

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
December 4, 2018  
Minutes – Corrected

Board Members Present:

Kathleen Lowman  
Dr. Albert Ruiz  
Rudy Galvan  
Lupita Perez  
Patsy Rodgers  
Charles Schultz  
Filiberto Treviño  
Steven Vaughn

Board Members Absent:

None

Staff Present:

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

Guests Present:

Brandon Barrera

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:37 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Dr. Ruiz requested a change to item 12 on the October 23, 2018 minutes to clarify that the vote was in favor of not participating in the study. Dr. Ruiz then made a motion to approve the minutes of the October 23, 2018 Regular Meeting with the recommended change. Mr. Galvan seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

Ms. Wagner presented the following updated September 2018 reports:

Revenue Fund Income Statement for period ending September 30, 2018  
Tax Fund Income Statement for period ending September 30, 2018  
Special Services Income Statement for period ending September 30, 2018  
STWA Revenue Fund Balance Sheet – September 30, 2018  
STWA Revenue Fund GL Account Summary Report as of September 30, 2018  
STWA Debt Service Fund Income Statement for period ending September 30, 2018

STWA Debt Service Fund Balance Sheet September 30, 2018  
STWA Debt Service Fund GL Account Summary Report as of September 30, 2018

She explained that after the September Treasurer's Report was approved at the October 23, 2018 meeting, some correcting entries were made and some expenditures that came in late were added.

In addition, the following reports were presented for the Board's consideration:

Treasurer's Report for period ending October 31, 2018  
Revenue Fund Income Statement for period ending October 31, 2018  
Tax Fund Income Statement for period ending October 31, 2018  
Special Services Income Statement for period ending October 31, 2018  
STWA Revenue Fund Balance Sheet – October 31, 2018  
STWA Revenue Fund GL Account Summary Report as of October 31, 2018  
STWA Debt Service Fund Income Statement for period ending October 31, 2018  
STWA Debt Service Fund Balance Sheet October 31, 2018  
STWA Debt Service Fund GL Account Summary Report as of October 31, 2018  
STWA Capital Projects Fund Income Statement for period ending October 31, 2018  
STWA Capital Projects Fund Balance Sheet – October 31, 2018  
STWA Capital Projects Fund GL Account Summary Report as of October 31, 2018  
STWA 2012 Bond Election Report  
FY 2018 Anticipated vs. Actual Water Rate Charged  
FY 2019 Anticipated vs. Actual Water Rate Charged  
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• NewGen Strategies	\$ 835.00
• Willatt & Flickinger, Attorneys at Law	\$ 3,602.40
• City of Corpus Christi	\$ 79,350.59
• Kevin Kieschnick-NC Tax Assessor	\$ 9,318.47
• NewGen Strategies	\$ 250.00
• Kleberg County Appraisal District	\$ 5,344.78
• Willatt & Flickinger, Attorneys at Law	\$ 1,377.60

Mr. Treviño asked if overhead expenses related to the cathodic protection project are being tracked and requested that staff research the guidelines for tracking those expenses. Ms. Wagner agreed to check with STWA's auditors. A motion was made by Mr. Galvan to approve the Treasurer's Report and payment of the bills as presented. Mr. Treviño seconded. The motion carried.

5. Update on TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that the last quarterly report was submitted to TCEQ on November 26, 2018. A conference call with TCEQ representatives is scheduled for December 12, 2018 and she hopes that a determination will soon be made that STWA has remained in compliance with the

total chlorine 0.5 mg/L requirement for one year. She added that the City of Kingsville has been taking more water recently which has resulted in a notable improvement in the residual.

6. Update on Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato informed the Board that staff has been consulting with EI2 on the LAS system regarding some of the issues the system is experiencing. Fittings and pressure gauges have been changed out and the system appears to be working as it should although it is presently set to work in manual.

7. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that after the last Bishop City Council meeting, the City's attorney, Gerald Benadum, provided some changes to the water supply contract between the City of Bishop and South Texas Water Authority to Bill Flickinger, Willatt & Flickinger. Mr. Flickinger provided a response on the proposed changes and advised the City that taking water on a quarterly basis does not address the issue of maintaining a residual on the 42" waterline and a weekly basis is the longest period of time that is agreeable. In addition, the license agreements were removed from the contract as requested by the City; but, Mr. Flickinger recommends against signing the water supply contract until the license agreements are finalized. Ms. Serrato stated that the license agreement will be presented as a separate agenda item. She added that the City met on November 28<sup>th</sup> but the water supply contract was not an item on the agenda. She recommended approval of Mr. Flickinger's redline changes on the November 14, 2018 version of the water supply contract. Mr. Schultz made a motion to approve the November 14, 2018 redline water supply contract. The motion was seconded by Mr. Treviño and passed by unanimous vote.

8. License Agreement with City of Bishop for Pump Station Facilities.

Ms. Serrato stated that as requested by the City of Bishop and in order to continue negotiations on the water supply contract, the license agreement has been extracted from the contract and is being presented as a separate agenda item. She stated, however, that she and Mr. Flickinger recommend agreeing to the documents being separated but only if the City executes the license agreement prior to or at the same time as the water supply contract. Mr. Treviño made a motion to approve the License Agreement for the Bishop East Pump Station property contingent on the City executing the license agreement prior to or at the same time as the water supply contract. Ms. Rodgers seconded and all voted in favor.

9. Purchase of real property at site of City of Bishop Pump Station Facilities.

Ms. Serrato stated that rather than entering into a license agreement for use of the Bishop Pump Station property, she prefers purchasing the land. She has been researching the deed history and recommends pursuing purchase of the property including contacting Texas Parks and Wildlife Department about any restrictions based on the grant funds received for park improvements. Mr. Vaughn pointed out that due to the land's proximity to the lake, the area might be grandfathered into the Clean Water Act and if so, the grandfathered status could change if ownership of the property changes hands. Ms. Serrato said she would inquire about this as well. No action was taken by the Board.

10. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that Mr. John Valls, Interim City Administrator, informed her that the City is not interested in discussing the contract until the third position on the City Commission is filled. An election for a new mayor is being held on December 20<sup>th</sup>. No Board action was taken.

11. Bids for the purchase of one track hoe/excavator.

Ms. Serrato reported that a request for bids was issued through BuyBoard and presented a summary of the bids and a recommendation from Cathodic Protection Technician Armando Yruegas to award the bid to Doggett Machinery for a Deere 75G at a cost of \$98,565 less \$10,500 for a trade in of the current trackhoe. The bid also offered a warranty of 3 years/3000 hours and a 14 to 30-day delivery. Additionally, in response to a call from Mr. Vaughn voicing concerns that the Bobcat appears to be a better purchase based on horsepower and lifting capacity, she presented comparisons on the various equipment that STWA received bids on. The Bobcat was listed at a higher horsepower than the others and the bid was the lowest received. She added that regardless of which machine is purchased, a new truck and trailer will be needed because the carrying capacity of the current truck and trailer is insufficient for hauling any of the trackhoes that were bid on which weigh between 18,220 to 21,460 pounds. She also noted that the current trackhoe has a hydraulic leak which will need to be repaired prior to trade in at a cost of about \$1,450. Mr. Vaughn suggested contacting the bidders to request a field test of the equipment. The Board decided to table discussion until after field tests are conducted.

12. Resolution 18-20. Resolution awarding the bid for the purchase of one track hoe/excavator.

Mr. Treviño made a motion to table Resolution 18-20. Mr. Schultz seconded. All voted in favor.

13. Quote for Kingsville Pump Station Rehab – WP Construction – Replace Mercer Quote.

Ms. Serrato presented a quote from WP Construction in the amount of \$22,450 for rehabilitation of the Kingsville Pump Station. She explained that Mercer Controls had previously submitted a quote but their subcontractor is no longer working in this area. Mr. Schultz made a motion to award the bid for the Kingsville Pump Station rehabilitation to WP Construction in the amount of \$22,450. Mr. Treviño seconded and the motion carried.

14. City of Corpus Christi Rate Model and True Up.

Ms. Serrato reported that the City of Corpus Christi's latest model shows that the raw water and treated rates are below the rates used to adopt STWA's budget. The City will be having a second reading on their rate ordinance on December 11<sup>th</sup>. She presented a draft letter notifying STWA's Wholesale Customers of the City's rates and proposed sending the letters once the Council has taken final action to adopt the ordinance. Mr. Vaughn made a motion to authorize sending the letter to STWA's Wholesale Customers contingent on the City formally passing the ordinance adopting the rates. Ms. Rodgers seconded the motion. The motion passed unanimously.

15. High Touch Technologies proposals for network and IT support.

Ms. Serrato presented two proposals from High Touch Technologies. The first is a Managed Services Agreement proposal for 24-hour monitoring and onsite or remote technical support of the STWA server and thirteen personal computers including the Middleware server at a cost of \$820 per month for a 12-month term, \$740 per month for a 24-term or \$690 per month for a 36-month term. The cost would be allocated to STWA, Nueces Ricardo Water Supply Corporation and Ricardo Water Supply Corporations based on the usage of the various computers by the three entities. In addition, High Touch has agreed to absorb an outstanding invoice in the amount of \$2,640 for work already performed if STWA enters into an Agreement by the end of the month. The second proposal in the amount of \$2,825 is for purchase of a NAS server and drive associated with implementing cloud backups. The Board questioned the need for this equipment to perform the backups since a server is already in place. After discussion and inquiries from the Board, Ms. Serrato agreed to ask High Touch if there is a penalty for early termination of the agreement and how many calls for service are allowed by the contract. Mr. Schultz suggested seeking a proposal for similar services from Brian Birdwell who performs these services for Kleberg County and agreed to ask Mr. Birdwell to contact Ms. Serrato to provide a proposal and to determine if the additional hardware is necessary.

Mr. Treviño made a motion authorizing purchase of the hardware if necessary to allow cloud access at a cost not to exceed \$2,825. Mr. Schultz seconded. All voted in favor. Mr. Treviño made a motion to authorize entering into a contract with High Touch for 36 months or with Mr. Birdwell if the net amount of his proposal over three years after taking into account the \$2,640 outstanding invoice is more advantageous. Mr. Vaughn seconded. All voted in favor.

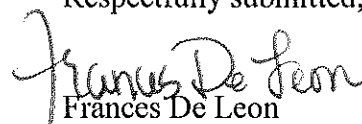
16. ERCOT Membership Meeting and Proxy.

Ms. Serrato presented information on the December 11, 2018 Annual ERCOT Membership Meeting including a proxy form which needs to be submitted by December 7th. She explained that TCAP attorney Christopher Brewster is requesting that TCAP members provide a proxy if a representative is not attending the meeting. She added that Mr. Brewster will be attending the meeting and is available to act as STWA's proxy. Ms. Rodgers moved to designate Christopher Brewster as STWA's proxy for the December 11, 2018 Annual ERCOT Membership Meeting. Ms. Perez seconded. All voted in favor.

17. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:06 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary