municipal Water District met in an open meeting on Monday, January 25, 2021 at 10:00 A.M. The meeting was held at Northeast Texas Municipal Water District's Executive Office located at 4180 Farm Road 250, Hughes Springs, Texas 75656. Notice of the meeting was legally posted. A quorum was present. An opportunity was provided for public comments before any action was taken by the Board of Directors.

Present: Jack Salmon, Jr. - Avinger
Robyn Shelton - Hughes Springs
Patrick Smith - Pittsburg
Saundra Wexler - Lone Star
Stan Wyatt - Daingerfield
Joseph W. Weir, III - Ore City

Present by
Phone: George Otstott - Jefferson

Staff: Walt Sears, Jr.
Pete Wright
Dominic Sobieraj
Robyn Goodson

Guest: Joncie Young - KSA Engineers, Inc.
Lanny Walker - Arnold, Walker, Arnold & Co., P.C.

President Robyn Shelton called the meeting to order at 10:00 a.m. Jack Salmon gave the invocation. Mrs. Shelton led the directors in the pledge of allegiance to the United States flag and the Texas flag. The seating arrangement was spacious enough for everyone in attendance to be more than 6 feet apart.

On a motion by Saundra Wexler and a second by Stand Wyatt minutes of the December 28, 2020 meeting were approved. Motion carried, all voting aye.

Jack Salmon, Jr. made a motion to approve the monthly investment report, to approve financial reports on all current accounts and funds, and pay invoices for professional services. Sandy Wexler seconded the motion. Motion carried, all voting aye.

Mr. Sears introduced Mr. Walker first by informing the Board of Directors that Mr. Walker started working for NETMWD in 2010. Mr. Sears compared the first audit to the latest one and the biggest changes are that NETMWD owes about \$8.4 million less in debt and has about \$2.6 million more in cash and investments. These changes indicate that from the first audit by Mr. Walker 2010 to the present audit that NETMWD is 11 million dollars to the good. Mr. Sears stated NETMWD had a good year in 2020, financially speaking.

Mr. Walker with Arnold, Walker, Arnold & Co., P.C. thoroughly explained the 2020 Fiscal Year financial audit. Mr. Walker stated he feels a little guilty charging normally for this audit because NETMWD has such a great staff and Osiris Brantley does such a wonderful job. Mr. Walker stated this is probably the only audit he has that no adjusting entries had to be made this year. Mr. Walker noted that NETMWD's internal controls are strong and financials are strong and getting stronger. Mr. Walker told the Directors that they have an unmodified report which means they have a clean opinion and what was presented to them is fairly stated. Mr. Walker informed the Board that NETMWD was up \$650K dollars in cash and investments. The unrestricted cash and investments up \$956K dollars and restricted down about \$300K dollars overall, with all funds put together. Net

position went up about \$1.1 million to an overall amount of \$20.4 million net position at the end of audit year. Mr. Walker stated again it is extremely rare that there are no adjusting entries and there were no adjusting entries made to NETMWD's audit. Mr. Walker complimented staff for maintaining good records and for their professionalism. Stan Wyatt made a motion to approve 2020 Fiscal Year Audit. Joseph W. Weir, III seconded the motion. Motion carried, all voting aye.

Mr. Sears spoke on NETMWD's investment policy. Mr. Sears informed the Board of Directors that there are no changes to suggest at this time. Mr. Sears stated that in his absence Osiris Brantley is the approved Investment Officer and is authorized to sign NETMWD's investment documents. Jack Salmon, Jr. made a motion to approve NETMWD's Investment Policy and the related resolution. Sandra Wexler seconded the motion. Motion carried, all voting aye.

Stan Wyatt made a motion to approve December 2020 Southside financial report and authorization to make adjusting entries for variable operating expenses based on actual production for the last quarter of 2020 as presented. Sandra Wexler seconded the motion. Motion carried, all voting aye.

Water Production Operations Report was made by Dominic Sobieraj and Pete Wright:

- Raw water quality as of January 7th is good. Mr. Sobieraj stated with the amount of rain we have been getting it has made it a little more challenging to treat,
- Mr. Sobieraj informed the Directors we accepted the lowest bid of \$2,500 dollars from Daily electric motors out of Longview on the rewind/rebuild of the 27-year-old raw water pump. The motor was delivered on January 19, 2021. Also, with the help of the Tanner plant we were able to place the new mixer and clarifier. Mr. Sobieraj thanked Tryon Road for helping out on the retrieval and installation of our pump,
- Mr. Sobieraj stated we have received four quotes on the new roof replacement for the Tanner Plant and bid ranging between 24K-63K. Mr. Sobieraj stated D&G Quality Roofing had the lowest bid at \$23,700.00 dollars with the best references, as well. Mr. Sears stated that Tryon Road and Diana SUD have agreed on paying their part. Patrick Smith made a motion to approve the lowest bid from D&G Quality Roofing in the amount of \$23,700.00 for the new roof replacement for the Tanner Plant. Stan Wyatt seconded the motion. Motion carried, all voting aye.
- We are assessing condition of the ammonia bulk tank as well as the ammonia feed room. Work is underway in replacing valves, fittings and connections to repair leaks and improve workplace safety,
- Mr. Sobieraj stated we are still waiting for the discharge permit for the Tanner plant from TCEQ and all required paperwork has been submitted to KSA. If permit does not come through by February 1, 2021, we are prepared to switch to recycling water. Joncie Young with KSA Engineers, presented the Board of Directors with 3 work orders: 1) work order #051 replacement raw water pump at the Tanner treatment plant 2) work order #052 water line location and mapping services for the Hughes Springs transmission lines 3) work order #053 water line mapping for the Avinger/Jefferson transmission lines. Sandra Wexler made a motion to approve these three work orders as presented by Joncie Young, replacement raw water pump at the Tanner treatment plant, water line location and mapping services for the Hughes Springs transmission lines, and water line mapping for the Avinger/Jefferson transmission lines. Jack Salmon, Jr. seconded the motion. Motion carried, all voting aye.
- Mr. Wright was in training last week to enable license renewal,
- The Tanner Plant is implementing Covid-19 isolation practices, 12 hour shifts for operators,
- The newest sludge geotube bag shifted from its original pad down to the lower level pad due to heavy rains, and

Board of Directors Minutes

January 25, 2021

Page 3

- The PC units for the Tanner Plant Lead Operator and main office back-up unit have been replaced with Mini PC and two solid state drives have been replaced. All units were running an obsolete operating system, Windows Vista and were at least 15 years old.

Robert Speight with NETMWD gave presentation on the successful action taken to reduce phosphorus contributions upstream of Lake O' the Pines. Mr. Speight noted that the overall goal at least a 56% of reduction has been achieved every year since 2014. The implementation is improving the dissolved oxygen in Lake O' the Pines. It was noted that higher dissolved oxygen in Lake O' the Pines is environmentally helpful and lessens the chemical cost of water purification.

Mr. Sears updated the Board of Directors on the flood planning group. Mr. Sears informed the Board that the flood planning group has had two meetings. The State of Texas is providing and \$17 million dollars in funding with our region receiving about \$910,000.

During the General Manager's report, Mr. Sears reported on the following:

- Review Recap of Elevations of Lake O' the Pines Spreadsheet, and
- Luminant contract discussions about additional places for possible storage of water. This project will be using an old mine pit to store water. The water will be pumped downstream during drought periods or other strategically important times.

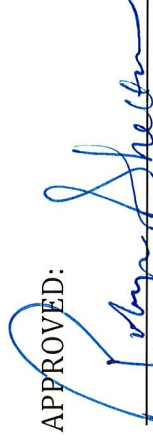
On a motion by Joseph W. Wear, III and a second by Jack Salmon, Jr., the next meeting of the Board of Directors was set for February 22, 2021. Motion carried, all voting aye.

Motion to adjourn was made by Sandra Wexler with a second from George Otstott. Motion carried, all voting aye.

ATTEST:


Jack Salmon, Jr., Secretary/Treasurer

APPROVED:


Robyn Shelton, President