

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
October 27, 2015
Minutes

Board Members Present:

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

Board Members Absent:

Steven Vaughn
Filiberto Treviño

Staff Present:

Carola G. Serrato
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 5:36 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. Galvan made a motion to approve the minutes of the September 22, 2015 Regular Meeting as presented. Ms. Rodgers seconded. The motion passed by unanimous vote.

4. Quarterly Report/Treasurer's Report/Payment of Bills.

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

STWA Investment Report for Quarter ended September 30, 2015
Treasurer's Report for period ending September 30, 2015
Revenue Fund Income Statement for period ending September 30, 2015
Tax Fund Income Statement for period ending September 30, 2015
STWA Revenue Fund Balance Sheet – September 30, 2015
STWA Revenue Fund GL Account Summary Report as of September 30, 2015
STWA Debt Service Fund Income Statement for period ending September 30, 2015
STWA Debt Service Fund Balance Sheet September 30, 2015
STWA Debt Service Fund GL Account Summary Report as of September 30, 2015
STWA Capital Projects Fund Income Statement for period ending September 30, 2015
STWA Capital Projects Fund Balance Sheet – September 30, 2015

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

• Duke Controls, Inc.	\$ 2,441.65
• Willatt & Flickinger, Attorneys at Law	\$ 7,419.47
• Automated Concepts	\$ 629.00
• Automated Concepts	\$ 19,475.50
• TML	\$ 49,504.68
• M. DeLaGarza-Kleberg Tax Assessor	\$ 25,425.00
• City of Corpus Christi	\$ 95,160.32
• HDR Engineering, Inc.	\$ 9,120.00
• HDR Engineering, Inc.	\$ 6,750.00
• HDR Engineering, Inc.	\$ 12,380.00
• Corpus Christi Lock Doc	\$ 4,436.00
• NewGen Strategies & Solutions	\$ 652.50
• Force Flow	\$ 9,515.00
• Force Flow	\$ 5,727.83

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 carried.

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

Ms. Serrato presented the Nueces County tax roll/levy for 2015 which reflected a total taxable value of \$660,533,221 and a total tax levy of \$553,424.39. She recommended approval of Resolution 15-19.

6. Resolution 15-19. Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Nueces County for tax year 2015.

Mr. Schultz made a motion to adopt Resolution 15-19 and Mr. Galvan seconded. All voted in favor.

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

Ms. Serrato reported that her deposition was taken on October 1st and she has been reviewing the transcript and will be returning it with some corrections to legal counsel Bill Flickinger. She added that the hearing has been postponed to December 16th and 17th. She had nothing additional to report.

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

- Change Order #4 – Lewis Contractors, Inc.

Ms. Serrato stated that removal of the abandoned 42" waterline has begun and O&M Supervisor Jacob Hinojosa has been inspecting the job site. Mr. Hinojosa stated that there has been no settling of the ground after the recent rain. Ms. Serrato added that compaction tests from Rock Engineering have passed. Ms. Serrato presented Change Order #4 for Lewis Contractors for the cost to remobilize for removal of the waterline. She explained that the net increase of the Change Order is \$8,854.16 which is still within the amount of the bond issue. She then recommended approval of Change Order #4. Mr. Galvan made a motion to approve Change Order #4, Mr. Schultz seconded and all voted in favor. Mr. Galvan pointed out that STWA's nearby lot needs to be cleaned up and Ms. Serrato responded that she would make sure it gets cleaned.

9. Kingsville Pump Station Bond Projects – Construction of the 1.0 MG Ground Storage Tank.

Ms. Serrato reported that demolition of the Kingsville ground storage tank is complete. She said she has not received any pay estimates on the project. She added that the foundation had been inspected by HDR Engineering and was found to be suitable for re-use which could save \$300,000 - \$400,000 on the project. She also stated that construction of the new tank should be complete by the end of January.

10. Kingsville Pump Station Bond Projects – Pump Replacement .

Ms. Serrato reported that several submittals on the Pump Replacement Project have been provided. She added that once materials and equipment are delivered, she expects to receive requests for payments from the contractor, Associated Construction Partners Ltd. She had nothing further to report on this project.

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

Ms. Serrato stated that this project is also awaiting delivery of materials and equipment. She added Mercer Controls has sent many submittals to HDR for review on this project causing Capital Improvement Engineering cost to be higher than budgeted for FY 15 but no requests for payments have been submitted. No action was taken by the Board.

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

Ms. Serrato presented the proposed Engineering Service Agreement with HDR in the amount of \$105,900 for assessment of STWA's 42" waterline. She noted that the cost is for only Phase 1 (Indirect Assessment – Desktop Study) and Phase 2 (Indirect Assessment – Field Investigation) of the recommended four phases. She stated that Phase 3 (Direct Assessment – Field Investigation) requires exposing the line by excavation and/or other means in inaccessible areas

and Phase 4 (Design Services) may or may not be necessary depending on Phases 1 through 3. She added that the cost of Phases 3 and 4 would be addressed in Supplemental Agreements. She explained that \$531,027.80 remains in the fund from Proposition 1 aside from any final engineering invoices associated with removal of the 42" line. If Phase 1 and 2 are approved, almost \$420,000 would remain for Phases 3 and 4. Mr. Galvan made a motion to approve the Engineering Service Agreement with HDR for a two phase assessment of the 42" transmission line in the amount of \$105,900. Dr. Ruiz seconded the motion. All voted in favor.

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

Ms. Serrato stated that a draft document was received from the City of Corpus Christi today and will require review by Chris Ekrut of NewGen Strategies & Solutions as well as legal counsel. Mr. Schultz requested that the document be presented to the Board after their review.

14. 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.

Ms. Serrato stated that in response to the Board's concerns regarding liability issues associated with the proposed car dealership along STWA's easement on the east side of US 77/I-69, she contacted Bill Flickinger to review the easement on the Gentry easement as well as related email correspondence from Urban Engineering. She added that Urban Engineering modified the plans by moving all the light poles to the property line along with the signage. She also stated that staff researched increasing the limits on the Authority's general liability coverage and presented a grid outlining the cost for various increments of coverage. Ms. Rodgers made a motion to increase the limit per occurrence to \$5,000,000 with a \$1,000 deductible. Dr. Ruiz seconded the motion and all voted in favor.

15. Water Supply Contract with NCWC&ID #5 (Banquete).

Ms. Serrato reported that she addressed Nueces County Water Control & Improvement District #5 Board about the Water Supply Contract. She met with them in April and at that time the District requested six months to review the contract. She met with that Board in June as well. She said that Banquete Board President Alex Cavazos indicated that the District is in the process of assessing all of their facilities and meeting with customers about needed improvements. She said that they do not want to proceed with negotiating a contract at this time. She added that the Board President has commented that it could be less costly for the District to pay TCEQ fines rather than entering into a contract. Ms. Serrato explained to them that in addition to being a TCEQ requirement, a long-term contract is required if the District seeks financing of any capital improvements. She explained to them how the tanks and pumps are used by the District and Nueces Water Supply Corporation and how the Handling Charge covers other expenses besides just the Banquete Pump Station, but the District's Board did not seem interested in a contract. Ms. Serrato stated that since it appears STWA and Banquete are at a stalemate, she feels the time is appropriate to explore options for separating out facilities at the Banquete Pump Station and suggested sending correspondence to that effect. The Board consensus was to send correspondence to Banquete to inform them that STWA is researching the possibility of separating out Nueces Water Supply Corporation and Banquete facilities and the District will

receive service on a day to day basis subject to STWA setting different rates since no contract exists between STWA and the District.

16. Water Supply Contract with the City of Bishop.

Ms. Serrato reported that she attended the City of Bishop's Council meeting for discussion about the Water Supply Contract. She said that Mayor Joe Morales stated that a committee had been created to review the offered contract and that they should be providing a list of requested modifications. The Council should be meeting again to review the list and to take action on submitting it to STWA.

17. STWA Board of Directors Meeting Schedule for 2016.

The Board reviewed the proposed 2016 meeting schedule provided in the Board packet. Ms. Rodgers made a motion to meet on December 13th for a November and December meeting but no one seconded the motion. Ms. Rodgers then amended her motion to follow the proposed schedule but meet on December 6th for a combined November and December meeting. Mr. Schultz seconded and all voted in favor.

18. Request to close office for staff Christmas luncheon and gift exchange.

Ms. Serrato requested authorization to close the office for the annual staff Christmas luncheon and gift exchange. Mr. Schultz made a motion to authorize closing the office, Ms. Rodgers seconded and all voted in favor. The Board agreed that Ms. Serrato should decide the closing and re-opening times.

19. Declaration of surplus property – various SCADA components.

The Board reviewed a list of SCADA equipment that was replaced with Ethernet components and is no longer needed. Ms. Serrato explained that according to David Counts of Automated Concepts, these parts are sought after by other utilities and companies and could be sold for several thousand dollars. Mr. Counts indicated he would be willing to put the items up for sale on STWA's behalf for a charge of 5% of the sales. The funds would be collected through Pay Pal. Ms. Serrato said she contacted Mr. Flickinger who confirmed that this process is within the Board's discretion. She then requested that the Board declare the equipment as surplus and authorize David Counts to sell the property for a 5% commission.

20. Resolution 15-25. Resolution authorizing sale of surplus property of the South Texas Water Authority.

Mr. Galvan made a motion to approve Resolution 15-25, Dr. Ruiz seconded and the motion passed by unanimous vote.

21. Amendment and Correction to Revenue Fund FY 2015 Final Budget.

Ms. Wagner stated that upon review of the September 2015 Revenue Fund (General Fund) Income Statement and the September 2015 Tax Fund (General Fund) Income Statement which were approved at the September 22, 2015 Regular Board Meeting, an error was discovered in the

Final 2015 Budgets between these funds resulting in an overstatement by \$71,647. She explained she accidentally copied a value from the wrong cell in the Tax Fund to the Revenue Fund. She added that the revenue budget figures and expense budget figures are correct and will not impact the 2015 Audit and STWA's auditors have confirmed that the error is irrelevant since both funds are within the General Fund. Both Ms. Wagner and Ms. Serrato stated that they wanted to provide full disclosure of the error. Mr. Galvan made a motion to approve the Amended General Fund Proposed FY 2015 Final Budget with a balance of -\$89,988. Mr. Schultz seconded and all were in favor.

22. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:06 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary