

**MINUTES OF THE BOARD OF DIRECTORS
OF THE DALLAS COUNTY PARK CITIES
MUNICIPAL UTILITY DISTRICT
HELD 9:00 A.M., TUESDAY, SEPTEMBER 10, 2024
AT 1811 REGAL ROW, DALLAS,
DALLAS COUNTY, TEXAS**

**ITEM I
ADMINISTRATIVE PROVISION
V.T.C.A §49.100**

NOTICE OF MEETING. §49.063

The notice of the meeting was posted, Tuesday, September 3, 2024, at 3:00 p.m. and remained posted until Tuesday, September 10, 2024 at 12:00 p.m.

MEETING CALLED TO ORDER §49.064

The meeting was called to order by Mr. James Cornelius, President of the Board of Directors.

ROLL CALL

Directors Attending

James Cornelius, President
Mike McKenzie, Secretary
Neil Harris, Director
Jack Denman, Director
Charles R. Biddle, Director

Others Attending

Hector Ortiz, General Manager
Brent Jordan, Technical Services Manager
Trey Wimpey, Technical Services Supervisor
Ed McCarthy, Legal Counsel for Raw Water Sale Contract

CONSIDER MINUTES OF PREVIOUS MEETING(S) §49.065

A regular meeting of the Board was held on August 13, 2024. Meeting minutes were included in the Board packet. A motion was made by Jack Denman to approve the minutes. This motion was seconded by Neil Harris. All directors voted aye.

**ITEM II
POWERS AND DUTIES
V.T.C.A. §49.200**

1. DISCUSSION ON DISTRICT'S FINANCIAL PROCESSES

Hector Ortiz presented Whitley Penn's findings and recommendations from the recent financial processes review. He noted that the District should change from the PC-based Quickbooks to the cloud-based subscription option per the recommendation. Also, we have not had a follow-up meeting with Whitley Penn for some more detailed discussions on their findings. The meeting is scheduled for September 11, 2025. Hector Ortiz also noted that, at this time, he would not recommend hiring Whitley Penn to perform all of the District's finance and accounting functions as this is about \$90,000 per year or \$7,500 per month. Further discussion on this subject will take place with the Board once more details are available.

**ITEM III
FISCAL MATTERS
V.T.C.A §49.300**

1. CONSIDER THE FY2025 BUDGET

Hector Ortiz and Brent Jordan asked the Board if there were questions on the final budget. Jack Denman asked about the sludge reserve and how it is being accumulated over 3 years. Brent Jordan went through the budget documents and showed the Board how the sludge reserve is accumulated. Hector Ortiz pointed out to the Board that we are going to use some reserves during the next 2 years, but on year 3 we will be back on track. A motion was made by Mike McKenzie to approve the budget. The motion was seconded by Jack Denman. All directors voted aye.

2. CONSIDER CONTRACT FOR DISTRICT'S LIABILITY INSURANCE

Hector Ortiz presented the proposal from Gallagher for liability insurance, worker's comp and cybersecurity. He noted that this year's increase will be around 11% which is very close to what we predicted during the budget process. Neil Harris had asked a question as to whether pollution was covered. Staff investigated and determined that we do have pollution insurance. A motion was made by Jack Denman to approve the contract with Gallagher. The motion was seconded by Mike McKenzie. All directors voted aye.

3. CONSIDER CONTRACT FOR EMPLOYEE BENEFITS THROUGH ONE DIGITAL

Hector Ortiz presented the new rates for this year for employee health insurance along with the other benefits provided by the District. He noted that only a 0.2% increase would take place this year for health and that other benefits remained about the same as last year. A motion was made by Jack Denman to approve the new contract. The motion was seconded by Randy Biddle. All directors voted aye.

4. CONSIDER CONTRACT FOR REPLACEMENT OF FIRE ALARM SYSTEM COMPONENTS

Hector Ortiz reviewed the need for some fire alarm system work that was identified earlier this year as part of the annual inspection. He mentioned that Mike Swint, the District's Maintenance Manager, researched options with 3 different vendors and Johnson Controls was the only one that submitted a proposal. Other vendors notified Mike Swint that it would be significantly less expensive to keep the proprietary system that the District currently owns as any other system would require an entire system upgrade. The quoted amount to fix the current system and bring obsolete items up to date is around \$67,000. A motion was made by Jack Denman to approve the contract with Johnson Controls for the repair of the existing system. The motion was seconded by Neil Harris. All directors voted aye.

5. CONSIDER CONTRACT FOR THE SALE OF EXCESS RAW WATER

Hector Ortiz informed the Board that we are down to one negotiation point on the contract and summarized the water availability numbers from Lake Grapevine as well as the water covered under the contract for the sale of raw water. The Board discussed the right of first refusal provision of the contract and Ed McCarthy covered some of the pros and cons within the provision. After some discussion, the Board determined that the impact of giving UTRWD the right of first refusal was not significant as the District has tried to sell excess water in the past and buyers had not been found previously. Ed McCarthy was directed to update the language to allow UTRWD to have right of first refusal for up to 16,000 acre ft of water under the provisions of the contract, whether available as annual or additional water. Hector Ortiz told the Board that once the contract is updated and UTRWD accepts the changes, he will call a special meeting to approve the contract. Following approval, Hector Ortiz will send the contract to Ed McCarthy for his signature and finally, UTRWD for their Board approval at their October 2024 meeting.

**ITEM IV
MANAGEMENT REPORTS**

1. A status report of projects underway or completed was included in the Board packet for review.
2. A list of major invoices paid last month was included in the Board packet for review.
3. Budget Summaries were included in the Board packet for review.
4. Cashflow Reconciliation Report was included for Board review.
5. Balance Sheet was included in the Board packet for review.

6. TexPool statements were included in the Board packet for review.

**ITEM V
ADJOURNMENT**

A motion was made by Neil Harris to adjourn the meeting and seconded by Mike McKenzie. All directors voted aye.

PASSED AND APPROVED THIS THE 8th DAY OF October, 2024

DALLAS COUNTY PARK CITIES
MUNICIPAL UTILITY DISTRICT



Michael D. McKenzie, Secretary



James S. Cornelius, President

