

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
March 27, 2018
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Rudy Galvan
Charles Schultz
Filiberto Treviño

Board Members Absent:

Lupita Perez
Patsy Rodgers
Steven Vaughn

Staff Present:

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

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 5:31 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Ms. Serrato presented a corrected version of the February 27, 2018 minutes and explained that a change was made to reflect Mr. Galvan as present at the meeting and Mr. Schultz as absent. Mr. Treviño made a motion to approve the corrected minutes of the February 27, 2018 Regular Meeting. Mr. Galvan 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 February 28, 2018
Revenue Fund Income Statement for period ending February 28, 2018
Tax Fund Income Statement for period ending February 28, 2018
Special Services Income Statement for period ending February 28, 2018
STWA Revenue Fund Balance Sheet – February 28, 2018
STWA Revenue Fund GL Account Summary Report as of February 28, 2018
STWA Debt Service Fund Income Statement for period ending February 28, 2018
STWA Debt Service Fund Balance Sheet February 28, 2018
STWA Debt Service Fund GL Account Summary Report as of February 28, 2018

STWA Capital Projects Fund Income Statement for period ending February 28, 2018

STWA Capital Projects Fund Balance Sheet – February 28, 2018

STWA Capital Projects Fund GL Account Summary Report as of February 28, 2018

STWA 2012 Bond Election Report

Anticipated vs. Actual Water Rate Charged

Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Willatt & Flickinger, PLLC	\$ 802.10
• Russell Corrosion Consultants	\$ 3,200.00
• Walker Partners	\$ 1,480.00
• Kleberg County Appraisal District	\$ 4,887.22
• Nueces County Appraisal District	\$ 1,692.00
• Kevin Kieschnick-NC Tax Assessor	\$ 3,585.46
• City of Corpus Christi	\$ 80,896.29

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

5. TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that the modified Standard Operating Procedures were sent to TCEQ on March 26th. Craig Stowell of TCEQ indicated that they appeared to be satisfactory. She also stated that another extension will be required as a result of the Driscoll LAS project not being complete. No action was taken by the Board.

6. Assessment of STWA's 42" Waterline – Russell Corrosion Projects

- Examination of Section 0 – 5000 LF – Report on Cathodic Protection Evaluation
- Proposal for performing Cathodic Protection upgrades in-house

Ms. Serrato stated that Russell Corrosion's updated Final Report emailed to the Board on Monday was only slightly different from the Board packet version which was retracted. The new report has a formatting change and a word substitution; otherwise, the report remained the same. Mr. Schultz made a motion to accept the Final Report from Russell Corrosion. Mr. Galvan seconded. All voted in favor.

Ms. Serrato also discussed hiring two additional Field Technicians with skills necessary to perform the cathodic protection upgrades on the 42" waterline. She explained that the cost of two employees at an hourly rate of \$25 with full benefits is about \$160,000 per year compared to Russell Corrosion's estimate of \$150,000 for approximately only one mile of upgrades. The \$1,000,000 in remaining bond funds should be sufficient to cover the work needed to complete the project. During the Board discussion and in response to some of their questions Ms. Serrato explained that it might be difficult to find qualified candidates at the proposed pay rate and added that some of the field staff has shown interest in working on the project. She stated she discussed the issue at a recent staff meeting and will continue discussions with staff in order to avoid

problems with morale. A reduction in force may be necessary at the project's end but it was agreed that this would be re-evaluated by the Board at that time. Mr. Schultz made a motion to hire two additional Field Technicians to work on the 42" waterline cathodic protection upgrades. Mr. Treviño seconded. All voted in favor.

7. Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato stated that she has been sending daily before and after residuals including Total, Mono, FAA and Free Chlorine results to HDR daily. The values show improvement but FAA remains higher than preferred. She added there were problems with programming which have led to Shay Roalson, HDR Engineering, losing confidence in the programming performed by Mercer's subcontractor. Ms. Roalson has indicated that she will likely recommend having another company, EI2, review the programming. Ms. Roalson does not recommend making any payment to Mercer at this time. If EI2 is hired, the work can be paid from liquidated damages assessed on the project. Ms. Serrato added that an extension will need to be requested from TCEQ due to the delay in completing the project, but no Board action was required.

8. Water Supply Contract with the City of Bishop.

Ms. Serrato presented a water supply contract emailed to her by Bishop City Secretary Cynthia Contreras. Although Ms. Contreras referred to the contract as a twenty year contract, Ms. Serrato pointed out that it is actually a five year contract with a sixty day notice to terminate. Ms. Serrato stated that she believes the terms of the contract offered to the City by the Authority were appropriate and discussed three items from Bishop's version that she feels need to be addressed. First, the term of the contract is not acceptable because it would create another class of customers which could jeopardize the tax-exempt status of the Authority's bonds. Second, the phrase added on page 3 which would permit the City to purchase water from another source "if water is not reasonably or economically available" is not acceptable and needs to be deleted. Finally, STWA did not transfer title of the building at the Bishop East Pump Station to Nueces Water Supply Corporation; therefore, rather than a license agreement, the City and STWA should be discussing purchase of the property. In addition, the City needs to make their intentions clear on whether they still want backup use of the pumps at Bishop East Pump station. She added that Mr. Flickinger recommends not approving the contract offered by Bishop. Ms. Lowman stated that she recently spoke with Ms. Contreras and expressed to her that the City needs to provide some communication on the contract and she believes this contract was provided as a starting point. Ms. Contreras told Ms. Lowman that the City cannot buy more than 50 percent and cannot go to 60 percent. Ms. Serrato requested authorization to continue working with legal counsel Bill Flickinger on the term of the contract, elimination of the phrase on page 3 and purchase of the property. The Board agreed by consensus for Ms. Serrato to work with Mr. Flickinger to address all three issues.

9. Mercer Controls contract for elimination of repeater antenna on Driscoll elevated storage tank.

Ms. Serrato stated that Mercer Controls has signed the proposal in the amount of \$34,475 to eliminate the Driscoll EST repeater station which was approved by the Board at the February meeting. She requested authorization to execute the proposal and move forward with the work.

Mr. Schultz made a motion to authorize Ms. Serrato to execute the agreement between Mercer Controls, Inc. and South Texas Water Authority for elimination of the Driscoll EST repeater station. Dr. Ruiz seconded. All voted in favor.

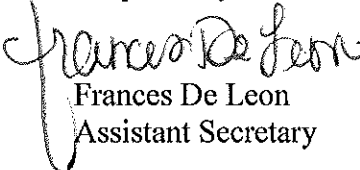
10. HDR proposal for Standard Operating Procedures for the Driscoll and Central Disinfectant Booster Stations.

Ms. Serrato stated that the Standard Operating Procedures she prepared and submitted to TCEQ have been approved and there is no longer need for HDR's proposal. No action was taken by the Board.

11. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:26 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary