

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
February 25, 2020
Minutes

Board Members Present:

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

Board Members Absent:

Filiberto Treviño
Patsy Rodgers

Staff Present:

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

Guests Present:

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 5:39 p.m. A quorum was present.

2. Citizen Comments.

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

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

21. 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 addressed the Board and presented bid analyses and maps on five struck off properties for which offers have been received. If the offers are approved by the Board, STWA will receive at least \$901.61 in delinquent taxes from the sale proceeds and restore as much as \$38,027.00 in taxable property value to STWA's active tax rolls.

22. Resolution 20-08. 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. Graveley and seconded by Mr. Barrera to adopt Resolution 20-08 approving the offers made to Linebarger, Goggan, Blair & Sampson, LLP. All voted in favor.

3. New Board members' oaths of office.

Ms. Wagner administered the Oath of Office to Mr. Barrera and Ms. Perez who were re-appointed to their current positions on the Board by the Kleberg County Commissioner's Court.

4. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the January 28, 2020 Regular Meeting as presented. Ms. Perez seconded. The motion passed by unanimous vote.

5. Treasurer's Report/Payment of Bills.

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

Treasurer's Report for period ending January 31, 2020
Revenue Fund Income Statement for period ending January 31, 2020
Tax Fund Income Statement for period ending January 31, 2020
Special Services Income Statement for period ending January 31, 2020
STWA Revenue Fund Balance Sheet – January 31, 2020
STWA Revenue Fund GL Account Summary Report as of January 31, 2020
STWA Debt Service Fund Income Statement for period ending January 31, 2020
STWA Debt Service Fund Balance Sheet January 31, 2020
STWA Debt Service Fund GL Account Summary Report as of January 31, 2020
STWA Capital Projects Fund Income Statement for period ending January 31, 2020
STWA Capital Projects Fund Balance Sheet – January 31, 2020
STWA Capital Projects Fund GL Account Summary Report as of January 31, 2020
FY 2020 Cathodic Protection Expenses Breakdown through January, 2020
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:

• Macaulay Controls Company	\$ 2,500.00
• Walker Partners	\$ 2,580.00
• Willatt & Flickinger	\$ 1,963.20
• City of Corpus Christi	\$ 49,301.38
• Kevin Kieschnick-Nueces Tax Assessor	\$ 3,773.23
• Nueces County Appraisal District	\$ 2,465.00

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

6. 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 a storage building has been ordered to house the Nueces Water Supply Corporation's inventory since the building currently used will become the Banquete Pump Station. She added that once the TWDB finalizes approval and a preconstruction meeting is held, the timeline is one year to get the pump station completed. She had nothing further to report.

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

Ms. Serrato stated that at the Nueces County Water Control and Improvement District #5 Board's meeting, their board indicated that they are ready start negotiating a new contract. She explained that because the Banquete Pump Station will be separated into separate facilities for Banquete and for Nueces Water Supply Corporation, the water supply contract will be negotiated based on NWSC's use of the new pump station and Banquete's sole use of the existing station. Ms. Lowman asked if the contract can be written for use of the current pump station in case negotiation is finalized before the end of construction. Ms. Serrato responded that she could look into that but feels that negotiation will probably continue until around the time the new pump station is complete.

8. Update on installation of Flow-Tronic Torpee Mag for the Driscoll Booster Station.

Ms. Serrato reviewed results on the readings after placing the Torpee Mag on automatic recently. She reported that the residuals have improved significantly and the equipment seems to be working as designed.

9. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline.
 - Revised quote from Mercer Control

Ms. Serrato provided an updated quote from Mercer Controls for construction of modifications to the controls for the transfer of chlorine and LAS injections from the Kingsville meter run to the Ricardo Water Supply Corporation 12" waterline. Mr. Mercer suggested eliminating the manhole that was included in the initial quote which resulted in a quote for \$29,500 with an option for using the existing C117 analyzer to automatically adjust the amount of chemicals being injected for an additional cost of \$2,500. Mr. Galvan made a motion to approve the Mercer quote in the amount of \$29,500 with Option 1 in the amount of \$2,500 for a total of \$32,000. Mr. Barrera seconded and all voted in favor.

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

Ms. Serrato stated that the committee met on February 24th as arranged. She reviewed notes from the committee meeting. She reported that the committee resolved two additional issues and the meeting seemed to be going well until the Bishop representatives revealed that the City

Council had rescinded its approval of the water supply contract and that their legal counsel was supposed to have notified STWA. Further discussion resulted in talks regarding a permanent easement for the pipeline, pump station facilities and tanks. Ms. Serrato explained to the committee that a permanent easement would involve payment for the easement upfront rather than periodic payments and that there would be no need to renew the agreement. The Bishop representatives indicated that if STWA executed the water supply contract, the City would execute the contract upon receipt and that they were willing to work on a permanent easement. The STWA representatives stated that reassurance is needed that the City will agree to a permanent easement and further discussion on a deadline resulted in the City representatives agreeing that the permanent easement could be finalized within ninety days. Ms. Serrato also explained to them that the upcoming agenda did not include the water supply contract but she would ask the Board about scheduling a special meeting to consider execution of the contract.

Ms. Serrato informed the Board that there has not been any notice from the City about their decision to rescind the water supply contract. She added that STWA has been trying to continue negotiations in good faith and calling a special meeting to discuss execution of the contract would show STWA's continued efforts. The Board agreed to meet on Tuesday, March 3, 2020 at 12:00 p.m. Ms. Serrato requested authorization to provide the draft notes from the February 24th to the City. Mr. Galvan made a motion to authorize sending the draft February 24, 2020 meeting notes to the City of Bishop. Mr. Barrera seconded. All voted in favor.

11. Water Supply Contract with the City of Driscoll.

Ms. Serrato reported that as agreed, after the last Board meeting, she sent a letter to the City of Driscoll providing the Water Supply Contract and explaining that the STWA Board approved the contract and will formalize approval by resolution during the February 25th meeting. She presented Resolution 20-04 and stated that the Board can adopt the resolution and follow up with notification to the City of the Board's action and that the next step is working on an Operations and Maintenance Contract.

12. Resolution 20-04. Resolution authorizing execution of a 20-year Water Supply Contract between South Texas Water Authority and the City of Driscoll.

Mr. Galvan made a motion to approve Resolution 20-04 and Ms. Perez seconded. All voted in favor.

13. Operations and Maintenance Contract – City of Driscoll.

Ms. Serrato stated that City Administrator Roland Ramos emailed several questions which Ms. Serrato has now answered. She added that it may be a while before there is further communication since Mr. Ramos holds a daytime job and assists the City of Driscoll after hours. She added that Mr. Ramos stated that he would be in communication with City staff. No action was taken by the Board.

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

Ms. Serrato stated that attorney Gregg Kronenberger provided draft language pertaining to retiree medical benefits to incorporate into STWA's personnel policy. In addition, she reviewed information on this type of benefits that she gathered from speaking to representatives of several political entities. She requested feedback on whether to continue her research and the Board agreed that she should continue looking into this benefit. She agreed to provide further information at the next meeting.

15. Review of South Texas Water Authority Personnel Policies Appendix I – Job Descriptions.

Ms. Serrato presented updated job descriptions for the various STWA staff positions. She explained that over time the duties and requirements of the jobs have changed therefore the job descriptions required modification to best describe the current tasks and requirements. Updated descriptions were provided to the managers for review and any needed changes. After being modified, the descriptions were provided to the employees for their review and input. She recommended approval of the revised job descriptions to include in Appendix I of the STWA Personnel Policies.

16. Resolution 20-05. Resolution adopting the revised South Texas Water Authority Personnel Policies Appendix I – Job Descriptions.

Mr. Galvan made a motion to approve Resolution 20-05 approving the revised Job Descriptions for inclusion in Appendix I of the STWA Personnel Policies. Mr. Barrera seconded the motion. All voted in favor.

17. Resolution 20-06. Resolution of appreciation for Mr. Steven C. Vaughn for his dedicated service as a director of the South Texas Water Authority from 2011 – 2019.

Mr. Galvan made a motion to adopt Resolution 20-06. Mr. Graveley seconded. All voted in favor.

18. TCAP Strategic Hedging Program.

- Professional Services Agreement – TCAP
- Commercial Electric Service Agreement – GEXA Energy

Ms. Serrato provided several documents pertaining to STWA's energy services through the Texas Coalition for Affordable Power (TCAP). TCAP requests that its members take certain action if interested in a Strategic Hedging Program (SHP). The process includes entering into an agreement between TCAP and STWA and another agreement for services with GEXA, the retail energy provider. Ms. Serrato said she spoke with Charlie Sosa, the City of Kingsville's Purchasing Director, who stated that the City has not taken action to participate in the program, but he believes they will be approving it later. She added that STWA has until November or December to make a decision but TCAP has indicated that it would be best to take action as soon as possible.

19. Resolution 20-07. Resolution adopting TCAP's Professional Services Agreement and GEXA Energy's Commercial Electric Service Agreement for power to be provided on and after January 1, 2023.

Mr. Barrera stated that he was not ready to take action until more information is available and more directors are in attendance. The Board agreed by consensus to table this resolution.

20. NEC Power Factor/Demand Charge and quote from C.C. Electric for Variable Frequency Drive Controllers and Motors at Central Pump Station.

Ms. Serrato reported that NEC has begun assessing a demand charge for customers with a power factor less than 95%. Some electric bills have been received and include an increase of \$10 to \$12 while others increased \$60 to \$80 as a result of the charge. She received information from NEC that a capacitor could be installed between the motor and controls to correct the problem. However, the electric company familiar with the pump stations used by STWA has indicated they would not be able to provide a quote. She contacted Corpus Christi Electric Company and discussed possible ways to correct the problem and they provided rather costly quotes for new motors, VFD controllers and the associated programming. The same information was also obtained from CD Electric. Ms. Serrato stated that no action is required at this time but she wanted to make the Board aware of the situation.

23. Update on Corrpro Close Interval Potential Survey on Contract 1.

Ms. Serrato stated that after the last meeting, satisfactory modifications were made to the Terms and Conditions of Corrpro's Agreement. The work was performed by Corrpro from February 19th through February 21st. The report was received today and reflects that 85 to 86% of Contract 1 is above where it needs to be. She added that she will contract Corrpro for information on some questions and will include the report in the next agenda packet after further review.

24. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:57 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary