

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

Board Members Present:

Filiberto Treviño
Rudy Galvan
Lupita Perez
Patsy Rodgers
Dr. Albert Ruiz
Charles Schultz
Steven Vaughn

Board Members Absent:

Kathleen Lowman

Staff Present:

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

Guests Present:

None

1. Call to Order.

Mr. Filiberto Treviño, Board Vice-President, called the regular meeting of the STWA Board of Directors to order at 5:32 p.m. A quorum was present.

2. Citizen Comments.

Mr. Treviño 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 February 24, 2015 Regular Meeting as presented. Mr. Galvan 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 February 28, 2015
Corrected Revenue Fund Income Statement for period ending January 31, 2015
Corrected Tax Fund Income Statement for period ending January 31, 2015
Corrected STWA Debt Service Fund Income Statement for period ending January 31, 2015
Corrected STWA Capital Projects Fund Income Statement for period ending January 31, 2015
Revenue Fund Income Statement for period ending February 28, 2015
Tax Fund Income Statement for period ending February 28, 2015
STWA Revenue Fund Balance Sheet – February 28, 2015
STWA Revenue Fund GL Account Summary Report as of February 28, 2015

STWA Regular Meeting Minutes

March 24, 2015

Page 2

STWA Debt Service Fund Income Statement for period ending February 28, 2015

STWA Debt Service Fund Balance Sheet February 28, 2015

STWA Debt Service Fund GL Account Summary Report as of February 28, 2015

STWA Capital Projects Fund Income Statement for period ending February 28, 2015

STWA Capital Projects Fund Balance Sheet – February 28, 2015

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

• Hanson	\$ 3,654.00
• Hanson	\$ 592.00
• Kevin Kieschnick NC Tax Assessor	\$ 2,627.78
• Willatt & Flickinger, Attorneys at Law	\$ 4,602.10
• Waukesha-Pearce Industries	\$ 2,046.04
• City of Corpus Christi	\$ 58,371.40
• Kleberg County Appraisal District	\$ 4,792.90

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

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

Ms. Serrato said she, Mike Willatt and Bill Flickinger of Willatt and Flickinger, and Aaron Archer of HDR Engineering, Inc., met with eleven TCEQ staff members on Wednesday, March 11, 2015. She reported the following on the meeting. Jennifer Cook, TCEQ Attorney, conducted the meeting. Test results from samples collected off of the 42" transmission line were presented and used as a basis for TCEQ's assessment that the residual problem is manageable and costly modifications are not needed on STWA's water system. Ms. Serrato, Mr. Willatt and Mr. Archer pointed out that the residual is maintained only if sufficient volumes of water move through the waterline. They also pointed out that STWA does not have long-term contracts with either the City of Kingsville or Ricardo Water Supply Corporation. Ms. Serrato asked about the engineering plans for the Kingsville and Driscoll projects and TCEQ admitted it would not approve the plans until the Authority signs an Agreed Order acknowledging that it is a Public Water System. Mr. Willatt stated that he would not recommend that the Authority sign such an Agreed Order without certain measures being in place and evidence that the residual problem can be addressed without costly changes to the Regional Water System.

Ms. Serrato, with legal counsel's agreement, recommended a chlorine burn on the 42" line, construction of improvements to the Driscoll booster pump station, contacting the City of Kingsville to begin negotiations on a long-term contract and an analysis of the bell-shaped curve pilot study.

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

Ms. Serrato explained to the Board that the tank and new pumps are needed. She added that only one pump is currently operational and if it goes out Kingsville will not be able to receive water from STWA. She said that because of TCEQ's refusal to approve the Kingsville projects, she and Mr. Willatt discussed proceeding with construction on the projects without TCEQ approval. She contacted Leroy Grawunder of McCall, Parkhurst and Horton who advised that the bond documents do not restrict proceeding with the project. She said Mr. Archer has also consulted with HDR's attorneys who said that they do not see a problem with him working on the project plans without TCEQ approval but recommended that a Texas attorney write a letter regarding the matter. She said she would present updated information at the next meeting.

7. Water Supply Contract with Ricardo Water Supply Corporation.

Ms. Serrato stated that the Ricardo Water Supply Corporation Board of Directors considered the 20-year water supply contract offered by STWA during the RWSC's March 3, 2015 meeting but did not take any action. She said RWSC Board President Baldemar Garcia expressed concerns about the concept of the personalized Handling Charge but she spoke with him a few days later and answered his questions. She believes his concerns may have been addressed.

8. Water Supply Contracts with NCWC&ID #5 (Banquete).

Ms. Serrato stated that a slightly modified contract had been sent to the Banquete Water District. She explained that the term of the contract was changed to twenty years rather than being based on STWA having a contract with the City of Corpus Christi and that the provision allowing for a mid-year change in STWA's Handling Charge had been removed. She added that she is scheduled to attend the District's April 8th meeting to answer any questions and she will provide an update at the next meeting.

9. Bishop West Side Pump Station Bond Election Improvements.

Ms. Serrato presented an invoice from LNV in the amount of \$1,500 and Pay Estimate #3 to Mercer Controls for \$28,413. She reported that all of the contract work has been completed and added that Bishop Public Works Director Bom Flores emailed her to thank her and the Authority Board for the renovations. She recommended approval of Pay Estimate #3 per the engineer's recommendation as well as the LNV invoice. Mr. Galvan made a motion to approve payment of the \$1,500 LNV invoice and to approve Pay Estimate #3 to Mercer Controls in the amount of \$28,413. Ms. Rodgers seconded and all voted in favor.

10. Utility Conveyance Agreement between South Texas Water Authority and the City of Bishop for transfer of title of Bishop West Pump Station Improvement using Bond Funds.

Ms. Serrato presented the final draft Utility Conveyance Agreement between South Texas Water Authority and the City of Bishop for the facilities constructed at the Bishop Westside Pump Station. After reviewing the document, Mr. Schultz made a motion to approve the Utility Conveyance Agreement. Ms. Perez seconded and all voted in favor.

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

Ms. Serrato stated AEP has filed a permit for removal of the AEP fiber optic lines but there has been no other activity.

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

Ms. Serrato said that as reported on the TCEQ Enforcement Action item, TCEQ will not approve the plans for the Driscoll project until STWA signs an Agreed Order acknowledging that it is a Public Water System. She added that according to TCEQ Attorney Jennifer Cook, it places TCEQ in a difficult position to approve plans for Nueces Water Supply Corporation since they would be purchasing water from an entity that claims that it is not a Public Water System.

13. 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 she registered with the Texas Legislation Online website to receive notice of any activity associated with SB 1162 which includes the codification of STWA's enabling legislation. In addition, she met with Ms. Nora Del Bosque for a more detailed description of her service. Ms. Del Bosque advised that she can begin meeting with Senator Kelly Hancock's office and when the corresponding bill is filed by a representative she will make contact with that office as well to inform their staff of the Authority's history and how the Authority has been able to function under its legislation. She would also make time to discuss the codification of the legislation with any local legislative offices. Ms. Serrato stated that Mr. Willatt did not feel that Ms. Del Bosque's rate is excessive. Mr. Schultz suggested informing local legislators that STWA has interest in this bill so they can keep STWA informed. Mr. Treviño agreed with the suggestion. Mr. Galvan said they should wait another month regarding her services. The Board consensus was to wait on making a decision on utilizing Ms. Del Bosque's services.

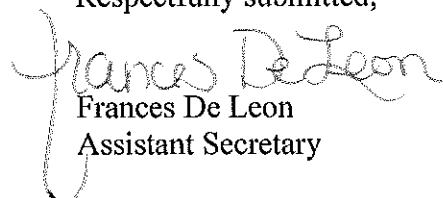
14. Surplus Property Sale.

The Board reviewed the list of surplus property and salvage. She requested authorization to advertise the surplus property for sealed bids and award the sale to the highest bidder as well as to authorize disposal of the salvage property. Mr. Galvan made such motion, Mr. Schultz seconded and all voted in favor.

15. Adjournment.

With no further business to discuss, Mr. Treviño adjourned the meeting at 6:35 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary