

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
January 28, 2020
Minutes

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Jose Graveley
Lupita Perez
Patsy Rodgers

Board Members Absent:

Filiberto Treviño

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Armando Yruegas

Guests Present:

Luke Womack, John Womack &
Co., P.C.
Margaret Kelley, John Womack &
Co., P.C.
Marvin Leary – Linebarger, Goggan,
Blair and Sampson, LLP

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 p.m. A quorum was present.

2. Citizen Comments.

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

3. Proposed Fiscal Year 2019 Audit.

Mr. Luke Womack, John Womack & Co., P.C., introduced Ms. Margaret Kelley who then reviewed the Fiscal Year 2019 Audit with the Board and reported that all records were in order and the Authority's financial position remains very stable. She added that there was nothing negative to report and thanked staff for their work.

4. Resolution 20-01. Resolution accepting the Fiscal Year 2019 Audit prepared by John Womack & Co., P.C. of Kingsville, Texas.

Ms. Rodgers made a motion to approve Resolution 20-01. Ms. Perez seconded the motion. All voted in favor.

The order of the agenda was changed to accommodate the guest, Mr. Marvin Leary.

22. Consideration of offers made to Linebarger, Goggan, Blair & Sampson, LLP for Tax Resale properties in Nueces County.

Mr. Marvin Leary of Linebarger, Goggan, Blair & Sampson, LLP introduced himself to the Board and presented bid analyses and maps on eight struck off properties for which offers have been received. The offers have already been approved by the other taxing entities. If the offers are approved by the Board, STWA will receive at least \$976.54 in delinquent taxes from the sale proceeds and restore as much as \$182,490.00 in taxable property value to STWA's active tax rolls.

23. Resolution 20-03. Resolution approving the sale of delinquent tax properties for less than the amount of taxes owed or the most recent value determined by the appraisal district, whichever is less.

A motion was made by Mr. Barrera and seconded by Ms. Rodgers to adopt Resolution 20-03 approving the offers made to Linebarger, Goggan, Blair & Sampson, LLP. All voted in favor with the exception of Mr. Galvan who abstained.

5. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the December 3, 2019 Public Hearing and Regular Meeting as presented. Ms. Perez seconded. The motion passed by unanimous vote.

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

The following reports were presented for the Board's consideration:

STWA Investment Report for Quarter ended December 2019
Previously approved reports updated to reflect entries resulting from the FY 2019 Audit:
STWA Revenue Fund Balance Sheet – September 30, 2019
STWA Revenue Fund GL Account Summary Report as of September 30, 2019
STWA Debt Service Fund Balance Sheet September 30, 2019
STWA Debt Service Fund GL Account Summary Report as of September 30, 2019
STWA Revenue Fund Balance Sheet – October 31, 2019
STWA Revenue Fund GL Account Summary Report as of October 31, 2019
STWA Debt Service Fund Balance Sheet October 31, 2019
STWA Debt Service Fund GL Account Summary Report as of October 31, 2019
Treasurer's Report for period ending November 30, 2019
Revenue Fund Income Statement for period ending November 30, 2019
Tax Fund Income Statement for period ending November 30, 2019
Special Services Income Statement for period ending November 30, 2019
STWA Revenue Fund Balance Sheet – November 30, 2019
STWA Revenue Fund GL Account Summary Report as of November 30, 2019
STWA Debt Service Fund Income Statement for period ending November 30, 2019
STWA Debt Service Fund Balance Sheet November 30, 2019
STWA Debt Service Fund GL Account Summary Report as of November 30, 2019
STWA Capital Projects Fund Income Statement for period ending November 30, 2019

STWA Regular Meeting Minutes

January 28, 2020

Page 3

STWA Capital Projects Fund Balance Sheet – November 30, 2019
STWA Capital Projects Fund GL Account Summary Report as of November 30, 2019
Treasurer’s Report for period ending December 31, 2019
Revenue Fund Income Statement for period ending December 31, 2019
Tax Fund Income Statement for period ending December 31, 2019
Special Services Income Statement for period ending December 31, 2019
STWA Revenue Fund Balance Sheet – December 31, 2019
STWA Revenue Fund GL Account Summary Report as of December 31, 2019
STWA Debt Service Fund Income Statement for period ending December 31, 2019
STWA Debt Service Fund Balance Sheet December 31, 2019
STWA Debt Service Fund GL Account Summary Report as of December 31, 2019
STWA Capital Projects Fund Income Statement for period ending December 31, 2019
STWA Capital Projects Fund Balance Sheet – December 31, 2019
STWA Capital Projects Fund GL Account Summary Report as of December 31, 2019
FY 2020 Cathodic Protection Expenses Breakdown through December, 2019
2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor
CP Update from CP Technician

The following outstanding invoices were presented for Board approval:

• McLean & Howard, LLP	\$ 12,090.00
• Kevin Kieschnick-Nueces Tax Assessor	\$ 1,158.81
• Mccauley Controls Company	\$ 14,000.00
• City of Corpus Christi	\$ 136,647.45
• John Womack & Co., PC	\$ 6,425.00
• Walker Partners	\$ 3,440.00
• City of Corpus Christi	\$ 94,197.36
• McGinnis Lochridge	\$ 2,427.50
• Kevin Kieschnick-Nueces Tax Assessor	\$ 2,131.11

Ms. Wagner pointed out that the City of Corpus Christi’s invoice included a past due late fee of \$6,318.02. She has been in contact with City personnel about having the fee waived. She explained that the invoice is usually paid late in the month after being approved for payment by the Board. Unfortunately, the bill was inadvertently paid twice resulting in a credit on the account, but the credit is less than the late fee charge. Ms. Wagner reported that she intends to contact someone else about removing the fee. The Board agreed that the City’s invoice should be paid upon receipt and then presented at the next Board meeting. A motion was made by Mr. Galvan and seconded by Ms. Perez to approve the Quarterly Report, Treasurer’s Report and payment of the bills as presented. The motion carried.

7. Nueces County project for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation.

Ms. Serrato reported that Nueces County awarded the bid for construction of the Banquete Pump Station project to JS Haren. JS Haren has selected Mercer Controls as the subcontractor for work on the controls. She also reported that Nueces Water Supply Corporation will need to purchase a storage building for the Corporation's inventory since the building currently used will become the Banquete Pump Station. She had nothing further to report.

8. Update on Nueces County Water Control and Improvement District #5 and offered Wholesale Water Supply Contract.

Ms. Serrato stated that the Nueces County Water Control and Improvement District #5 Board will meet on January 29th and she plans to attend the meeting to discuss the Wholesale Water Supply Contract, Construction of the new Banquete Pump Station, the existing NWSC pumps, and outstanding water usage invoices. She added that all but one of the past due invoices have been paid. She stated that she would keep the Board updated on the progress.

9. Flushing of 42" waterline.

Ms. Serrato reported that there has not been a sufficient amount of water flowing through the 42" waterline and maintaining an adequate residual has been challenging. Flushing of the line was needed during November, December and January in order to remain in compliance with the TCEQ residual requirements. Ms. Serrato estimated that about 4,325,000 gallons of water were flushed during that time period at a cost of approximately \$11,050. She stressed the importance of the City of Bishop resuming water purchases in order to move the water through the waterline and added that there would be more discussion regarding the City of Bishop under other items on the agenda.

10. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline.

Ms. Serrato reported that the plans prepared by Walker Partners for the transfer of chlorine and LAS injections from the Kingsville meter run to the RWSC waterline have been approved by TCEQ. Walker Partners has reached out to Mercer Controls regarding work on the project. Mercer has submitted a quote for \$59,000 but Mr. Mercer feels that there may be some options for saving on the cost. Ms. Serrato stated that Mercer will provide a revised quote to be presented at the next meeting.

11. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that this item is up for discussion in case the Board wants to consider executing the contract in order to for Bishop to purchase water and in order to increase the flow of water in the 42" waterline and increase the chlorine residual. She stated that Bill Flickinger is available by phone to discuss the Water Supply Contract and the License Agreement in closed session. The Board felt there was no need to go in to closed session. Ms. Lowman commented

that if the Water Supply Contract is signed, the City might never agree to the License Agreement. Ms. Serrato commented that Mr. Flickinger still advises that the Board not execute the Contract until the License Agreement is executed. No action was taken by the Board.

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

Ms. Serrato reported that the committee met on January 27th and will meet again in another month to continue negotiations on the License Agreement for the Bishop Pump Station facilities. She provided the draft notes from the meeting for the Board's review and stated that Mr. Flickinger suggested providing the City representatives a copy of the notes to see if the City disputes any of the items listed. If the City agrees with the notes then only four items will remain to be settled. Mr. Galvan made a motion to authorize sending the draft notes to the City of Bishop's committee. Ms. Rodgers seconded. All voted in favor.

13. Appointment of Director to serve on negotiation committee for the Bishop License Agreement.

Ms. Serrato explained that due to Mr. Steven Vaughn's resignation from the Board, an alternate is needed to serve on the negotiation committee for the Bishop License Agreement. Mr. Gravely volunteered to serve and the Board agreed by consensus to appoint him as an alternate.

14. Water Supply Contract with the City of Driscoll.

Ms. Serrato reported that she met with Driscoll Mayor Mark Gonzalez and City Administrator Roland Ramos on January 20th. At that time, Mayor Gonzalez gave the impression that the City was ready to sign a contract but there was concern about large expenses and he showed interest in a contract for operations and maintenance. She suggested sending a letter to the City providing the Water Supply Contract and explaining that this is contract approved by the Board and that the Board is prepared to authorize execution of the contract at the next Board meeting. Ms. Rodgers made a motion to send a letter to the City indicating that the STWA Board has approved the modified contract and is prepared to authorize execution of the contract by resolution at the February 25, 2020 Board meeting. Mr. Graveley seconded the motion. All voted in favor.

15. Operations and Maintenance Contract – City of Driscoll.

Ms. Serrato presented an analysis of the City of Driscoll's allocated expenses for Fiscal Years 2011 through 2019 which reflected a calculated cost per thousand-gallon charge of \$0.2803. She recommended offering this information to the City and offering this figure as a preliminary fee for negotiating an agreement. Mr. Graveley made a motion to offer this calculated cost of \$0.2803 per thousand gallons to the City of Driscoll as a preliminary fee for negotiation of an Operations and Maintenance Contract. Ms. Perez seconded and the motion passed by unanimous vote.

16. Update on installation of Flow-Tronic Torpee Mag for the Driscoll Booster Station from Macaulay Controls Company.

Ms. Serrato reported that Macaulay Controls has installed the Flow-Tronic Torpee Mag. O&M Supervisor Armando Yruegas has been in contact with Mercer Controls regarding returning the system to automatic operation. Mercer Controls is also working with Macaulay Controls to see if any other changes are necessary.

17. Review of South Texas Water Authority Personnel Policies – Hiring of Management Personnel.

Ms. Serrato presented a modified paragraph from the STWA Personnel Policies pertaining to hiring of management personnel. Chapter I, General, Section C – Statement of Personnel Policy was updated to reflect changes requested by the Board at a previous meeting. The changes include appointment of a standing committee of less than a quorum to sit in on interviews and make recommendations to the Board. Ms. Serrato read the proposed policy aloud and asked for direction on how to address instances when the full Board does not approve the committee's recommendation. After review of the policy, the Board requested that the last sentence should read that the recommendation of the committee shall be adopted by the Board.

18. Resolution 20-02. Resolution adopting revised South Texas Water Authority Personnel Policies for Hiring of Management Personnel.

Mr. Galvan made a motion to approve Resolution 20-02 approving the revised STWA Personnel Policies for Hiring of Management Personnel with the change that the recommendation of the standing committee shall be adopted by the Board. Ms. Rodgers seconded the motion. All voted in favor.

19. Appointment of members of Standing Committee for Hiring of Management Personnel.

Ms. Serrato stated that the Standing Committee for Hiring of Management Personnel will include the Executive Director, the officers of the Board and one additional Board member. Mr. Graveley volunteered to serve on the Standing Committee. There were no other nominations. The Board agreed by consensus to appoint Mr. Graveley to the Standing Committee for Hiring of Management Personnel.

20. Review of South Texas Water Authority Personnel Policies – Retiree Benefits.

Ms. Serrato stated that after discussion at the previous Board meeting, she began researching medical insurance coverage for retirees. Because of State Continuation regulations, coverage for former employees is limited to nine months. She discussed the matter with attorney Gregg Kronenberger. Under his advice she also contacted Phil Esquivel and Erica Scramuzza, STWA's agent of record, who confirmed the nine-month limitation with the current carrier, Blue Cross Blue Shield of Texas. Mr. Esquivel added that if a longer period is being considered, coverage could be provided by securing private insurance directly. Mr. Kronenberger also mentioned that he believes it would be relatively simple to write a policy to provide the coverage and recommended defining the length of time for the coverage. Ms. Serrato said she would continue

researching a retiree medical insurance benefit. At the Board's request she agreed to also ask about including returning employees and eligibility based on consecutive versus cumulative employment. She will provide more information at the next meeting. No action was taken.

21. Proposals for Close Interval Potential Survey on Contract 1.

Ms. Serrato reported that Cathodic Protection work on Contract 1 has been completed and a close interval survey needs to be conducted to determine whether the installed anodes and bonding wires and clips have made a difference. She presented two quotes for the recommended survey. She explained that Mr. Flickinger reviewed the quotes including the Standard Terms and Conditions. Mr. Flickinger found that a few areas would need modification but suggested that the Board determine if they are interested in having the work done and working with the selected company to modify their Terms and Conditions. The first quote is from EN Engineering in the amount of \$20,499 and the other was submitted by Corrpro in the amount of \$9,345.20. Ms. Rodgers made a motion to select Corrpro contingent on satisfactory modifications to the Terms and Conditions. Ms. Perez seconded. All voted in favor.

24. Proposed Engagement Letter for general counsel services – Willatt & Flickinger, PLLC.

The Board reviewed an email from Bill Flickinger, Willatt & Flickinger, notifying STWA of an increase in legal services effective May 2020 and offering an engagement letter to formally secure Willatt & Flickinger's services. The rates increased from \$300 per hour to \$325 per hour for attorneys and from \$95 per hour to \$115 per hour for legal assistants. Mr. Galvan made a motion to approve the engagement letter for legal counsel services with Willatt & Flickinger. Mr. Graveley seconded and all voted in favor.

25. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:23 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary