

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
August 25, 2015  
Minutes

Board Members Present:

Kathleen Lowman  
Filiberto Treviño  
Patsy Rodgers  
Dr. Albert Ruiz  
Steven Vaughn

Board Members Absent:

Rudy Galvan  
Lupita Perez  
Charles Schultz

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jacob Hinojosa  
Jo Ella Wagner  
Dony Cantu

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:51 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No comments were made.

3. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the August 4, 2015 Regular Meeting as presented. Ms. Rodgers 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 July 31, 2015  
Revenue Fund Income Statement for period ending July 31, 2015  
Tax Fund Income Statement for period ending July 31, 2015  
STWA Revenue Fund Balance Sheet – July 31, 2015  
STWA Revenue Fund GL Account Summary Report as of July 31, 2015  
STWA Debt Service Fund Income Statement for period ending July 31, 2015  
STWA Debt Service Fund Balance Sheet July 31, 2015  
STWA Debt Service Fund GL Account Summary Report as of July 31, 2015  
STWA Capital Projects Fund Income Statement for period ending July 31, 2015  
STWA Capital Projects Fund Balance Sheet – July 31, 2015  
STWA Capital Projects Fund GL Account Summary Report as of July 31, 2015

STWA 2012 Bond Election Report  
Anticipated vs. Actual Water Rate Charged and Net Revenue Worksheet  
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Willatt & Flickinger, Attorneys at Law	\$ 4,896.00
• HDR Engineering, Inc.	\$ 5,445.00
• HDR Engineering, Inc.	\$ 3,000.00
• HDR Engineering, Inc.	\$ 2,880.00
• H & V Equipment Services, Inc.	\$ 2,491.53
• H & V Equipment Services, Inc.	\$ 1,174.06
• City of Corpus Christi	\$ 137,457.00
• Blade Right Services LLC	\$ 5,930.00
• Nueces County Appraisal District	\$ 1,408.00
• Waukesha-Pearce Industries, Inc.	\$ 3,446.33

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

5. Preliminary Fiscal Year 2016 Budget.

Ms. Serrato presented an updated Preliminary Fiscal Year 2016 Budget. She explained that there was a \$540 increase in revenues as a result of updating the Nueces County Water Control & Improvement District #5 Fee in Lieu of Taxes Surcharge based on the District's 2015 certified values. She said that there were no other changes.

6. TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that during discussions with Mike Willatt, Bill Flickinger and Aaron Archer, the group decided to develop three documents in response to the TCEQ remanding the case to SOAH. The first is a Aaron Archer's response to the TCEQ's report and should be available by the month's end. The second is a Rule 11 Agreement which was filed with TCEQ attorney Jennifer Cook as a means of providing time to work on the TCEQ's recommendations if in turn the TCEQ suspends activities related to the Enforcement Action. Ms. Cook has not responded to the proposed agreement. The third document is a timeline of activities related to the Enforcement Action which will serve as an illustration of STWA's attempts to make progress on the matter. Ms. Serrato is drafting the timeline which includes two sections – the first from the November 2013 Commission Hearing to the May 2014 meeting with TCEQ staff and the second from the May 2014 meeting with TCEQ to the present. She added that she has completed the first section and will now begin working on the second part.

7. Kingsville Pump Station Bond Projects – Construction of the 1.0 MG Ground Storage Tank – Notice to Proceed.

Ms. Serrato reported that a pre-construction meeting was held on August 24th and went very well. She asked the Board to approve issuing a Notice to Proceed on the project. Mr. Treviño made a motion to issue a notice to proceed on the Kingsville Ground Storage Tank project. Mr. Vaughn seconded and all voted in favor.

8. Kingsville Pump Station Bond Projects – Pump Replacement – Notice to Proceed.

Ms. Serrato reported that a pre-construction conference for the Kingsville Pump Replacement Project was held on August 24<sup>th</sup> and the contractors went out and looked at the project site. She requested that the Board approve issuing a Notice to Proceed. Ms. Rodgers made a motion to issue a Notice to Proceed on the Kingsville Replacement Pumps project. Mr. Treviño seconded the motion. All voted in favor.

9. Joint Project with Nueces Water Supply Corporation – Pump Station Improvements at the Driscoll Pump Station – Notice to Proceed.

Ms. Serrato stated that a pre-construction conference on the Driscoll Pump Station Improvements project was held with Mercer controls and the subcontractors on August 24<sup>th</sup>. She said that Mr. Mercer had several questions regarding the project and indicated that he will be issuing a Request for Information on how expansion of the building should occur. She added that Mr. Mercer feels that only three exterior walls will be needed and that the fourth abutting wall is not necessary. She requested Board approval to issue a Notice to Proceed on the project. Mr. Vaughn made a motion to issue a Notice to Proceed on the Pump Station Improvements project at the Driscoll Pump Station. Ms. Rodgers seconded and all voted in favor.

10. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that the 20-year Water Supply Contract has been placed on the Bishop City Council's August 26<sup>th</sup> agenda. She plans to attend the meeting and will report back to the Board.

11. Water Supply Contract with the City of Kingsville.

Ms. Serrato stated that the 20-year contract has been sent to the City of Kingsville but no meeting has been arranged for contract discussions. She added that once Mr. Archer's response to the TCEQ report is finalized, the TCEQ report and Mr. Archer's response to the TCEQ report will be provided to the City of Kingsville.

12. Twenty-year Water Supply Contract with the City of Driscoll.

Ms. Serrato pointed out that a Water Supply Contract has not yet been drafted for the City of Driscoll. She stated that she feels that the timing is appropriate to have Mr. Willatt begin drafting the Driscoll contract in order to conclude the process of negotiating contracts with all of STWA's wholesale customers. Mr. Treviño made a motion to authorize Mr. Willatt to draft a Water Supply Contract for the City of Driscoll and to authorize Ms. Serrato to send a letter

providing an update to the City of Driscoll on the executed contracts, negotiations and a reminder of the STWA Board's position on the content of the 20-year contracts being offered. Dr. Ruiz seconded and the motion passed by unanimous vote.

13. Proposal from NewGen Strategies and Solutions, LLC for services pertaining to the City of Corpus Christi true-up.

Ms. Serrato reminded the Board that at the last meeting approval was given to negotiate a contract with NewGen Strategies and Solutions, LLC for services associated with the annual review of the City of Corpus Christi water rate true-up. She presented the NewGen Agreement outlining the services to be provided, the hourly cost of key employees and a not to exceed price of \$2,500. Mr. Treviño made a motion to authorize execution of the contract for services with NewGen Strategies and Solutions, LLC in an amount not to exceed \$2,500. Mr. Vaughn seconded. All voted in favor.

14. STWA Depository.

Ms. Serrato stated that Prosperity Bank had been contacted and offered a two-year renewal on the current depository agreement. She recommended adoption of Resolution 15-15 extending the Depository Contract for an additional two years.

15. Resolution 15-15. Resolution extending Depository Contract for Funds of the South Texas Water Authority.

Dr. Ruiz made a motion to adopt Resolution 15-15. Ms. Rodgers seconded. All voted in favor.

16. Bond Project – Assessment of the STWA 42-inch waterline.

Ms. Serrato stated that HDR was notified of the Board's decision to negotiate a contract with HDR for assessment of the entire length of the 42" waterline. Aaron Archer has indicated that the agreement is being drafted and should be available for the September meeting.

17. Kleberg County Appraisal District Board Election.

Ms. Serrato extended her apologies and took responsibility for not submitting the required written request to the KCAD Chief Appraiser before June 1<sup>st</sup> in order for STWA to participate in the KCAD Board Election. She added that June 1, 2017 is the deadline to submit a request to participate in the next election. Ms. Serrato indicated that the estimated number of votes that would have been available to cast was between 90-100 out of 5,000 total votes.

18. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2015.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2015. Ms. Serrato stated that the cost is \$8,325 which is \$300 less than last year's cost and recommended approval of the Letter of Engagement. Mr. Treviño made

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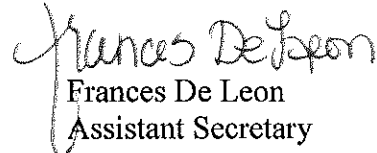
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a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2015. Dr. Ruiz seconded. All voted in favor.

19. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:58 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary