

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
August 3, 2021
Minutes

Board Members Present:

Brandon Barrera
Jose Graveley
Rudy Galvan, Jr.
Frances Garcia
Kathleen Lowman
Angela Pena
Patsy Rodgers
Joe Morales

Board Members Absent:

Imelda Garza

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Dony Cantu
Nigel Gomez

Guests Present:

Donald Lundmark, NWSC
Mike Benton, NWSC
Baldemar Garcia, RWSC

1. Call to Order.

Mr. Brandon Barrera, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:35 p.m. A quorum was present.

2. Citizen Comments.

Mr. Barrera opened the floor to citizen's comments. Mr. Baldemar Garcia, Ricardo Water Supply Corporation Board President, addressed the Board regarding the selection process for STWA's Executive Director. He expressed his dissatisfaction with the manner in which it was handled and said he felt the corporations had been misled.

3. Approval of Minutes.

Ms. De Leon presented amended minutes for the July 13, 2021 meeting reflecting that Ms. Lowman was re-appointed by the Nueces County Commissioners Court. Ms. Lowman made a motion to approve the corrected minutes of the July 13, 2021 Regular Meeting and the minutes of the June 14, 2021 Special Meeting, June 22, 2021 Public Hearing and Regular Meeting, and the July 7, 2021, July 13, 2021, July 14, 2021 and July 15, 2021 Special Meetings as presented. Ms. Rodgers seconded. The motion passed by unanimous vote.

4. Quarterly Report/Treasurer's Report/Payment of Bills.

Ms. Wagner provided copies of the Quarterly Report, Treasurer's Report and outstanding invoices. She gave a brief review of the reports but stated that she has not been able to balance the General Fund and will need to continue working on it and will schedule a special meeting for

approval. Mr. Marez added that it would be a very short meeting and board members would have the option of attending by Zoom.

The following reports were presented:

STWA Investment Report for Quarter ended June 30, 2021
Treasurer's Report for period ending June 30, 2021
STWA Debt Service Fund Income Statement for period ending June 30, 2021
STWA Debt Service Fund Balance Sheet – June 30, 2021
STWA Debt Service Fund Trial Balance for June, 2021
STWA Capital Projects Fund Income Statement for period ending June 30, 2021
STWA Capital Projects Fund Balance Sheet – June 30, 2021
STWA Capital Projects Fund Trial Balance for June, 2021
Cathodic Protection Expenses Breakdown
2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Willatt & Flickinger	\$ 2,578.60
• City of Corpus Christi	\$ 125,647.58
• Ray Associates, Inc.	\$ 6,785.55
• Willatt & Flickinger	\$ 3,665.50

A motion was made by Mr. Graveley and seconded by Ms. Lowman to approve the Quarterly Report and payment of the bills as presented. The motion carried. Mr. Galvan asked Ms. Wagner to check with Prosperity Bank on the interest rate that will be offered by them upon renewal.

5. Ratify and Confirm Board President's approval and execution of Management Services Contract with JMAR Management Consulting, LLC.
6. Authorizations for JMAR Management Consulting, LLC to act on behalf of South Texas Water Authority with respect to certain employee matters and certain other contracts and accounts.

Mr. Marez said that the Management Services Contract had been negotiated between his attorney and the Authority's attorney. He added that although a request has been made for an Attorney General's opinion, there is no ongoing investigation and that at the advice of the Nueces County Attorney, he sought his own legal counsel and an Attorney General's opinion was requested to make sure that the situation was handled correctly. He added that the contract outlines the expectations for both him and STWA and is a six-month probationary contract. Additionally, it sets his salary at a flat rate to be paid monthly for six months and he pays his own expenses such as insurance. He will sign documents as Administrator rather than Executive Director. A motion was made by Mr. Morales and seconded by Ms. Pena to approve the contract with John Marez. All voted in favor.

7. Discussion with possible action on South Texas Water Authority Organizational Chart and job titles.

Mr. Barrera stated that the Board feels that a person should be designated as second in command. Mr. Galvan stated that he has always understood that if Carola was not available, Ms. Wagner was the person to contact and that he could also contact Ms. De Leon regarding general issues. He added that he feels that Ms. Wagner should be designated as second in command and given a title to reflect this status. Mr. Graveley added that there should also be an increase in compensation for Ms. Wagner and Ms. De Leon. Mr. Morales made a motion to table this item in order to give Mr. Marez an opportunity to review the salaries and present it at the next meeting. Mr. Graveley seconded. All voted in favor.

8. Review of 2021 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties.

Ms. Wagner presented the Certified Appraisal Rolls from Kleberg County Appraisal District and Nueces County Appraisal District. The KCAD appraisal roll reflects a final certified value of \$1,339,666,291 and the NCAD final certified value is \$1,137,956,648. Ms. Wagner requested approval of Resolutions 21-16 and 21-17 adopting the appraisal rolls.

9. **Resolution 21-16.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2021.

After reviewing the Kleberg County appraisal roll for tax year 2021, Mr. Galvan made a motion to approve Resolution 21-16. Ms. Lowman seconded the motion. The motion carried.

10. **Resolution 21-17.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2021.

Following review of the Nueces County appraisal roll for tax year 2021, Mr. Galvan made a motion to approve Resolution 21-17. Ms. Lowman seconded the motion. The motion passed by unanimous vote.

11. Preliminary Fiscal Year 2022 Budget.

Ms. Wagner reviewed the preliminary Fiscal Year 2022 Budget. She stated that \$11,000 has been added for a new postage machine, but otherwise, the budget remains basically the same as the one presented at the last meeting. Insurance costs are not yet available. No action was taken by the Board.

12. Proposed Fiscal Year 2022/Tax Year 2021 tax rate and authorization to publish notice of public hearing.

Ms. Wagner presented the Water District Notice of Public Hearing on Tax Rate reflecting a proposed total tax rate of \$0.082426/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.067506/\$100 and an Interest & Sinking tax rate of \$0.014920. The proposed total

tax rate is \$0.000001 lower than the tax rate calculated on the average home value in order to remain below the 3.5% allowed increase. Mr. Graveley made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Mr. Galvan seconded. All members present voted in favor.

13. 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.
 - Utility Conveyance Agreement(s) conveying facilities from Nueces County to South Texas Water Authority and Nueces Water Supply Corporation

Mr. Marez stated that work continues on the conveyance agreement with Nueces County. He had nothing further to report.

14. NewGen Strategies & Solutions Proposal for Wholesale Water System Rate Study Update.

Mr. Marez stated that the proposal from NewGen Strategies to revisit the Incremental Increase Policy in the amount of \$7,500 was presented at the last meeting. If the Board is in favor of increasing the Incremental Fee charged to NCWC&ID #5, a review of the incremental fee should be conducted; however, this depends on the actions of the NCWC&ID #5 board. Ms. Lowman explained that since it was such a small amount that would be received from District #5, it would take a long time to recoup the cost of the study. The Board took no action on the proposal.

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

Mr. Marez reported that he has discussed the contract with Lisa Aguilar, attorney for the City of Corpus Christi, and will continue working with her on the water supply contract. He has also reached out to the City Manager but has received no feedback. He had nothing further to report.

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

Ms. Wagner reported that the NCWC&ID#5 board had a meeting without notifying STWA. No progress has been made on the contract. No action was taken by the Board.

17. NewGen Strategies & Solutions Proposal for Wholesale Water System Rate Study Update.

Ms. Wagner presented an agreement from NewGen Strategies and Solutions, LLC. for review of the City of Corpus Christi's Rate Model, Budget and True-up calculations with a not to exceed amount of \$3,500. The cost will be shared with SPMWD and NCWC&ID#4. Ms. Lowman made a motion to authorize staff to execute the service agreement with NewGen Strategies and Solutions in an amount not to exceed \$3,500 for review of Corpus Christi's Rates and Model. Mr. Graveley seconded. All voted in favor.

18. February 2021 winter storm/freeze event.

Ms. Wagner and Ms. De Leon reported that claim reimbursements have been received and it appears that out of the total reported damages, approximately \$600 was not recouped through insurance claims. This is the final report on the item.

19. Approval of Annexation of Certain Lands to the South Texas Water Authority.
a. Jeremy and Chavalan Carpenter, Tract 31, Tierra Verde Unit 2 in Nueces County, Texas.

The Public Hearing on the Annexation Petition from Jeremy and Chavalan Carpenter was conducted prior to this meeting.

20. Resolution 21-18. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Jeremy and Chavalan Carpenter).

Ms. Lowman made a motion to adopt Resolution 21-18. The motion was seconded by Ms. Rodgers and passed unanimously.

21. Authorization to sell 2009 Ford F-150 to highest bidder.

The board discussed the surplus sale which included sale of the 2009 Ford F-150 pickup. The highest bid was \$400. Mr. Morales made a motion to authorize sale of the 2009 Ford F-150 pickup to the highest bidder. Mr. Graveley seconded. All voted in favor. Mr. Galvan added that in the future staff needs to work harder at publicizing sale of surplus items.

22. Vacation, Personal and Compensatory Leave Carryover.

Ms. Wagner stated that the Board previously authorized suspending the maximum hour requirement for vacation and personal leave. At this time two employees have vacation leave hours in excess of the accrual limit of 480 hours. Ms. Wagner requested until December 31, 2022 to use the additional hours. Mr. Graveley made a motion to allow employees until December 31, 2022 to use excess leave hours. Ms. Lowman seconded. All voted in favor.

The Board also discussed the policy regarding the maximum amount of leave employees are allowed to take. Field staff had the understanding that they are only allowed two weeks at a time although it is not a written policy. Staff will work on clarifying this policy.

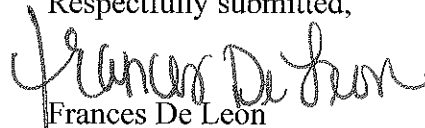
23. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2021.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2021. Ms. Wagner stated that the cost is \$9,075 which is \$150 more than last year's cost. Mr. Graveley made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2021. Ms. Lowman seconded. All voted in favor.

24. Adjournment.

With no further business to discuss, Mr. Barrera made a motion to adjourn the meeting at 7:03 p.m. Ms. Garcia seconded. The motion passed by unanimous vote.

Respectfully submitted,



Frances De Leon
Assistant Secretary