

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
February 24, 2015
Minutes

Board Members Present:

Kathleen Lowman
Rudy Galvan
Lupita Perez
Patsy Rodgers
Charles Schultz
Steven Vaughn

Board Members Absent:

Filiberto Treviño
Dr. Albert Ruiz

Staff Present:

Carola G. Serrato
Frances Rosales
Jo Ella Wagner
Cameron Whittington
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 5:35 p.m. A quorum was present.

2. Citizen Comments.

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

3. New Board member's oath of office.

Prior to the meeting, Ms. Wagner administered the Oath of Office to Mr. Charles (Chuck) Schultz who was appointed to Place 3 on the Board by the Kleberg County Commissioner's Court.

4. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the January 27, 2015 Regular Meeting as presented. Mr. Galvan seconded. The motion passed by unanimous vote.

5. Treasurer's Report/Payment of Bills.

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

Treasurer's Report for period ending January 31, 2015
Revenue Fund Income Statement for period ending January 31, 2015
Tax Fund Income Statement for period ending January 31, 2015
STWA Revenue Fund Balance Sheet – January 31, 2015

STWA Revenue Fund GL Account Summary Report as of January 31, 2015
STWA Debt Service Fund Income Statement for period ending January 31, 2015
STWA Debt Service Fund Balance Sheet January 31, 2015
STWA Debt Service Fund GL Account Summary Report as of January 31, 2015
STWA Capital Projects Fund Income Statement for period ending January 31, 2015
STWA Capital Projects Fund Balance Sheet – January 31, 2015
STWA Capital Projects Fund GL Account Summary Report as of January 31, 2015
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:

• Pump Solutions	\$ 3,249.43
• Willatt & Flickinger, Attorneys at Law	\$ 5,759.80
• Caldwell Country Chevrolet	\$ 20,811.00
• Texas Office Systems	\$ 7,890.00
• LNV	\$ 1,500.00
• NPE (Nueces Power Equipment)	\$ 1,200.00
• City of Corpus Christi	\$ 88,722.84
• Nueces County Appraisal District	\$ 1,410.00
• Kevin Kieschnick NC Tax Assessor	\$ 5,686.58

A motion was made by Mr. Galvan and seconded by Ms. Perez to approve the Treasurer's Report and payment of the bills as presented. Ms. Lowman pointed out that the Tax Fund Income Statement showed zeros in the "% of 2015 Adopted Budget" column and asked for presentation of a corrected statement at the next meeting. A vote was taken and the motion passed by a unanimous vote.

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

Ms. Serrato said a meeting with TCEQ staff is set for 1:30 p.m. Wednesday, March 11, 2015 but she has not received an agenda for the meeting. She added that legal counsel Mike Willatt and Aaron Archer of HDR Engineering will also attend the meeting and she would prefer to have an agenda listing the specific items for discussion so all involved can be prepared for the meeting. The Board agreed by consensus that TCEQ should be contacted for an agenda after March 1st if it is not received by then.

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

Ms. Serrato reported that Craig Stowell of TCEQ wrote in his most recent email to Aaron Archer that the Kingsville projects and the Driscoll project are under management review. She forwarded the information to Mr. Willatt who emailed Mr. Stowell for an explanation on the delay. Mr. Willatt also notified Mr. Stowell that the matter would be taken up with the TCEQ Executive Director if a satisfactory answer was not received.

8. Wholesale Water Supply Contracts.

Ms. Serrato reviewed a chart from her agenda memo on the water supply contracts. The chart outlined the status of the contracts with each of STWA's wholesale customers. Ms. Serrato stated that she just wanted to present the information as an update. No action was taken on this item.

9. Water Supply Contracts with Ricardo Water Supply Corporation.

Ms. Serrato stated that the agenda for Ricardo Water Supply Corporation's March 3, 2015 meeting includes an item on a 20-year Water Supply Contract with STWA. She said RWSC Board President Baldemar Garcia has previously noted his preference for a 10-year contract, but she has informed him that the USDA will require a long term contract as security for the Corporation's 40-year debt for construction of the 12" waterline and elevated storage tank.

10. Bishop West Side Pump Station Bond Election Improvements.

Ms. Serrato stated that after the last Board meeting Hector Castañeda of LNV Engineering was contacted about the Board's decision to approve a portion of the City of Bishop's request to include certain pump station expenses as part of the overall bond project. She presented a Change Order provided by Mr. Castañeda for the cost of one-half of the building upgrades and changes to the electric service at a total of \$6,696.50. She explained that the Bishop City Council tabled action on the Change Order in order to research which costs could be paid from their bond funds and said that the Board may prefer to wait on approval until the City takes action on the Change Order associated with their portion of the work. Mr. Galvan made a motion to approve the Change Order contingent on the City of Bishop's approval of payment for their portion of the work. Mr. Schultz seconded. All voted in favor.

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

Ms. Serrato stated that there has been no activity on removal of the AEP fiber optic lines.

12. Joint Project with Nueces Water Supply Corporation – Pump Station Improvements at the Driscoll Pump Station.

Ms. Serrato stated that as reported on Item 7 pertaining to the Kingsville Pump Station Bond Election projects, this project is under management review according to Craig Stowell of TCEQ. She added that from an engineering perspective, there is no reason that this project should not be approved.

13. License Agreement between South Texas Water Authority and Coastal Acres to provide for access to STWA facilities at all hours.

The Board reviewed a License Agreement drafted by Mr. Willatt for Coastal Acres to provide access to STWA facilities at all hours. She explained that during a recent leak repair, field staff

needed access to a valve vault which is located about 500 feet from the opening of Coastal Acres' fence on the south east corner of the property. STWA field employees asked if a lock could be placed through Coastal Acres' lock on the gate and were told "no." She said that when the matter was brought to her attention, she contacted the Coastal Acres office and was eventually told that a lock could be placed if STWA provided some type of indemnification regarding Coastal Acres' chemicals. Mr. Schultz made a motion to authorize execution of the License Agreement and Mr. Vaughn seconded. The motion passed 5 to 1.

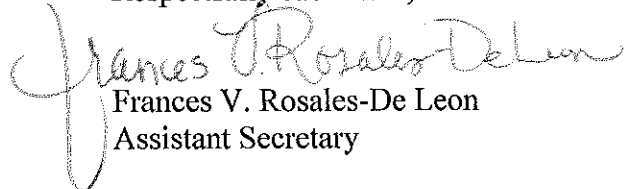
14. Codification of STWA's Enabling Legislation and consideration to utilize the services of Nora Del Bosque to track the Codified Legislation.

Ms. Serrato stated that per Board approval, she contacted Willatt & Flickinger to inquire about the type and cost of services to track the progress of STWA's proposed codified legislation. She contacted Ms. Nora Del Bosque, who Mr. Willatt recommended. Ms. Del Bosque indicated that she could provide legislative representation and government relation services at a cost of \$3,000 per month from March 1 to June 30, 2015. After discussing the quote, the Board agreed to have Ms. Serrato contact Ms. Del Bosque for further discussion and information on the rate and the services to be provided during the time frame quoted by Ms. Del Bosque. Ms. Serrato said she would make arrangements to meet with her while she is in Austin for the meeting with TCEQ staff.

15. Adjournment.

With no further business to discuss, Ms. Perez made a motion to adjourn the meeting at 6:57 p.m. Mr. Galvan seconded. All voted in favor.

Respectfully submitted,


Frances V. Rosales-De Leon
Assistant Secretary