

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
May 24, 2016
Minutes

Board Members Present:

Kathleen Lowman
Filiberto Treviño
Lupita Perez
Patsy Rodgers
Charles Schultz
Steven Vaughn

Board Members Absent:

Rudy Galvan
Dr. Albert Ruiz

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Jacob Hinojosa
Dony Cantu

Guests Present:

Thelma Deyton

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. Treviño made a motion to approve the minutes of the May 5, 2016 Regular Meeting as presented. Mr. Schultz seconded. The motion passed by unanimous vote.

The order of the agenda was changed.

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

Ms. Serrato presented a proposed Agreed Order for the Enforcement Action against STWA which was sent on May 23, 2016 as a settlement offer from TCEQ to Mr. Bill Flickinger, Willatt & Flickinger. The offer is good for ten days. She stated that Mr. Flickinger does not recommend approval of the document but proposes disputing some of the stipulations and responding with a counter-offer which will reset the ten-day deadline. She reviewed the proposed Agreed Order which included new terms such as the option to pay the \$2,443 penalty in monthly, interest-free, \$100 installments, the option to direct up to half of the penalty to a pre-approved Supplemental Environmental Project, and "ED recognizes" language which lists the actions STWA has taken towards compliance. Ms. Serrato explained that several of the points to be disputed would be to request more time to complete the tasks or to provide for sufficient

monitoring. The Board agreed on having Mr. Flickinger prepare a counter-offer to TCEQ's settlement offer. Ms. Serrato called Mr. Flickinger to update him on the Board's decision and he advised he would provide a response for the Board's review.

4. Treasurer's Report/Payment of Bills.

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

Treasurer's Report for period ending April 30, 2016
Revenue Fund Income Statement for period ending April 30, 2016
Tax Fund Income Statement for period ending April 30, 2016
STWA Revenue Fund Balance Sheet – April 30, 2016
STWA Revenue Fund GL Account Summary Report as of April 30, 2016
STWA Debt Service Fund Income Statement for period ending April 30, 2016
STWA Debt Service Fund Balance Sheet April 30, 2016
STWA Debt Service Fund GL Account Summary Report as of April 30, 2016
STWA Capital Projects Fund Income Statement for period ending April 30, 2016
STWA Capital Projects Fund Balance Sheet – April 30, 2016
STWA Capital Projects Fund GL Account Summary Report as of April 30, 2016
STWA 2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Kevin Kieschnick-NC Tax Assessor	\$ 261.12
• Willatt & Flickinger, Attorneys at Law	\$ 3,955.70
• City of Corpus Christi	\$ 97,448.20

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

5. Resolution 16-08. Resolution appointing Carola G. Serrato, Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority.
6. Resolution 16-09. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
7. Resolution 16-10. 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.
8. Resolution 16-11. 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 16-08, 16-09, 16-10 and 16-11 as housekeeping items for the tax year. Ms. Rodgers made a motion to adopt Resolutions 16-08, 16-09, 16-10 and 16-11. The motion was seconded by Ms. Perez and passed unanimously.

9. Preliminary Nueces and Kleberg County Appraisal District Values.

Ms. Serrato presented the preliminary values for Nueces and Kleberg Counties and reported that this year's preliminary values reflect a loss of \$18,040,247 compared to last year's certified values due primarily to a decrease of over \$31,000,000 in mineral values from Kleberg County Appraisal District. Based on the current M&O tax rate, this loss in value translates to a decrease of about \$11,000 in STWA's overall tax collections compared to last year. She said that these values are preliminary and are being provided for informational purposes. Certified values should be delivered by July 25th.

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

This item was discussed earlier in the meeting.

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

Ms. Serrato reported that the ground storage tank was disinfected a second time and the latest chlorine residual taken this afternoon is 6.4. She said Preload has been put on notice of potential liquidated damages, but an amount has not been determined since expenses continue growing including additional engineering fees, loss of income from being unable to deliver water to the City of Kingsville, additional water used for disinfection of the tank, time spent collecting samples, and chemicals used on the second disinfection.

12. Kingsville Pump Station Bond Projects – Pump Replacement.

- Certificate of Substantial Completion
- HDR Invoice No. 277397-b
- Amendment to HDR Engineering Service Agreement

Ms. Serrato reported that the Kingsville Pump Replacement project has reached substantial completion and presented a Certificate of Substantial Completion for the Board's approval. She also presented HDR Invoice No. 277397-b in the amount of \$2,250. She said she has contacted Aaron Archer, HDR Engineering, to discuss addition of an emergency generator for the pumps. She asked that the Board consider amending the HDR Engineering Service Agreement to include services for design and specifications of an emergency generator. Mr. Schultz made a motion to authorize execution of the Certificate of Substantial Completion and approve payment of HDR Invoice No. 277397-b in the amount of \$2,250. Mr. Vaughn seconded and all voted in favor. After discussion on the type of generator, Ms. Serrato agreed to ask Mr. Archer to investigate the possibility of using a portable generator.

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

- Change Proposal Request No. 3
- Change Proposal Request No. 4
- Amendment to HDR Engineering Service Agreement
- Certificate of Substantial Completion

Ms. Serrato presented Change Proposal Request No. 3 for installation of equipment that will allow the pump to cycle in automatic mode and Change Proposal Request No. 4 for replacement of the original exhaust fan. Ms. Rodgers made a motion to approve Change Proposal Request No. 3 in the amount of \$4,438 and Change Proposal Request No. 4 in the amount of \$2,300. Ms. Perez seconded. All voted in favor.

The Board also reviewed the Certificate of Substantial Completion on the project. Mr. Vaughn made a motion to authorize execution of the document. Mr. Treviño seconded. The motion passed by unanimous vote.

14. Assessment of STWA's 42" waterline.

- HDR Invoice No. 277422-b

Ms. Serrato reported that there has been no additional progress on assessment of the 42" waterline because the fields remain wet. She presented HDR Invoice No. 277422-b in the amount of \$5,866.86. Mr. Treviño made a motion to authorize payment of HDR Invoice No. 277422-b in the amount of \$5,866.86. Ms. Rodgers seconded. The motion carried.

15. Amendments to Wholesale Water Supply Contract Template related to the South Texas Water Authority Tax-Exempt Bonds, Series 2013 as well as contracts offered or to be offered to the cities of Bishop, Driscoll and Kingsville and the Nueces County Water Control & Improvement District #5.

Ms. Serrato stated that she has no new contracts to present but added that Mr. Flickinger continues to work on the Kingsville and Bishop contracts as well as those for Banquete and Driscoll.

16. Approval of Amended Water Supply Contract with the City of Agua Dulce.

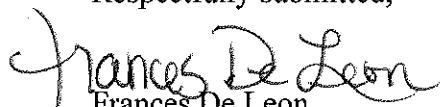
Ms. Serrato stated that she attended the City of Agua Dulce's Council meeting on May 16, 2016 and reviewed the amended contract in detail with the City Commissioners. She added that the Amended Water Supply Contract was approved by unanimous vote of the council members present with only Mr. Carl Vajdos absent. She presented the contract executed by the City and recommended Board approval.

Mr. Schultz made a motion to approve the Amended Water Supply Contract with the City of Agua Dulce, Ms. Rodgers seconded and all voted in favor.

17. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:47 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary