

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
September 24, 2019
Minutes

Board Members Present:

Kathleen Lowman
Rudy Galvan, Jr.
Jose Graveley
Lupita Perez
Patsy Rodgers
Filiberto Treviño

Board Members Absent:

Brandon Barrera
Steven Vaughn

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Armando Yruegas

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 5:39 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the September 3, 2019 Public Hearing on Proposed Tax Rate, Public Hearing on Annexation and Regular Meeting as presented. Mr. Treviño 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, 2019
Revenue Fund Income Statement for period ending August 31, 2019
Tax Fund Income Statement for period ending August 31, 2019
Special Services Income Statement for period ending August 31, 2019
STWA Revenue Fund Balance Sheet -- August 31, 2019
STWA Revenue Fund GL Account Summary Report as of August 31, 2019
STWA Debt Service Fund Income Statement for period ending August 31, 2019
STWA Debt Service Fund Balance Sheet August 31, 2019
STWA Debt Service Fund GL Account Summary Report as of August 31, 2019
STWA Capital Projects Fund Income Statement for period ending August 31, 2019

STWA Capital Projects Fund Balance Sheet – August 31, 2019
STWA Capital Projects Fund GL Account Summary Report as of August 31, 2019
Cathodic Protection Expenses Breakdown through August 31, 2019
2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor
CP Update from CP Technician

The following outstanding invoices were presented for Board approval:

• Willatt & Flickinger, Attorneys at Law	\$ 2,328.80
• Walker Partners	\$ 7,500.00
• Kleberg County Appraisal District	\$ 5,344.79
• City of Corpus Christi	\$ 172,715.45

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

5. Fiscal Year 2019 Budget Amendments.

Ms. Serrato reviewed the amendments to the Fiscal Year 2019 Budget. The amendments included an increase in Total Revenues of \$30,100, a decrease in Total Administrative and Operations Expenditures without Capital Outlay of \$74,869, a decrease of \$107,800 in Total Capital Outlay and an increase of \$59,641 in Total Other Financing Sources resulting in a Net Ending Balance of \$279,688 which Ms. Serrato pointed out could potentially increase by \$25,000 from the Major Repair line item if no major repairs are experienced during the remainder of the fiscal year. She added that the Special Services budget reflects that Ricardo Water Supply Corporation revenues are about \$44,000 less than anticipated. This may be related to an unusually high amount of vehicle related expenses and will be examined further. After reviewing the amendments, Ms. Rodgers made a motion to approve the Fiscal Year 2019 Budget Amendments. Mr. Graveley seconded and all voted in favor.

6. Tax Year 2019 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 2019 reflecting a net taxable value of \$1,145,694,915 and a calculated tax levy of \$996,824.08. She recommended approval of Resolution 19-57 adopting the tax roll/levy for the South Texas Water Authority's district in Kleberg County for tax year 2019.

7. Resolution 19-57. Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Kleberg County for tax year 2019.

Mr. Galvan made a motion to approve Resolution 19-57 adopting the tax roll/levy for South Texas Water Authority's district in Kleberg County for tax year 2019. Mr. Treviño seconded the motion and all voted in favor.

8. Tax year 2019 tax roll/levy for the South Texas Water Authority's district in Nueces County.

Ms. Serrato presented the Nueces County tax roll/levy for Tax Year 2019 reflecting a total taxable value of \$1,017,319,633 and a total tax levy of \$884,718.43 and recommended approval of Resolution 19-58 adopting the tax roll/levy for the South Texas Water Authority's district in Nueces County for tax year 2019.

9. **Resolution 19-58. Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Nueces County for tax year 2019.**

Mr. Galvan made a motion to approve Resolution 19-58 adopting the tax roll/levy for South Texas Water Authority's district in Kleberg County for tax year 2019. Mr. Treviño seconded the motion and all voted in favor.

10. STWA Investment Policies.
- a) South Texas Water Authority General Fund
 - b) South Texas Water Authority Debt Service Fund
 - c) 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 recommended adoption of Resolutions 19-59, 19-60 and 19-61 approving the STWA General Fund, Debt Service Fund and Capital Project Fund Investment Policies.

11. **Resolutions 19-59 through 19-61. Resolutions approving the following 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 Capital Project Fund

Mr. Galvan made a motion to adopt Resolutions 19-59, 19-60 and 19-61. Ms. Rodgers seconded. All voted in favor.

12. Request to close office for staff Christmas luncheon and gift exchange on December 17, 2019.

Ms. Serrato requested authorization to close the office on December 17, 2019 during the annual staff Christmas luncheon. Mr. Galvan made a motion to authorize closing the office on December 17, 2019 for three hours for the annual staff Christmas luncheon and gift exchange. Mr. Treviño seconded. All voted in favor.

13. Nueces County project for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation.

Ms. Serrato stated that Nueces County expects to advertise for bids for construction of the new pump station in Banquete by mid-October and the bids could be available by mid-November. She had nothing further to report.

14. License Agreement with City of Bishop for Pump Station Facilities.

Ms. Serrato reported that the Bishop City Council is scheduled to meet on September 25th and the agenda includes discussion of the License Agreement. She is unable to attend the meeting but will follow up with City Secretary Cynthia Contreras on September 26th.

15. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that based on the most recent discussions with the City of Driscoll regarding the water supply contract, it appears that the City is most concerned about the term of the contract and about being financially responsible for the equipment after accepting title to the facilities. She has explained to them that the City can contract with STWA for maintenance of the facilities. Ms. Serrato reported to the Board that she has been working on the pump station cost allocation information and questions remain about whether the Sage accounting software can be programmed to accommodate the various scenarios of expense allocations. She added that once the cost allocation is completed, she will present it to the City of Driscoll.

16. Approval of Annexation of Certain Lands to the South Texas Water Authority.
 - a. Jakob Parks – Tract Eight (8), Cyndie Park Unit 2 in Nueces County Texas)
 - b. Arnold Flores and Sarah Flores – Lot 33 and the southwest ½ of Lot 32, Cyndie Park Unit 1, Nueces County, Texas

Ms. Serrato stated that approval of Resolution 19-62 and 19-63 finalizes the annexation process of these properties and she recommended adoption of the resolutions.

17. Resolution 19-62. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Jakob Parks – Tract Eight (8), Cyndie Park Unit 2 in Nueces County, Texas)

18. Resolution 19-63. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Arnold Flores and Sarah Flores – Lot 33 and the southwest ½ of Lot 32, Cyndie Park Unit 1, Nueces County, Texas)

Mr. Graveley made a motion to adopt Resolution 19-62 and 19-63. The motion was seconded by Ms. Rodgers and passed unanimously.

19. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place.

- a. Frank Rios, II and Adelia D. Rios – Tract Five-H (5-H), The Ranch in Nueces County, Texas.

Ms. Serrato stated that the owners of this property recently approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of the ongoing project to extend water service to the Cyndie Park area. Requesting annexation is the first step in the process to obtain service on the property. Ms. Serrato recommended approval of Resolution 19-64 setting the Public Hearing on October 22, 2019 at 5:30 p.m. at the STWA conference room.

20. Resolution 19-64. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Frank Rios, II and Adelia D. Rios)

Mr. Treviño made a motion to adopt Resolution 19-64 setting the Public Hearing on October 22, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Ms. Perez and passed unanimously.

21. STWA Depository.

Ms. Serrato presented Prosperity Bank's offer to extend STWA's depository agreement until October 31, 2021. The terms remain the same except for an increase in the interest rate from 0.4% to 0.5%. Ms. Serrato also explained that Prosperity Bank no longer requires a resolution and requested authorization to sign the Prosperity Bank's offer letter. Ms. Rodgers made a motion to authorize Ms. Serrato to sign the letter. Mr. Treviño seconded. All voted in favor.

22. Resolution 19-65. Resolution extending Depository Contract for Funds of the South Texas Water Authority.

This resolution is not required and will be voided.

23. Specifications for Fiscal Year 2020 pickup truck purchase.

Ms. Serrato presented the specifications for purchase of a FY 2020 pickup truck. She pointed out that the specifications call for a 4-door, 3/4 – ton, 4x4 gas engine pickup truck with a long bed. Bluetooth capability and power windows have also been included in the specs. She noted that the United Auto Workers strike could affect availability of vehicles. Ms. Serrato requested authorization to request bids from area dealerships as well as BuyBoard. Mr. Galvan made a motion to authorize distribution of the specifications to area dealerships and BuyBoard. Mr. Graveley seconded. All voted in favor.

24. Quote from Macaulay Controls Company for a Flow-Tronic Torpee Mag for the Driscoll Booster Station.

Ms. Serrato reported that representatives from Macaulay Controls visited the Driscoll Booster Station to evaluate the issues with the disinfection system's flow meter. Currently, the system is being operated manually because of problems with the flow meter. She presented a quote in the amount of \$16,500 for a Flow-Tronic Torpee Mag which has sensors that will extend the entire inside diameter and record flows from five different locations. This device is capable of measuring flows as low as 88 gpm. Macaulay will be providing further details on the installation and programming. Shay Roalson, HDR project engineer on the Booster Station has been contacted and believes this device could solve the issues. David Simons, TCEQ, agrees with this assessment. Mr. Graveley made a motion to authorize purchase of the Flow-Tronic Torpee Mag. Mr. Galvan seconded. All voted in favor.

25. City of Corpus Christi Rate Model – NewGen Strategies review.

Ms. Serrato reported that Chris Ekrut, NewGen Strategies, has completed his review of the City of Corpus Christi Rate Model and has provided a summary of his findings. According to the summary, the City's proposed rates appear to be in compliance with the Settlement Agreement. However, Mr. Ekrut recommends that certain expenses be carefully reviewed in the future to ensure that the City's future rates adhere to the Agreement. These expenses include personnel and the expansion of the City's Utility Department Building. Additionally, use of the reserve fund from the 5-cent resource charge should be examined regularly. Ms. Serrato stated that the cost of the review will be shared with Nueces County Water Control & Improvement District #4. The Board made no comments regarding Mr. Ekrut's findings.

26. Review of STWA Personnel Policies – Chapter XIII Grievances and Appeals.

Ms. Lowman stated that she requested review of STWA's grievance policy in response to Jacob Hinojosa's resignation. Mr. Treviño asked Ms. Serrato to review the grievance policy. Ms. Serrato reviewed the steps and Mr. Treviño pointed out that a step appears to be missing and explained that if a manager files a grievance against the Executive Director, the grievance needs to be reported to someone other than the Executive Director. Ms. Serrato said she would contact attorney Bill Flickinger about modifying the policy to include a step to file these types of complaints with the Board officers. Mr. Galvan asked if exit interviews are conducted with outgoing employees and Ms. Serrato responded that she conducts exit interviews. Mr. Galvan said he would bring in a sample of the exit interviews conducted by the credit union which Mr. Galvan is involved with as a board member.

27. Resignation of O&M Supervisor.

Ms. Lowman announced that the Board would convene in Closed Session at 7:18 p.m. pursuant to Section 551.074 of the Government Code to discuss the resignation of the O&M Supervisor. The Board reconvened in Open Session at 8:15 p.m. No action was taken during Closed Session.

Ms. Lowman said that the Board discussed the resignation and discussed implementing a hiring process for managers that includes the Board approving the hiring of managers.

28. Review of 2018 TRWA Salary Survey.

Ms. Lowman stated that the Board would like to see where STWA employees fall within the ranges on the TRWA Salary Survey.

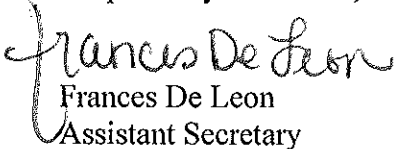
29. Personnel Evaluation of the Executive Director.

Ms. Lowman said that the Executive Director's evaluation would be conducted at a future meeting when all Board members are present.

30. Adjournment.

With no further business to discuss, Mr. Galvan made a motion to adjourn the meeting at 8:17 p.m. Mr. Treviño seconded. All voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary