



LUBBOCK COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1

9999 High Meadow Road – Lubbock, TX 79404
Administration Office: (806)747-3353 – Fax:(806)747-3714

Minutes
CALLED MEETING OF THE BOARD OF DIRECTORS
TUESDAY, AUGUST 28, 2018

The Lubbock County Water Control and Improvement District No. 1 (LCWCID) Board of Directors met in called meeting on Tuesday, August 28, 2018, at 9:00 a.m. in the LCWCID Administrative Offices located at 9999 High Meadow Road, Lubbock, Texas. Notice of the meeting was legally posted in accordance with Government Code, Title 551, Open Meetings.

CALL TO ORDER AND INVOCATION

President Bill Moore called the meeting to order at 9:00 am.

INVOCATION –Director Hildebrandt offered the invocation.

ANNOUNCEMENT OF QUORUM

A quorum was present. The following Directors were present for the August 28, 2018 Regular Board Meeting:

Bill Moore, President	Casey Hildebrandt, Vice President
Sandra Lewis, Secretary/Treasurer	Tom Keisling, Member
	Greg Thornton, Member

PUBLIC COMMENTS

Amy Delavan: “I just had a question regarding the last board meeting. A motion was made and approved to file a permanent injunction for the waterfront public use land not be restructured and sold. What is this process to secure this injunction and has it been done?” President Moore: “Well I spoke to our attorney about that and he said that you have to go to court to get that done. So, we have not decided not to do it or to do it. We need to get more information from him about the process is and we will address that in the next board meeting.” Amy Delavan: “Was I incorrect that it was passed?” Director Lewis: “Not to do the injunction.” President Moore: “Not to do the injunction. We passed one that had some extra statements in it about a little more permanency, if I remember correctly.” Director Keisling: “The way it sits right now we could not do it, but another board could come in and do it.” Director Lewis: “We made a motion.” Director Keisling: “If we go to court future boards cannot change that.” Amy Delavan: “So, in order to do that what would the process be?” Director Keisling: “Bill says we would have to go to court.” President Moore: “He said we would have to go to court to get this filed and I am not about to try and convince you that I know what that process is. At the next board meeting, we will address that and possibly either have him here or write up what that procedure is.” Amy Delavan: “Ok. Thank you.”

Roger Trammel: “I would like to say something about Greg Thornton’s comment a minute ago. My brother in law bought him a brand-new Harley Davidson the other day and him and my sister climbed on it and they came out here. My brother in law is a big old burly guy. He pulled up to the gate and says twenty-two dollars. He said all we want to do is ride around for thirty minutes and leave. She said twenty-two dollars and my brother in law said he went to Ransom Canyon and road around. Sometime one dollar is the difference.

BALLOT PLACE DRAWING

President Moore: "Ballot place drawing for the Board of Directors Precinct one and four. The drawing will determine the order of names in which candidates are to be printed on the ballot." Heather Purcell: "This is the numbers for precinct one. I will let Stewart hold it up and we will go in alphabetical order. Greg Lewis drawn by Sandra Lewis. Greg Lewis place two. Michael Shobe drawn by Tiffany. Michael Shobe drew number one. Greg Thornton drew place three. Precinct four. Roger Trammel drew for Shirley Bland number three. Sandra Lewis drew number one and Gary Satterwhite drew number two." President Moore: "That concludes our business concerning the election."

EMPLOYEE VACATION AS SET BY THE EMPLOYEE HANDBOOK

President Moore: "To discuss and consider a situation that we have allowed ourselves to get into concerning the accrual of vacation pay. The employee handbook says that the earned vacation that you accrue in any particular year should be taken in that year and we have not monitored that and made those adjustments at the end of each year." Director Hildebrandt: "And note that has been going on for years. It is not a recent occurrence. It has been quite some time." President Moore: "So we need to rectify this with about four or five employees that have accrued excess vacation. We don't feel like we can just arbitrarily take that away from them. We are proposing the opportunity to be paid for any vacation they have accrued over and above what they have taken this year, or are going to take for the rest of the year, or are going to take all of that vacation by December 31st. That is the discuss at hand and we will look for a motion to the effect. I believe is what we decided in the last executive session. So, unless there is some further discussion I am asking for a motion to deal with this problem. We are also going to look at the employee handbook and see if we don't want to change that or not, but that is another discussion. Do I have a motion to that effect?" Director Hildebrandt: "Did we talk about taking the actual vacation time or just doing a check." Director Keisling: "I thought we talked about whatever they accrued this year they need to take it before the end of the year." Heather Purcell: "You pay everything except what they have accrued this year." Director Lewis: "Yes. They have to use it this year or it is gone." Heather Purcell: "By their anniversary date." **Director Hildebrandt: "I make a motion to authorize Brandon to allow a one-time distribution in the form of a check paid out to each employee that has excess vacation time above and beyond what is accrued for this year." Director Thornton: "I second that." All board members voted aye. President Moore: "The motion passes unanimously."**

CONSIDER THE 2018/2019 BUDGET

President Moore: "Now the fun part of the meeting. We are starting our budget for next year. Heather and Brandon have put a lot of work into this. They have some numbers they want to show us. Brandon I am going to let you take off with this. Why don't you preface the preparation you have gone through with the help you have received and anything else that would help us understand what you have been doing and what you are going to show us." Brandon Powell: "So, I have a close friend that is the City Manager out at Abernathy. I called him in last week to come in and give me some pointers. He opened the door for everything pretty much. We learned in the five hours that we were here. Heather and I were pretty much overwhelmed with the knowledge of the budget and other things that need to be taking place at the lake as well. With that being said he pointed in the direction of grants. He will help us with grants for law enforcement vehicles since we are a government entity here. It was overwhelming, but thank goodness I called him out here. He was a great help for Heather as well. Anytime that we need it all we have to do is pick up the phone and we can go there or he will come out here. Starting off we turn to page four; we have not done the revenues and you can start here. Starting with page four of the admin department we are starting off with this one. I don't know if any of our staff have gotten a cost of living raise, so I would like to propose on that one. That we do a three percent effective August 1st for the cost of living. That does not include the merit wages. October 1st, excuse me. That would go into effect across the board." Director Keisling: "You are talking across the board?" Brandon Powell: "Yes sir." Director Keisling: "Well we need to look at that. I think we have done some raises in the last year and my observation on this whole deal was; administration those numbers are lower than

they should be. Our Parks Department is where we spent a lot on personnel. Every deal except administration our personnel cost is way up. Especially Parks. Our people are down, but our personnel expenses are out of sorts on this budget. On the numbers I looked at." President Moore: "Is this budget supported by actual people head counts." Director Keisling: "Well you can just look at the numbers coming in. I figured that out on my own. You can get Heather to figure it out for you, I guess. I don't know that our numbers are right, but after we get an audit then we can go in and adjust our budget as so. We are pretty close. I went through this whole deal. We are so close on everything except personnel. Do you agree Brandon?" Brandon Powell: "We are down on personnel as well. You have to remember two that this is for the entire year and these past three months." Director Keisling: "No, this is not for the entire year. We still have one more month to go." Brandon Powell: "You are looking at about one hundred and twenty-three thousand by October 1st." Director Keisling: "I agree with you." Brandon Powell: "That number will actually be lower next year. For maintenance department it will be lower due to less staff. We have good operating staff right now. We are not overstaffed. We are able to get it done at this point right now." Director Keisling: "We can do whatever you guys want to do. We can sit here and talk and talk and talk. I think it is non-productive until we get some good numbers and make sure. I do not feel comfortable with this here and here and here. I don't feel comfortable with it at all. I am not saying it is misappropriated. I guess I am saying some stuff is not in the right slot." President Moore: "You are exactly right and the audit that we have done, which I have really never been in favor of. It is not going to fix that." Director Keisling: "We need a complete audit on this deal. We have had to many financial people in here. We have had three now and we had one that we know did some goofy stuff. I don't want to do it but we need to suck up and pay the money and have a good audit number. A good solid audit where they look at everything. Bottom line is we are going to suck up and spend some dough to get a good solid audit done. I think we are going through an exercise of insanity here talking about all this today. It is pretty easy to see if everyone has looked through this. All the numbers are pretty much in line with last years budget, except maybe income and then our personnel expense is way up. That is the only thing. I looked at everything in here. Did you see anything different in here Bill?" President Moore: "There are a few little small deals like our insurance refund is in income." Director Hildebrandt: "That was a claim." President Moore: "I don't have a problem doing what you are suggesting except with one exception. That is doing our people budget from the ground up. Taking our head counts, do we need to add somebody, do we need to take someone away, and doing a real payroll budget from the people you are thinking you will need to run the lake next year. Because it is obvious to me that our salaries in administration year to date is \$113,000.00. I think the payroll numbers this year are screwed up." Brandon Powell: "With the shuffling around with Heather going back to finance; we did cut out the secretary portion of it. I know that is not much." Director Hildebrandt: "We had four months where we did not have a general managers salary." Director Keisling: "And plus we did not have a finance director for three months." President Moore: "This is the one time we have a solid base to come up with a real budget. Unlike most of things that are kind of; you cannot possible now what it is going to cost you to repair Stewart's pickup for the next year. We can do a good salaries and benefits budget with our headcounts." Director Keisling: "We don't have that information to do it with today." President Moore: "I am not saying today, but we can get it done by the next board meeting." Director Keisling: "I am on board with some raises. Cost of living I am not totally against that. For the next meeting I want to see every employee and what they are making and where they have got increases. We need to have a line by line forensics audit. It needs to be done one time." President Moore: "She is training and she knows better than the last two we had what bucket a particular invoice goes in and going forward I don't have a problem with that being done properly. We just need to fix this year's stuff. We need to get a report of the invoices that are paid over a certain dollar amount and look at them. It is not that big a project." Director Keisling: "That is what I am saying guys is your auditor and we all agreed we want a good comprehensive audit right? Do we agree on that or not?" President Moore: "I don't necessarily agree with that. I would rather have our finance person thoroughly trained and go forward." Director Keisling: "Well definitely on that Bill. But, guys we have had

some accidents here with finance people. We need to have an audit. A more comprehensive audit. I hate to spend money on it but we have had this finance director, that finance director, and the crazy one. I hate to do this but we have a problem. Y'all can hide it anyway you want to. You can say Heather can fix it all. Incode can fix it. No. I want an accountant it and tell me what is wrong. I would rather have them here now. They are going to go through the same process whether we are clean or dirty. It does not matter. It will cost us the same amount of money. The only difference is they will have notes and say this isn't right." Director Hildebrandt: "It is not going to cost you the same amount of money." Director Hildebrandt: "What happens when the audit guy goes this is wrong and I can't move forward until this is fixed and Heather does not know how to fix it. You could have Incode fixing things before the audit." Director Keisling: "Ask the people what is going to be more economical. Call the auditor and see what the most economical process is for us to do. Casey is right and get the auditors opinion." Director Thornton: "So Tom, all this is leading up to you don't want to do a budget until we do this?" Director Keisling: "We do not have the information here to do a budget guy. We know we have some problems. I can see personnel is higher and income is lower, but we have good money in the bank over here." Director Thornton: "I am going to say we do have the information in the form of a budget. If you know what your income is and you know what you spent last year by how many checks you wrote that is the tools you need. I know why things don't match." Director Keisling: "I know why to and that is why we have to get that going." Brandon Powell: "Isn't an audit a public result? So, why can't we fix it prior to getting audited and when we do get audited we don't look like such." President Moore: "We can adopt a budget right now." Director Thornton: "I have watched this for the last fifteen years. You do a budget and it is never right. The budget is just a map of what we intend on spending our money on. We have line itemed the lug nuts out here and coffee. We know we made 2.3, correct? We are all in agreement on that. We sat here and accepted the audit. We know we made this and we spent according to the last years audit we spent this. There are the tools we need for a budget. We cannot operate without a budget because you are in violation of a lot of codes." Director Keisling: "We have to have a budget, but what is ironic about the whole deal is this board has never followed a budget. We just fire of this and fire of that. Let's do this and let's do that. That is fine. When I ran my business and I was quite successful. I did not have a budget. I knew how much money I had in the bank, what it cost me to operate, and what I could spend as things came up." Director Lewis: "And that is the problem; we don't know when to stop." Director Keisling: "We cannot quite do it that way, because this is a government entity." Director Thornton: "For a lot of reasons; if it rains fourth of July you are down sixty-grand." Brandon Powell: "Well now you have a GM that cares about the budget and parks and rec supervisor who will be very detailed about this budget. It is going to get followed." Director Lewis: "It has to be right first. Right now, it is not right. It is just a guess." Director Thornton: "You can put the budget together and follow it line by line and it is not going to work for you." Director Hildebrandt: "There are always going to be budget amendments." Director Thornton: "The sewer treatment deal might be in our budget this year and it is not something we knew about. Point being; we can put the best map together we want but (1) if it rains fourth of July, (2) we have an unexpected failure and your budget they you are so proud of and you put together to the penny is gone. That is why you don't get tangled up in this. But, we do have to have a budget." Director Lewis: "That is why you have a reserve." Director Keisling: "I actually have to agree with Greg. You are right. You are saying the same thing I am saying. We have money in the bank over here and that is how we can do our improvements as they come. That is what you are saying." Director Thornton: "Yes. I am saying that is reality. One thing we do know is we are out of compliance if we don't have a budget by September or October." Director Lewis: "We are fine. We have plenty of time to have some of this done." President Moore: "It took us to February two years ago. Let me suggest something. Let's do this with the exception of a better look at our payroll data. Let's use last year's budget for revenue and expenses and then slide a new personnel cost in there and when we get the corrections that we need we will amend that budget, which is perfectly allowable. We can have a budget." Director Keisling: "Exactly what I said ten minutes ago. Let's do it. I agree with you." Director Lewis: "The actuals on some of this stuff is so far off it isn't even funny. Like the

fuel and the electricity. I mean there is like some numbers that are way over that need to be what happened. What is that?" Director Thornton: "How far off is fuel?" Director Lewis: "One is like eight thousand." Director Keisling: "Fuel was higher. It was a higher cost in fuel sales. That is an easy to figure. Fuel went up more this year. I saw how much more." President Moore: "So can you get us some people numbers Brandon?" Director Keisling: "I think Brandon is getting a better handle on this today than he did three weeks ago. The things that are out of whack you can come back at us and say here is what I think. I understand there is some of them Sandra, but the most part is kind of close." President Moore: "The comments that are being made about some of the items in this that are a little off can also be fed back to Heather or Brandon to incorporate in the changes we are going to make to our historical data in this audit. We can do it all at once to the extent that we want to change some of them before the next board meeting where we can hopefully approve this budget. We can do it that way. I don't see a problem in having a budget at the next board meeting that we can have approved and then looking at how we are going to review our historical data to make those changes. Then come up and make an amended budget from that data." Director Lewis: "Are you talking about September 11 approving it? Or are you talking about the first of October?" Director Keisling: "Next meeting. Let's adopt last year's budget or I don't know can we do it at this meeting." Director Lewis: "So you have a week to answer all those questions? Think about it." Director Thornton: "We could adopt it." Director Keisling: "This is going to take several months to get this right Sandra. It is not going to fix it overnight." Director Lewis: "There are questions besides that. There are questions that I don't think are just codes wrong." Director Keisling: "We are going to have a comprehensive audit to get correct numbers. That is not going to happen overnight." Director Lewis: "Why are you pushing so hard. What is in here that I don't see?" Director Keisling: "When I look at this and this and this and it don't match and I got a problem. Then I got a paper here that Heather gave me and it tells me a lot. You know? This does not tell me anything. We have got to get this thing correct before we can make intelligent decisions." Director Lewis: "You are trying to push this through and it is never going to happen." Director Keisling: "A budget is a budget Sandra." Director Lewis: "No it is not." Director Keisling: "We have a road map that we did here last year and we spent a lot of time on it. It is pretty close. When it gets down to it we watch our income and this guy here watches our expenses. That is running a business. Income and expenses. That is nuts and bolts of running a business. You can budget and have all these pie in the sky numbers but it gets down to watch your income and I have watched it the last couple of years. I was very concerned because our gate income is way down. It looks like we are going to be alright for the end of the year. It is simple and I don't know we have to make it harder because we think we think we have to have this great budget. It comes down to make sure our income is good and this guy is making sure all our expenses are good." Director Lewis: "There are things in there that have not been seen. There are things that are happening that have not been seen. We have a new manager and this is new to him. I am not picking on you. You are doing a great job. It takes time. We knew that when we hired him. Therefore, we all have to have eyes on things and point things out. Ok. There are a bunch. Look at everything. Look at the budget and what it was and you tell me that it will be fine. No. It is going to keep going the same way unless it is corrected. If you don't stop and say correct it; it is not going to get corrected." Director Keisling: "Lets get this thing audited." Director Thornton: "What has you so concerned?" Director Lewis: "Take the time and look and do it yourself." Director Thornton: "I did not see any twenty-thousand disparities." Director Lewis: "Ok. Here is one. Let's see; there is another one." Director Thornton: "What are they?" Director Lewis: "They are all in expenditures under amend. Then keep going through all the rest of the people and it is like." Director Keisling: "Are those numbers correct?" Director Lewis: "Well how do I know on every single one of them unless somebody looks at them." Director Keisling: "Ok. So why are we doing this exercise if you don't even know what the numbers are?" Director Lewis: "Because I don't want to approve a budget that is all messed up and then we are going to expect that it gets done in the next month and correct it and it doesn't." Director Keisling: "Do you agree that this data needs to be corrected?" Director Lewis: "Yes." Director Keisling: "Ok." Director Lewis: "I am saying wait until October. Let somebody get in here and tell us a little bit

first. Lets just get with somebody that knows something that goes in there and looks and starts fixing things and then run a report. It is going to take that long.” Director Keisling: “Let’s get somebody here. I say that is our accountant and he get it straight and get the correct numbers.” Director Lewis: “So what is the push on approving it today?” Director Keisling: “I don’t care if we do or not.” President Moore: “We are not going to approve anything today.” Director Lewis: “You are going to approve it in a week on September 11th?” President Moore: “No. What I am suggesting is getting a good payroll budget and use last years that we have got and approve it. When we get corrections to this historical data that we can revise that and amend the budget.” Director Lewis: “I say we get the guy in here in September several times, whatever it takes. Start working with and maybe we have an extra meeting in there. We hear what has happened and we have the final budget on our October meeting.” President Moore: “That is fine.” Director Lewis: “In our October meeting and then approve it. Then we have some real numbers and we know what we are voting for and it is not this blind.” Director Keisling: “The problem with that is it will never happen.” Director Lewis: “Well make it happen.” Director Keisling: “I don’t think you can get the accountant to make it happen that quick.” President Moore: “Well find out. We can go down both paths and pick the best one when it is time to vote on a budget.” Director Keisling: “I could really care less if we have budget in October or February guys. It is so important. I know we have to have one legally.” Director Thornton: “I am telling you; I have sat through nine of these budget meetings for this place and for this operation here on both sides of the table. I have only missed two board meetings since I have been here. So, to speak to that; I have never seen it. I have seen some pretty close budgets put together but something always comes up. Either we have rain or we have an expenditure that we are not counting on. We do something extraordinary like making some money and I respect what Sandra is saying, but we are not to the end of the year yet. I don’t see anything that throws my alarms up, except probably the incomes and how we are coding the income. Like how we are coding the annual gate passes. That got my attention. I think we should have a really comprehensive audit but also know that we have to have a budget. I have never seen the budget work.” Director Keisling: “Greg I cannot agree with you more.” President Moore: “Alright, then I think we have some action items that you and Heather need to do. Let’s move on and reconvene in the first board meeting in September and see what we have got.”

EXECUTIVE SESSION

President Moore: “I am not aware of any items that need to be discussed in executive session. Someone else here does? I did not think so. So, we have come to our public comment.” Director Thornton: “Wait. I had some questions for Brandon on some stuff he sent out to us and I would like to clear that with everybody.” Director Keisling: “Like in executive session?” Director Thornton: “Yes.” Director Hildebrandt: “Contract Stuff?” Director Thornton: “Yes. I just have a few questions and I would like to clear it with everybody.” President Moore: “Ok. Then we will end this open current session.”

REOPEN IN REGULAR SESSION AND ADJOURN

President Moore: “We are re-open into regular session. Thank you, folks, for coming. I appreciate your attendance. The board of Directors adjourned.

Bill Moore, President

Date