

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
April 25, 2017
Minutes

Board Members Present:

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

Board Members Absent:

Lupita Perez
Charles Schultz

Staff Present:

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

Guests Present:

John Montalvo, Lockwood, Andrews,
& Newnam, Inc.

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No citizen comments were made.

3. New Board members' oaths of office.

Ms. Wagner administered the Oath of Office to Mr. Galvan, Dr. Ruiz and Mr. Treviño who were re-appointed to their current positions on the Board by the Kleberg County Commissioner's Court and Ms. Lowman who was re-appointed by the Nueces County Commissioner's Court.

4. Election of officers.

Mr. Vaughn stated his preference for keeping the current slate of officers, but Mr. Treviño stated that he is not interested in continuing to serve as an officer. Ms. Rodgers then made a motion to appoint Ms. Lowman as President, Dr. Ruiz as Vice-President and Mr. Galvan as Secretary/Treasurer. Mr. Vaughn seconded and all voted in favor.

5. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the March 28, 2017 Public Hearing and Regular Meeting as presented. Mr. Treviño seconded. The motion passed by unanimous vote.

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

Ms. Wagner presented an updated Quarterly Report reflecting the correct column titles for the Beginning Book Value and the Beginning Market Value. The remainder of the report was unchanged. The following reports were presented for the Board's consideration:

STWA Investment Report for Quarter ended March 31, 2017
Treasurer's Report for period ending March 31, 2017
Revenue Fund Income Statement for period ending March 31, 2017
Tax Fund Income Statement for period ending March 31, 2017
Special Services Income Statement for period ending March 31, 2017
STWA Revenue Fund Balance Sheet – March 31, 2017
STWA Revenue Fund GL Account Summary Report as of March 31, 2017
STWA Debt Service Fund Income Statement for period ending March 31, 2017
STWA Debt Service Fund Balance Sheet March 31, 2017
STWA Debt Service Fund GL Account Summary Report as of March 31, 2017
STWA Capital Projects Fund Income Statement for period ending March 31, 2017
STWA Capital Projects Fund Balance Sheet – March 31, 2017
STWA Capital Projects Fund GL Account Summary Report as of March 31, 2017
STWA 2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor

Ms. Wagner also presented the following outstanding invoices for Board approval:

- K. Kieschnick – NC Tax Assessor \$ 512.60
- City of Corpus Christi \$ 84,795.94

A motion was made by Mr. Galvan and seconded by Dr. Ruiz to approve the Quarterly Report, Treasurer's Report and payment of the bills as presented. The motion carried.

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

Ms. Serrato stated that the next TCEQ quarterly report is due May 21, 2017. She has not received further information from TCEQ regarding revisions to STWA's Nitrification Action Plan and Monitoring Plan. She had nothing further to report.

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

- Final Pay Application #8 – Preload
- Amendment #1 to Agreement Between STWA and HDR Engineering, Inc. for Professional Engineering Services

Ms. Serrato presented Amendment #1 to the service agreement between STWA and HDR Engineering, Inc. for an increase of \$48,000 for additional work performed by HDR as a result of Preload's time overrun. These fees were recouped through Change Order #1 which was approved

by the Board at last month's meeting. Ms. Serrato also reported that all of the documents to close out the project have been received by HDR and she presented Final Pay Request #8 in the amount of \$41,704.60. Mr. Treviño made a motion to approve Final Pay Request #8 in the amount of \$41,704.60 and approve the HDR amendment allowing for a \$48,000 increase. Ms. Rodgers seconded and all voted in favor.

9. Water Supply Contract with the City of Kingsville.
10. Revised Water Supply Contract with the City of Bishop.

Ms. Serrato reported that Bill Flickinger, Willatt & Flickinger, reached out to the City of Kingsville and the City of Bishop regarding the Board's offer of a 15-year contract term with a 5-year renewal since no response had been received from either entity. City Attorney Courtney Alvarez responded that a reply and meeting date should be provided by the end of the month. There has been no response from the City of Bishop.

11. NewGen Strategies Rate Study: Customers without a Long-Term Contract, Special Services and Out of District (NCWCID#5).

Ms. Serrato stated that she has been in contact with Mr. Chris Ekrut of NewGen Strategies about the rate study previously approved by the Board. Requested information has been provided to Mr. Ekrut and a May 2, 2017 meeting has been scheduled with him.

12. City of Corpus Christi water rate true-up and Amendment to the Water Sales Agreement between City of Corpus Christi and South Texas Water Authority regarding Calculation of Treated Water Rate.

Ms. Serrato reported that she has communicated with Mr. Ekrut via email regarding the City of Corpus Christi's amendment to the Water Sales Agreement. In addition, the City has scheduled a meeting for its Public Agency for Resale wholesale customers on May 1, 2017. She stated that Nueces County District #4 and San Patricio Municipal Water District representatives will be in attendance, but Mr. Flickinger will not be attending.

13. Assessment of STWA's 42" Waterline – HDR Engineering, Inc. Engineering Services Proposal – Internal Leak Detection Test – End of Contract 3 pipeline immediately south of the O.N. Stevens Plant.

Ms. Serrato presented HDR's Short Form Agreement for professional services associated with the 42-Inch Pipeline Contract 3 Leak Detection Services project in the amount of \$49,600. Mr. Vaughn made a motion to approve the Agreement. Mr. Galvan seconded. All voted in favor. Ms. Serrato added that HDR indicated that Pure and PICA are willing to give presentations on their technology. The Board agreed to have Ms. Serrato make arrangements for a presentation.

14. Assessment of STWA's 42" Waterline – EN Engineering/Russell Corrosion Contract – Station 0+00 to 50+00 from Kingsville Pump Station going North.
15. Assessment of STWA's 42" Waterline – EN Engineering/Russell Corrosion Contract – Replacement of two (2) existing rectifiers.
16. Assessment of STWA's 42" Waterline – EN Engineering/Russell Corrosion Contract – Pipeline Crossings and Interference.

Ms. Serrato reported that EN Engineering/Russell Corrosion has requested that STWA provide the contract for these three projects. She contacted Engineers Joint Contract Documents Committee (EJCDC) for their standard contract referred to as E-500. She reviewed the document and emailed it to Mr. Flickinger along with her comments. Mr. Flickinger will provide a response after reviewing the information.

17. Conversion of Driscoll Booster Station to a Chloramination Station.

Ms. Serrato reported that advertisements for bids for the Driscoll Booster Station LAS project were published and an April 17th site visit was held. Mr. Arthur "Bud" Colwell and Mr. Anthony Gavlik, HDR Engineering, attended, but Mr. Sherrel Mercer of Mercer Controls, Inc. was the only contractor representative present. Mr. Mercer had several questions on the project and asked if the bid opening could be extended. The HDR representatives requested that he submit written questions to HDR's Austin office. Ms. Serrato stated that she was informed by the HDR Austin office that there were three plan holders and only one confirmed that they would be submitting a bid. Ms. Serrato consulted with Mr. Flickinger who stated that the deadline could be extended by issuing an addendum and a small ad could be placed in newspapers notifying interested parties that the deadline has been extended. The deadline was then extended to May 12th by an addendum issued by HDR. In addition, arrangements will be made to publish a small ad as suggested by Mr. Flickinger.

18. Emergency Generator – Kingsville Pump Station.

Ms. Serrato reported that the signed contracts have been received and she has executed them and sent one to LNV Engineering and two to D&H Fueling Solutions, Inc. LNV will be providing the notice to proceed once the submittals are approved.

19. Fiscal Year 2017 Budget Amendments.

Ms. Serrato reviewed the proposed amendments to the FY 2017 Budget. She stated that Total Revenues increased by \$8,432 based on an anticipated increase in interest income, Total Administrative/Operations Expenditures without Capital Outlay increased by \$165,131 associated with continued assessment of the 42" waterline, and Capital Outlay decreased by \$124,975 in most part due to extracting the construction and engineering cost of Driscoll Disinfection Booster Station/LAS project. She added that Deficiencies of Revenues over Expenditures increased by \$29,910 for a net loss of \$171,860 compared to the original budget's net loss of \$141,950. Mr. Galvan made a motion to approve the FY 2017 Budget Amendments. Mr. Vaughn seconded. The motion carried.

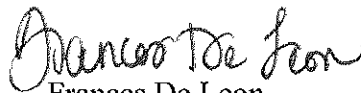
20. Joint Project with Nueces Water Supply Corporation – Pump Station Improvements at the Driscoll Pump Station.
- Amendment #1 to Agreement between South Texas Water Authority and HDR Engineering, Inc. for Professional Engineering Services.

Ms. Serrato stated that Jason Christensen – HDR Engineering, Inc. – recently contacted her to discuss HDR’s Internal Business Review. This process included a review of the Joint Project between South Texas Water Authority and Nueces Water Supply Corporation at the Driscoll Pump Station which was constructed by Mercer Controls and involved some delays. As a result of the delays, Mr. Christensen spent additional time and efforts on the project. Ms. Serrato presented a request from HDR Engineering for the additional work on the project in the amount of \$8,000 in the form of Amendment #1 to Agreement between the South Texas Water Authority and HDR Engineering, Inc. for Professional Engineering Services. She stated that the NWSC Board approved payment to HDR in the amount of \$5,699.49 which represents NWSC’s share based on the 71.2436 percentage previously applied to the engineering fees on the project. She asked that the Board consider approving payment to HDR in the amount of \$2,300.51 as STWA’s prorate share. The Board questioned the delay in HDR making this request as well as details of the additional work. Mr. Treviño made a motion to approve payment to HDR Engineering, Inc. in the amount of \$2,300.51 for STWA’s share of the additional engineering work associated with the Driscoll Pump Station Project. Ms. Rodgers seconded. The motion failed on a vote of four to two with Mr. Galvan and Dr. Ruiz voting against the motion.

21. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:28 p.m.

Respectfully submitted,



Frances De Leon
Assistant Secretary