

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
May 26, 2020
Minutes

(This meeting was held remotely by phone and Zoom.)

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Patsy Rodgers
Filiberto Treviño

Board Members Absent:

Lupita Perez
Jose Graveley

Staff Present:

Carola G. Serrato
Frances De Leon

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 5:50 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. Galvan made a motion to approve the minutes of the April 28, 2020 Public Hearing and the April 28, 2020 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 April 30, 2020
Revenue Fund Income Statement for period ending April 30, 2020
Tax Fund Income Statement for period ending April 30, 2020
Special Services Income Statement for period ending April 30, 2020
STWA Revenue Fund Balance Sheet – April 30, 2020
STWA Revenue Fund GL Account Summary Report as of April 30, 2020
STWA Debt Service Fund Income Statement for period ending April 30, 2020
STWA Debt Service Fund Balance Sheet – April 30, 2020
STWA Debt Service Fund GL Account Summary Report as of April 30, 2020
STWA Capital Projects Fund Income Statement for period ending April 30, 2020
STWA Capital Projects Fund Balance Sheet – April 30, 2020
STWA Capital Projects Fund GL Account Summary Report as of April 30, 2020

FY 2020 Cathodic Protection Expenses Breakdown through April, 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:

• AEGION/Corrpro	\$ 6,495.60
• City of Corpus Christi	\$ 111,220.27
• Hilltop Securities	\$ 2,500.00
• Kevin Kieschnick-Nueces Tax Assessor	\$ 14,799.52
• Ramiro "Ronnie" Canales, NCAD	\$ 2,465.00

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

5. Resolution 20-16. Resolution appointing Carola G. Serrato, Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority.
6. Resolution 20-17. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
7. Resolution 20-18. Resolution appointing Melissa T. De La Garza, Kleberg County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Kleberg County.
8. Resolution 20-19. Resolution establishing tax exemptions for residence homesteads, for property owners who are 65 years of age or older, for persons who are disabled, and for disabled veterans.

Ms. Serrato introduced Resolutions 20-16, 20-17, 20-18 and 20-19 as housekeeping items for the tax year. Mr. Galvan made a motion to adopt Resolutions 20-16, 20-17, 20-18 and 20-19. The motion was seconded by Ms. Rodgers and passed unanimously.

9. Preliminary Nueces and Kleberg County Appraisal District Values.

Ms. Serrato presented the preliminary values for Nueces and Kleberg Counties and reported that this year's preliminary values reflect a \$77,499,203 increase compared to last year's certified values. She added that these values were set as of January 1, 2020; therefore, they are not affected by COVID-19. She also noted that the values are preliminary and are being provided for informational purposes. She reminded the Board that the Average Home Value determines what Maintenance and Operations tax rate can be adopted. Certified values should be delivered by July 25th. No action was taken on the presented information.

10. Permanent Easement with City of Bishop for Pump Station Facilities.

Ms. Serrato stated that the permanent easement for the Bishop Pump Station facilities is not included on the City's May 27th agenda. She has been in contact with City Secretary Cynthia Contreras and left a detailed voice mail for Mayor Tem Miller requesting to discuss arranging a meeting of the negotiating committee and inclusion of this item on the next City agenda. No action was taken by the Board.

11. Declaration of 42" waterline extending from O.N. Stevens Water Treatment Plant to CR 52 as Surplus Property.

Ms. Serrato stated that the City of Corpus Christi has executed the Agreement for purchase of a section of STWA's 42" waterline from the O.N. Stevens Water Treatment Plant to CR 52. She explained that if the Board decides to approve the agreement, the waterline will first need to be declared surplus property. Mr. Galvan made a motion to declare a section of approximately 7,000 LF of the 42" waterline from the O.N. Stevens Water Treatment Plant to CR 52 as surplus property. Mr. Treviño seconded. All voted in favor.

12. Purchase Agreement Water Pipeline and Easements South Texas Water Authority: Seller-STWA, Buyer-City of Corpus Christi.

Ms. Serrato reported that legal counsel Bill Flickinger has been in contact with the City of Corpus Christi to negotiate the terms of an agreement for purchase of a section of STWA's waterline needed for relocation of the master meter from the O. N. Stevens Water Treatment Plant to the intersection of US 77 and CR 52. She stated that the City has executed the document which includes a Bill of Sale and Conveyance of the Pipeline and Easements and Assignment of the Easements. The agreement also includes a provision to begin negotiations on extending and amending the Corpus Christi Water Supply Agreement by November 1, 2020. Mr. Galvan made a motion to approve the Purchase Agreement and the City's request to relocate the master meter measuring STWA's wholesale purchases. Mr. Treviño seconded. The motion passed by unanimous vote.

13. 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 the Texas Water Development Board has issued final approval of the project and construction of the new Banquete Pump Station can begin. The contractor, J. S. Haren, has delivered some equipment to the job site and construction is expected to begin soon. She had nothing further to report.

14. Purchase of existing pumps at the Banquete Pump Station from Nueces Water Supply Corporation.

Ms. Serrato stated that legal counsel Bill Flickinger has been working on a conveyance agreement for the transfer of ownership of the pumps and associated controls. The transfer is contingent on completion of the Banquete Pump Station. The document will be presented to the

Nueces Water Supply Corporation Board before being presented to the STWA Board. No Board action was taken.

15. Nueces County Water Control and Improvement District #5 Wholesale Water Supply Contract and Contract for Operation and Maintenance of Facilities.

Ms. Serrato stated that the NCWC&ID #5 Board did not meet in May and the next meeting is scheduled for June 10th. She plans to attend the meeting whether in person or remotely.

16. Operations and Maintenance Contract – City of Driscoll.

Ms. Serrato stated that she and Bill Flickinger are scheduled for a Zoom meeting with Driscoll Mayor Mark Gonzalez and Interim Administrator Roland Ramos on May 27th to review the cost allocation for the Driscoll Pump Station. She will update the Board on any progress.

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

Ms. Serrato reported that field staff completed the four taps on the Ricardo WSC 12-inch waterline and ran the needed conduit. Mercer Controls will run the wiring and they are awaiting delivery of the last of materials and equipment.

18. NewGen Strategies and Solutions Consultant Services and Agreement to Review Corpus Christi Rate and Model Review.

Ms. Serrato presented an agreement from NewGen Strategies and Solutions, LLC. for review of the City of Corpus Christi's FY 2021 Rate Model, Budget and True-up calculations with a not to exceed amount of \$3,000. If NCWC&ID No. 4 decides to participate, they will share the cost with STWA. Mr. Galvan made a motion to authorize staff to execute the service agreement with NewGen Strategies and Solutions in an amount not to exceed \$3,000 for review of Corpus Christi's Rates and Model. Mr. Treviño seconded. All voted in favor.

19. TCAP Strategic Hedging Program.

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

Ms. Serrato presented Resolution 20-07 for adoption of TCAP's Professional Services Agreement and GEXA Energy's Commercial Electric Service Agreement. She explained that the program is designed to provide long-term benefits in pricing of energy and if the Board elects to participate in the Strategic Hedging Program but later decides against it, there will be opportunities to exit the program. She added that the City of Kingsville has approved participation in the TCAP Strategic Hedging Program.

20. **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.**

Ms. Rodgers made a motion to approve Resolution 20-07. Mr. Galvan seconded. All voted in favor.

21. **Approval of Annexation of Certain Lands to the South Texas Water Authority.**
- a. **Jose A. Garcia and Mary L. Garcia – Lot 7, Block G of The Ranch Subdivision in Nueces County, Texas**
 - b. **John Hernandez – Tract Twenty-One-H (21-H), The Ranch Subdivision in Nueces County, Texas**

Ms. Serrato stated that approval of Resolution 20-20 and Resolution 20-21 finalizes the annexation process for these properties and she recommended adoption of the resolutions.

22. **Resolution 20-20. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Jose A. Garcia and Mary L. Garcia – Lot 7, Block G of The Ranch Subdivision in Nueces County, Texas)**
23. **Resolution 20-21. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (John Hernandez – Tract Twenty-One-H (21-H), The Ranch Subdivision in Nueces County, Texas)**

Mr. Galvan made a motion to adopt Resolution 20-20 and Resolution 20-21. The motion was seconded by Mr. Treviño and passed unanimously.

24. **Coronavirus Aid, Relief and Economic Security (CARES) Act Provisions for Loans from Defined Contribution Plans.**

Ms. Serrato stated that the CARES Act passed by the federal government in response to COVID-19 includes provisions that adjust the procedures used for employee loans from Defined Contribution Plans. If an entity does not opt out by submitting the required form, the provisions apply. Eligible individuals include those employees who contracted COVID-19, have a spouse or dependent who contracted COVID-19 or who have become adversely affected economically because of COVID-19. Distributions taken by these employees are not subject to the 10% excise tax on early withdrawals or the 20% withholding requirement and the employee can claim the income over a one to three-year period. During the period of March 27 to September 21, the maximum loan allowed is the lesser of \$100,000 or 100% of the account balance. Ms. Serrato recommended opting out of the provisions because since STWA does not participate in Social Security, an employee could potentially end up with a zero balance in their retirement. Mr. Treviño made a motion to opt out of the loan provisions under the CARES Act. Mr. Galvan seconded. All voted in favor.

25. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:24 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary