

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
May 28, 2019  
Minutes

Board Members Present:

Kathleen Lowman  
Rudy Galvan  
Brandon Barrera  
Lupita Perez  
Dr. Albert Ruiz  
Filiberto Treviño

Board Members Absent:

Patsy Rodgers  
Steven Vaughn

Staff Present:

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

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. Treviño made a motion to approve the minutes of the April 23, 2019 Public Hearing and Regular Meeting as presented. Mr. Barrera 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 April 30, 2019  
Revenue Fund Income Statement for period ending April 30, 2019  
Tax Fund Income Statement for period ending April 30, 2019  
Special Services Income Statement for period ending April 30, 2019  
STWA Revenue Fund Balance Sheet – April 30, 2019  
STWA Revenue Fund GL Account Summary Report as of April 30, 2019  
STWA Debt Service Fund Income Statement for period ending April 30, 2019  
STWA Debt Service Fund Balance Sheet April 30, 2019  
STWA Debt Service Fund GL Account Summary Report as of April 30, 2019

STWA Capital Projects Fund Income Statement for period ending April 30, 2019

Cathodic Protection Expenses Breakdown through March 2019

STWA Capital Projects Fund Balance Sheet – April 30, 2019

STWA Capital Projects Fund GL Account Summary Report as of April 30, 2019

2012 Bond Election Report

Anticipated vs. Actual Water Rate Charged

Maintenance & Technical Report from O&M Supervisor

Cathodic Protection Update

The following outstanding invoices were presented for Board approval:

• Corpro – 500 anodes	\$ 42,625.00
• Gross Solutions	\$ 1,996.00
• Hilltop Securities	\$ 2,500.00
• Willatt & Flickinger, Attorneys at Law	\$ 240.00
• City of Corpus Christi	\$ 103,119.45
• Ramiro Canales – NC Appraisal District	\$ 1,953.00

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

5. **Resolution 19-28.** Resolution appointing Carola G. Serrato, Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority.
6. **Resolution 19-29.** Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
7. **Resolution 19-30.** Resolution appointing Melissa T. De La Garza, Kleberg County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Kleberg County.
8. **Resolution 19-31.** Resolution establishing tax exemptions for residence homesteads, for property owners who are 65 years of age or older, for persons who are disabled, and for disabled veterans.

Ms. Serrato introduced Resolutions 19-28, 19-29, 19-30 and 19-31 as housekeeping items for the tax year. Mr. Treviño made a motion to adopt Resolutions 19-28, 19-29, 19-30 and 19-31. The motion was seconded by Mr. Galvan and passed unanimously.

9. Property Tax Matters.
  - Preliminary Nueces and Kleberg County Appraisal District Values
  - Letter from Kevin Kieschnick, Nueces County Tax Collector
  - 3.5% tax rate cap
  - Oil/gas value
  - Windmills value

Ms. Serrato presented the preliminary values for Nueces and Kleberg Counties and reported that this year's preliminary values reflect a \$150,000,000 increase compared to last year's certified

values. She added that this increase multiplied by the current Maintenance and Operations tax rate results in approximately \$102,850 in additional revenue. She noted that these values are preliminary and are being provided for informational purposes.

She also reported that as a means of lowering property taxes, the State Legislature has passed a bill setting a 3.5% tax rate cap. The bill is awaiting the Governor Abbot's signature and is expected to pass. This would affect municipalities, counties and other taxing entities such as STWA.

Ms. Serrato updated the Board on the matter pertaining to the expected refund from Nueces County Tax Collection Office for additional new parcel accounts added to the tax rolls. She stated that a letter was received from the tax office explaining that the Authority will not be billed any additional fees for the 2018 tax year. No refund will be issued but the check for the per parcel collection fee payment made in March 2019 was returned uncashed.

Ms. Serrato also reported that a higher oil/gas industrial value is expected on STWA's tax rolls as a result of a substantial construction project south of Banquete that is now complete and should begin operations soon. In addition, there should be added value as a result of windmill construction on the east side of STWA's district.

No action was taken on the presented information.

10. Nueces County Project bids for Banquete Pump Station Improvements.

Ms. Serrato distributed copies of email correspondence with Jay Juarez of McCall, Parkhurst & Horton regarding questions about the use of remaining bond funds on the Banquete Pump Station improvements. In his response, Mr. Juarez stated that as long as the project costs are under 5% of the par amount of bonds issued, then STWA can utilize the remaining proceeds for the project. He also advised that STWA enter into an agreement with Nueces Water Supply Corporation that states the project will be operated for the benefit of, and made available to, STWA for the useful life of the project. Ms. Serrato stated that the total bond issue was \$5,200,000 so the maximum amount that can be used on the Banquete Pump Station improvement project is \$260,000. She added that her preference is to use the \$100,000 that has been budgeted for the equipment shed on the Banquete project instead. She also reported that the bids on the Banquete project were rejected and Nueces County will be going out for bids again. She and O&M Supervisor Jacob Hinojosa met with LNV to review the project specifications in order to reduce the cost. She reviewed a chart of items resulting from the meeting which included approaching NWSC about contributing \$105,000 collected in developer fees. Ms. Serrato estimated that the original \$668,000 fund shortage on the project could be reduced to about \$200,000. She stated that she feels that this project needs to move forward and should start with installation of the two hydro pneumatic tanks and demolition of the elevated storage tank. The consensus of the Board was to spend the \$100,000 on this project rather than the equipment shed. Ms. Serrato said she would provide LNV with an update on the Board's discussion. No further action was taken.

11. Bids for construction of an equipment barn.

As a result of discussion on the Banquete Pump Station Improvements, the budgeted funds will be used towards the Banquete project.

12. Resolution 19-07. Resolution awarding the bid for construction of an equipment barn.

No action was taken on Resolution 19-07.

13. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline.

Ms. Serrato distributed copies of an Agreement for Professional Services from Walker Partners in the amount of \$17,200 for engineering services on the disinfection booster station at the Kingsville Pump Station for the Ricardo Water Supply Corporation's 12-inch waterline. She reviewed the agreement's scope of services and said that she anticipates the work will take about four months. Mr. Galvan made a motion to accept the proposal from Walker Partners in the amount of \$17,200. Mr. Treviño seconded. All voted in favor.

14. Driscoll Ground Storage Tank Rehabilitation.

Ms. Serrato stated that as discussed at the last Board meeting, she requested additional information on a hanging liner and received a quote of \$45,000. She noted that NG provided a quote of \$45,000 to \$50,000 for a spray on liner. She pointed out that field personnel have reservations about a hanging liner and prefer a spray on liner which will also address issues on the ceiling of the tank that the hanging liner will not. Mr. Treviño made a motion to move forward with a spray on liner. Mr. Galvan seconded. All voted in favor.

15. Tax Increment Reinvestment Zone 1 – Historic Downtown Kingsville, Texas.

Ms. Serrato stated that this item would most likely not be placed on the agenda again until Tom Ginter, the City's Planning & Development Services Director, provides a draft agreement. She explained that the TIRZ will allow the incremental taxes to be collected into a special fund. An appointed TIRZ board will make recommendations on use of the funds but ultimately the City will decide how the funds are used. Ms. Serrato stated that the Kleberg County Commissioners have discussed the TIRZ and had questions about the responsibility the entities would face if bonds were issued to accomplish projects but there was no incremental growth in the TIRZ. She has discussed this matter with Bill Flickinger, Willatt & Flickinger, who indicated that an interlocal agreement would need to specify each entity's responsibility. Mr. Barrera made a motion not to participate in the TIRZ and Mr. Treviño seconded. All voted in favor. Mr. Barrera noted that the City could always approach STWA again at a later time.

16. License Agreement with City of Bishop for Pump Station Facilities.

Ms. Serrato stated that she had nothing to report but she will attend the Bishop City Council meeting tomorrow.

17. **Resolution 19-32.** Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Lino Moreno, Jr. and Rebecca Moreno – Tract Thirteen (13), Cyndie Park Unit 2, Nueces County, Texas)

18. **Resolution 19-33.** Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Ruben Jimenez and Rosemary R. Jimenez – Tracts 36, 37, and ½ of 35, Cyndie Park Unit 2, Nueces County, Texas)

Ms. Serrato stated that approval of Resolutions 19-32 and 19-33 finalizes the annexation process of these properties and recommended adoption of the two resolutions. Mr. Galvan made a motion to adopt Resolutions 19-32 and 19-33. The motion was seconded by Mr. Treviño and passed unanimously.

19. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Nemecio Salgado and Delia Rodriguez – Tract One-H (1-H), The Ranch in Nueces County, Texas).

Ms. Serrato stated that these property owners recently approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of the ongoing project to extend water service to the Cyndie Park area. Requesting annexation is the first step in the process to obtain service on the property. Ms. Serrato recommended approval of Resolution 19-34 setting the Public Hearing on June 25, 2019 at 5:30 p.m. at the STWA conference room.

20. **Resolution 19-34.** Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Nemecio Salgado and Delia Rodriguez)

Mr. Treviño made a motion to adopt Resolution 19-34 setting the Public Hearing on June 25, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Mr. Barrera and passed unanimously.

21. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Oscar B. Gonzalez and Jacqueline Gonzalez – Tract 7-H, The Ranch in Nueces County, Texas).

Ms. Serrato stated that these property owners are the most recent to approach the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of the ongoing project to extend water service to the Cyndie Park area. Ms. Serrato recommended approval of Resolution 19-35 setting the Public Hearing on June 25, 2019 at 5:30 p.m. at the STWA conference room.

22. Resolution 19-35. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Oscar B. Gonzalez and Jacqueline Gonzalez)

Mr. Treviño made a motion to adopt Resolution 19-35 setting the Public Hearing on June 25, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Mr. Barrera and passed unanimously.

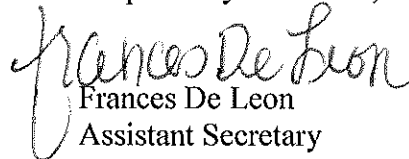
23. Report on Surplus Property Sale.

Ms. Serrato reported that bids on the surplus sale were opened on April 25, 2019 and totaled \$2,172.13. The item that did not receive bids, a non-working computer monitor, will be disposed of.

24. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:49 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary