

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
July 30, 2019
Minutes

Board Members Present:

Kathleen Lowman
Brandon Barrera
Jose Graveley
Lupita Perez
Patsy Rodgers

Board Members Absent:

Rudy Galvan, Jr.
Filiberto Treviño
Steven Vaughn

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 5:40 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No citizen comments were made.

3. New Board member's oath of office.

Ms. Wagner administered the Oath of Office to Mr. Jose M. Graveley who was appointed by the Kleberg County Commissioner's Court to Place 5 on the Board of Directors to replace Dr. Alberto Ruiz.

4. Election of officers (Vice-President).

Ms. Lowman made a motion to elect Mr. Barrera as Vice-President. Ms. Rodgers seconded. All voted in favor.

5. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the June 25, 2019 Public Hearing and Regular Meeting as presented. Mr. Barrera seconded. The motion passed by unanimous vote.

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

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

STWA Investment Report for Quarter ended June 2019
Treasurer's Report for period ending June 30, 2019
Revenue Fund Income Statement for period ending June 30, 2019
Tax Fund Income Statement for period ending June 30, 2019
Special Services Income Statement for period ending June 30, 2019
STWA Revenue Fund Balance Sheet – June 30, 2019
STWA Revenue Fund GL Account Summary Report as of June 30, 2019
STWA Debt Service Fund Income Statement for period ending June 30, 2019
STWA Debt Service Fund Balance Sheet June 30, 2019
STWA Debt Service Fund GL Account Summary Report as of June 30, 2019
STWA Capital Projects Fund Income Statement for period ending June 30, 2019
Cathodic Protection Expenses Breakdown through June 2019
STWA Capital Projects Fund Balance Sheet – June 30, 2019
STWA Capital Projects Fund GL Account Summary Report as of June 30, 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 \$ 937.40
- City of Corpus Christi \$ 114,295.45

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

7. Review of 2019 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties.

Ms. Serrato reported that the Certified Appraisal Rolls were delivered by Kleberg County Appraisal District and Nueces County Appraisal District and reflect net taxable values of \$1,145,684,070 and \$1,017,319,633 respectively, \$219,650,231 more than last year. The KCAD value includes \$51,000,000 in properties that have not completed the ARB process. After discussing the matter with Bill Flickinger who consulted with some financial advisors, 62.5% of the total property still under protest was used in drafting the Truth in Taxation notice. She also reached out to the Texas Comptroller's Property Tax Division and was referred to Ms. Connie Rose for assistance. Ms. Serrato distributed copies of email correspondence showing that Ms. Rose agreed that 62.5% was a reasonable percentage to use. In addition, a question remains on the number of Nueces parcels – 13,000. NCAD has agreed to reduce the parcel count by the number of tax-exempt parcels. However, an agreement has not been reached on the additional 20,000 oil and gas parcels. Ms. Serrato recommended approval of Resolutions 19-39 and 19-40 adopting the appraisal rolls.

8. Resolution 19-39. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2019.

After reviewing the Kleberg County appraisal roll for tax year 2019, Ms. Rodgers made a motion to approve resolution 19-39. Ms. Perez seconded the motion. The motion carried.

9. Resolution 19-40. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2019.

Following review of the Nueces County appraisal roll for tax year 2019, Ms. Rodgers made a motion to approve resolution 19-40. Ms. Perez seconded the motion. The motion passed by unanimous vote.

10. Preliminary Fiscal Year 2020 Budget.

Ms. Serrato presented an updated preliminary Fiscal Year 2020 Budget which included updated tax collection fees, appraisal district fees and the cost of water from the City of Corpus Christi. Although Certified Appraisal Rolls from Kleberg and Nueces County Appraisal Districts have been received, the Kleberg County roll shows about \$51,000,000 in values still under ARB review. The budgets are based on a total taxable value using 62.5% of the value still under protest. She also noted that the I&S rate was lower because of the increase in the tax base, but the preliminary budget is based on the same M&O rate and Handling Charge. Otherwise, the budget is similar to what was presented at the last meeting. No changes were requested by the Board.

11. Proposed Fiscal Year 2020/Tax Year 2019 tax rate and authorization to publish notice of public hearing.

Ms. Serrato presented the Water District Notice of Public Hearing on Tax Rate reflecting a proposed total tax rate of \$0.086911/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.070059/\$100 and an Interest & Sinking tax rate of \$0.016852. The proposed total tax rate is slightly higher than the current total tax rate of \$0.085170. The public hearing is scheduled for September 3, 2019. Ms. Rodgers made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Mr. Graveley seconded. All voted in favor.

12. Commitment Letter to provide funds for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation.

Ms. Serrato stated that in order for Nueces County to re-bid for construction of the new pump station in Banquete, a commitment letter is needed from STWA. She feels that the proposed budget reflects availability of between \$350,000 to \$360,000. She added that at the last NWSC meeting, the NWSC Board agreed to provide between \$105,000 and \$110,000 and she will request a letter of commitment for those funds at their next meeting. Mr. Barrera made a motion to authorize Ms. Serrato to provide a commitment letter to Nueces County for the construction of the Banquete Pump Station in the amount of \$355,000. Ms. Perez seconded. All voted in favor.

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

Ms. Serrato reported that the City of Bishop is scheduled to meet on July 31st and she plans to attend the meeting. Some of the unresolved issues include that STWA will not relinquish its right to take legal action on future issues related to the property, the City's stance against STWA purchasing the property outright and questions pertaining to the terms "prevailing risks" and "prevailing liability costs and risks." No action was taken by the Board.

14. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she has not received a return call from Driscoll Mayor Mark Gonzalez. She will attend Driscoll's next commission meeting which is scheduled for August 7th. She had nothing further to report.

15. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2019.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2019. Ms. Serrato stated that the cost is \$8,925 which is the same as last year's cost. She added that \$9,475 has been budgeted for the audit including \$550 to cover the cost of another firm that will oversee Womack's audit process. She recommended approval of the Letter of Engagement. Mr. Barrera made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2019. Ms. Rogers seconded. All voted in favor.

16. Nomination for filling of vacancy on Kleberg County Appraisal District Board of Directors for term ending December 31, 2019.

Ms. Serrato stated that a vacancy exists on the Kleberg County Appraisal District Board of Directors due to the passing of one of the directors. She asked that the Board consider making a nomination for the position. Mr. Barrera nominated Mr. Al Higginbotham for the vacancy for the term ending December 31, 2019. No other nominations were made.

17. Resolution 19-41. Resolution submitting one nominee to fill a vacancy on the Kleberg County Appraisal District Board of Directors.

Mr. Barrera made a motion to adopt Resolution 19-41 submitting the name of Al Higginbotham as a nominee to fill the vacancy on the Kleberg County Appraisal District Board of Directors for the term ending December 31, 2019. Ms. Perez seconded the motion. All voted in favor.

18. Kleberg County Appraisal District 2019 Election process for Board of Director Election for 2020 and 2021 Board Members.

Ms. Serrato stated that according to a letter from Kleberg County Appraisal District, there appears to be two opportunities for the STWA Board to nominate persons for the KCAD Board of Directors during their 2019 election process for the 2020 and 2021 terms. Mr. Barrera stated

that he would like to nominate Mr. Al Higginbotham. Ms. Rodgers seconded. All were in favor. Ms. Serrato recommended that Mr. Barrera discuss the matter with Mr. Higginbotham.

19. **Resolution 19-42. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Stephanie Lynn Ramirez – Tract 9-H, The Ranch in Nueces County, Texas)**

Ms. Serrato stated that approval of Resolution 19-42 finalizes the annexation process of this property and recommended adoption of the resolution. Ms. Rodgers made a motion to adopt Resolution 19-42. The motion was seconded by Ms. Perez and passed unanimously.

20. **Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place.**
- a. **Don K. Mikeman and Penny Mikeman – Tract Three (3), Cyndie Park Unit 2 in Nueces County Texas and Tract Four (4), Cyndie Park Unit 2 in Nueces County, Texas**
 - b. **Sandra L. Acosta – Cyndie Park Unit 1, Tract 16 & 17 in Nueces County, Texas**
 - c. **Eva Helene Perez – Tract Twenty-three (23), Cyndie Park Unit 1, 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 19-43, 19-44 and 19-48 setting the Public Hearing on September 3, 2019 at 5:40 p.m. at the STWA conference room.

21. **Resolution 19-43. 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. (Don K. Mikeman and Penny Mikeman)**
22. **Resolution 19-44. 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. (Sandra L. Acosta)**
27. **Resolution 19-48. 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. (Eva Helene Perez)**

Ms. Rodgers made a motion to adopt Resolutions 19-43, 19-44 and 19-48 setting the Public Hearing on September 3, 2019 at 5:430 p.m. at the STWA conference room and authorizing publication of the public hearing notices. The motion was seconded by Mr. Barrera and passed unanimously.

23. Resolution 19-45. Resolution of appreciation for Mr. Charles Schultz for his dedicated service as a director of the South Texas Water Authority from 2015 – 2018.

Mr. Graveley made a motion to adopt Resolution 19-45. Mr. Barrera seconded. All voted in favor.

24. Resolution 19-46. Resolution of appreciation for Dr. Alberto Ruiz. for his dedicated service as a director of the South Texas Water Authority from 2011 – 2019.

Mr. Graveley made a motion to adopt Resolution 19-46. Mr. Barrera seconded. All voted in favor.

25. Bids for tank liner for the Driscoll Ground Storage Tank.

Ms. Serrato stated that there is not sufficient information to make a decision on the tank liner bids for the Driscoll Ground Storage Tank. She distributed a revised quote from Mercer Controls, Inc. and noted that Mr. Mercer has stated that he would be personally responsible for inspecting that the job is done correctly. She explained that although Elite National appears to be the lowest bidder, they require a 50% payment up front and the company is based out of Kansas City, Missouri. Mr. Graveley said he would not recommend doing business with a contractor under that stipulation because the company likely does not have the funds to complete the project. Ms. Serrato also presented a quote from NG Painting, LP but said she will request another quote from them to include an option for zinc-based epoxy. Ms. Rodgers made a motion to table action on this item until all information is available. Ms. Perez seconded. All voted in favor.

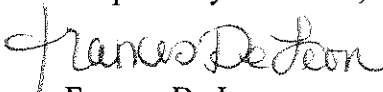
26. Resolution 19-47. Resolution awarding the bid for a tank liner for the Driscoll Ground Storage Tank.

No action was taken.

28. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:06 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary