

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
October 25, 2016
Minutes

Board Members Present:

Kathleen Lowman
Rudy Galvan
Filiberto Treviño
Patsy Rodgers
Dr. Albert Ruiz
Charles Schultz
Steven Vaughn

Board Members Absent:

Lupita Perez

Staff Present:

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

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 5:33 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. Schultz made a motion to approve the minutes of the September 27, 2016 Regular Meeting as presented. Mr. Vaughn 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, 2016
Treasurer's Report for period ending September 30, 2016
Revenue Fund Income Statement for period ending September 30, 2016
Tax Fund Income Statement for period ending September 30, 2016
STWA Revenue Fund Balance Sheet – September 30, 2016
STWA Revenue Fund GL Account Summary Report as of September 30, 2016
STWA Debt Service Fund Income Statement for period ending September 30, 2016
STWA Debt Service Fund Balance Sheet September 30, 2016
STWA Debt Service Fund GL Account Summary Report as of September 30, 2016
STWA Capital Projects Fund Income Statement for period ending September 30, 2016

STWA Capital Projects Fund Balance Sheet – September 30, 2016
STWA Capital Projects Fund GL Account Summary Report as of September 30, 2016
STWA 2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor

In addition, Ms. Wagner presented the following outstanding invoices for Board approval:

• Mercer Control, Inc.	\$ 14,165.00
• HDR Engineering, Inc.	\$ 7,540.00
• HDR Engineering, Inc.	\$ 38,028.69
• Willatt & Flickinger	\$ 1,243.20
• TML	\$ 51,761.06
• City of Corpus Christi	\$ 148,101.40
• Kleberg County Tax Office	\$ 24,583.50
• NewGen Strategies	\$ 293.75

A motion was made by Ms. Rodgers and seconded by Mr. Treviño to approve the Quarterly Report, 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 stated that the Enforcement Action case was heard by the TCEQ Commissioners on October 19, 2016 but an order is not yet available for the Board to review. She stated that she and legal counsel Bill Flickinger expect the Order to provide sufficient time for STWA to perform additional monitoring and testing and for converting the Driscoll Booster Station to a chloramination station. In addition a paragraph which will allow the TCEQ Executive Director to provide time extensions is expected to be included. Ms. Serrato stated that Mr. Flickinger recommends that the Board not appeal the Order. He also recommends that the Authority drop the District Court case in Travis County. Mr. Vaughn made a motion not to file an appeal of the TCEQ Order contingent upon legal counsel's review of the Order to ensure it contains the expected provisions and to drop the Travis County District Court case. Mr. Galvan seconded the motion and all voted in favor.

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

Ms. Serrato presented Pay Estimate #7 from Preload as well as email correspondence regarding Brothers Electric filing a claim with Preload's bonding company. She stated that Jason Christensen of HDR Engineering plans to send another letter to Preload next week regarding liquidated damages as a result of time overruns on the project and issues with the quality of work provided. In addition she contacted Mr. Flickinger regarding payment of Pay Estimate #7 and he recommends making payment with a reduction of \$32,303.43. Mr. Schultz made a motion to authorize payment of Pay Estimate #7 less \$32,303.43. Mr. Galvan seconded. All voted in favor.

7. Kingsville Pump Station Bond Projects – Pump Replacement.

Ms. Serrato presented a copy of the letter to ACP pertaining to release of the retainage on the project and an extended warranty on Pumps #2 and #3. She reported that she has not received a response from ACP.

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

Ms. Serrato reported that a few items remain to be settled but the Driscoll Pump Station Improvement project is almost complete. She added that Mercer Controls still needs to deliver operation manuals. She presented a breakdown of the project cost between STWA and Nueces Water Supply Corporation showing STWA's portion for expansion of the building at \$57,024.78 and NWSC's portion related to installation of an additional pump at \$141,278.22. The Board voiced no concerns over the breakdown. Ms. Serrato stated she would present this breakdown to the NWSC Board at their next meeting.

9. Special meeting for review of HDR Engineering Report on Assessment of STWA's 42" waterline.

Ms. Serrato stated that she participated in a conference call with Aaron Archer and Richard Pousard of HDR Engineering to review the Draft Technical Memorandum No. 2 and 42-Inch Pipeline Condition Assessment Report. She stated that some of the recommended testing is very expensive and she believes money would be better spent on improving cathodic protection on the line. She recommended arranging a special meeting for HDR to present the report and discuss future efforts to extend the life of the 42-inch waterline. She said she will contact Mr. Archer, Mr. Pousard and the Board of Directors to arrange a meeting, which will most likely occur after the beginning of the year.

10. Allocation of Fiscal Year 2014, 2015 and 2016 Pump Station Expenses.

Ms. Serrato presented the FY 2014, 2015 and 2016 pump station cost allocation for the Board's review and asked for authorization to provide the information to the City of Driscoll. The Board agreed to authorize sharing the information with the City of Driscoll. Ms. Serrato said she would contact John Valls, the Interim City Administrator, to arrange a presentation.

11. Bids for purchase of mini-excavator.

Ms. Serrato presented two bids for purchase of a mini-excavator. The first bid was submitted by Nueces Power Equipment for a Case CX36B in the amount of \$40,013 and includes a counter weight. The other bid was submitted by Waukesha-Pearce Industries, Inc. in the amount of \$65,000. Ms. Serrato recommended purchase of the Case CX36B mini-excavator from Nueces Power Equipment.

12. Resolution 16-22. Resolution awarding the bid for the purchase of one mini-excavator.

Mr. Galvan made a motion to approve Resolution 16-22 awarding the bid for the purchase of one mini-excavator with a counter weight to Nueces Power Equipment in the amount of \$40,013.

Mr. Vaughn seconded and all voted in favor.

13. Bids for purchase of trailer for mini-excavator.

Ms. Serrato presented three bids for purchase of a trailer for hauling the mini-excavator. The bids were submitted by Bishop Farm Equipment in the amount of \$4,340 for a 20-foot trailer, Husky Trailer & Parts Company in the amount of \$4,640 for a 20-foot trailer, and Superior Trailer Sales in the amount of \$4,525 for a 16-foot trailer. She recommended purchasing the 20-foot trailer from Bishop Farm Equipment in the amount of \$4,340. She pointed out that this amount is slightly under the budgeted amount of \$4,525. After discussion on the specifications of the trailer, the Board requested that staff also seek quotes on a goose neck trailer. Ms. Serrato said that staff would get quotes to present at the next meeting.

14. Bids for purchase of trailer for site maintenance equipment.

The Board reviewed three bids for a trailer for hauling maintenance equipment. The bids were submitted by Bishop Farm Equipment in the amount of \$3,440 for a 16-foot trailer including a cage, Bishop Farm Equipment in the amount of \$3,244 for a 14-foot trailer with a cage, and Husky Trailer & Parts Company in the amount of \$2,934 for a 14-foot trailer without a cage. Ms. Serrato requested that the Board consider approving the purchase of either trailer from Bishop Farm Equipment. Mr. Galvan made a motion to approve purchase of the 16-foot trailer with a cage from Bishop Farm Equipment in the amount of \$3,440 and to authorize a cost adjustment for upgrading to 10-ply tires. Dr. Ruiz seconded and all voted in favor.

15. Water Supply Contract with the City of Kingsville.

Ms. Serrato presented a red-line draft of the water supply contract with the City of Kingsville dated August 31, 2016. The draft includes the changes discussed during the last meeting with City representatives. She also presented the most recent email to the City of Kingsville requesting another meeting and said the City has not responded to the email. She had nothing further to report.

16. Revised Water Supply Contract with the City of Bishop.

Ms. Serrato stated that she has been in contact with Mr. Flickinger about responding to the City of Bishop's concerns on the water supply contract. She said Mr. Flickinger has provided revisions to the contract and she requested authorization to send the information to the City's attorney, Gerald Benadum. Mr. Galvan made a motion to authorize sending the revisions to the City of Bishop. Mr. Schultz seconded. All voted in favor.

17. STWA Board of Directors Meeting Schedule for 2017.

Ms. Serrato reviewed the proposed 2017 meeting schedule provided in the Board packet. The Board agreed to meet on the following dates:

January 24, 2017	May 23, 2017	September 26, 2017
February 28, 2017	June 27, 2017	October 24, 2017
March 28, 2017	August 1, 2017	December 5, 2017
April 25, 2017	September 5, 2017	

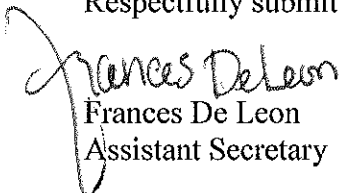
18. Request to close office for staff Christmas luncheon and gift exchange on December 14, 2016.

Ms. Serrato requested authorization to close the office on December 14, 2016 from 11:30 a.m. to 2:00 p.m. for the annual staff Christmas luncheon and gift exchange. The Board approved closing the office during the requested hours.

19. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:13 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary