

SOUTH TEXAS WATER AUTHORITY  
Special Board of Directors Meeting  
September 8, 2015  
Minutes

Board Members Present:

Kathleen Lowman  
Filiberto Treviño  
Lupita Perez  
Patsy Rodgers  
Dr. Albert Ruiz  
Charles Schultz  
Steven Vaughn

Board Members Absent:

Rudy Galvan

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jacob Hinojosa  
Jo Ella Wagner

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Special Meeting of the STWA Board of Directors to order at 5:44 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No comments were made.

3. Fiscal Year 2016 budget, revenues and rates.

Ms. Serrato reviewed the proposed Fiscal Year 2016 budget and accompanying worksheets. She explained that the budget is based on maintaining the current M&O tax rate and Handling Charge, an I&S tax rate of \$0.02136 per \$100 valuation which is a slight decrease from the current rate, and an ending balance in the General Fund of -\$52,111. She also said that the City of Corpus Christi water rates which have yet to be approved, will take effect in January; therefore, she will modify the model to hold over the rates for October through December and then update it January with the new rates.

4. Resolution 15-16. Resolution adopting the recommended Fiscal Year 2016 budget.

Mr. Schultz made a motion to adopt Resolution 15-16. Ms. Rodgers seconded and the motion passed unanimously.

5. Resolution 15-17. Resolution adopting the Fiscal Year 2016/Tax Year 2015 tax rate.

Mr. Schultz made a motion to approve Resolution 15-17 adopting the Fiscal Year 2016/Tax Year 2015 tax rate of \$0.06189 per \$100 assessed valuation for M&O and \$0.02136 per \$100 assessed

valuation for I&S for a total tax rate of \$0.08325 per \$100 of taxable value. Ms. Rodgers seconded the motion. All voted in favor.

6. Gerald Ostarch services for review of Restated South Texas Water Authority Thrift Plan and Trust.

Ms. Serrato explained that last year the Board approved using McKay Hochman Co., Inc. for legal services associated with securing a determination letter from the IRS. The services were previously provided by Gerald Ostarch who no longer provides those services. As required, STWA's Thrift Plan has been restated in order to comply with the Pension Protection Act of 2006. Although, according to Mike Albright of Frost Bank, the Plan is basically a template which should include all necessary provisions, he cannot guarantee that STWA's pick-up feature, which addresses withholding of pre-tax dollars, is included as needed in all pertinent sections of the Restated Plan. He suggested having Mr. Ostarch review the documents as some of his other clients have done. Ms. Serrato stated that Mr. Ostarch was contacted and provided a quote of \$825 to review the Plan. Several of the Board members asked for clarification on why another attorney would need to review the document prepared by McKay Hochman and questioned if McKay Hochman is experienced in restating plans. Ms. Serrato explained that they do have experience in restating plans, and Mr. Ostarch's task would be to review the document, point out if there is anything missing and provide an explanation on how to address any problem issues based on his previous long standing history with STWA. Mr. Treviño stated that he would not support use of Mr. Ostarch's services. Mr. Serrato responded that if the Board does not approve utilizing the services of Mr. Ostarch, she would notify him that his services are not needed. Mr. Vaughn commented that the quoted amount is a small price to pay to make sure that everything is correct on the plan which impacts employees' retirement. He then made a motion to utilize the services of Mr. Ostarch to review the restated plan provided by McKay Hochman Co., and Ms. Rodgers seconded. The motion failed on a vote of three in favor and four against.

7. Agreement with HDR Engineering, Inc. for engineering services pertaining to assessment of STWA's 42" waterline.

Ms. Serrato stated that the Agreement with HDR Engineering is not yet ready but she hopes it will be available by the September 22<sup>nd</sup> meeting.

8. Personnel Evaluation of the Executive Director.

Ms. Lowman announced that the Board would convene in Closed Session at 6:07 p.m. pursuant to Section 551.074 of the Government Code to discuss the Personnel Evaluation of the Executive Director. The Board reconvened in Open Session at 7:10 p.m. No action was taken during Closed Session.

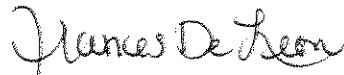
Ms. Lowman stated that the Board requests that in the future, Ms. Serrato provide a bulleted self-evaluation to correspond with the skills and tasks that are being evaluated on the evaluation form. She announced that the Board rated her as exceeding expectations and proposed a 3% salary increase. In addition the Board requested information on her car allowance in order to discuss an increase since the allowance has not changed since 1992. Ms. Serrato commented that she is not asking for a raise and that she feels that the current car allowance is adequate but

she will place the subject on the next agenda. She added that if anything, at a future date she would like to discuss the Authority providing partial medical coverage for retirees who have not reached Medicare eligibility. Mr. Treviño said the subject can be placed on a future agenda for discussion. Ms. Lowman commented that the Board feels that Ms. Serrato is doing a wonderful job.

9. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:19 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary