

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
September 4, 2018
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Lupita Perez
Charles Schultz
Filiberto Treviño

Board Members Absent:

Patsy Rodgers
Steven Vaughn
Rudy Galvan

Staff Present:

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

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 5:40 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.

Dr. Ruiz made a motion to approve the minutes of the July 31, 2018 Regular Meeting as presented. Ms. Perez 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 July 31, 2018
Revenue Fund Income Statement for period ending July 31, 2018
Tax Fund Income Statement for period ending July 31, 2018
Special Services Income Statement for period ending July 31, 2018
STWA Revenue Fund Balance Sheet – July 31, 2018
STWA Revenue Fund GL Account Summary Report as of July 31, 2018
STWA Debt Service Fund Income Statement for period ending July 31, 2018
STWA Debt Service Fund Balance Sheet July 31, 2018
STWA Debt Service Fund GL Account Summary Report as of July 31, 2018
STWA Capital Projects Fund Income Statement for period ending July 31, 2018
STWA Capital Projects Fund Balance Sheet – July 31, 2018

STWA Capital Projects Fund GL Account Summary Report as of July 31, 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:

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| • Willatt & Flickinger, Attorneys at Law | \$ 1,556.70 |
| • LNV, Inc. – Banquete PS Improvements | \$ 3,875.00 |
| • Kevin Kieschnick-NC Tax Assessor | \$ 1,120.20 |
| • City of Corpus Christi | \$ 156,041.09 |
| • Nueces County Appraisal District | \$ 1,691.00 |
| • Willatt & Flickinger, Attorneys at Law | \$ 951.70 |

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

5. Proposal for line locate services from USIC Locating Services, LLC.

Ms. Serrato reported that STWA was approached by USIC about line locating services after they noticed how often their locator was at the same sites as STWA personnel. Staff research concluded that STWA staff performed just less than 4,000 line locates over the past year and of those, 1900 were for STWA. Ms. Serrato presented a standard agreement template and a pricing proposal from USIC. She estimates an annual cost of \$25,000 for this service but said although it would free up staff time, she is apprehensive about the line being mismarked. She also has concerns about the agreement template although USIC suggested that provisions could be modified. The Board agreed to table this item for discussion at a later date when more members of the Board were available to express their opinion.

6. Fiscal Year 2019 budget, revenues and rates.

Ms. Serrato presented the Fiscal Year 2019 General Fund, Tax Fund, Special Services Fund, Debt Service Fund and Capital Improvement Fund Budgets based on a proposed total tax rate of \$0.086664 which includes a \$0.067886/\$100 M&O tax rate and an I&S tax rate of \$0.018778/\$100. The budgets are also based on the same Handling Charge of \$0.426386/1000 gallons. The City of Corpus Christi final Cost of Water model has not been provided so the budget remains based on last year's model. The City of Kingsville will be purchasing \$370,000 in FY 2019 according to the water supply contract. Included in the budget is a 9% increase in medical and dental insurance, a 2% increase to total salaries with the exception of the Executive Director and \$240,400 in capital acquisition. In addition, taps and repairs fees charged to Nueces Water Supply Corporation and Ricardo Water Supply Corporation were adjusted to recoup overhead and personnel expenses which increased by about \$20,000. Finally, Ms. Serrato pointed out that two budgets were presented. One included an additional \$25,000 in case the Board chose to approve the added expense of the USIC line locating services.

Mr. Schultz made a motion to adopt the FY 2019 budget without the \$25,000 for the line locating services. Dr. Ruiz seconded. All voted in favor.

7. Resolution 18-12. Resolution adopting the recommended Fiscal Year 2019 budget.

Mr. Treviño made a motion to approve the FY 2019 budget without the additional \$25,000 for line locating services by adoption of Resolution 18-12. The motion was seconded by Ms. Perez and passed by unanimous vote.

8. Resolution 18-13. Resolution adopting the Fiscal Year 2019/Tax Year 2018 tax rate.

Mr. Treviño made a motion to approve Resolution 18-13 adopting the Fiscal Year 2019/Tax Year 2018 M&O tax rate of \$0.067886 per \$100 assessed valuation and the I&S tax rate of \$0.018778 per \$100 assessed valuation for a total tax rate of \$0.086664 per \$100 of taxable value. The motion was seconded by Ms. Perez and passed with all voting in favor.

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

Ms. Serrato reported that a conference call with TCEQ representatives is scheduled before the end of September. She had nothing further to report.

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

Ms. Serrato reported that the LAS system is operating on manual. The levels are much improved but should be better. Staff continues to monitor the system closely and to research possible causes for the system's failure to perform as expected.

11. Authorization to solicit bids for Fiscal Year 2019 pickup truck.

Ms. Serrato stated that purchase of a pickup truck to replace a 2009 truck is included in the Fiscal Year 2019 budget and asked for authorization to solicit bids. Mr. Schultz made a motion to authorize staff to solicit bids for the replacement of the 2009 truck. Mr. Treviño seconded. All voted in favor.

12. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that after the last meeting it was expected that the City of Bishop's legal counsel Ken Fields would be contacted to begin working on changes to the water supply contract; however, Mr. Bill Flickinger was instead contacted by attorney Gerald Benadum stating he would be working on the contract. She asked Mr. Flickinger if he could move forward with the contract changes if no progress is made within a certain timeframe and Mr. Flickinger responded that he could. Mr. Schultz made a motion to have Mr. Flickinger make the changes to the Bishop water supply contract if nothing is received by October 4th. Mr. Treviño seconded. All voted in favor.

13. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she attempted to work on negotiating a water supply contract with the City of Driscoll as authorized by the Board at the last meeting, however, the mayor is no longer in office. Mr. John Valls is currently acting as Interim City Administrator and she forwarded the most recent correspondence to him at his request and will follow up with him.

14. 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 received the updated metes and bounds and presented the executed Amendment to the current easement with AEP. She said the revised metes and bounds area no longer extends into the pump station's fenced area and the matter is now considered settled.

15. Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election.

The Board reviewed the candidate information on the Official Ballot for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election. Ms. Serrato stated that she is not familiar with any of the candidates. The Board chose not to cast a vote for any of the candidates.


16. Official Consent and Ballot Form for Approval of Proposed Amendments to the ERCOT Articles of Incorporation and Approval of Proposed Amendments to the ERCOT Bylaws.

Ms. Serrato provided a meeting notice for ERCOT Membership and a ballot associated with amending the ERCOT Articles of Incorporation and Bylaws. She explained that ERCOT's deadline requires that the ballot be submitted by September 7, 2018. She added that Chris Brewster, an attorney for Texas Coalition for Affordable power (TCAP), recommends approving the amendments to both the Articles of Incorporation and the Bylaws. She requested authorization to submit a ballot of "For" on both items. Mr. Schultz made a motion to authorize Ms. Serrato to vote "For" on both items. Mr. Treviño seconded and all voted in favor.

17. Adjournment.

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

Respectfully submitted,


Frances De Leon
Assistant Secretary