

SOUTH TEXAS WATER AUTHORITY
Special Board of Directors Meeting
January 8, 2019
Minutes

Board Members Present:

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

Board Members Absent:

None

Staff Present:

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

Guests Present:

Tem Miller – Mayor, City of Bishop
Cynthia Contreras – City of Bishop
City Commissioner Bill Boswell,
Janie Dominguez, Nathan Garza and
Albert Guajardo
Panfilo Flores
Alexa Rodriguez
John West

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Special Meeting of the STWA Board of Directors to order at 5:30 p.m. A quorum was present. The meeting was scheduled as a joint meeting with the Bishop City Council.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. Mr. John West asked the Bishop City Commission about information he requested and was informed by Ms. Contreras that the information was being researched by the City's attorney.

3. Swearing in of Kleberg County Appointee to replace Chuck Schultz.

Ms. Wagner administered the Oath of Office to Mr. Brandon Barrera who was appointed to Place 3 on the Board to replace Mr. Chuck Schultz by the Kleberg County Commissioner's Court.

4. License Agreement with City of Bishop for Pump Station Facilities.
5. Wholesale Water Supply Contract with the City of Bishop.

Ms. Serrato distributed a revised license agreement that was received at about 3:00 p.m. that same afternoon from the City of Bishop. She stated that she and legal counsel Bill Flickinger reviewed the document and outlined three areas of concern. She said that the document now includes an area for an initial payment and ongoing fees to be paid by STWA to the City. She added that in reference to STWA providing access to the tank, STWA cannot provide permission on behalf of Nueces Water Supply Corporation. In addition, terms such as "substantial portion" and "subsurface object" need to be further clarified. Mr. Vaughn made a motion to table the license agreement until Mr. Flickinger further reviews the document. Mr. Treviño seconded and all voted in favor.

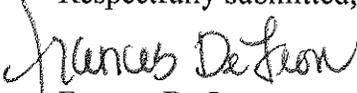
Ms. Lowman asked if the license agreement would be used in lieu of purchasing the property. Ms. Serrato responded that purchase of the property is preferred and she has started doing research on the history of the property deed and discovered that subsequent deeds removed previous restrictions. Cynthia Contreras, Bishop City Secretary, asked if a three-party agreement between Bishop, STWA and NWSC would be easiest and Ms. Serrato responded that her understanding was that Bishop was not interested in a three-party agreement.

Commissioner Boswell stated that the City requested this meeting in hopes of working something out without having to go through attorneys. Commissioner Guajardo pointed out that the Incremental Charge appears to be a tactic to force the City to sign a contract. Ms. Serrato responded that she has emails dating to 2016 requesting meetings to discuss the water supply contract and noted that the City's attorney, Gerald Benadum, has failed to respond to STWA's requests repeatedly for a long time. Mayor Miller stated that he is not in favor of purchasing water on a weekly basis; otherwise, he would agree to sign the contract. Ms. Serrato asked if there was something between weekly and quarterly that was agreeable. She explained that the City of Kingsville purchases water based on a bell-shaped curve purchasing more water during warmer months and that there is no penalty if they do not take water. Commissioner Boswell asked if a refund of the Incremental Charge is possible if a contract is finalized. Ms. Serrato said she has discussed the matter with STWA's attorney and although a refund cannot be issued, there are other options that can be discussed. Several STWA Board members stated they would not be in favor of setting a precedent by refunding the fees. She gave a history of the Incremental Charge and explained that it was implemented to cover risk incurred by STWA for having customers without contracts. After reviewing records, Ms. Wagner reported that in the past twelve months, the City of Bishop has paid \$23,234.39 in Incremental Charges. Regarding the charge in the license agreement, the City representatives said they would be interested in charging STWA an amount sufficient to recoup the Incremental Charge without creating issues with STWA's other wholesale customers. There was discussion regarding payment of the initial fees over a five-year period. Both the City and Board agreed to a monthly water purchase being used in the next draft. Ms. Serrato said these changes would be forwarded to Mr. Flickinger and presented to the Board for formal discussion.

6. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:33 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary