

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
May 23, 2017
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Charles Schultz
Patsy Rodgers
Lupita Perez
Steven Vaughn

Board Members Absent:

Filiberto Treviño
Rudy Galvan

Staff Present:

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

Guests Present:

John Montalvo–Lockwood, Andrews,
& Newnam, Inc.
Dave Kurtz – Pure Technologies
Bud Colwell – HDR Engineering Inc.

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:32 p.m. A quorum was present.

15. Assessment of STWA's 42" waterline – Internal Leak Detection Test – End of Contract 3 pipeline immediately south of the O.N. Stevens Plant.

- Presentation on Pure RFT Technology

Mr. Dave Kurtz, Pure Technologies, gave a presentation on Pure Technologies' SmartBall used to assess the condition of large pipelines. He described the SmartBall as an internal free swimming acoustic based device that is used to identify leaks and gas pockets in large diameter full flowing and operational pipelines. It requires a four-inch access to enter and exit the pipeline and can detect leaks within six feet. Mr. Kurtz stated that he believes the existing 8" ARVs can be used for entry and retrieval of the device. He also described the construction of bar-wrapped pipe and provided information on other methods used for detecting deterioration in pipelines. After the presentation, the meeting returned to the original order of the agenda. Discussion on this item continued later in the meeting.

2. Citizen Comments.

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

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the April 25, 2017 Regular Meeting as presented. Dr. Ruiz 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 April 30, 2017
Revenue Fund Income Statement for period ending April 30, 2017
Tax Fund Income Statement for period ending April 30, 2017
Special Services Income Statement for period ending April 30, 2017
STWA Revenue Fund Balance Sheet – April 30, 2017
STWA Revenue Fund GL Account Summary Report as of April 30, 2017
STWA Debt Service Fund Income Statement for period ending April 30, 2017
STWA Debt Service Fund Balance Sheet April 30, 2017
STWA Debt Service Fund GL Account Summary Report as of April 30, 2017
STWA Capital Projects Fund Income Statement for period ending April 30, 2017
STWA Capital Projects Fund Balance Sheet – April 30, 2017
STWA Capital Projects Fund GL Account Summary Report as of April 30, 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:

• Willatt & Flickinger, Attorneys at Law	\$ 427.50
• HDR Engineering, Inc.	\$ 6,000.00
• K. Kieschnick – NC Tax Assessor	\$ 501.69
• City of Corpus Christi	\$ 95,362.14
• NewGen Strategies	\$ 2,321.25

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

5. Resolution 17-05. Resolution appointing Carola G. Serrato, Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority.
6. Resolution 17-06. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
7. Resolution 17-07. 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 17-08. 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 17-05, 17-06, 17-07 and 17-08 as housekeeping items for the tax year. Mr. Vaughn made a motion to adopt Resolutions 17-05, 17-06, 17-07 and 17-08. The motion was seconded by Mr. Schultz 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 slight increase compared to last year's certified values. 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.

Ms. Serrato stated that staff has been gathering information for the next TCEQ quarterly report which will be submitted on May 24, 2017. The report was originally due on May 21, 2017 but after discussion with TCEQ, it was agreed that the report should be submitted after today's Board Meeting to allow for an update on the Driscoll LAS project.

11. Water Supply Contract with the City of Kingsville.

Ms. Serrato reported that Kingsville City Attorney Courtney Alvarez has provided notification that the City is not interested in a 15-year contract with a 5-year renewal. A June 12, 2017 meeting is scheduled with the City of Kingsville to continue discussions.

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

Ms. Serrato stated that there has been no response from the City of Bishop regarding the Board's offer of a 15-year contract term with a 5-year renewal. She noted that the City of Bishop now has a new mayor and two new commissioners and she will continue trying to schedule a meeting.

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

Ms. Serrato stated that Mr. Chris Ekrut of NewGen Strategies has indicated that the rate study is near completion and he intends to run the final review of the analysis by the end of the month.

14. 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.

- Approve NewGen Proposal

Ms. Serrato presented a proposal from NewGen Strategies providing for negotiation services on the 2-year rate amendment to the City of Corpus Christi's Water Sales Agreement. The proposal calls for San Pat, District #4 and STWA each paying a "not to exceed" cost of \$2,500 for a total of \$7,500. San Pat and District #4 have already approved the proposal.

Ms. Serrato also stated that a list of questions raised during the City's May 1, 2017 meeting for Public Agency for Resale wholesale customers has been submitted to Senior Assistant City Attorney Lisa Aguilar. During that meeting the issue of extending the wholesale contracts was discussed. Ms. Aguilar stated that that a written request for an extension can be filed at least two

years prior to the end of the contract. Ms. Serrato presented a draft letter to Corpus Christi City Manager Margie Rose requesting a contract term extension.

Ms. Rogers made a motion to approve sending the letter to Ms. Rose requesting an extension to STWA's wholesale contract and approve NewGen's proposal in the amount of \$2,500. Ms. Perez seconded and all voted in favor.

15. Assessment of STWA's 42" waterline – Internal Leak Detection Test – End of Contract 3 pipeline immediately south of the O.N. Stevens Plant.
 - Presentation on Pure RFT Technology

The Board discussed the various methods presented by Mr. Kurtz and the need to continue additional assessment of the 42" waterline. Mr. Schultz expressed his interest in pursuing other methods for assessing additional sections of the line. He asked how long it would take STWA to acquire sufficient funds and what budgeting changes would be needed. Ms. Serrato responded that budgeting for such an extensive project would require major changes to STWA's rate structure and making no major equipment purchases. She also reminded the Board in addition to the Pure Technologies presentation, PICA will provide information on their technology at the next Board Meeting.

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

Ms. Serrato presented short form agreements for the three Russell Corrosion projects for assessing STWA's 42" waterline. She reminded the Board that the proposals were previously approved by the Board, and she requested authorization to execute the documents. Ms. Rodgers made a motion to approve execution of the three short form agreements. Mr. Schultz seconded and all voted in favor.

19. Bids for Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato reported that after extending the deadline for submitting bids for the Driscoll Pump Station LAS project, bids were opened on May 12th. Three bids were submitted, one for which the plans were obtained after the deadline extension. She presented HDR Engineering's bid tabulation sheet. The three companies submitting bids were DMB Construction, Mercer Controls, Inc., and JS Haren. The apparent low bidder was Mercer Controls, Inc. with a bid of \$369,000 including a \$43,763.16 SCADA allowance. She recommended awarding the bid to Mercer Controls, Inc. by approving Resolution 17-09.

20. Resolution 17-09. Resolution awarding the bid for the Driscoll Booster Station LAS Chemical Feed System Addition.

Mr. Schultz made a motion to approve Resolution 17-09 awarding the bid for the Driscoll Pump Station LAS Chemical Feed System Addition to Mercer Controls, Inc. in the amount of \$369,000. Dr. Ruiz seconded the motion and all voted in favor.

21. Emergency Generator – Kingsville Pump Station.

Ms. Serrato reported that LNV Engineering has given D&H Fueling Solutions, Inc. notice to proceed. A six-week lead time is expected for the equipment and she expects work on this project to begin in mid-June.

22. Nueces County Application to the Texas Water Development Board for facilities to serve the Cyndie Park II WSC and Banquete Pump Station Improvements.

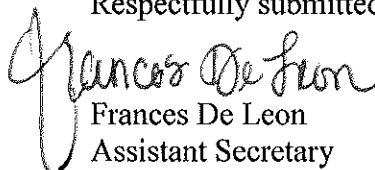
Ms. Serrato gave an update on activity pertaining to the Banquete Pump Station Improvements and Nueces County's Application to the TWDB for service to Cyndie Park II. Since the Board's January 2016 approval of Resolution 16-04 allowing for installation of Banquete Pump Station improvements, new waterlines have been installed along Cyndie Lane, a temporary filtration system to extract arsenic has been installed in CPIWSC's groundwater well, a \$200,000 planning study was conducted by LNV Engineering and an additional grant was secured to extend a waterline to one of the roads in The Ranch subdivision. The TWDB also approved a \$900,000 grant and Nueces Water Supply Corporation has agreed to provide \$50,000 in matching funds. The properties to be served will require annexation into STWA's district.

Ms. Serrato also reported that she and Mr. Robert Viera, LNV, met with the Nueces County Water Control and Improvement District #5 (Banquete) to discuss the anticipated changes to the pump station including demolition of the 50,000 gallon elevated storage tank and installation of equipment to allow for separation of the facilities and NWSC and Banquete each owning their own equipment. She also discussed the need for changes to the NWSC wholesale water supply contract and the contract offered to Banquete. She explained to the Board that she believes a follow-up letter to the Banquete Board would be appropriate to express the need to offer Banquete a revised contract which will require Banquete to accept title to the existing pumps and hydropneumatic tank and advising the Banquete Board that they may want to reconsider entering into a maintenance contract for Special Services. The Board consensus was to send a letter to the Banquete Board as described by Ms. Serrato.

23. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:28 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary