

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
December 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
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 5:35 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.

Mr. Galvan made a motion to approve the minutes of the October 24, 2017 Regular Meeting as presented. Mr. Treviño seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

The following reports were presented for the Board's consideration:

Updated Financial Reports for September, 2017:
Revenue Fund Income Statement for period ending September 30, 2017
Tax Fund Income Statement for period ending September 30, 2017
Special Services Income Statement for period ending September 30, 2017
STWA Revenue Fund Balance Sheet – September 30, 2017
STWA Revenue Fund GL Account Summary Report as of September 30, 2017
STWA Debt Service Fund Income Statement for period ending September 30, 2017
STWA Debt Service Fund Balance Sheet September 30, 2017

STWA Debt Service Fund GL Account Summary Report as of September 30, 2017
STWA Capital Projects Fund Income Statement for period ending September 30, 2017
STWA Capital Projects Fund Balance Sheet – September 30, 2017
STWA Capital Projects Fund GL Account Summary Report as of September 30, 2017
(The September reports were updated at the instruction of the Authority’s auditor to reflect entries posted for invoices that were received after the Board approved the September Treasurer’s Report.)

Treasurer’s Report for period ending October 31, 2017
Revenue Fund Income Statement for period ending October 31, 2017
Tax Fund Income Statement for period ending October 31, 2017
Special Services Income Statement for period ending October 31, 2017
STWA Revenue Fund Balance Sheet – October 31, 2017
STWA Revenue Fund GL Account Summary Report as of October 31, 2017
STWA Debt Service Fund Income Statement for period ending October 31, 2017
STWA Debt Service Fund Balance Sheet October 31, 2017
STWA Debt Service Fund GL Account Summary Report as of October 31, 2017
STWA Capital Projects Fund Income Statement for period ending October 31, 2017
STWA Capital Projects Fund Balance Sheet – October 31, 2017
STWA Capital Projects Fund GL Account Summary Report as of October 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:

• Mercer Controls, Inc.	\$ 8,825.00
• Willatt & Flickinger, PLLC	\$ 797.10
• Walker Partners Engineering	\$ 888.00
• City of Corpus Christi	\$ 110,062.94
• Kevin Kieschnick-NC Tax Assessor	\$ 8,124.55
• HDR Engineering, Inc.	\$ 3,600.00
• HDR Engineering, Inc.	\$ 10,260.00
• Kleberg County Appraisal District	\$ 5,213.19
• Nueces County Appraisal District	\$ 1,692.00
• Willatt & Flickinger, PLLC	\$ 1,279.70

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

5. Bids for purchase of one ¾ ton truck.

Ms. Serrato reported that after providing bid packets to numerous area dealerships, only one bid was received. The bid which was submitted by Caldwell Country Chevrolet was in the amount of \$36,920 for a 2018 truck meeting all of the specifications presented at the previous Board

Meeting. She added that \$40,000 had been budget for purchase of the truck and recommended awarding the bid to Caldwell Country Chevrolet.

6. Resolution 17-25. Resolution awarding the bid for the purchase of one ¾ ton pickup truck.

Mr. Vaughn made a motion to approve Resolution 17-25 awarding the bid for the purchase of one ¾ ton 4x4 diesel pickup truck to Caldwell Country Chevrolet in the amount of \$36,920. Ms. Perez seconded. All voted in favor.

7. TCEQ Enforcement Action and Update on TCEQ Approval of Kingsville Pump Station Improvements.

Ms. Serrato reported that the Quarterly Report due on November 22nd was submitted and also provided a letter from the TCEQ stating that the submitted Monitoring Plan, Nitrification Action Plan and Sample Site Plan meet the Order requirements. In addition, the TCEQ approved the design of the Kingsville PS Improvements. She also reported that there has been a delay in the construction of the Driscoll LAS improvements and TCEQ has been notified of the change in the schedule. She also reported that a letter from TCEQ approving deadline extensions for Ordering Provision Nos. 8.b, 8.e and 8.f was received on December 4th. The amended deadline for Provision Nos. 8.b and 8.e is December 7, 2017 and the amended deadline for Provision No. 8.f is January 7, 2018. She added that Aaron Archer, Walker Partners, will be submitting designs for the taps on the 42 inch waterline.

8. 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 performed the assessment on October 18th and tested approximately 12,000 lf rather than the 7,000 lf originally proposed at no additional cost to STWA. She presented the final report indicating that no small, medium or large leaks were detected. She also presented an invoice from Pure Technologies in the amount of \$45,440 for the cost of mobilization and testing and a second invoice in the amount of \$10,000 for the analysis and report. She recommended approval of the report and payment of both invoices. Mr. Galvan made a motion to approve the final report and payment of the \$45,440 and \$10,000 invoices from Pure Technologies. Ms. Rodgers seconded. All voted in favor.

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

- Examination of Section 0 – 5000 LF
- Pipeline Crossings and Interference

Ms. Serrato reported that she has been in contact with Mr. Bruce Norred, Russell Corrosion, who recommends bonding all discontinuous joints of the 42" waterline and installing anodes where there are none. She added that Russell Corrosion will return and use their VLOC locating device to confirm that it will detect broken bonds. In addition, the final interference testing has not been completed. The pipeline for the last crossing had a problem with its rectifier which still is in need of repairs but it may be completed by the end of December. She presented Invoice 0002122 in the amount of \$4,168.72 for the Section 0 – 5000 project and stated that after paying this invoice

\$39,121.23 remains in the contracted amount for this project. She also presented Invoice 0002123 in the amount of \$4,026.81 and Invoice 0002140 in the amount of \$1,356.20 for the pipeline interference testing and added that \$1,446.49 in contracted funds remains on this project. Mr. Schultz made a motion to approve payment of the three invoices. Mr. Treviño seconded. All voted in favor.

10. Driscoll Pump Station LAS Chemical Feed System Addition.

- Pay Request #4
- Change Order #3

Ms. Serrato reported that progress continues on the construction of the Driscoll LAS station; however, Mercer was not able to meet the substantially complete date of November 28th and this information was included in the quarterly reported submitted to TCEQ. She also stated that Mercer and HDR have been working on resolving issues with the flow rate. She presented Pay Request #4 in the amount of \$96,374.19. She also presented Change Order #3 in the amount of \$10,650.00 for additional components which are needed to achieve the desired functionality for the chemical feed system. Ms. Rodgers made a motion to approve Pay Request #4 in the amount of \$96,374.19 and Change Order #3 in the amount of \$10,650.00. Mr. Treviño seconded. All voted in favor.

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

Ms. Serrato stated that as a result the City of Bishop's request to have the same term as agreed to with the City of Kingsville, legal counsel Bill Flickinger prepared a revised contract as well as a redline version showing contract amendments including comments on items that remain outstanding. The changes include a statement giving the City the option to use the East Side Pump Station if they are unable to use the West Side Pump Station provided the City takes the financial responsibility of making any repairs to the existing pumps; reference to specific AWWA Manual M1 chapters as requested by Mr. Gerald Benadum; the City of Kingsville contract language for Section 12-Term of Contract has been substituted; and Guaranteed Purchase has been added as a new section and is based on the City of Bishop increasing their purchase by 2 ½ percent annually so that it will increase to 60% at the end of the fifth year. In addition there remains language that Mr. Benadum was to provide for Section 14, Subsection (B) Tax Exempt Bonds. Mr. Galvan made a motion to approve the contract for the City of Bishop's consideration. Dr. Ruiz seconded and all voted in favor.

12. Quotes and Purchase of Pipeline Locator Equipment manufactured by Vivax - Metrotech.

Ms. Serrato stated that Field Technicians recently viewed and participated in a pipeline locator equipment demonstration of a Vivax-Metrotech vLoc 5000 device and were impressed by the demonstration. Indepth Utility Solutions provided a quote for the vLoc 5000 in the amount of \$5,675 as well as for a vLoc DM2 unit in the amount of \$10,287. However, Indepth representatives indicated that the vLoc 5000 device is limited in locating discontinuous bonds and cannot be depended on to locate anodes. This information was confirmed by Mr. Bruce Norred of Russell Corrosion who also confirmed that the vLoc DM2 device will locate discontinuous bonds as well as the presence of sacrificial anodes. Ms. Serrato pointed out that \$15,000 remains available from the SmartBall project since no repairs to the 42 inch waterline were necessary.

She added that Russell Corrosion should arrive on January 8th and should be able to verify that their DM2 device will actually perform as stated. Mr. Schultz made a motion to table action on this item until after Russell Corrosion's arrival. Ms. Perez seconded. All voted in favor.

13. Kleberg County Appraisal District Board of Directors election and casting of votes.

Ms. Serrato presented the ballot for casting votes for the Kleberg County Appraisal District Board of Directors. She said there are six candidates for five positions. The Authority was allotted 115 votes which can be cast for one candidate or distributed among different candidates.

14. Resolution 17-26. Resolution casting the South Texas Water Authority's votes for election of Kleberg County Appraisal District Board Members.

Dr. Ruiz made a motion to approve Resolution 17-26 and cast STWA's votes by distributing the 115 votes evenly among the candidates, excluding John Saenz. Mr. Vaughn seconded. All voted in favor.

15. Prosperity Bank Treasury Management Agreement.

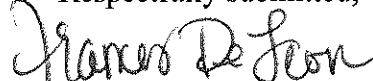
- Resolution 17-27. Treasury Management Resolution.
- Treasury Management Services Master Agreement
- ACH Agreement
- Treasury Management Services Wire Transfer Services Agreement

Ms. Serrato presented Resolution 17-27 and other agreements related to Prosperity Bank's depository service for the Authority. She stated that approval and execution of the documents is required in order for the Authority to continue using Prosperity Bank as its depository. She added that if the Board wishes, staff will contact other financial institutions to inquire about serving as STWA's depository but the documents will most likely be required by them as well. Ms. Rodgers made a motion to approve Resolution 17-27 and the accompanying agreements. Mr. Treviño seconded and all voted in favor.

16. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:21 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary