

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
November 18, 2014  
Minutes

Board Members Present:

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

Board Members Absent:

Steven Vaughn

Staff Present:

Carola G. Serrato  
Frances Rosales  
Jo Ella Wagner  
Cameron Whittington

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 5:37 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the October 28, 2014 Regular Meeting as presented. Ms. Perez seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

Ms. Wagner presented the following reports for the Board's consideration:

Treasurer's Report for period ending October 31, 2014  
Revenue Fund Income Statement for period ending October 31, 2014  
Tax Fund Income Statement for period ending October 31, 2014  
STWA Revenue Fund Balance Sheet – October 31, 2014  
STWA Revenue Fund GL Account Summary Report as of October 31, 2014  
STWA Debt Service Fund Income Statement for period ending October 31, 2014  
STWA Debt Service Fund Balance Sheet October 31, 2014  
STWA Debt Service Fund GL Account Summary Report as of October 31, 2014  
STWA Capital Projects Fund Income Statement for period ending October 31, 2014  
STWA Capital Projects Fund Balance Sheet – October 31, 2014  
STWA Capital Projects Fund GL Account Summary Report as of October 31, 2014

STWA 2012 Bond Election Report  
Anticipated vs. Actual Water Rate Charged and Net Revenue Worksheet  
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Valley Ditch Witch/Valley Equipment	\$ 4,540.50
• Willatt & Flickinger, Attorneys at Law	\$ 5,325.55
• HDR Engineering	\$ 3,136.00
• Fluid Meter Services	\$ 4,125.00
• City of Corpus Christi	\$ 116,285.48

A motion was made by Ms. Rodgers and seconded by Ms. Perez to approve the Treasurer's Report and payment of the bills as presented. The motion passed by a unanimous vote.

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

Ms. Serrato reported that the sample results for nitrate and nitrite have been received. She said the results are below the maximum contaminant level and lower than the City of Kingsville's levels. She stated that she received a Read Receipt on her last email to Alicia Diehl inquiring about the TCEQ's study plan and whether a comparison would be made of the split samples but she has not received a response. She had nothing further to report.

6. Kingsville Pump Station Bond Election Improvements – 1.0 MG ground storage tank and pump replacement project.

Ms. Serrato reported that there has been no activity on these projects.

7. Wholesale Water Supply Contract with City of Agua Dulce, City of Bishop, City of Driscoll, City of Kingsville NCWC&ID#5, NWSC, and RWSC.

Ms. Serrato read aloud an email from attorney Gerald Benadum to legal counsel Mike Willatt regarding the water supply contract between STWA and Nueces Water Supply Corporation. In the email, Mr. Benadum suggests entering into a short term contract using the STWA/Kingsville agreement as a model with slight modifications. He also pointed out that NWSC is under enforcement action for lack of a contract and that the order was entered into under STWA's management of NWSC. Ms. Serrato explained to the Board that there has been significant effort by staff to finalize a contract in order to avoid the enforcement action. The Board reviewed a draft letter from Mr. Willatt to STWA's wholesale customers regarding the contracts. The Board discussed changing "long term" to "20 years minimum" and clarifying that consideration of a one-year interim contract is a step towards entering into a long term contract. Dr. Ruiz made a motion to approve sending Mr. Willatt's letter offering a one-year interim contract to the wholesale customers but stipulating that the contract being offered is a step towards a 20 year contract, the only contract being considered is the one offered by STWA and changing "long term" to "20 year minimum." Mr. Galvan seconded and all voted in favor.

8. Bishop West Side Pump Station Bond Election Improvements

Ms. Serrato presented an invoice in the amount of \$51,970.50 from Mercer Controls for the recently installed equipment and an invoice for \$3,000 from LNV Engineering. She reported that the pumps for the project have been delivered and progress is being made. She said there was a problem with controls on one of the pumps but the problem is being resolved. Mr. Galvan made a motion to approve payment to Mercer Controls and LNV Engineering. Ms. Perez seconded and all voted in favor.

9. All matters pertaining to TxDOT 42" Water Line Relocation for US 77 (IH 69) Improvements.

Ms. Serrato reported that the AEP fiber optic line still needs to be relocated so that STWA's abandoned line can be removed and that AEP has yet to file a relocation permit with TxDOT. She added that Lewis Construction and Austin Bay have discussed the possibility of Austin Bay, the contractor building the expanded highway, removing the line instead. She said it does not appear that anything will get approved before November when Lewis Construction leaves the area.

10. Joint Project with Nueces Water Supply Corporation -- Pump Station Improvements at the Driscoll Pump Station.

Ms. Serrato stated that Aaron Archer of HDR Engineering confirmed that he has not been contacted by TCEQ. She added that it may not be until after the new year before a response from TCEQ is received.

11. Codification of STWA's Enabling Legislation.

Ms. Serrato presented an email from Leroy Grawunder of McCall, Parkhurst and Horton, the Authority's bond counsel which included his comments regarding codification of STWA's Enabling Legislation. The Board reviewed the comments as well as a letter drafted by Mr. Willatt to the Texas Legislative Council. Mr. Galvan made a motion to send Mr. Willatt's letter to the Texas Legislative Council along with Mr. Grawunder's comments. Mr. Treviño seconded. All voted in favor.

12. Response from Mr. Marvin Morgan regarding change in fees for professional services.

Ms. Serrato said that in response to the Board questioning Mr. Marvin Morgan's hourly rate for consultation fees associated with the City of Corpus Christi's recently adopted rates, she discussed the matter with Mr. Willatt and emailed Mr. Morgan about it. Mr. Morgan acknowledged that he had not notified STWA about the rate increase but provided a copy of his engagement letter which indicates that he periodically reviews his billing rate and makes adjustments as necessary. She said Mr. Willatt expressed concern over the increase and stated that he may have another consultant to recommend. The Board agreed to instruct Mr. Willatt to contact another consultant.

13. 2015 TCAP Board of Directors nominations.

The Board reviewed the information on the 2015 TCAP Board of Directors nominations but declined making any nominations.

14. 44<sup>th</sup> Annual ERCOT Membership Meeting and Designation of Proxy.

Ms. Serrato presented information on the Annual ERCOT Membership Meeting and explained that TCAP attorney Christopher Brewster is requesting that TCAP members provide a proxy if a representative is not attending the meeting. She added that Mr. Brewster will be attending the meeting and is available to act as STWA's proxy. Mr. Galvan made a motion to assign the proxy to Mr. Brewster. Dr. Ruiz seconded. The motion carried.

15. Calculation of Management Fees charged to Nueces and Ricardo Water Supply Corporation.

Ms. Serrato stated that this item was placed on the agenda at the request of Ms. Lowman, Mr. Treviño and Ms. Perez. She explained that management fees are calculated in order to recoup costs related to staff time, staff benefits, overhead and equipment. She added that the fees are reviewed every year but an updated analysis is generally performed every other year. The Board reviewed the information. No action was taken.

16. Personnel Evaluation of the Executive Director.


Ms. Lowman announced that the Board would convene in Closed Session at 7:16 p.m. pursuant to Section 551.074 of the Government Code to discuss the Personnel Evaluation of the Executive Director. The Board reconvened in Open Session at 7:47 p.m. No action was taken during Closed Session.

Ms. Lowman stated that the Board evaluated Ms. Serrato on a tighter scale this year. She added that the Board agreed that Ms. Serrato is doing an excellent job.

17. Adjournment.

With no further business to discuss, Mr. Galvan made a motion to adjourn the meeting at 7:52 p.m. Ms. Perez seconded. All voted in favor.

Respectfully submitted,

  
Frances V. Rosales  
Assistant Secretary