

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
June 25, 2019
Minutes

Board Members Present:

Kathleen Lowman
Rudy Galvan
Brandon Barrera
Lupita Perez
Patsy Rodgers
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. Treviño made a motion to approve the minutes of the May 28, 2019 Public Hearing and Regular Meeting as presented. Mr. Barrera seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

Ms. Serrato reviewed the Cathodic Protection Update from CP Technician Armando Yruegas. Ms. Wagner reviewed the Treasurer's Report and outstanding invoices. The following reports were presented for the Board's consideration:

Treasurer's Report for period ending May 31, 2019
Revenue Fund Income Statement for period ending May 31, 2019
Tax Fund Income Statement for period ending May 31, 2019
Special Services Income Statement for period ending May 31, 2019
STWA Revenue Fund Balance Sheet – May 31, 2019
STWA Revenue Fund GL Account Summary Report as of May 31, 2019
STWA Debt Service Fund Income Statement for period ending May 31, 2019

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STWA Debt Service Fund Balance Sheet May 31, 2019

STWA Debt Service Fund GL Account Summary Report as of May 31, 2019

STWA Capital Projects Fund Income Statement for period ending May 31, 2019

Cathodic Protection Expenses Breakdown through May 2019

STWA Capital Projects Fund Balance Sheet – May 31, 2019

STWA Capital Projects Fund GL Account Summary Report as of May 31, 2019

Anticipated vs. Actual Water Rate Charged

Maintenance & Technical Report from O&M Supervisor

CP Update from CP Technician

The following outstanding invoices were presented for Board approval:

- Willatt & Flickinger, Attorneys at Law \$ 269.00
- Kleberg County Appraisal District \$ 5,344.78
- City of Corpus Christi \$ 105,659.45

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

5. 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 around September 11th, but notice of the deadline has not yet been received. She reviewed the following schedule with the Board:

Date	Event	Action
June 25, 2019	Board Meeting	Agree on calendar & confirm quorums
July 25, 2019	CADs deliver rolls	Staff calculates ETR
July 30, 2019	Board Meeting	Board votes on proposed rate & sets hearing date/time, approves sending proposed budget to wholesale customers
July 31, 2019	Staff prep	Proposed budget is sent to wholesale customers for 30-day written comment period
Aug 1 – 31	30-day comment period	Wholesale customers review & provide written comments on proposed budget
August 25, 2019	Publish newspaper notices	Publication occurs 7 days before hearing
September 3, 2019	Public Hearing followed by Board Meeting	Board adopts tax rates, water rates and Handling Charge
September 11, 2019	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. Mr. Treviño seconded. All voted in favor.

6. Preliminary Fiscal Year 2020 Budget.

Ms. Serrato provided a revised General Fund preliminary Fiscal Year 2020 Budget for the Board's review. She also provided the Special Services proposed budget which was not included in the Board packet because of a slight error. The preliminary budget is based on water sales of approximately 530 million gallons, the same Handling Charge and similar tax rates, an overall 2.7% cost of living adjustment (excluding her salary) and approximately \$225,000 in capital items. She noted that last year's salary adjustment was 2% and resulted in increases of 40 to 50 cents per employee. This year's proposed increase would amount to about 50 to 60 cents per employee. She also explained that several essential elements are not yet available and the budget will be updated as this information becomes available. The Board reviewed the capital items which include one replacement truck, the RWSC Booster, technology upgrades, a large air compressor, a truck utility bed for the current haul truck, new chlorine and LAS scales and a new hydropneumatic tank for the Banquete Pump Station. In addition, \$17,200 is included for engineering services on the RWSC Booster. Ms. Serrato requested feedback on the preliminary budget. Ms. Lowman disagreed with the proposed 2.7% cost of living adjustment being spread out among staff to result in a 50-60 cent increase per employee; rather, it should be 2.7% for each person. Ms. Serrato responded that the cost of living percentage is a starting point for determining raises and the proposed type of salary increases avoids a large disparity over time between higher paid and lower paid employees. Ms. Lowman stated that then it is not a cost of living increase. No changes were requested by the Board.

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

Ms. Serrato reported that Gerald Benadum, attorney for the City of Bishop provided a new redline draft of the proposed License Agreement to legal counsel Bill Flickinger. She reviewed an email from Mr. Flickinger stating that he does not recommend approval by the Board without further revision. Ms. Serrato reviewed Mr. Flickinger's comments on the draft. He noted that Section III increases the annual fee after the first five years to \$100 with a 5% annual increase. The Board questioned whether that increase is 5% of \$100 every year or if it was compounded annually. Mr. Flickinger also recommended deleting Section IV B and striking the last sentence in Section V because its meaning is not clear. Ms. Lowman suggested asking the City to define prevailing in "prevailing risks" and "prevailing liability costs and risks" so that the statement can be made clear. Mr. Flickinger questioned whether the last sentence in Section VII A was agreeable but Ms. Serrato suggested adding a statement that any modifications cannot have an adverse effect on Nueces Water Supply Corporation's operations at the Bishop East Pump Station. Section VII D-Water Service will need further review. Ms. Serrato suggests that CCN be substituted for the word boundaries. Section IX now includes the word "or" which changes the sentence significantly. Mr. Flickinger recommends rejecting that change. In Section IX D, a \$200 per month holdover fee adjusted by increases in the CPI – All Cities was added. Ms. Serrato stated that she feels it should be CPI-Texas cities. Mr. Flickinger also pointed out that several new provisions were added to Section IX E regarding remaining underground facilities. Mr. Flickinger suggested and Ms. Serrato agreed that those provisions should be deleted and changed to the City providing an easement to STWA instead. Ms. Serrato stated that she and

Mr. Flickinger would work on the changes and forward them to the City if the Board agreed to providing the changes noting that the Board had not formally approved any modifications. Mr. Vaughn pointed out that a phrase in Section IX E7 stating that “the 20th year after the effective date of the termination of this License” did not seem to make sense. Mr. Galvan made a motion to authorize staff to work on the changes with legal counsel and send the changes to the City. Mr. Vaughn seconded. All voted in favor.

8. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she left a message for Mayor Gonzalez but has not received a return call. She also spoke with John Valls who suggested that she meet with council members individually. She had nothing further to report.

9. Resolution 19-36. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Nemecio Salgado and Delia Rodriguez – Tract One-H (1-H), The Ranch in Nueces County, Texas)

10. Resolution 19-37. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Oscar B. Gonzalez and Jacqueline Gonzalez – Tract 7-H, The Ranch in Nueces County, Texas)

Ms. Serrato stated that approval of Resolutions 19-36 and 19-37 finalizes the annexation process of these properties and recommended adoption of the two resolutions. These resolutions have been corrected to reflect the correct date on page 1. Mr. Treviño made a motion to adopt Resolutions 19-36 and 19-37. The motion was seconded by Mr. Galvan and passed unanimously.

11. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Stephanie Lynn Ramirez – Tract 9-H, The Ranch in Nueces County, Texas).

Ms. Serrato stated that this property owner 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 19-38 setting the Public Hearing on July 30, 2019 at 5:30 p.m. at the STWA conference room.

12. Resolution 19-38. 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. (Stephanie Lynn Ramirez)

Mr. Galvan made a motion to adopt Resolution 19-38 setting the Public Hearing on July 30, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Ms. Rodgers and passed unanimously.

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 2020 Rate Model from NewGen Strategies and Solutions, LLC. It may be possible for charges to be split between STWA and NCWCID No. 4 with a not to exceed amount of \$3,000. She stated that the City of Corpus Christi has notified her that staff is reviewing the model and it should be sent out next week.

Mr. Galvan 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. Mr. Treviño seconded. All voted in favor.

14. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:01 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary