

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
May 26, 2015  
Minutes

Board Members Present:

Kathleen Lowman  
Filiberto Treviño  
Patsy Rodgers  
Dr. Albert Ruiz  
Charles Schultz

Board Members Absent:

Rudy Galvan  
Lupita Perez

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jacob Hinojosa  
Dony Cantu

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 5:32 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 members' oaths of office.

No oaths of office were administered.

4. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the May 6, 2015 Regular Meeting as presented. Ms. Rodgers seconded. The motion passed by unanimous vote.

5. Treasurer's Report/Payment of Bills.

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

Treasurer's Report for period ending April 30, 2015  
Revenue Fund Income Statement for period ending April 30, 2015  
Tax Fund Income Statement for period ending April 30, 2015  
STWA Revenue Fund Balance Sheet – April 30, 2015  
STWA Revenue Fund GL Account Summary Report as of April 30, 2015  
STWA Debt Service Fund Income Statement for period ending April 30, 2015  
STWA Debt Service Fund Balance Sheet April 30, 2015  
STWA Debt Service Fund GL Account Summary Report as of April 30, 2015

STWA Capital Projects Fund Income Statement for period ending April 30, 2015

STWA Capital Projects Fund Balance Sheet – April 30, 2015

STWA Capital Projects Fund GL Account Summary Report as of April 30, 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:

• City of Corpus Christi	\$ 82,726.92
• Kevin Kieschnick NC Tax Assessor	\$ 560.34
• Willatt & Flickinger, Attorneys at Law	\$ 11,075.40
• Nueces County Appraisal District	\$ 1,410.00

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

6. Resolution 15-04. Resolution appointing Carola G. Serrato, Executive Director, to serve as Chief Tax Assessor for the South Texas Water Authority.
7. Resolution 15-05. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
8. Resolution 15-06. Resolution appointing Melissa T. De La Garza, Kleberg County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Kleberg County.
9. Resolution 15-07. Resolution establishing tax exemptions for residence homesteads, for property owners who are 65 years of age or older, for persons who are disabled, and for disabled veterans.

Ms. Serrato introduced Resolutions 15-04, 15-05, 15-06 and 15-07 as housekeeping items for the tax year. Ms. Rodgers made a motion to adopt Resolutions 15-04, 15-05, 15-06 and 15-07. Seconded by Mr. Treviño, the motion passed unanimously.

10. Preliminary Nueces and Kleberg County Appraisal District Values.

Ms. Serrato presented the preliminary values for Nueces and Kleberg Counties and reported that based on the current M&O tax rate, they reflect about a \$10,000 increase in STWA's overall tax collections compared to last year. She said that these values are preliminary and may be affected by property owners' protests and drops in mineral values. She added that the preliminary values were being provided for informational purposes and certified values should be delivered by July 25th.

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

Ms. Serrato reported that TCEQ attorney Jennifer Cook's motion for a rehearing has been placed on the Commission's June 3, 2015 agenda. She said that Mr. Flickinger, Willatt & Flickinger,

advised that she does not need to attend since she will not be able to address the Commissioners. She said she will report more after the June 3<sup>rd</sup> meeting.

12. Kingsville Pump Station Bond Election Improvements – 1.0 MG ground storage tank and pump replacement project – Advertisement for Bids.

Ms. Serrato stated that the last information provided to HDR Engineering from the Texas Board of Professional Engineers indicates that the issue of proceeding with the project without TCEQ approval is between TCEQ and STWA and should not place HDR under violation of any statute. She also said that she and Aaron Archer are working on a schedule which will provide sufficient time for advertisement of the project, review of the bids and presentation to the Board at the August 4<sup>th</sup> STWA Board meeting. She said she would provide an update to the Board as soon as the dates are set.

13. Purchase of standby pump and motor for Kingsville Pump Station.

Ms. Serrato reported that three quotes for a standby pump and motor for the Kingsville Pump Station were received and provided to Aaron Archer of HDR to assure that they were in conformance with the necessary equipment. Mr. Archer has not had a chance to review them. She stated the cost would be approximately \$25,000 to \$26,000 which would be from bond proceeds and asked for authorization to purchase the pump and motor recommended by Mr. Archer. Mr. Schultz made a motion to authorize the purchase of a standby pump and motor based on the engineer's recommendation on the quotes that were received. Mr. Treviño seconded. All voted in favor.

14. Wholesale Water Supply Contract with Nueces Water Supply Corporation.

Ms. Serrato stated that the Nueces Water Supply Corporation Board of Directors met on May 15<sup>th</sup> and approved a twenty-year contract with South Texas Water Authority. She presented Resolution 15-08 for Board approval.

15. Resolution 15-08. Resolution authorizing execution of a 20-year Water Supply Contract between South Texas Water Authority and Nueces Water Supply Corporation.

Mr. Schultz made a motion to approve Resolution 15-08. Dr. Ruiz seconded. All voted in favor.

16. Water Supply Contract with Ricardo Water Supply Corporation.

Ms. Serrato stated that RWSC Board President Baldemar Garcia called and informed her that he has been consulting with attorney Gerald Benadum and will contact her soon to schedule a Board meeting. She had nothing further to report.

17. Resolution 15-09. Resolution authorizing execution of a 20-year Water Supply Contract between South Texas Water Authority and Ricardo Water Supply Corporation.

No action was taken on Resolution 15-09.

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

Ms. Serrato said that she has not heard back from Banquete regarding the 20-year water supply contract. She said she would make arrangements to attend another meeting.

19. Bishop West Side Pump Station Bond Election Improvements.

Ms. Serrato presented a final invoice from LNV in the amount of \$2,500. She said the final payment to Mercer Controls including release of retainage was made as authorized by the Board after the City approved acceptance of the project. Mr. Treviño made a motion to approve payment of the LNV invoice in the amount of \$2,500, Ms. Rodgers seconded and all voted in favor.

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

Ms. Serrato reported that at their May 15<sup>th</sup> meeting, the Nueces Water Supply Corporation Board approved proceeding with construction of the Driscoll Pump Station Improvements project without the TCEQ's approval. She recommended supporting NWSC's decision and approving advertising for construction. Mr. Schultz made a motion to approve the advertisement for construction of the Joint Driscoll Pump Station Project. Mr. Treviño seconded. All voted in favor.

21. 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 the codification process appears to be moving to the final stages. She added that Ms. Nora Del Bosque has been very helpful in offering explanation to what is presented on the website. She said she has made it very clear to Ms. Del Bosque that the Board did not take action to hire her.

22. Conversion of Driscoll Disinfection Booster Station from Free Chlorine to Chloramine – Facility Improvements.

Ms. Serrato reported that as authorized by the Board, STWA began a free chlorine burn on May 5, 2015 in order to address nitrification that may have been occurring on the 42" transmission line. She added that it will not be known if the burn was successful until at least a week or two after the disinfection booster station resumes normal operation. She said that if the TCEQ/SOAH case is remanded, this will most likely be a topic of discussion and she feels that the TCEQ will try to portray STWA as being negligent by not attempting to address the residual problem by converting the Driscoll Booster Station to a chloramine boosting station. She added that the City of Kingsville is aware that the water needs to continue moving in the line and although the Kingsville Contract obligates a set volume, it is unknown if the study will work especially with the expected cooler summer and wetter September. She said she still recommends conversion of the booster station to show that STWA is trying all avenues to address the problem with maintaining the residual in the vicinity of Kingsville. The Board

STWA Regular Meeting Minutes

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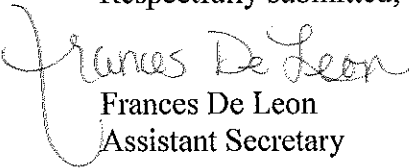
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continued to voice concerns about spending \$140,000 without a long-term commitment from the City of Kingsville to purchase water based on the necessary volumes to maintain a residual. Ms. Serrato indicated to the Board that STWA may then have to consider conducting free chlorine burns periodically if evidence of nitrification occurs. No Board action was taken.

23. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:26 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary