

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
September 22, 2015
Minutes

Board Members Present:

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

Board Members Absent:

Steven Vaughn

Staff Present:

Carola G. Serrato
Frances De Leon
Jacob Hinojosa
Jo Ella Wagner
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 5:34 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.

Mr. Treviño made a motion to approve the minutes of the August 25, 2015 Regular Meeting, the September 8, 2015 Public Hearing and the September 8, 2015 Special Meeting as presented. Mr. Schultz 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 August 31, 2015
Revenue Fund Income Statement for period ending August 31, 2015
Tax Fund Income Statement for period ending August 31, 2015
STWA Revenue Fund Balance Sheet – August 31, 2015
STWA Revenue Fund GL Account Summary Report as of August 31, 2015
STWA Debt Service Fund Income Statement for period ending August 31, 2015
STWA Debt Service Fund Balance Sheet August 31, 2015
STWA Debt Service Fund GL Account Summary Report as of August 31, 2015

STWA Capital Projects Fund Income Statement for period ending August 31, 2015

STWA Capital Projects Fund Balance Sheet – August 31, 2015

STWA Capital Projects Fund GL Account Summary Report as of August 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:

• Kevin Kieschnick – Nueces Tax Assessor	\$ 1,869.77
• Moody Brothers	\$ 2,647.88
• Willatt & Flickinger, Attorneys at Law	\$ 7,637.60
• Odessa Pump	\$ 20,162.00
• Kleberg County Appraisal District	\$ 4,792.89
• City of Driscoll	\$ 3,600.00
• City of Corpus Christi	\$ 142,918.52
• HDR Engineering, Inc.	\$ 4,235.00
• HDR Engineering, Inc.	\$ 4,500.00
• HDR Engineering, Inc.	\$ 1,920.00
• HDR Engineering, Inc.	\$ 2,946.00
• NewGen Strategies & Solutions	\$ 1,235.00

A NewGen Strategies & Solutions invoice was presented at the meeting for work on the Corpus Christi water rate true-up. Ms. Wagner explained that the total cost on the invoice is \$2,470 but is split between STWA and NCWC&ID #4 with STWA's portion at \$1,235. A motion was made by Mr. Galvan and seconded by Ms. Rodgers to approve the Treasurer's Report and payment of the bills as presented. The motion carried.

5. Fiscal Year 2015 Budget Amendments.

Ms. Serrato reviewed the proposed FY 2015 Amended Budget and explained that slight modifications were made to the budget in the agenda packet to include the cost of liquid ammonia and chlorine purchases. Mr. Galvan made a motion to approve the final FY 2015 Budget Amendments. Ms. Perez seconded and all voted in favor.

6. Tax Year 2015 tax roll/levy for the South Texas Water Authority's district in Kleberg County.

Ms. Serrato presented the Kleberg County tax roll/levy for Tax Year 2014. She reported a total taxable value of \$1,044,245,601 and a total tax levy of \$870,247 and recommended approval of Resolution 15-18.

7. **Resolution 15-18.** Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Kleberg County for tax year 2015.

Mr. Schultz made a motion to adopt Resolution 15-18 adopting the tax roll/levy for South Texas Water Authority's district in Kleberg County for tax year 2015. Mr. Treviño seconded the motion and all voted in favor.

8. Tax Year 2015 tax roll/levy for the South Texas Water Authority's district in Nueces County.

Ms. Serrato stated that the Nueces County Tax Year 2015 tax roll/levy had not yet arrived and should be delivered within the next two weeks.

9. **Resolution 15-19.** Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Nueces County for tax year 2019.

No action.

10. STWA General Fund Investment Policies:

- a) South Texas Water Authority General Fund
- b) South Texas Water Authority Debt Service Fund
- c) South Texas Water Authority Reserve Fund
- d) South Texas Water Authority Capital Project Fund

Ms. Serrato informed the Board that review and approval of STWA's Investment Policies is required every year. She presented the General Fund, Debt Service Fund and Reserve Fund Investment Policies for the Board's review and said that a Capital Project Fund Investment Policy was added this year and is the same as the others. She said there have been no changes to the Policies. She then recommended approval of the STWA General Fund, Debt Service Fund, Reserve Fund and Capital Project Fund Investment Policies.

11. **Resolution 15-20 through 15-23.** Resolution approving the South Texas Water Authority Investment Policies.

- a) South Texas Water Authority General Fund
- b) South Texas Water Authority Debt Service Fund
- c) South Texas Water Authority Reserve Fund
- d) South Texas Water Authority Capital Project Fund

Ms. Rodgers made a motion to adopt Resolution 15-20, 15-21, 15-22 and 15-23. Mr. Galvan seconded. All voted in favor.

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

Ms. Serrato reported that staff has been preparing the documents requested by TCEQ. She added that she will travel to Austin on September 30th for her deposition on October 1st and Aaron

Archer of HDR Engineering is scheduled for his deposition on October 2nd. She had nothing else to report.

13. Notice of Court Setting in the District of Travis County, Texas – STWA v TCEQ.

Ms. Serrato presented the legal paperwork filed with the Travis County District Court for the case on the TCEQ Enforcement Action. She explained that the filing was necessary in order to keep the case in active status.

14. All matters pertaining to TxDOT 42” Water Line Relocation for US 77 (IH 69) Improvements – Removal of abandoned 42” waterline.

Ms. Serrato reported that AEP will begin working on removal of their fiber optic line very soon which will allow STWA to remove the abandoned 42” waterline. She said HDR Engineers Carl Crull and Joe Garza have been in contact with Lewis Contractors about remobilization for removal of the waterline. Lewis has provided a quote of \$14,000 for returning to work on the project in addition to the cost remaining on the contract. She added that HDR is seeking quotes from other companies as well and more information should be available for the next board meeting.

15. Kingsville Pump Station Bond Projects – Construction of the 1.0 MG Ground Storage Tank – Notice to Proceed.

Ms. Serrato reported that work is beginning on the Kingsville Ground Storage Tank project. She stated demolition work should begin once the line stops and valves are installed to allow the City of Kingsville to bypass the tank and continue taking water during construction. She added that she has started receiving documents related to requests for information and plan submittals on the current projects and said she would only forward these if the Board wants them. The Board instructed Ms. Serrato to not include the documents in agenda packets or emails.

16. Kingsville Pump Station Bond Projects – Pump Replacement – Notice to Proceed.

Ms. Serrato reported that construction is expected to begin in January of 2016 due to materials and equipment being on order. She had nothing further to report on this project.

17. Joint Project with Nueces Water Supply Corporation – Pump Station Improvements at the Driscoll Pump Station – Notice to Proceed.

Ms. Serrato stated that a delay in activity on this project is expected since equipment and materials will need to be ordered and there is a lag time for delivery. She added that the preliminary cost breakdown is approximately \$36,000 for the building expansion which is STWA’s responsibility and \$86,000 for addition of the fourth pump which is Nueces Water Supply Corporation’s portion. She said final costs will be determined after project completion.

18. Agreement with HDR Engineering, Inc. for engineering services pertaining to assessment of STWA's 42" waterline.

Ms. Serrato stated that information requested by HDR Engineering has been forwarded but an agreement is not yet available. She added that Mr. Archer has indicated that the proposal and engineering services agreement will likely be split in two (2) phases – a tabletop phase and a field phase.

19. City of Corpus Christi water rate true-up.

Ms. Serrato stated that Chris Ekrut of NewGen Strategies & Solutions has been working on the City of Corpus Christi water rate true-up. She added that she and Mr. Ekrut have discussed her concerns over the City's proposal to approve 2-year rates and the repercussions regarding the true up as required by the Settlement Agreement with the City. She stated that it might be necessary to utilize the services of Mike Willatt and Bill Flickinger once the City provides further information on how calculations and adjustments will be made.

20. STWA easement at site of future construction of Hick's Family Nissan on the east side of the I-69 northbound frontage road south of Mike Shaw Toyota.

The Board reviewed information on a new dealership on the east side of US 77/I-69 south of Mike Shaw Toyota and voiced their concerns about concrete being laid over STWA's waterline. Ms. Serrato pointed out that two other dealerships have been constructed nearby in the same manner and that nothing in the easement restricts this type of construction. The Board discussed liability issues in regards to damage to the dealership property due to a water leak. Mr. Galvan and Dr. Ruiz asked who would be responsible if vehicles were damaged and Ms. Serrato responded that STWA's insurance would cover such damages. Mr. Schultz also noted that Nueces County might have an ordinance that would address the situation and Mr. Galvan suggested seeking a legal assessment from Mr. Willatt. Ms. Serrato said she would contact legal counsel with regards to any legal alternatives.

21. H.B. No. 3357 – Posting of meeting notices for water districts.

Ms. Serrato stated that currently, STWA sends an agenda to the Nueces County Clerk's office and awaits confirmation that the notice has been posted. For Kleberg County, the agenda is physically delivered to the County Clerk's office and where it is stamped as received. She informed the Board that new legislation, HB 3357, has been passed which provides for water districts posting notice of open meetings on the entity's website and foregoing using the County Clerks' offices to post the meeting notice. She asked for the Board's preference on posting open meetings. Mr. Treviño stated that notice of the meetings might not be getting out to everyone because no citizens attend the meetings and that he would like the notice made as public as possible. Ms. Rodgers made a motion to authorize posting agendas on STWA's website and also emailing the notice to the County Clerks' offices. Ms. Perez seconded the motion. All voted in favor.

22. STWA Restated Thrift Plan and Trust.

Ms. Serrato presented the Restated Thrift Plan and Trust for the Board's review and approval. She explained that the document was needed in order to maintain legal compliance and to secure a letter of determination from the IRS. She said she has thoroughly reviewed the Restated Plan drafted by Ms. Martha Kirwin of McKay Hochman Co., Inc. and she recommended adoption of Resolution 15-24 approving the Plan.

23. Resolution 15-24. Resolution approving the STWA Restated Thrift Plan and Trust and authorizing submittal to the Internal Revenue Service for the Purpose of Obtaining a Letter of Determination.

Mr. Galvan made a motion to adopt Resolution 15-24 approving the STWA Restated Thrift Plan and Trust and authorizing submittal to the Internal Revenue Service for the purpose of obtaining a Letter of Determination. Dr. Ruiz seconded and all voted in favor.

24. One-Year Wholesale Water Supply Contract between the City of Kingsville and South Texas Water Authority.

Ms. Serrato presented email correspondence between Bill Flickinger of Willatt & Flickinger and Kingsville City Attorney/Interim City Manager Courtney Alvarez regarding renewal of the One-Year Wholesale Water Supply Contract between the City of Kingsville and South Texas Water Authority. She stated that she was notified that renewal of the contract was being included on the City Commission's September 28th agenda. Ms. Serrato explained that renewing the contract allows water to continue flowing through the 42" waterline on a daily basis and extends the time to study the effects of these volumes after a system wide chlorine burn as the result of the City of Corpus Christi performing its free chlorine burn. (The burn is being performed as result of the City of Corpus Christi's recent residual problems.) In addition it shows that STWA's continuing efforts to resolve the residual dissipation problem and provides time to continue negotiating a long-term contract. Ms. Serrato recommended approving renewal of the One-Year Contract. Mr. Schultz made a motion to approve renewal of the One-Year Wholesale Water Supply Contract with the City of Kingsville. Dr. Ruiz seconded and the motion passed unanimously.

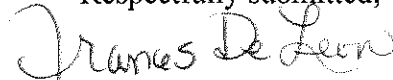
25. Executive Director's salary and car allowance.

Ms. Lowman stated that no motion was made previously regarding Ms. Serrato's salary and car allowance. Ms. Serrato said she has no problem with the current \$400 monthly car allowance. Mr. Treviño asked about wear and tear on the vehicle and maintenance cost and asked if she received mileage. Ms. Serrato responded that she is not paid mileage because she receives the allowance and that her car is very economical. Ms. Rodgers made a motion to authorize a 3% pay increase to Ms. Serrato's salary. Dr. Ruiz seconded. All voted in favor.

26. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:15 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Frances De Leon". The signature is written in black ink and is positioned above the printed name and title.

Frances De Leon
Assistant Secretary