

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
December 3, 2019  
Minutes

Board Members Present:

Kathleen Lowman  
Brandon Barrera  
Rudy Galvan, Jr.  
Jose Graveley  
Lupita Perez  
Patsy Rodgers  
Filiberto Treviño  
Steven Vaughn

Board Members Absent:

None

Staff Present:

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

Guests Present:

Rudy Madrid, Kleberg County  
Simoné Sanders, Texas GLO  
Tina Butler, Texas

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:40 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. Kleberg County Judge Rudy Madrid addressed the Board to voice his appreciation for the Board's work and to speak in support of the project proposed by Aqui IV and his hopes that an agreement is reached that is beneficial to Kleberg County and South Texas Water Authority. He said he has been researching Aqui IV for about six months and whether or not STWA supports the project, he appreciates the Board's consideration and hard work. He also stated that the City of Kingsville is interested in pursuing the project and is awaiting the STWA Board's decision and that Kleberg County cannot pass up on the opportunity when there is a chance to have bonds paid off and additional money added to the County's General Fund.

Ms. Serrato stated that Tony Corbett has notified her that he is not able to continue representing the Authority regarding the Aqui IV agreement due to a conflict of interest. She has been in contact with another attorney, Russell Johnson, who is on standby if needed.

Mr. Graveley made a motion to move discussion on Agenda Item 22 up next on the agenda to accommodate Judge Madrid. Mr. Barrera seconded. All voted in favor.

22. Agreement between Lago Argento Management Partners, LLC, Aqui IV Partners LLC and South Texas Water Authority for Water Resource Management and Infrastructure Investment.

Mr. Barrera made a motion to approve the agreement contingent on removal of the take or pay clause from the contract, and negotiation with Exxon. Mr. Graveley seconded the motion and stated that he believes that the clause can be removed once the deal gets moving with Exxon. Judge Madrid added that if it is not removed during negotiations, then the County will not move forward on it. Mr. Graveley stated that this is a great opportunity and the Authority stand to gain financially but Mr. Vaughn pointed out the possibility of the Authority's non-profit status being jeopardized. Mr. Graveley suggested signing the contract and then canceling if STWA's requests are not met. Ms. Serrato read a paragraph from the agreement that indicated that STWA would not be able to cancel the agreement and she said two attorneys have confirmed that this paragraph stands on its own regardless of other agreements. Mr. Vaughn agreed that this is a great opportunity for both STWA and Kleberg County, but financially, the commitment is too large for STWA. Mr. Lowman pointed out that the ability to cancel the agreement is available only to Aqui IV, not STWA.

Ms. Serrato also read a paragraph from page 13 of the agreement which stated that STWA, Kleberg County and Nueces County waive the right to assert a defense of sovereign immunity and that their commitment remains fully enforceable. At this time, Judge Madrid left and requested to be notified of the Board's decision so that he could notify the City of Kingsville.

Ms. Lowman announced that the Board would convene in Closed Session at 6:03 p.m. pursuant to Section 551.071 of the Government Code to consult with attorney Russell Johnson on an Agreement between Lago Argento Management Partners, LLC, Aqui IV Partners LLC and South Texas Water Authority for Water Resource Management and Infrastructure Investment. The Board reconvened in Open Session at 6:16 p.m. No action was taken during Closed Session.

After reconvening, the Board voted on the motion to approve the agreement contingent on removal of the take or pay clause and negotiation with Exxon. All were opposed.

Mr. Galvan made a motion to turn down the contract. Mr. Treviño seconded. All voted in favor.

3. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the October 22, 2019 Public Hearing and Regular Meeting and the November 19, 2019 Special meeting as presented. Mr. Barrera 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 October 31, 2019  
Revenue Fund Income Statement for period ending October 31, 2019

Tax Fund Income Statement for period ending October 31, 2019  
Special Services Income Statement for period ending October 31, 2019  
STWA Revenue Fund Balance Sheet – October 31, 2019  
STWA Revenue Fund GL Account Summary Report as of October 31, 2019  
STWA Debt Service Fund Income Statement for period ending October 31, 2019  
STWA Debt Service Fund Balance Sheet October 31, 2019  
STWA Debt Service Fund GL Account Summary Report as of October 31, 2019  
STWA Capital Projects Fund Income Statement for period ending October 31, 2019  
STWA Capital Projects Fund Balance Sheet – October 31, 2019  
STWA Capital Projects Fund GL Account Summary Report as of October 31, 2019  
Cathodic Protection Expenses Breakdown through October 31, 2019  
2012 Bond Election Report  
Anticipated vs. Actual Water Rate Charged  
Maintenance & Technical Report from O&M Supervisor  
CP Update from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Force Flow	\$ 17,134.67
• Willatt & Flickinger, Attorneys at Law	\$ 1,541.60
• Walker Partners	\$ 1,730.00
• McLean & Howard, L.L.P.	\$ 2,100.00
• Nueces County Appraisal District	\$ 2,465.00
• City of Corpus Christi	\$ 126,360.45
• Nueces County Tax Assessor-Collector	\$ 23,570.74
• Kleberg County Appraisal District	\$ 5,340.29

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

5. Approval of Annexation of Certain Lands to the South Texas Water Authority.
  - a. Arnoldo Barrera and Liza B. Figueroa – Cyndie Park Unit 1, Lot 20, Nueces County, Texas
  - b. Robert Rodriguez – Cyndie Park Unit 1 Tract 25, Cyndie Park Unit 2, Tract 26, Nueces County, Texas
  - c. Eric Giannamore and Marian Giannamore – Tract Two-H (2-H), The Ranch, Nueces County, Texas

Ms. Serrato stated that approval of Resolutions 19-73, 19-74 and 19-75 finalizes the annexation process of these properties and she recommended adoption of the resolutions.

6. Resolution 19-73. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Arnoldo Barrera and Liza B. Figueroa – Cyndie Park Unit 1, Lot 20, Nueces County, Texas)

7. Resolution 19-74. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Robert Rodriguez – Cyndie Park Unit 1 Tract 25, Cyndie Park Unit 2, Tract 26, Nueces County, Texas)
8. Resolution 19-75. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Eric Giannamore and Marian Giannamore – Tract Two-H (2-H), The Ranch, Nueces County, Texas)

Mr. Barrera made a motion to adopt Resolutions 19-73, 19-74 and 19-75. The motion was seconded by Mr. Treviño and passed unanimously.

9. 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 reported that Nueces County re-bid the project but bids came in higher than expected. Combined funds fall short by approximately \$145,000. She asked the Board to consider contributing between \$50,000 and \$70,000 from reserves and bonds funds. She will also request that Nueces Water Supply Corporation contribute additional funds. She added that if the project is not done, the \$615,000 in grant funds will be lost. Mr. Barrera suggested that STWA contribute funds contingent on NWSC matching the contribution. After further discussion, Mr. Barrera made a motion to authorize commitment of up to \$70,000 in funds contingent on NWSC matching the amount dollar for dollar. Mr. Galvan seconded. All voted in favor.

10. Update on Nueces County Water Control and Improvement District #5 and offered Wholesale Water Supply Contract.

Ms. Serrato reported that she had been contacted by Nueces County Water Control and Improvement District #5 Board President Alex Cavazos as a result of recent operational issues at the Banquete Pump Station. As a result of that conversation, Ms. Serrato feels it is a good time to reconsider negotiating a contract and asked for authorization to offer negotiations to the District. Mr. Treviño made a motion to offer negotiations on a water supply contract to Nueces County Water Control and Improvement District #5. Ms. Rodgers seconded. All voted in favor.

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

Ms. Serrato reported that she spoke with City Secretary Cynthia Contreras who said she would contact the Council members about meeting with STWA. She also reported that Mayor Tem Miller has requested to meet without attorneys. She will continue to check with Ms. Contreras on a meeting date. No action was taken by the Board.

12. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that the City of Driscoll has hired a new administrator and she will continue attempting to contact him. She had nothing further to report.

13. Update on installation of spray-on liner at the Driscoll Ground Storage Tank.

Ms. Serrato reported that NG Painting has completed the job and the tank has been disinfected and is back online. An inspection will be conducted in one year.

14. Update on purchase of Flow-Tronic Torpee Mag for the Driscoll Booster Station from Macaulay Controls Company.

Ms. Serrato stated Macaulay Controls should be ready to get started on installation of the Flow-Tronic Torpee Mag during the month of December. She had nothing further to report.

15. Review of South Texas Water Authority Personnel Policies – Hiring of Management Personnel.

Ms. Serrato asked for Board direction regarding a policy on hiring of management personnel. She contacted local districts and cities but found that the city managers, general manager or district managers have sole hiring authority with the exception of hiring city secretaries, city attorneys and city judges which are either hired by the council or are subject to council approval. She also contacted legal counsel Bill Flickinger who does not have any clients with this type of policy but recommended using a standing committee in the hiring process if the Board chose to have Board members involved in the hiring process. Mr. Galvan made a motion to authorize Ms. Serrato to work on a policy that implements appointment of a standing committee of less than a quorum to sit in on interviews and make recommendations to the Board, and which allows internal hiring before advertising for outside candidates. Mr. Barrera seconded. All voted in favor. Ms. Serrato agreed to work on a policy to be presented at the next meeting.

16. Resolution 19-76. Resolution adopting revised South Texas Water Authority Personnel Policies for Hiring of Management Personnel.

No action was taken by the Board.

17. Review of South Texas Water Authority Personnel Policies – Vacation Buy Back.

Ms. Serrato stated that after discussion at the previous Board meeting, she began researching a Vacation Buy Back Policy. She contacted Mr. Flickinger who advised that he had no clients with this type of policy, but voiced no objections to it. She also contacted STWA's auditors to find out how a buy back policy would affect the Authority's financial records and reporting and found that for budgeting purposes, a calculation would need to be made for the maximum possible amount to be paid out in a year's time and added to the base salary amount included in the budget. Based on a buy back of forty hours per employee, \$15,250 would need to be added to the salary line item. Staff's preference is to limit buy back to twice a year during the months of October and April with deadlines to submit requests in order to confirm the availability of hours. The buy back amount would be based on the current salary, added to employees' regular payroll deposits and subject to applicable taxes and withholding. Ms. Serrato presented a Vacation Buy Back Policy which would add Subsection 6 to Chapter III, Section A of STWA's Personnel Policy. In addition to the previous suggestions, the proposed policy adds that the

minimum request be 10 hours and a maximum of forty hours per fiscal year. Employees with less than 20 hours of accrued Annual Leave are not eligible.

18. Resolution 19-77. Resolution adopting revised South Texas Water Authority Personnel Policies for Vacation Buy Back.

Mr. Graveley made a motion to approve Resolution 19-77 adopting the revised SWTA Vacation Buy Back Policy as presented by Ms. Serrato. Mr. Galvan seconded. All voted in favor.

19. Kleberg County Appraisal District Board of Directors election and casting of votes.

Ms. Serrato presented the ballot for casting votes for the Kleberg County Appraisal District Board of Directors. She said the ballot lists five candidates for five positions. The Authority was allotted 125 votes which can be cast for one candidate or distributed among different candidates.

20. Resolution 19-78. Resolution casting the South Texas Water Authority's votes for election of Kleberg County Appraisal District Board Members.

Mr. Barrera made a motion to approve Resolution 19-78 and cast STWA's 125 votes for Al Higginbotham. Mr. Galvan seconded. All voted in favor.

21. STWA Fees and Charges – Corporation Fee Schedule.

Ms. Serrato stated that as a result of budget shortfalls this year, an analysis of the fees charged to the corporations was conducted and she presented a proposed fee schedule. She added that the schedule was presented to the Ricardo Water Supply Corporation and their board did not offer feedback regarding the changes.

The proposed schedule includes increases in General Maintenance, Meter Reading, Water Statements, Annual Meeting Mailouts, Administration, Tap & Meter Installation, Road Bores, Line Repairs, Bee Control, After-Hour Call Outs and Weekend Residual Checks.

Mr. Galvan made a motion to approve the revised Fee Schedule. Mr. Treviño seconded. All voted in favor.

22. Agreement between Lago Argento Management Partners, LLC, Aqui IV Partners LLC and South Texas Water Authority for Water Resource Management and Infrastructure Investment.

This item was discussed earlier in the meeting.

23. Executive Director's Salary and car allowance.

Ms. Serrato stated that as she has mentioned in previous years, she is not requesting nor does she expect a raise. She would, however, like the Board to consider expanding the employee fringe benefits to include paid medical insurance for retirees. She added that she is satisfied with her


current salary and rather than receive a raise, she would like to place retiree insurance coverage on an agenda. She added that this benefit would be restricted to employees serving a certain number of years and would only be extended for a set number of years.

Ms. Lowman stated that discussion on this item would be tabled until information on retiree benefits is available for review. The Board agreed by consensus to table this item.

24. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:21 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary