

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
October 23, 2018  
Minutes – Corrected

Board Members Present:

Kathleen Lowman  
Dr. Albert Ruiz  
Rudy Galvan  
Lupita Perez  
Patsy Rodgers  
Charles Schultz

Board Members Absent:

Filiberto Treviño  
Steven Vaughn

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jo Ella Wagner  
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.

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the September 25, 2018 Regular Meeting as presented. Mr. Galvan seconded. The motion passed by unanimous vote.

4. Quarterly Report/Treasurer's Report/Payment of Bills.

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

Investment Report for Quarter ended September 2018  
Treasurer's Report for period ending September 30, 2018  
Revenue Fund Income Statement for period ending September 30, 2018  
Tax Fund Income Statement for period ending September 30, 2018  
Special Services Income Statement for period ending September 30, 2018\*  
STWA Revenue Fund Balance Sheet – September 30, 2018\*  
STWA Revenue Fund GL Account Summary Report as of September 30, 2018\*  
STWA Debt Service Fund Income Statement for period ending September 30, 2018  
STWA Debt Service Fund Balance Sheet September 30, 2018  
STWA Debt Service Fund GL Account Summary Report as of September 30, 2018  
STWA Capital Projects Fund Income Statement for period ending September 30, 2018

STWA Capital Projects Fund Balance Sheet – September 30, 2018

STWA Capital Projects Fund GL Account Summary Report as of September 30, 2018

STWA 2012 Bond Election Report

Anticipated vs. Actual Water Rate Charged

Maintenance & Technical Report from O&M Supervisor

\*Ms. Wagner presented a corrected Balance Sheet, GL Account Summary Report and Special Services Income Statement reflecting updated amounts because the reports submitted with the original agenda packet were not in balance.

The following outstanding invoices were presented for Board approval:

• Walker Partners	\$ 888.00
• Willatt & Flickinger, Attorneys at Law	\$ 1,181.40
• Kleberg County Treasurer	\$ 24,780.00
• LNV, Inc. – Banquete PS Improvements	\$ 1,550.00
• City of Corpus Christi	\$ 97,780.09
• Texas Municipal League IRP	\$ 51,863.56

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

5. STWA Board of Directors Meeting Schedule 2019.

Ms. Serrato reviewed the proposed 2019 meeting schedule provided in the Board packet. Ms. Rodgers made a motion to accept the proposed schedule and use December 3<sup>rd</sup> for November/December meeting date. Mr. Galvan seconded. The approved schedule is as follows:

January 23, 2019	May 28, 2019	September 24, 2019
February 26, 2019	June 25, 2019	October 22, 2019
March 26, 2019	July 30, 2019	December 3, 2019
April 23, 2019	September 3, 2019	

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

Ms. Serrato reported that the updated Quarterly Report including a Monitoring Plan with a revised D3 Table was submitted on October 8th. She added that on Sunday, October 21<sup>st</sup> the Field Tech on call did not allow the water to flush adequately and recorded a residual of 0.43 mg/l. She notified TCEQ and this will be added to the TCEQ October 24<sup>th</sup> conference call agenda. She added that the matter has also been discussed with the Field Tech and will be discussed further upon Field Supervisor Jacob Hinojosa's return from vacation. No action was taken by the Board.

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

Ms. Serrato informed the Board that EI2 has been contacted to look over the LAS system and offer insight into some of the issues it is experiencing. A visit is scheduled for October 24<sup>th</sup> and she should have more to report after the visit.

8. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that per the Board's instruction, Mr. Bill Flickinger, Willatt & Flickinger, has made the modifications to the water supply contract between the City of Bishop and South Texas Water Authority. The revised agreement has been provided by email to Mayor Tem Miller, Bishop City Secretary Cynthia Contreras and the City's legal counsel Gerald Benadum. She presented four exhibits: Exhibit "A" – Schematic Diagram Involving the transfer of Water from the Authority to Wholesale Customer's Distribution System, Exhibit "B" – Letter Agreement Addressing Construction of Two Pumps, Exhibit "C" – Former East Side Delivery Facilities, Exhibit "D" – Draft License Agreement Between the City and Nueces Water Supply Corporation and Exhibit "E" – Draft License Agreement between the City and the Authority. Mr. Galvan made a motion to approve the revised agreement and the presented exhibits. Dr. Ruiz seconded. All voted in favor.

9. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she emailed Mr. John Valls twice but he has not responded. She had nothing further to report.

10. Authorization to advertise for the purchase of a track hoe/excavator.

Ms. Serrato presented the specifications for a track hoe/excavator and requested authorization to advertise for bids. She added that the current track hoe was purchased in 1999 for a cost of \$49,266 and the FY 2019 Budget includes \$95,000 for the purchase of a track hoe. Mr. Schultz made a motion to authorize advertising for bids. Ms. Rodgers seconded. All voted in favor.

11. City of Corpus Christi Rate Model and True Up.

Ms. Serrato reported that STWA's rate consultant, Mr. Chris Ekrut of NewGen Strategies has been reviewing the rate model and continues providing questions to the City of Corpus Christi. However, the most recent questions pertaining to capital improvements have not been answered adequately by the City. Therefore, there is no information ready to be released to STWA's wholesale customers at this time.

12. Kleberg County Extension Agency funding request for private water well screening.

Ms. Serrato presented a private water well screening proposal from Dr. Lee Clapp of Texas A&M University-Kingsville. The request is for \$4,835 for the Water Quality Screening study of private water wells located in Kleberg and Kenedy Counties. After reviewing the information provided, Mr. Galvan made a motion to not participate in the project. Ms. Rodgers seconded.

Dr. Ruiz abstained. The motion passed with the remaining five members voting in favor of not participating in the study.

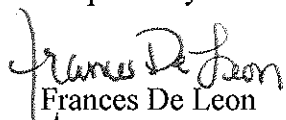
13. Water Supply Contract with Nueces Water Supply Corporation – Amendment to Provide Maximum Hourly Purchase Rate that when Combined with Actual Service Pump Capacity is at least 2.0 gpm per Connection or at least 1000 gpm and able to Meet Peak Hourly Demands, whichever is Less.

Ms. Serrato stated the staff has been working on a Sale, Transfer and Merger Application for the Nueces Water Supply Corporation submitted to the Texas Public Utility Commission as part of the Cyndie Park 2 WSC project. During the review process, a copy of the STWA/Nueces Water Supply Corporation Water Supply Contract was requested resulting in questions about whether the contract complies with all necessary sections of 30 TAC 290.45. After consulting with legal counsel, it appears that an amendment to the STWA/NWSC contract which states that STWA will provide NWSC with at least a 1000 gpm system wide delivery to meet the Corporation's peak hourly demand will likely be necessary. Ms. Serrato presented an email from Mr. Flickinger indicating that the amendment would not be available in time for the meeting but providing the motion for approval. Dr. Ruiz moved that the Board of Directors authorize the Board President, Executive Director and Authority's Attorney to negotiate an amendment to the Amended and Restated Water Supply Contract with Nueces Water Supply Corporation dated effective May 5, 2016 to provide for a maximum hourly purchase rate plus the actual service pump capacity of at least 2.0 gpm per connection or at least 1000 gpm and able to meet peak hourly demands, whichever is less and further authorize the Board President to execute and the Board Secretary to attest the amendment when finalized. Mr. Galvan seconded. The motion passed by unanimous vote.

14. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:24 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary