

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday, April 29, 2020

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 29th day of April, 2020 at 3:00 P.M. by videoconference.

City Commission Present: Victor Leal, District 5

Board Members Present: Michael Garza, Chairman
Kevin Campbell, Vice Chairman
Michael Murphy, Trustee
Curtis Bonner, Trustee
Chris Bartnesky, Trustee

Staff Present: Tim Skoglund, General Manager
Gene McCullough, System Attorney
Darrell Gunn, System Consultant
Ron De La Garza, Finance & Revenue Director
David Sanchez, Water Services Director
Joyce Lamon, Customer Services Director
Elizabeth Soto, Human Resources Director
Sanjuana Garcia, Purchasing Manager
John McKenna, IT Director

City Staff Present: Carlos Sanchez, Assistant City Manager

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Michael Garza, Chairman, called the meeting to order at 3:00 P.M. and asked if the Agenda had been posted in accordance with the law; Nilda Sanchez responded affirmatively.

AGENDA ITEM NO. 2: COMMUNICATION / INPUT FROM CUSTOMERS AND RESIDENTS OF HARLINGEN

None

AGENDA ITEM NO. 3: APPROVAL OF MINUTES

a) Regular Board Meeting of March 25, 2020

With no corrections requested, a motion to approve the Board Minutes for the Regular Board Meeting of March 25, 2020 was made.

A motion to approve the Board Minutes for the Regular Board Meeting of March 25, 2020, as amended, was made.

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Motion: Chris Bartnesky
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (5-0).

AGENDA ITEM NO. 4: REPORTS AND PRESENTATIONS

a) Report on Delinquent accounts in excess of \$500 per account

Tim Skoglund noted there were no new additions to the delinquent accounts list. Discussion by the Board ensued.

b) Presentation and discussion on possible participation in the LOGIC Investment Pool

Ron De La Garza, Finance Director, stated that the Waterworks currently invests in local government pools TEXSTAR and TEXPOOL that are based on treasury securities. He presented a comparison of returns between TEXPOOL and LOGIC, a qualifying Public Investment Funds Act pool that invests in commercial paper. LOGIC's yield was noted to out-perform the Waterworks' current investment options.

Mr. De La Garza presented a chart comparing historical returns of TEXPOOL, LOGIC and the Dow Jones Industrial Average. LOGIC's performance had not yet been negatively affected by the COVID-19 pandemic.

Mr. De La Garza informed the Board that investments in LOGIC are liquid and could be pulled out within twenty-four hours with no penalty. With CD rates at low levels, investing in LOGIC would improve investment performance. He suggested taking a cautious approach by investing in LOGIC progressively beginning with smaller amounts.

Discussion by the Board ensued. Curtis Bonner, Trustee, expressed his concern about making a financial investment in LOGIC at a time when the country is experiencing uncertain economic times because of COVID-19. He suggested re-visiting this opportunity in January 2021. Chairman, Michael Garza, agreed with delaying such action. Kevin Campbell asked what guarantees were in place to ensure the Waterworks would not lose investment value. Mr. Skoglund stated that staff would further research that question and report to the Board at a subsequent meeting.

c) Discussion of COVID-19 response and effects on operations

Tim Skoglund discussed the effects of the Waterworks' actions taken in response to the COVID-19 pandemic. He recapped earlier actions in March including closure of the Main Office, implementation of an incident action plan including frequent cleaning of contact surfaces, and the Board's decision to suspend disconnections and waive late payment charges. Mr. Skoglund reported that customers were adjusting to the office closure, using the drive through more heavily. He noted that operations were continuing effectively.

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Since the March Board Meeting, additional measures had been taken including a requirement that employees wear face coverings when working near others, assignment of approximately 15 employees to telecommuting work arrangements, and implementation of a cleaning protocol for drive through equipment.

Mr. Skoglund presented data from March 26 through April 25, 2020 in comparison to the same period in 2019 indicating the number of accounts for which disconnections would have been made and those which would have incurred late payment charges. He also presented data showing changes in the ways customers were paying their water bills.

Mr. Skoglund presented case charts for COVID-19 noting that the linear increase in cases suggested COVID-19 was remaining a public health threat, and that continued precautions were needed for protection of customers and staff. For those reasons, he recommended that the Waterworks offices remain closed at least one additional month.

Continued discussion by the Board ensued and a consensus was reached that the office remain closed, and that suspension of disconnections and waiver of late payment charges should continue until re-evaluation at the next Board Meeting.

Trustee Chris Bartnesky left the meeting at 3:42 P.M.

AGENDA ITEM NO. 5: FINANCIALS

a) Monthly Financial report for month ending February 29, 2020

Ronald De La Garza, Director of Finance gave an overview of the finance reports for March, 2020. Discussion by the Board ensued.

b) Presentation of Quarterly Investment Report, ending March 31, 2020

Ronald De La Garza, Director of Finance, discussed information in the Quarterly Investment report, ending March 31, 2020.

AGENDA ITEM NO. 6: RESOLUTIONS

a) R1920-23: Approving an extension of consulting agreement with Darrell Gunn, P.E.

Mr. Skoglund noted Darrell Gunn continued to be a valuable resource as consultant and that Mr. Gunn had expressed willingness to continue in that role for an additional year. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1920-23 – awarding an extension of consulting agreement with Darrell Gunn, P.E.

Motion: Curtis Bonner
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (4-0).

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- b) R1920-24: Approving the acquisition of water rights from the Harlingen Irrigation District County #1 and authorizing General Manager to execute a water rights sales contract and related transaction documents.**

Tim Skoglund reported on a new opportunity to purchase additional water in accordance with provisions in the state Water Code that grant a municipal water utility the first right of refusal to purchase water rights associated with irrigated land that had been converted to urban use. Mr. Skoglund stated that purchasing water rights below market rate represented a great opportunity and that the purchase was a budgeted expense.

A motion was made to approve Resolution No. R1920-24 – approving the acquisition of water rights from the Harlingen Irrigation District County #1 and authorizing General Manager to execute a water rights sales contract and related transaction documents.

Motion: Curtis Bonner
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (4-0).

AGENDA ITEM NO. 7: MANAGER'S REPORTS

Tim Skoglund highlighted portions of the Manager's Reports. The Board asked questions and discussed the information as it was presented.

AGENDA ITEM NO. 8: EXECUTIVE SESSION

- a) Consultation with System Attorney regarding real property transactions, pursuant to Tex. Gov't Code §551.072.

A motion was made to enter into Executive Session

MOTION: Campbell SECOND: Murphy

Entered into Executive Session at: 4:13 P.M.

Exited Executive Session at: 4:41 P.M.

Meeting was called back to order at 4:41 P.M.

Action Taken: NO


AGENDA ITEM NO. 9: ADJOURN

There being no further business to discuss, Chairman Garza, called for a motion to adjourn the meeting at 4:42 P.M.

Motion: Kevin Campbell
Second: Michael Murphy

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Motion to approve was carried by a vote of the Board (4-0).

Attest: 
Nilda Sanchez, Board Secretary