

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
September 5, 2017
Minutes

Board Members Present:

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

Board Members Absent:

None

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 5:40 p.m. A quorum was present.

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 August 8, 2017 Regular Meeting as presented. Mr. Vaughn 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 July 31, 2017
Revenue Fund Income Statement for period ending July 31, 2017
Tax Fund Income Statement for period ending July 31, 2017
Special Services Income Statement for period ending July 31, 2017
STWA Revenue Fund Balance Sheet – July 31, 2017
STWA Revenue Fund GL Account Summary Report as of July 31, 2017
STWA Debt Service Fund Income Statement for period ending July 31, 2017
STWA Debt Service Fund Balance Sheet July 31, 2017
STWA Debt Service Fund GL Account Summary Report as of July 31, 2017

STWA Capital Projects Fund Income Statement for period ending July 31, 2017
STWA Capital Projects Fund Balance Sheet – July 31, 2017
STWA Capital Projects Fund GL Account Summary Report as of July 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:

• Odessa Pumps	\$ 1,857.18
• Walker Partners	\$ 5,920.00
• Rock Engineering	\$ 1,051.00
• Russell Corrosion Consultants, LLC	\$ 837.00
• Russell Corrosion Consultants, LLC	\$ 1,533.00
• Russell Corrosion Consultants, LLC	\$ 18,049.24
• K. Kieschnick – NC Tax Assessor	\$ 1,783.20
• JA Electronics Mfg. Co.	\$ 3,324.00
• LNV Engineering	\$ 4,500.00
• City of Corpus Christi	\$ 121,203.39
• Kronenberger Law Firm, PLLC	\$ 425.00
• NewGen Strategies	\$ 160.00
• NewGen Strategies	\$ 600.00
• Ramiro Canales – NC Appraisal District	\$ 1,595.00

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

5. Fiscal Year 2018 budget, revenues and rates.

Ms. Serrato reviewed two versions of the proposed Fiscal Year 2018 General Fund, Tax Fund, Special Services Fund, Debt Service Fund and Capital Improvement Fund Budgets. She explained that both budgets are based on the same tax, water and Handling Charge rates. The total proposed tax rate of \$0.08517 includes a \$0.064224/\$100 M&O tax rate and an I&S tax rate of \$0.020946/\$100. The Handling Charge remains the same for the 8th year in a row. The second version includes a 2% increase to total salaries resulting in an increase of \$7,939 to the General Fund expenditures compared to the budget presented at the last meeting. The proposed budget with no salary increase reflects an increase to General Fund expenditures of \$1,197. Ms. Serrato explained that the salary changes affect only the General Fund and Special Services budgets.

6. Resolution 17-15. Resolution adopting the recommended Fiscal Year 2018 budget.

Mr. Galvan made a motion to approve the budget which includes a 2% adjustment to salaries by adoption of Resolution 17-15. The motion was seconded by Mr. Treviño and passed by unanimous vote.

7. Resolution 17-16. Resolution adopting the Fiscal Year 2018/Tax Year 2017 tax rate.

Mr. Galvan made a motion to approve Resolution 17-16 adopting the Fiscal Year 2018/Tax Year 2017 M&O tax rate of \$0.064224 per \$100 assessed valuation and the I&S tax rate of \$0.020946 per \$100 assessed valuation for a total tax rate of \$0.085170 per \$100 of taxable value. The motion was seconded by Mr. Treviño and passed with all voting in favor.

8. TCEQ Enforcement Action.

Ms. Serrato reported that the third Quarterly Report has been submitted to TCEQ. The revised Monitoring Plan, Nitrification Action Plan and Site Sampling Plan were submitted by the July 31st deadline but no comments have been received from TCEQ. In addition, a September 5th conference call devoted to STWA's facility inventory has been postponed to September 26th.

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

Ms. Serrato stated that she notified Ms. Shay Roalson, HDR Engineering, of the Board's decision to award the internal leak detection project to Pure Technologies using the SmartBall approach. She added that during the RFP process, Pure contacted Ms. Roalson requesting some changes to the contract language. Pure was notified that altering the contract at that time was not appropriate since the contract had not yet been awarded. After Pure was notified of the selection, they again made the request. Bill Flickinger, Willatt & Flickinger, reviewed the proposed language but instead offered alternate language. Pure has since agreed with Mr. Flickinger's alternate language and Ms. Serrato expects to receive the revised contract soon. She asked for authorization to sign the contract contingent on all documents being in order. Mr. Vaughn made a motion to authorize Ms. Serrato to execute the contract on behalf of the Board contingent on all necessary documents being in order. Mr. Treviño seconded and all voted in favor.

10. Assessment of STWA's 42" Waterline – Russell Corrosion Projects

- Examination of Section 0 – 5000 LF
- Replacement of two (2) existing rectifiers
- Pipeline Crossings and Interference

Ms. Serrato read an email from Matt Maynard of Russell Corrosion providing an update on the three projects. Further testing of the 0-5000 lf segment will be conducted to verify the continuity they believe is present. Most of the stray current data has been obtained, but responses from two companies are still needed. In addition, the data logger was stolen from the test station at 1405+93; however, the data that was collected showed no interference. Last, he reported that both rectifiers have been replaced and are back in service.

11. Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato presented a request for payment in the amount of \$80,938.54 from Mercer Controls, Inc. She stated that so far, the work on the project has been acceptable and recommended approving payment as submitted. Mr. Schultz made a motion to approve Mercer Controls, Inc.'s

payment request in the amount of \$80,938.54. Mr. Vaughn seconded. The motion passed by unanimous vote.

12. Emergency Generator – Kingsville Pump Station.

- Acceptance of Final Project and Approval of Final Payment

Ms. Serrato reported that installation of the Kingsville Pump Station Emergency Generator has been completed and testing was conducted successfully. She presented a request for final payment and acceptance of the project from D&H Fueling Solutions in the amount of \$123,586.39. Ms. Rodgers made a motion to accept the project and approve payment in the amount of \$123,586.39 to D&H Fueling Solutions. Ms. Perez seconded. All voted in favor.

13. STWA Depository bids.

Ms. Serrato stated that she placed this item on the agenda in advance of the renewal deadline in order for the Board to consider whether to secure the services of Prosperity Bank for Fiscal Years 2018 and 2019 or begin the process of soliciting depository bids. She stated that the current agreement with Prosperity Bank expires at the end of October 2017. She added that Prosperity Bank only charges the Authority for the cost of checks and deposit slips. Prosperity Bank is willing to continue charging the same limited fees and increase the interest earning rate to 0.40%. Mr. Galvan made a motion to stay with Prosperity Bank. Dr. Ruiz seconded. All voted in favor. Staff indicated the necessary agreements would be presented at the next meeting for formal adoption.

14. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2017.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2017. Ms. Serrato stated that the cost is \$8,825 which is \$300 more than last year's cost. She added that \$9,500 has been budgeted for the audit which includes \$500 to cover the cost of another firm that will oversee Womack's audit process, and recommended approval of the Letter of Engagement. She added that if the Board prefers, other bids will be solicited. Mr. Galvan made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2017. Mr. Schultz seconded. All voted in favor.

15. NewGen Strategies proposal for rate model services.

Ms. Serrato stated that NewGen Strategies' proposal for a rate study which the Board approved in March in the amount of \$12,500 included an additional \$2,500 option for development of a rate model for ongoing use by STWA staff. At the time, the Board chose to approve the \$12,500 proposal and consider the additional option at a later date. In addition, the Board also approved \$2,500 for NewGen's services for annual review of the City of Corpus Christi's proposed water rates. Ms. Serrato reported that \$4,540 remained unused for the rate study and \$1,595 will not be used on the review of the City's rates for a total of \$6,135. She asked that the Board reconsider the \$2,500 proposal for development of a rate model. Mr. Galvan made a motion to approve the use of NewGen Strategies' services for the development of a rate model related to a Monthly

Customer Premium Rate and Special Services Budget in the amount of \$2,500. Ms. Rodgers seconded. All voted in favor.


16. Hurricane Harvey.

Ms. Serrato stated that she placed this item on the agenda in case the Board wished to discuss any matters related to Hurricane Harvey. Mr. Vaughn asked about the reason behind the City of Corpus Christi's boil water notice during the storm. Ms. Serrato stated that she received three different explanations from City representatives. She also contacted Melanie Edwards of TCEQ who said the City admitted to going below 20 psi in Flour Bluff triggering the requirement to issue a boil water notice. Ms. Serrato said she explained to Ms. Edwards that STWA has a gravity fed line and maintains a 60psi and that all STWA pump stations remained in service and did not lose pressure. Ms. Edwards agreed that there was no need for STWA to issue a boil water notice. The Board had no other comments regarding this matter.

17. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:42 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary