

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
June 26, 2018
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:

Marvin Leary – Linebarger, Goggan,
Blair and Sampson, LLP

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:34 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 in order to accommodate the guest.

5. Consideration of offers made to Linebarger, Goggan, Blair & Sampson, LLP for Tax Resale properties in Nueces County.

Mr. Marvin Leary of Linebarger, Goggan, Blair & Sampson, LLP introduced himself to the Board and presented bid analyses and maps on eleven struck off properties for which offers have been received. The offers have already been approved by the other taxing entities. If the offers are approved, STWA will receive at least \$1,778.17 in delinquent taxes from the sale proceeds and restore as much as \$103,251.00 in taxable property value to STWA's active tax rolls.

6. Resolution 18-08. Resolution approving the sale of delinquent tax properties for less than the amount of taxes owed or the most recent value determined by the appraisal district, whichever is less.

A motion was made by Mr. Vaughn and seconded by Mr. Treviño to adopt Resolution 18-08 approving the offers made to Linebarger, Goggan, Blair & Sampson, LLP. All voted in favor with the exception of Mr. Galvan who abstained.

3. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the May 22, 2018 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 May 31, 2018
Revenue Fund Income Statement for period ending May 31, 2018
Tax Fund Income Statement for period ending May 31, 2018
Special Services Income Statement for period ending May 31, 2018
STWA Revenue Fund Balance Sheet – May 31, 2018
STWA Revenue Fund GL Account Summary Report as of May 31, 2018
STWA Debt Service Fund Income Statement for period ending May 31, 2018
STWA Debt Service Fund Balance Sheet May 31, 2018
STWA Debt Service Fund GL Account Summary Report as of May 31, 2018
STWA Capital Projects Fund Income Statement for period ending May 31, 2018
STWA Capital Projects Fund Balance Sheet – May 31, 2018
STWA Capital Projects Fund GL Account Summary Report as of May 31, 2018
STWA 2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Kleberg County Appraisal District	\$ 5,213.19
• Nueces County Appraisal District	\$ 1,692.00
• City of Corpus Christi	\$ 96,947.79
• Kevin Kieschnick-NC Tax Assessor	\$ 1,779.54

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

7. Water District Truth in Taxation Notices, Effective Tax Rate Calculation, and Meeting/Hearing Schedule.

Ms. Serrato presented a proposed Truth in Taxation Meeting/Hearing Schedule for the Board's review in order to confirm that a quorum will be available for the necessary meetings and public hearing. She added that in order to avoid the expense of Nueces County sending out separate tax statements for STWA, they must receive STWA's tax information by September 11, 2018. She reviewed the following schedule with the Board:

Date	Event	Action
June 26, 2018	Board Meeting	Agree on calendar & confirm quorums
July 25, 2018	CADs deliver rolls	Staff calculates ETR
July 31, 2018	Board Meeting	Board votes on proposed rate & sets hearing date/time, approves sending proposed budget to wholesale customers
August 1, 2018	Staff prep	Proposed budget is sent to wholesale customers for 30-day written comment period
Aug 2 – Sept 3	30-day comment period	Wholesale customers review & provide written comments on proposed budget
August 26, 2018	Publish newspaper notices	Publication occurs 7 days before hearing
September 4, 2018	Public Hearing followed by Board Meeting	Board approves tax rates and FY 2018 Budget
September 11, 2018	Nueces County Tax Collector Deadline	Failure to submit tax rates could result in STWA paying for separate tax bill mail-out

Mr. Galvan made a motion to approve the schedule as presented. Dr. Ruiz seconded. All voted in favor.

8. Preliminary Fiscal Year 2019 Budget.

Ms. Serrato presented a preliminary Fiscal Year 2019 Budget for the Board's review. The preliminary budget is based on water sales of approximately 527 million gallons, the same Handling Charge and similar tax rates, an overall 2% cost of living adjustment (excluding her salary) and approximately \$222,000 in capital items. She explained that several essential elements are not yet available. She added that the biennial assessment of STWA's management fees charged to NWSC and RWSC will be performed this year to determine whether adjustments to the fees are necessary. The Board reviewed the capital items which include the Kingsville Pump Station rehabilitation, one replacement truck, three computers, an equipment barn, a new trackhoe and a new hydropneumatic tank for the Banquete Pump Station. Ms. Serrato mentioned that staff has discussed options for use of bond funds for the upcoming cathodic protection in-house project including purchase of a second trackhoe with a haul truck and trailer and constructing the equipment barn with bond funds instead of General Funds. Mr. Galvan suggested requesting a quote from a company in Whitsett that constructs buildings. No changes were requested by the Board.

9. Update on TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that the TCEQ's residual count number in the Quarterly report was not the same count as reported by O&M Supervisor Jacob Hinojosa in the DLQOR forms. Staff will research the discrepancy and any finding will be reported in the next Quarterly Report to TCEQ due by August 20, 2018. She and Aaron Archer, Walker Partners, agree that reconciliation of the data should be part of that Quarterly Report. TCEQ has reported that STWA has achieved compliance for an additional three months and has requested feedback on the Texas Rural Water Association training held for STWA's field personnel as part of TCEQ's Financial, Managerial and Technical Program. She had nothing further to report.

10. Update on Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato reported that the system is being monitored very closely and she continues providing information to Ms. Shay Roalson of HDR Engineering. Ms. Serrato has been in contact with Mercer Controls, Inc. about possible issues with overdosing. She added that levels are meeting the requirements but better readings are desired.

11. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that she received a visit from Wesley Rogers representing the City of Bishop and she may have clarified the need for the City's commitment on a term and percentage of purchased volumes. Mr. Rogers indicated he was going to speak with Bishop representatives about the contract. No Board action was taken.

12. Update on offer for Supplemental Easement on CR 38 in Agua Dulce for the AEP Texas Banquete to Stadium Transmission Line Project in Nueces and Jim Wells Counties pertaining to the Agua Dulce Pump Station.

Ms. Serrato stated that she has not received anything in writing from Brent Star of Right of Way Service, Inc., but he has indicated that he is working on the metes and bounds.

13. NewGen Strategies and Solutions Consultant Services Associated with the City of Corpus Christi Annual Rate True Up.

Ms. Serrato presented an agreement for review of the City of Corpus Christi's FY 2019 Rate Model from NewGen Strategies and Solutions, LLC. Charges are to be split between STWA and NCWCID No. 4 with a not to exceed amount of \$3,000. She stated that she prefers to utilize the services of a consultant due to the complicated nature of the model.

Mr. Treviño made a motion to authorize staff to execute the service agreement with NewGen Strategies and Solutions in an amount not to exceed \$3,000 for review of Corpus Christi's Rates and Model. Ms. Rodgers seconded. All voted in favor.

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14. Adjournment.

With no further business to discuss, Mr. Vaughn made a motion to adjourn the meeting at 6:29 p.m. Ms. Perez seconded. All voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary