

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
September 26, 2017  
Minutes

Board Members Present:

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

Board Members Absent:

Rudy Galvan  
Filiberto Treviño

Staff Present:

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

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 5:30 p.m. A quorum was present.

2. Citizen Comments.

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

*The order of the agenda was changed.*

19. Resolution 17-23. Resolution authorizing the President of the South Texas Water Authority to execute a Water Supply Contract with the City of Kingsville.

Ms. Serrato informed the Board that legal counsel Bill Flickinger received notification from Kingsville City Attorney Courtney Alvarez that the City Commission approved entering into the offered Water Supply Contract. She stated that Mr. Flickinger recommends signing the contract and would be available until 6:15 p.m. if the Board desired to discuss the matter with him. Mr. Schultz made a motion to adopt Resolution 17-23 authorizing execution of the Water Supply Contract with the City of Kingsville. Mr. Vaughn seconded. The motion passed by unanimous vote of the Board of Directors present. Ms. Serrato called Mr. Flickinger and advised him of the Board's decision and expressed the Board's appreciation for his work on the negotiations. Mr. Vaughn asked if the Authority would need to change the terms of the contracts already in force with the Authority's other wholesale customers. Ms. Serrato stated that although not required, the Board has previously expressed their willingness to do so.

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the September 5, 2017 Public Hearing and Regular Meeting as presented. Ms. Perez 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 August 31, 2017  
Revenue Fund Income Statement for period ending August 31, 2017  
Tax Fund Income Statement for period ending August 31, 2017  
Special Services Income Statement for period ending August 31, 2017  
STWA Revenue Fund Balance Sheet – August 31, 2017  
STWA Revenue Fund GL Account Summary Report as of August 31, 2017  
STWA Debt Service Fund Income Statement for period ending August 31, 2017  
STWA Debt Service Fund Balance Sheet August 31, 2017  
STWA Debt Service Fund GL Account Summary Report as of August 31, 2017  
STWA Capital Projects Fund Income Statement for period ending August 31, 2017  
STWA Capital Projects Fund Balance Sheet – August 31, 2017  
STWA Capital Projects Fund GL Account Summary Report as of August 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:

• City of Driscoll	\$ 3,600.00
• Russell Corrosion Consultants, LLC	\$ 2,440.50
• Russell Corrosion Consultants, LLC	\$ 5,671.87
• Russell Corrosion Consultants, LLC	\$ 1,063.81
• Franklin Welding Service, Inc.	\$ 1,068.00
• Walker Partners	\$ 1,480.00
• Willatt & Flickinger, PLLC	\$ 876.60
• Franklin Welding Service, Inc.	\$ 667.50
• Kleberg County Appraisal District	\$ 4,973.20
• LNV Engineering	\$ 4,500.00
• Kronenberger Law Firm, PLLC	\$ 200.00
• Franklin Welding Service, Inc.	\$ 2,416.00
• HDR Engineering, Inc.	\$ 1,710.00
• Franklin Welding Service, Inc.	\$ 3,126.00
• HDR Engineering, Inc.	\$ 2,700.00
• City of Corpus Christi	\$ 94,673.04
• NewGen Strategies	\$ 1,507.50

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

5. Fiscal Year 2017 Budget Amendments.

Ms. Serrato reviewed the proposed FY 2017 Amended Budget. The amended budget reflects an increase in Total Revenues of \$13,094, a decrease in Total Expenditures including Capital Outlay of \$162,548 resulting in a Net Ending Balance of \$15,989 which could be higher if no major repairs are experienced in the remainder of the fiscal year. Dr. Ruiz asked which staff position remained unfilled. Ms. Serrato explained that the seventh Field Tech position remains vacant and at times the sixth position as well. Mr. Schultz asked about posting the vacancy on Facebook and requested that Ms. Serrato email the information on the position. After reviewing the amendments, Mr. Vaughn made a motion to approve the final FY 2017 Budget Amendments. Mr. Schultz seconded and all voted in favor.

6. Tax Year 2017 tax roll/levy for the South Texas Water Authority's district in Kleberg County.

Ms. Serrato presented the Kleberg County tax roll/levy for Tax Year 2017 reflecting a total taxable value of \$1,066,845,441 and a total tax levy of \$909,581.33 and recommended approval of Resolution 17-17.

7. Resolution 17-17. Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Kleberg County for tax year 2017.

Mr. Schultz made a motion to approve Resolution 17-17 adopting the tax roll/levy for South Texas Water Authority's district in Kleberg County for tax year 2017. Ms. Rodgers seconded the motion and all voted in favor.

8. STWA General Fund Investment Policies:

- a) South Texas Water Authority General Fund
- b) South Texas Water Authority Debt Service Fund
- c) South Texas Water Authority Capital Project Fund

Ms. Serrato informed the Board that review and approval of STWA's Investment Policies is required every year and added there have been no changes to the Policies since last year. She then recommended approval of the STWA General Fund, Debt Service Fund and Capital Project Fund Investment Policies.

9. Resolution 17-18 through 17-20. Resolution approving the South Texas Water Authority Investment Policies.

- a) South Texas Water Authority General Fund
- b) South Texas Water Authority Debt Service Fund
- c) South Texas Water Authority Capital Project Fund

Mr. Schultz made a motion to adopt Resolutions 17-18, 17-19 and 17-20. Ms. Perez seconded. All voted in favor.

10. STWA Depository.

Ms. Serrato stated that last month the Board approved extending the Depository Contract with Prosperity Bank and Resolution 17-21 formalizes approval of extending the contract for two years. She recommended adopting Resolution 17-21.

11. Resolution 17-21. Resolution extending Depository Contract for Funds of the South Texas Water Authority.

Mr. Schultz made a motion to adopt Resolution 17-21. Ms. Perez seconded. All voted in favor.

12. Amendment of South Texas Water Authority Personnel Policies.

Ms. Serrato stated that the proposed amendment is an attempt to clean up some issues that have happened in the past pertaining to accumulation of Compensatory/Administrative Time by the managers other than the Executive Director. She explained that after discussing the matter with attorney Greg Kronenberger, she felt that the proper thing to do is to make sure that these staff members are not accumulating Compensatory Time for the extra time they put in performing work on behalf of the Nueces and Ricardo Water Supply Corporations. Instead, those hours should be paid as overtime. She said the proposed amendment cleans up the existing policy to specify that 1) any excess hours worked by these staff members for the Corporations will be paid as overtime and the Corporations will be responsible for paying that overtime, and 2) employees should not accumulate Compensatory hours in excess of 240 hours or the Authority will be required to pay overtime for hours in excess of 240.

13. Resolution 17-21. Resolution amending the Personnel Policies of the South Texas Water Authority.

Mr. Schultz made a motion to adopt Resolution 17-21 amending the Personnel Policies of the South Texas Water Authority as proposed. Ms. Rodgers seconded and the motion passed by unanimous vote.

14. Request to close office for staff Christmas luncheon and gift exchange on December 13, 2017.

Ms. Serrato requested authorization to close the office on December 13, 2017 for the annual staff Christmas luncheon. Mr. Vaughn made a motion to authorize closing the office on December 13, 2017 from 11:00 a.m. to 2:00 p.m. for the annual staff Christmas luncheon and gift exchange. Ms. Rodgers seconded. All voted in favor.

15. TCEQ Enforcement Action.

Ms. Serrato reported that she participated in the conference call with TCEQ this morning and TCEQ representatives indicated that they feel the Authority is really close on the revisions of

Monitoring Plan, Nitrification Action Plan and Site Sampling Plan. She added that she has been modifying the reporting forms and hopes to send them to TCEQ on October 2<sup>nd</sup> after they are reviewed by Aaron Archer of Walker Partners.

16. 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 Pure Technologies personnel are scheduled to arrive for a reconnaissance visit on September 28<sup>th</sup> to look at the pig launch, ARVs and route of the pipe leaving the ON Stevens plant. The assessment is scheduled to begin sometime during the week of October 16, 2017.

17. 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 reported that although it appeared that examination of stations 0 – 5000 was complete, the preliminary report recommends additional testing. The Rectifier Replacement Project has been completed at a cost of \$9,832.87. In addition, STWA paid for the actual rectifiers separately at a cost of \$3,324. The Pipeline Interference Project is near completion. Three crossings remain to be tested. Of those already tested, no interference from other pipelines was detected.

18. Driscoll Pump Station LAS Chemical Feed System Addition.

- Pay Request #2
- Change Order #2

Ms. Serrato presented Change Order #2 in the amount of \$1,705 to modify the previous change order to provide a freeze proof hydrant with a lower profile and backflow device. She also presented Pay Request #2 in the amount of \$76,253.31 and recommended approval of both. Mr. Schultz made a motion to approve Change Order #2 and Pay Request #2 as presented. Dr. Ruiz seconded. The motion passed by unanimous vote.

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

Ms. Serrato stated that she intends to continue working with legal counsel on negotiating a contract with the City of Bishop. She added that she hopes the City of Kingsville's approval of a contract will aid in making negotiations smoother and faster.

21. Incremental Increase Policy to address Customers without a Long-Term Contract.

Ms. Serrato presented a draft Incremental Increase Policy developed by legal counsel Bill Flickinger. The policy includes a proposed Incremental Increase to the current Handling Charge for customers receiving water without a long-term water supply contract (Monthly Wholesale Customers). Providing service to those customers places a certain level of risk that may not be

adequately compensated under the current charges. She stated that some of the specifics of the policy will require direction from the Board. She explained that Mr. Chris Ekrut, NewGen Strategies, suggested adding 13.85 cents to the 42 cent Handling Charging but the final amount will be decided by the Board. In addition, the policy establishes a Premium Rate Revenue Fund for accumulation of the Incremental Increase charge but a maximum balance for the fund will need to be determined by the Board. The policy will also include a time limit for re-examining the calculation for assessing the increase. Mr. Vaughn asked Ms. Serrato to consider sending a letter advising the Authority's customers that the City of Kingsville has entered into a long-term contract and informing them of the proposed Incremental Increase Policy. The Board agreed by consensus to have Ms. Serrato send a letter to the Authority's customers.

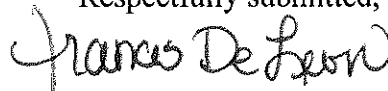
22. Personnel Evaluation of the Executive Director.

Dr. Ruiz stated that he prefers to conduct the evaluation with all Board members present. The Board agreed to table this item. No action was taken.

23. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:30 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary