

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
January 26, 2021  
Minutes

(This meeting was held remotely by phone and Zoom.)

Board Members Present:

Brandon Barrera  
Jose Graveley  
Imelda Garza  
Rudy Galvan, Jr.  
Patsy Rodgers  
Kathleen Lowman

Board Members Absent:

Lupita Perez

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jo Ella Wagner  
Dony Cantu  
Nigel Gomez

Guests Present:

Luke Womack, John Womack &  
Co., P.C.

1. Call to Order.

Mr. Brandon Barrera, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:36 p.m. A quorum was present.

2. Citizen Comments.

Mr. Barrera opened the floor to citizen's comments. No comments were made.

3. Proposed Fiscal Year 2020 Audit.

Mr. Luke Womack, John Womack & Co., P.C. reviewed the Fiscal Year 2020 Audit with the Board and reported that all records were in order and the Authority's financial position continued to strengthen. He added that there was nothing negative to report and thanked staff for their work.

4. Resolution 21-01. Resolution accepting the Fiscal Year 2020 Audit prepared by John Womack & Co., P.C. of Kingsville, Texas.

Mr. Galvan made a motion to approve Resolution 21-01. Mr. Graveley seconded the motion. All voted in favor.

5. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the December 8, 2020 Regular Meeting and the December 22, 2020 Special Meeting as presented. Ms. Rodgers seconded. The motion passed by unanimous vote.

6. Treasurer's Report/Payment of Bills.

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

STWA Investment Report for Quarter ended December 31, 2020  
Treasurer's Report for period ending November 30, 2020  
Revenue Fund Income Statement for period ending November 30, 2020  
Tax Fund Income Statement for period ending November 30, 2020  
Special Services Income Statement for period ending November 30, 2020  
STWA Revenue Fund Balance Sheet – November 30, 2020  
STWA Revenue Fund GL Account Summary Report as of November 30, 2020  
STWA Debt Service Fund Income Statement for period ending November 30, 2020  
STWA Debt Service Fund Balance Sheet – November 30, 2020  
STWA Debt Service Fund GL Account Summary Report as of November 30, 2020  
STWA Capital Projects Fund Income Statement for period ending November 30, 2020  
STWA Capital Projects Fund Balance Sheet – November 30, 2020  
STWA Capital Projects Fund GL Account Summary Report as of November 30, 2020  
Treasurer's Report for period ending December 31, 2020  
Revenue Fund Income Statement for period ending December 31, 2020  
Tax Fund Income Statement for period ending December 31, 2020  
Special Services Income Statement for period ending December 31, 2020  
STWA Revenue Fund Balance Sheet – December 31, 2020  
STWA Revenue Fund GL Account Summary Report as of December 31, 2020  
STWA Debt Service Fund Income Statement for period ending December 31, 2020  
STWA Debt Service Fund Balance Sheet – December 31, 2020  
STWA Debt Service Fund GL Account Summary Report as of December 31, 2020  
STWA Capital Projects Fund Income Statement for period ending December 31, 2020  
STWA Capital Projects Fund Balance Sheet – December 31, 2020  
STWA Capital Projects Fund GL Account Summary Report as of December 31, 2020  
FY 2020 Cathodic Protection Expenses Breakdown  
2012 Bond Election Report  
Anticipated vs. Actual Water Rate Charged  
City of Driscoll Payment Plan Summary  
Maintenance & Technical Report from O&M Supervisor  
Cathodic Protection Update

The following outstanding invoices were presented for Board approval:

- LNV, Inc. \$ 2,175.00
- Kevin Kieschnick, Nueces County Tax A/C \$ 3,254.74

Finance Manager Jo Ella Wagner pointed out that the Texpool December interest rate on the Quarterly Report was incorrect and should be 0.0909 instead of 0.9090. She also noted that the date on the December Treasurer's Report was changed to reflect December 31 instead of December 30. The content of these reports remained the same. Mr. Galvan asked about the progress of the cathodic protection project. Ms. Serrato responded that the crew has completed about two-thirds of Contract 2. She added that she expects the project to continue at least one to

one-and-a-half years because test stations are also being installed and a consultant will need to test the work to make sure everything is working as expected. A motion was made by Mr. Galvan and seconded by Mr. Graveley to approve the Quarterly Report and Treasurer's Reports with Ms. Wagner's changes and to approve payment of the bills as presented. The motion carried.

7. Update on purchase of camera system.

Ms. Serrato reported that all of the needed components for the camera system have been received by the vendor and installation should begin tomorrow, January 27<sup>th</sup>. No Board action was necessary.

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

Ms. Serrato presented Invoice #4 from Nueces County in the amount of \$112,667.10 and requested approval for payment of the invoice. She reported that the second shutdown had gone smoothly and that she expects the project to be complete very soon. Ms. Graveley made a motion to authorize payment of Invoice #4 in the amount of \$112,667.10. Ms. Rodgers seconded. All voted in favor.

9. Quotes for demolition of Banquete Pump Station elevated storage tank.

Ms. Serrato presented a quote from Camacho Demolition for demolition of the elevated storage tank at the Banquete Pump Station in the amount of \$41,985 for demolition of the tank only and \$43,985 for the tank and concrete base. The other two companies that were contacted have not provided quotes. Ms. Serrato stated that the Board can either choose to table or to approve the one quote. Mr. Bill Flickinger of Willatt & Flickinger has advised that if the project is less than \$75,000, STWA is in compliance with bidding requirements as long as the three bids were solicited. Mr. Galvan made a motion to approve the quote from Camacho Demolition for removal of the tank only but without leaving any bolts protruding from the foundation. Mr. Graveley seconded. All voted in favor.

10. City of Bishop – Easement for Bishop East Pump Station.

Ms. Serrato reported that the STWA and City of Bishop negotiation committees met and reached agreement on the remaining items including an amount of \$28,852 to be used on Section III of the Bishop East Pump Station easement. The City representatives indicated that their legal counsel Gerald Benadum reviewed the document and did not recommend any changes. The City Council will meet on January 27<sup>th</sup> to consider the easement. Ms. Serrato stated that if the City Council approves the easement, it will be presented to the STWA Board for approval at the next meeting. No action was taken by the Board.

11. Approval of Annexation of Certain Lands to the South Texas Water Authority.
  - a. Carlos Ysassi, III, Tract 25, Cyndie Park Unit 2 in Nueces County, Texas.

Ms. Serrato stated that approval of Resolution 21-02 finalizes the annexation process for this property and she recommended adoption of the resolution.

12. Resolution 21-02. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Carlos Ysassi, III).

Mr. Galvan made a motion to adopt Resolution 21-02. The motion was seconded by Ms. Lowman and passed unanimously.

13. Ray Associates, Inc. proposal for recruitment of Executive Director.

The Board reviewed the proposal from Katherine Ray, Ray Associates, Inc. (RAI). Ms. Serrato stated that the recruitment process would take about three months. The cost is \$30,000 invoiced at \$10,000 per month with estimated additional expenses of \$2,000. RAI is ready to begin working on recruitment in a month. She suggested arranging a special meeting for the Board to discuss their expectations with Ms. Ray. Mr. Barrera asked about other companies that can provide recruitment services and if RAI would consider a reduction in the cost. Ms. Serrato explained that RAI is experienced in recruitment for positions in this industry and she added that she would ask Ms. Ray about assisting with some of the work to possibly reduce the cost. Mr. Graveley made a motion to authorize Ms. Serrato to negotiate an agreement with RAI. Ms. Garza seconded and the motion carried.

14. Wholesale Water Supply Contract with the City of Corpus Christi.

Ms. Serrato presented proposed changes to the City of Corpus Christi's draft water supply contract. The proposed changes include deleting the take or pay clause and only agreeing to pay the City's monthly minimum, and reducing the amount referred to in Quantity section of the contract. Mr. Galvan made a motion to authorize legal counsel to provide the revised draft to Corpus Christi Assistant City Attorney Lisa Aguilar with the understanding that it is a preliminary draft and has not been formally approved by the Board. Ms. Lowman seconded. All voted in favor.

15. Nueces County Water Control and Improvement District #5 Wholesale Water Supply Contract and Contract for Operation and Maintenance of Facilities.

Ms. Serrato said that NCWC&ID #5 has not met to discuss the contracts. She had nothing further to report.

16. Personnel Policies – Selection of Sections for Possible Revisions.

Ms. Serrato provided a copy of the STWA Personnel Policies and asked if the Board is still in favor of making changes to the policies. Mr. Galvan stated that he feels that the policies should be reviewed from time to time. Ms. Garza commented that since a new executive director will be hired in the next few months it would be best to wait because they likely want to review the

policies and make needed changes. Ms. Garza made a motion to table this item until a new executive director is hired. Mr. Galvan seconded. All voted in favor.

17. STWA Long-Term Goals.

Mr. Galvan stated that he feels that setting goals prior to hiring the new executive director could be helpful to them. He added that he is interested in extending STWA's coverage area as far as possible. Since STWA was built as a regional system, he feels it should be able to serve as large a region as possible. He also added that a new building and equipment barn should also be included in future planning. Ms. Serrato noted that long-term plans have been established in the past and pointed out that one of the goals is being accomplished as wholesale customers become independent and enter into agreements with STWA to maintain their pump stations. New software should help with allocating expenses and adjusting the Handling Charge as needed. She also stated that expansion has been discussed previously and the new director will need to know what the Board expects for STWA. Mr. Graveley asked about expanding to the Riviera area. Ms. Serrato responded that the Board has previously discussed extending service to Riviera and that an election to annex the area would be required. Mr. Graveley suggested forming a committee to discuss long-term goals. The Board unanimously consented to having Mr. Graveley, Mr. Galvan, Mr. Barrera, Ms. Serrato and Ms. Wagner serve on the committee. Mr. Galvan also requested an alternate member but there were no other volunteers.

18. Personnel Policies – Pandemic Guidelines.

Ms. Serrato stated that she recommends a change on Page 4 of the Pandemic Guidelines. She to clarify that a negative viral test is needed in order to return to work. Mr. Galvan made a motion to adopt the COVID-19 or Other Pandemic/Infectious Disease Guidelines. Ms. Garza second. All were in favor.

19. Board of Directors Training.

Ms. Serrato requested the Board's feedback on training topics for the Board and whether they preferred to wait for in-person training. Mr. Galvan asked if there was any on-demand training available to they could go through it at their convenience. Ms. Serrato responded that she would resend the links she previously provided by email and STWA can reimburse the cost. She added that the training is broad and not necessarily specific for water supply corporations or reclamation districts. The Board agreed that if they want to take classes, they will and Ms. Serrato agreed to provide the training links.

20. Management hourly pay.

Ms. Serrato stated that in her opinion this issue is a result of the previous changes made to procedures for hiring of management personnel. She added that under the circumstances, she believes the manager who brought this up should receive an adjustment in pay. The Finance Manager has not requested a pay adjustment. Ms. Serrato also pointed out that discussion will be held in open session because the Executive Director no longer holds the authority to set this salary. She added that she prepared a detailed analysis on salaries in case the Board decides to return this authority to her. Mr. Galvan questioned the manner in which the O&M pay rate was

set and stated that the salary that was offered was specifically for applicant Jacob Hinojosa. Ms. Serrato responded that she perceived it as the salary for the position. Mr. Graveley stated that the motion he made was for the offer to Mr. Hinojosa and Mr. Barrera agreed. Mr. Barrera also stated that raises are normally given at budget time. Ms. Serrato added that some raises are granted at other times per board approved policies such as raises for reaching longevity milestones and earning certifications. Mr. Galvan made a motion to freeze raises until the pandemic is over and a new Executive Director is hired. Mr. Graveley seconded. Mr. Galvan rescinded his motion and made a new motion to give no merit raises for the purposes of just giving employees a raise and to only give raises for anniversaries, licenses and probation outside of budget time. The motion was not seconded. Ms. Serrato stated that raises are being handled in that manner already. Business/Risk Manager Frances De Leon stated that she would have approached this matter even if it was Mr. Hinojosa who had been hired. She stated that she understands the Board's stance on not approving raises outside of the budget process, but in her opinion, a raise was given to the position when it was offered to Mr. Hinojosa at such a high pay rate because no previous O&M Supervisor had ever received such a high pay rate. When asked by Mr. Galvan why she had not requested a raise before, Ms. De Leon responded that she had not because she is not that type of person unless she feels she has been wronged. Ms. Lowman made a motion to authorize the proposed pay rate for the Business/Risk Manager and Ms. Rodgers seconded. The motion failed with two votes in favor and four opposed.


21. Expiration of Families First Coronavirus Response Act and carryover of employee FFCRA leave balances.

Ms. Serrato stated that the FFCRA expired on December 31, 2020 and was not extended by Congress. She requested that the Board consider approve extending the Act's guidelines and keeping the current FFCRA employee balances. Ms. Lowman made a motion that the current FFCRA balances for employees remain and be used per the Act's guidelines. Mr. Galvan seconded. All voted in favor.

22. Adjournment.

With no further business to discuss, Mr. Galvan made a motion to adjourn the meeting at 7:51 p.m. Ms. Garza seconded. The motion passed by unanimous vote.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary