

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
January 22, 2019
Minutes

Board Members Present:

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

Board Members Absent:

Steven Vaughn

Staff Present:

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

Guests Present:

Luke Womack, John Womack &
Co., P.C.
Debby Womack, John Womack &
Co., P.C.

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:31 p.m. A quorum was present.

2. Citizen Comments.

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

3. Proposed Fiscal Year 2018 Audit.

Mr. Luke Womack, John Womack & Co., P.C., reviewed the Fiscal Year 2018 Audit with the Board and reported that all records were in order and the Authority's financial position remains very stable. He added that there was nothing negative to report.

4. Resolution 19-01. Resolution accepting the Fiscal Year 2018 Audit prepared by John Womack & Co., P.C. of Kingsville, Texas.

Dr. Ruiz made a motion to approve Resolution 19-01. Mr. Galvan seconded the motion. All voted in favor.

The order of the agenda was changed to accommodate Dr. Ruiz who needed to leave the meeting early.

17. Petition for Addition of Certain Lands to the South Texas Water Authority (Ryan M. Esquivel and Tabitha F. Esquivel – North east half of Tract 17 of Cyndie Park Unit 2, Nueces County, Texas).

Ms. Serrato explained that Ryan M. Esquivel and Tabitha F. Esquivel approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of a project to extend water service to the Cyndie Park area. As in the past, the process has been for the property owner to request annexation into the district. In this manner, all of NWSC's retail customers are paying the same rates including being taxed by STWA. NWSC does not have out of district rates.

18. Resolution 19-03. Resolution approving Annexation of Certain Lands to the South Texas Water Authority (Ryan M. Esquivel and Tabitha F. Esquivel – North east half of Tract 17 of Cyndie Park Unit 2, Nueces County, Texas).

Mr. Treviño made a motion to adopt Resolution 19-03. Mr. Galvan seconded and all voted in favor. (Please note: This is the incorrect resolution. The corrected resolution will be presented at the February 26, 2019 meeting.)

13. Bids for the purchase of one trackhoe/excavator.

Ms. Serrato stated that as instructed by the Board, Cathodic Protection Technician Armando Yruegas field tested the four trackhoe models that were bid with trade-in allowances. She presented a recommendation from Mr. Yruegas to award the bid to Bobcat Company in the amount of \$84,589.52 less \$13,000 for trade in of STWA's current trackhoe.

14. Resolution 19-02. Resolution awarding the bid for the purchase of one trackhoe/excavator.

Ms. Rodgers made a motion to award the bid for the purchase of one trackhoe/excavator to Bobcat company in the amount of \$84,589.52 less \$13,000 for trade in of STWA's current trackhoe. The motion was seconded by Ms. Perez and passed unanimously.

15. Trailer for hauling trackhoe/excavator.
16. Truck for hauling heavy equipment.

Ms. Serrato stated that Mr. Yruegas researched haul trucks and trailers and discovered that the current 10,000-lb. dual axle trailer has an inadequate capacity rating for hauling the needed equipment. Based on the anticipated weight of a new haul truck and new excavator, Mr. Yruegas recommends purchase of a 15,000-lb. dual axle trailer costing between \$17,500 and \$20,500.

Mr. Yruegas also found that Ford and Dodge have diesel engine trucks similar in size to the current haul truck that will accommodate a new excavator with a properly sized trailer. He suggests requesting bids through BuyBoard or going out for bids. Mr. Galvan made a motion to solicit bids for a trailer and a truck. Mr. Treviño seconded the motion and all voted in favor.

6. Approval of Minutes.

Mr. Barrera requested that his name be corrected from Herrera to Barrera on the December 4, 2018 minutes. Mr. Treviño made a motion to approve the minutes of the December 4, 2018 Regular Meeting with the recommended change. Mr. Galvan seconded. The motion passed by unanimous vote.

9. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that Mr. Vaughn contacted her after the January 8th meeting to clarify that he did not want to give the impression that he was completely in favor of refunding the Incremental Increase to the City of Bishop and rewarding them for bad behavior. She added that legal counsel Bill Flickinger stresses that the License Agreement needs to be signed prior to or at the same time as the Water Supply Contract. She noted that the only difference in the most recent version of the contract is the purchase being changed from weekly to monthly. She added that the Board has the option of approving the contract contingent on the City executing the License Agreement. Mr. Galvan made a motion to accept the Water Supply Contract contingent upon prior or simultaneous execution of the License Agreement by the City of Bishop. Mr. Barrera seconded. All voted in favor.

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

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

The Board discussed the City of Bishop's request to consider a refund of the Incremental charges as part of the License Agreement, but Mr. Treviño pointed out that refunding the \$24,000 of Incremental charges to Bishop could set precedent with other customers. Ms. Serrato noted that the License Agreement could provide time to work on purchase of the property. Mr. Barrera made a motion, seconded by Mr. Galvan, to approve the License Agreement with addition of a clause providing for the City to work with STWA in good faith towards purchase of the Bishop East Pump Station property. All voted in favor.

12. Water Supply Contract with the City of Driscoll.

Ms. Serrato reported that Mark Gonzalez who was serving as a Driscoll Councilman was elected mayor. An election will be held to fill the vacancy for his former position but the date is unknown at this time. She had nothing else to report.

5. Tax Increment Reinvestment Zone 1 – Historic Downtown Kingsville, Texas

Ms. Serrato reported that the City of Kingsville has created a Tax Increment Reinvestment Zone (TIRZ). She reviewed information provided by the City during a meeting with the City's Planning Director, City Manager and Downtown Manager. She also provided general information from the Texas Comptroller's website. The area established by the City includes about 27 blocks and the City's report estimates that slightly less than \$9,600 would be collected from STWA-TIRZ taxes over a 30-year period. The main benefit is that the TIRZ can stimulate improvement and create an overall increase to the tax base. Ms. Serrato said she is waiting for a response from the Planning Director on how the taxes will be collected. She added that the

school district has not yet made a decision on participation. The Board also asked whether Kleberg County would be participating in the TIRZ. Ms. Perez made a motion to table this item. Ms. Rodgers seconded. All voted in favor.

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

Ms. Wagner distributed the Quarterly Report and December 2018 Treasurer's Report which were not included in the agenda packet. The following reports were presented for the Board's consideration:

Treasurer's Report for period ending November 30, 2018
Revenue Fund Income Statement for period ending November 30, 2018
Tax Fund Income Statement for period ending November 30, 2018
Special Services Income Statement for period ending November 30, 2018
STWA Revenue Fund Balance Sheet – November 30, 2018
STWA Revenue Fund GL Account Summary Report as of November 30, 2018
STWA Debt Service Fund Income Statement for period ending November 30, 2018
STWA Debt Service Fund Balance Sheet November 30, 2018
STWA Debt Service Fund GL Account Summary Report as of November 30, 2018
STWA Capital Projects Fund Income Statement for period ending November 30, 2018
Catholic Protection Expenses for October and November 2018
STWA Capital Projects Fund Balance Sheet – November 30, 2018
STWA Capital Projects Fund GL Account Summary Report as of November 30, 2018
Anticipated vs. Actual Water Rate Charged
STWA Investment Report for Quarter ended December 2018
Treasurer's Report for period ending December 31, 2018
Revenue Fund Income Statement for period ending December 31, 2018
Tax Fund Income Statement for period ending December 31, 2018
Special Services Income Statement for period ending December 31, 2018
STWA Revenue Fund Balance Sheet – December 31, 2018
STWA Revenue Fund GL Account Summary Report as of December 31, 2018
STWA Debt Service Fund Income Statement for period ending December 31, 2018
STWA Debt Service Fund Balance Sheet December 31, 2018
STWA Debt Service Fund GL Account Summary Report as of December 31, 2018
STWA Capital Projects Fund Income Statement for period ending December 31, 2018
Catholic Protection Expenses
STWA Capital Projects Fund Balance Sheet – December 31, 2018
STWA Capital Projects Fund GL Account Summary Report as of December 31, 2018

The following outstanding invoices were presented for Board approval:

• Walker Partners	\$ 888.00
• City of Corpus Christi	\$ 107,648.79
• Kevin Kieschnick-NC Tax Assessor	\$ 1,364.69
• Walker Partners	\$ 888.00
• Willatt & Flickinger, Attorneys at Law	\$ 720.20

- City of Corpus Christi \$ 91,716.19

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


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

Ms. Serrato stated that no response has been received from TCEQ regarding submittal of the last quarterly report on November 26, 2018.

19. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:55 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary