

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
July 31, 2018  
Minutes

Board Members Present:

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

Board Members Absent:

Charles Schultz

Staff Present:

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

Guests Present:

Tem Miller – Mayor, City of Bishop  
Cynthia Contreras – City of Bishop

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 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. Rodgers made a motion to approve the minutes of the June 26, 2018 Regular Meeting as presented. Mr. Treviño seconded. The motion passed by unanimous vote.

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

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

South Texas Water Authority Investment Report for Quarter Ended June 2018  
Treasurer's Report for period ending June 30, 2018  
Revenue Fund Income Statement for period ending June 30, 2018  
Tax Fund Income Statement for period ending June 30, 2018  
Special Services Income Statement for period ending June 30, 2018  
STWA Revenue Fund Balance Sheet – June 30, 2018  
STWA Revenue Fund GL Account Summary Report as of June 30, 2018  
STWA Debt Service Fund Income Statement for period ending June 30, 2018  
STWA Debt Service Fund Balance Sheet June 30, 2018

STWA Debt Service Fund GL Account Summary Report as of June 30, 2018  
STWA Capital Projects Fund Income Statement for period ending June 30, 2018  
STWA Capital Projects Fund Balance Sheet – June 30, 2018  
STWA Capital Projects Fund GL Account Summary Report as of June 30, 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, Attorneys at Law	\$ 451.50
• Walker Partners	\$ 592.00
• TML Intergovernmental Risk Pool	\$ 10,233.16
• Kevin Kieschnick-NC Tax Assessor	\$ 341.47
• City of Corpus Christi	\$ 141,297.49

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

5. Review of 2018 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties.

Ms. Serrato reported that the Certified Appraisal Rolls were delivered by Kleberg County Appraisal District and Nueces County Appraisal District and reflect net taxable values of \$1,139,137,395 and \$804,058,640 respectively, approximately \$200,000,000 more than last year. Ms. Serrato recommended approval of Resolutions 18-09 and 18-10.

6. Resolution 18-09. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2018.

After reviewing the Kleberg County appraisal roll for tax year 2018, Mr. Galvan made a motion to approve resolution 18-09. Mr. Treviño seconded the motion. The motion carried.

7. Resolution 18-10. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2018.

Following review of the Nueces County appraisal roll for tax year 2018, Mr. Galvan made a motion to approve resolution 18-10. Mr. Treviño seconded the motion. The motion passed by unanimous vote.

8. Preliminary Fiscal Year 2019 Budget.

Ms. Serrato presented an updated preliminary Fiscal Year 2019 Budget based on certified appraisal district values. The Raw Water and Treater Water Costs from the City of Corpus Christi and information on insurance renewal premiums are not yet available. She stated that Superior Building Systems from Whitsett, Texas provided a quote on a 20x60x20 equipment

barn for a total cost of \$30,577 with additional option totaling \$3,175 for galvanized purlins, painted columns/trusses and colored side walls. She added that \$35,000 was included in the budget. No changes were requested by the Board.

9. Proposed Fiscal Year 2019/Tax Year 2018 tax rate and authorization to publish notice of public hearing.

Ms. Serrato presented the Water District Notice of Public Hearing on Tax Rate reflecting a proposed total tax rate of \$0.086664/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.067886/\$100 and an Interest & Sinking tax rate of \$0.018778. The proposed total tax rate is slightly higher than the current total tax rate of \$0.085170. The public hearing is scheduled for September 4, 2018 and if approved the notice of public hearing will be published on August 26, 2018. Mr. Treviño made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Dr. Ruiz seconded. All voted in favor.

10. Bids for pickup truck.

Ms. Serrato reported that bid packets were delivered to several dealerships in order to replace the truck totaled recently as a result of a hit and run accident. Sames Kingsville Ford submitted the two lowest bids – \$26,011.75 for a ½ ton 4x2 truck and \$29,171.75 for a 4x4 truck. She added that TML has paid \$19,285 on the claim.

11. Resolution 18-11. Resolution awarding the bid for the purchase of one pickup truck.

Ms. Rodgers made a motion to award the bid for the purchase of one 4x4 ½ ton pickup truck to Sames Ford Kingsville in the amount of \$29,171.75. Ms. Perez seconded. All voted in favor.

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

Ms. Serrato reported that a conference call with TCEQ representatives is scheduled for tomorrow and she should have more to report at the next Board meeting.

13. Update on Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato reported that the system continues to be monitored closely and staff continues troubleshooting in hopes of determining the cause of the system's failure to perform as expected. Several items have been discovered that could be contributing to the problem of boosting the residual to the desired level downstream from the booster station. A programming error was allowing the LAS to inject when no chlorine was being injected. Mr. Sherrel Mercer has also indicated that the wiring for the magnetic flow meter will need to be checked because there appears to be a problem with the signal. In addition it was discovered that the rotameter on the chlorine system is not sized properly a 100 pound per day rotameter has been installed. Ms. Serrato added that the system appears to work a lot better when a larger flow is moving through the pipeline. The levels remain in compliance but better readings are desired.

14. Water Supply Contract with the City of Bishop.

Mayor Tem Miller and City Secretary Cynthia Contreras were present at the meeting for discussion on this agenda item. Ms. Serrato reported that at the Bishop City Council meeting on July 25, 2018, the City approved authorizing their legal counsel Ken Fields to modify STWA's offered contract to reflect a beginning purchase percentage of 46% and increasing to 50% over a 5-year period. In addition the Council agreed to accept the same term language as in the City of Kingsville's contract and to delete the added language that STWA objected to pertaining to the City purchasing water from other sources. Ms. Serrato said she offered to have STWA's legal counsel work on the revisions, but it was her understanding that Mr. Fields would be taking care of the changes. Ms. Serrato suggested that the Board accept the City's offer of purchasing 46% of their water from STWA with an annual 1% increase every year up to 50%. She added that although she did not have a document to present, the Board can approve the offer in concept and she will present the contract for Board approval once it is prepared. She added that she would work with the City to provide updates on their purchases so that they stay on track to meet the contracted amount. Mr. Treviño made a motion to approve the 46% in year 1 building to 50% in year 5 as the volume of purchase. Mr. Galvan seconded. All voted in favor. Ms. Contreras stated that she would contact Mr. Fields in the morning to begin working on the changes.

15. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she recently had a discussion with legal counsel Bill Flickinger about pursuing water supply contract negotiations with the City of Driscoll. She requested Board authorization to work with legal counsel to negotiate a contract. The Board agreed by consensus to authorize Ms. Serrato to work on contract negotiations with Mr. Flickinger.

16. Update on offer for Supplemental Easement on CR 38 in Agua Dulce for the AEP Texas Banquete to Stadium Transmission Line Project in Nueces and Jim Wells Counties pertaining to the Agua Dulce Pump Station.

Ms. Serrato stated that she has not received the updated metes and bounds but Brent Starr of Right of Way Service, Inc., has indicated that the revised metes and bounds description should have a southern boundary abutting the pump station's fence and going no further south. She said that this item would be included in the next agenda.

17. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2018.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2018. Ms. Serrato stated that the cost is \$8,925 which is \$100 more than last year's cost. She added that \$9,750 has been budgeted for the audit including \$500 to cover the cost of another firm that will oversee Womack's audit process, and she recommended approval of the Letter of Engagement. Dr. Ruiz made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2018. Ms. Rogers seconded. All voted in favor.

18. Nomination to the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool.

Ms. Serrato provided information on the upcoming election of the Board of Trustees for the TML Intergovernmental Risk Pool and asked if the Board had any nominations. No nominations were made by the Board.

19. Selection of Personnel Evaluation Committee for evaluation of the Executive Director.

Ms. Serrato provided an opportunity for the Board to discuss selection of a Personnel Evaluation Committee to perform her evaluation. The Board decided by consensus to conduct the evaluation as an entire Board rather than appoint a committee.

20. Review of current South Texas Water Authority policy for employees and supervisors taking work vehicles home and its impact on insurance costs.

Ms. Serrato stated that Mr. Treviño requested this item be added to the agenda in order to review the current policy for employees taking working vehicles to their homes and its impact on insurance costs. She presented a copy of STWA's Vehicle Use Policies and Guidelines and a response from TML indicating that there is no additional cost associated with auto coverage for employees who drive STWA's vehicles home. The Board and staff discussed the policy and determined that the policy is working as it should be. No action was taken by the Board.

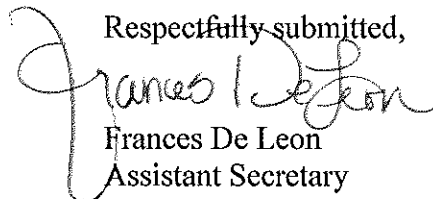
21. City of Corpus Christi Rate Model and True Up.

Ms. Serrato stated that due to the City of Corpus Christi's new billing system, their cost of water information will not be available until the end of September. She discussed the matter with Chris Ekrut of NewGen Strategies who agreed that her method of using last year's model and the projected 2019 figures as the Corpus Christi cost of water was the best option for determining a value although it might be a little high. The Board took no action.

22. Adjournment.

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

Respectfully submitted,



Frances De Leon  
Assistant Secretary