

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
September 27, 2016
Minutes

Board Members Present:

Kathleen Lowman
Filiberto Treviño
Lupita Perez
Patsy Rodgers
Charles Schultz
Steven Vaughn

Board Members Absent:

Rudy Galvan
Dr. Albert Ruiz

Staff Present:

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

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:31 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the September 6, 2016 Public Hearing and Regular Meeting as presented. Mr. Vaughn seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

The following reports were presented for the Board's consideration:

Treasurer's Report for period ending August 31, 2016
Revenue Fund Income Statement for period ending August 31, 2016
Tax Fund Income Statement for period ending August 31, 2016
STWA Revenue Fund Balance Sheet – August 31, 2016
STWA Revenue Fund GL Account Summary Report as of August 31, 2016
STWA Debt Service Fund Income Statement for period ending August 31, 2016
STWA Debt Service Fund Balance Sheet August 31, 2016
STWA Debt Service Fund GL Account Summary Report as of August 31, 2016
STWA Capital Projects Fund Income Statement for period ending August 31, 2016
STWA Capital Projects Fund Balance Sheet – August 31, 2016

STWA Capital Projects Fund GL Account Summary Report as of August 31, 2016

STWA 2012 Bond Election Report

Anticipated vs. Actual Water Rate Charged

Maintenance & Technical Report from O&M Supervisor

Ms. Wagner distributed copies of invoices from the City of Driscoll and HDR Engineering and presented the following outstanding invoices for Board approval:

• Mission Automation Group	\$ 1,750.00
• LNV	\$ 5,550.00
• LNV	\$ 1,500.00
• City of Corpus Christi	\$ 136,526.80
• HDR Engineering	\$ 1,716.00
• City of Driscoll	\$ 3,600.00
• HDR Engineering	\$ 22,602.00

A motion was made by Mr. Schultz and seconded by Mr. Vaughn to approve the Treasurer's Report and payment of the bills as presented. The motion carried.

5. Fiscal Year 2016 Budget Amendments.

Ms. Serrato reviewed the proposed FY 2016 Amended Budget. After reviewing the amendments, Mr. Schultz made a motion to approve the final FY 2016 Budget Amendments. Ms. Rodgers seconded and all voted in favor.

6. Tax Year 2016 tax roll/levy for the South Texas Water Authority's district in Kleberg County.

Ms. Serrato presented the Kleberg County tax roll/levy for Tax Year 2016 reflecting a total taxable value of \$1,045,786,856 and a total tax levy of \$868,355 and recommended approval of Resolution 16-16.

7. Resolution 16-16. Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Kleberg County for tax year 2016.

Mr. Treviño made a motion to adopt Resolution 16-16 adopting the tax roll/levy for South Texas Water Authority's district in Kleberg County for tax year 2016. Ms. Rodgers seconded the motion and all voted in favor.

8. Tax Year 2016 tax roll/levy for the South Texas Water Authority's district in Nueces County.

Ms. Serrato presented the Nueces County tax roll/levy for 2016 which reflected a total taxable value of \$655,075,222 and a total tax levy of \$543,772.11. She recommended approval of Resolution 16-17.

9. Resolution 16-17. Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Nueces County for tax year 2016.

Mr. Treviño made a motion to adopt Resolution 16-17 adopting the tax roll/levy for South Texas Water Authority's district in Nueces County for tax year 2016. Ms. Rodgers seconded the motion and all voted in favor.

10. STWA General Fund Investment Policies:

- a) South Texas Water Authority General Fund
- b) South Texas Water Authority Debt Service Fund
- c) South Texas Water Authority Reserve Fund
- d) South Texas Water Authority Capital Project Fund

Ms. Serrato informed the Board that review and approval of STWA's Investment Policies is required every year and added there have been no changes to the Policies since last year. She then recommended approval of the STWA General Fund, Debt Service Fund, Reserve Fund and Capital Project Fund Investment Policies.

11. Resolution 16-18 through 16-21. Resolution approving the South Texas Water Authority Investment Policies.

- a) South Texas Water Authority General Fund
- b) South Texas Water Authority Debt Service Fund
- c) South Texas Water Authority Reserve Fund
- d) South Texas Water Authority Capital Project Fund

Mr. Schultz made a motion to adopt Resolutions 16-18, 16-19, 16-20 and 16-21. Ms. Perez seconded. All voted in favor.

12. TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato stated that a Proposal for Decision from the Administrative Law Judge has not been received. She had nothing else to report.

13. Kingsville Pump Station Bond Projects – Pump Replacement.

Ms. Serrato reported that after the problems with Pump #2 and Pump #3 were corrected, there were discussions with the pump manufacturer regarding an extended warranty on the pumps. The manufacturer agreed to extend the warranty for materials only for an additional year which will end in November of 2017. Odessa Pumps and ACP were contacted to see if either company is willing to provide an extension on the labor in case additional pump work is needed. ACP agreed to extend until November of 2017 but only upon release of the retainage. Ms. Serrato stated that legal counsel Bill Flickinger advises that STWA should release the retainage with the understanding that ACP will provide the extended warranty. The Board requested that the check for the retainage be sent with a letter including a comment reflecting on this understanding. Mr.

Treviño made a motion to release the retainage and provide ACP with such a letter. Mr. Schultz seconded. All voted in favor.

14. Joint Project with Nueces Water Supply Corporation – Pump Station Improvements at the Driscoll Pump Station.

Ms. Serrato stated that a check valve at the Driscoll Pump Station appears defective. The matter has been discussed with the manufacturer who states that the valve is working correctly. Mr. Mercer of Mercer Controls has witnessed the problem and O&M Supervisor Jacob Hinojosa has taken a video of the check valve slamming. Mr. Schultz suggested forwarding the video to the manufacturer. Ms. Serrato also stated that Mercer Controls still needs to provide the operation manuals. She has not received any payment requests. The Board took no action.

15. One-Year Wholesale Water Supply Contract between the City of Kingsville and South Texas Water Authority.

Ms. Serrato stated that after the last Board meeting during which the Board tabled a decision on the One-Year Wholesale Water Supply Contract with the City of Kingsville, Mr. Flickinger notified the City of the Board's action. The City of Kingsville met on September 26th and approved the One-Year Contract. Ms. Serrato stated that Mr. Flickinger recommends approval of the contract in order to allow time to settle terms on a twenty-year contract. In addition, Ms. Serrato feels that approval of the one-year contract will help in keeping water moving through the line on a daily basis and improve residuals. Mr. Vaughn made a motion to approve the One-Year Wholesale Water Supply Contract between the City of Kingsville and South Texas Water Authority. Mr. Schultz seconded. All voted in favor.

16. Board Direction on Budgeted 3% Salary Increases.

Ms. Serrato requested the Board's direction on whether to include the Authority's newly hired employees among those receiving salary increases and asked if they had a particular method in mind on how the increases should be distributed. She explained that she normally takes the total amount of the increases and splits it out evenly among employees while allowing for slightly larger increases when employees have demonstrated exceptional performance. She added that she does not normally provide the same percentage increase to each employee because doing so year after year will eventually create a large spread in pay between the lower paid and higher paid employees. Mr. Vaughn said that he felt that one year of employment is fitting for an increase and does not think that a 3% increase would be appropriate for new hires. Mr. Treviño agreed that it was fine to leave the decision of distribution of the 3% increase up to Ms. Serrato based on performance. The Board agreed that it was not appropriate to grant increases to newly hired employees but that raises should be considered upon completion of their probationary period. In addition the Board agreed that distributing the 3% increase in salaries should be left up to Ms. Serrato's discretion. They also clarified that the Executive Director's salary should be included in the total 3% increase in salaries.

17. Personnel Evaluation of the Executive Director.


Ms. Lowman announced that the Board would convene in Closed Session at 6:33 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 6:59 p.m. No action was taken during Closed Session.

Ms. Lowman stated that as a group the Board feels that Ms. Serrato exceeds expectations. She added that they had referred to her previous evaluation and felt that Ms. Serrato exhibited improvement in many areas. The Board expressed their appreciation of Ms. Serrato's work as well as that of the entire staff.

18. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:05 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary