

SOUTH TEXAS WATER AUTHORITY

Regular Board of Directors Meeting

June 23, 2020

Minutes

(This meeting was held remotely by phone and Zoom.)

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Jose Graveley
Lupita Perez
Patsy Rodgers
Filiberto Treviño

Board Members Absent:

None

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
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 5:32 p.m. A quorum was present.

2. Citizen Comments.

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

3. New Board member's oaths of office.

Ms. Wagner administered the Oath of Office to Ms. Rodgers who was re-appointed to her current position by the Nueces County Commissioner's Court.

4. Election of officers.

Mr. Treviño nominated Mr. Galvan for STWA Board President. Mr. Graveley seconded the motion. No other nominations were made. All voted in favor.

Mr. Galvan made a motion to nominate Mr. Barrera as Vice-President. Mr. Graveley seconded and no other nominations were made. Ms. Lowman moved that Mr. Barrera be accepted by acclamation. All voted in favor.

Mr. Galvan nominated Mr. Treviño for Secretary/Treasurer and Mr. Barrera seconded the motion. No other nominations were made. Ms. Lowman moved that Mr. Treviño be accepted as Secretary/Treasurer by acclamation. All voted in favor.

Mr. Galvan assumed control over the remainder of the Board meeting.

5. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the May 26, 2020 Public Hearing and the May 26, 2020 Regular Meeting as presented. Ms. Lowman seconded. The motion passed by unanimous vote.

6. Treasurer's Report/Payment of Bills.

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

Treasurer's Report for period ending May 31, 2020
Revenue Fund Income Statement for period ending May 31, 2020
Tax Fund Income Statement for period ending May 31, 2020
Special Services Income Statement for period ending May 31, 2020
STWA Revenue Fund Balance Sheet – May 31, 2020
STWA Revenue Fund GL Account Summary Report as of May 31, 2020
STWA Debt Service Fund Income Statement for period ending May 31, 2020
STWA Debt Service Fund Balance Sheet – May 31, 2020
STWA Debt Service Fund GL Account Summary Report as of May 31, 2020
STWA Capital Projects Fund Income Statement for period ending May 31, 2020
STWA Capital Projects Fund Balance Sheet – May 31, 2020
STWA Capital Projects Fund GL Account Summary Report as of May 31, 2020
FY 2020 Cathodic Protection Expenses Breakdown through May, 2020
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:

| | |
|--|---------------|
| • Willatt & Flickinger | \$ 5,124.80 |
| • Kleberg County Appraisal District | \$ 5,340.59 |
| • City of Corpus Christi | \$ 120,081.07 |
| • Kevin Kieschnick-Nueces Tax Assessor | \$ 191.05 |

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

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statements for STWA, they must receive STWA's tax information by the County's September 11th deadline. She reviewed the following schedule with the Board:

| Date | Event | Action |
|--------------------|--|--|
| June 23, 2020 | Board Meeting | Agree on calendar & confirm quorums |
| July 25, 2020 | CADs deliver rolls | Staff calculates ETR |
| August 4, 2020 | Board Meeting | Board votes on proposed rate & sets hearing date/time, approves sending proposed budget to wholesale customers |
| August 5, 2020 | Staff prep | Proposed budget is sent to wholesale customers for 30-day written comment period |
| Aug 6 – Sep 7 | 30-day comment period | Wholesale customers review & provide written comments on proposed budget |
| August 27, 2020 | Publish newspaper notices | Publication occurs 7 days before hearing |
| September 8, 2020 | Public Hearing followed by Board Meeting | Board adopts tax rates, water rates and Handling Charge |
| September 11, 2020 | Nueces County Tax Collector Deadline | Failure to submit tax rates could result in STWA paying for separate tax bill mail-out |

Ms. Serrato also reviewed forms provided by the Nueces County Tax Assessor/Collector's office including a 2020 Governing Body Information form. She stated that she would contact Board members directly for their preferred contact information which will then be made available on the Assessor/Collector's website. Mr. Treviño made a motion to approve the schedule as presented. Mr. Barrera seconded. All voted in favor.

8. Preliminary Fiscal Year 2021 Budget.

Ms. Serrato reviewed the preliminary Fiscal Year 2021 Budget which was provided by email on June 22nd. The preliminary budget is based on water sales of approximately 538 million gallons, the same Handling Charge and similar tax rates, an overall 1.8% cost of living adjustment (excluding her salary) and approximately \$260,000 in capital items. She explained that information on several essential elements has not been received and the budget will be updated as this information becomes available. She also reviewed the capital items which include one replacement truck, replacement of six chlorine buildings, technology upgrades, portable tower lights, dual chlorine/LAS scales, the Banquete Pump Station and repair work on the employee parking lot. No changes were requested by the Board.

9. Permanent Easement with City of Bishop for Pump Station Facilities.

Ms. Serrato stated that the permanent easement for the Bishop Pump Station facilities is not included on the City's June 24th agenda. She said she will address the City Council under public comment about the need for the permanent easement. At Mr. Galvan's request she agreed to inform the Council that this will be the second time she addresses them on this subject in this manner. No action was taken by the Board.

10. Nueces County project for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation.

Ms. Serrato reported that work on the project has begun and some of the foundations are being installed this week. She added that the project could be completed by September or October. She had nothing further to report.

11. Bill of Sale for existing pumps at the Banquete Pump Station from Nueces Water Supply Corporation.

Ms. Serrato stated that the Bill of Sale drafted by legal counsel Bill Flickinger for the existing pumps at the Banquete Pump Station was presented to and approved by the NWSC Board at their June 16th meeting. Mr. Flickinger advised that STWA can approve the form of the document and authorize execution upon completion of the pump station. Mr. Barrera made a motion to approve the Bill of Sale and authorize execution upon completion and operation of the new pump station in Banquete. Ms. Lowman seconded and all voted in favor.

12. Nueces County Water Control and Improvement District #5 Wholesale Water Supply Contract and Contract for Operation and Maintenance of Facilities.

Ms. Serrato stated that the NCWC&ID #5 Board met on June 10th but at the office manager's request, she did not attend the meeting because the NCWC&ID #5 Board wanted to discuss the matter amongst themselves. A follow up meeting has not been scheduled.

13. Operations and Maintenance Contract – City of Driscoll.

Ms. Serrato stated that the City of Driscoll has agreed to the amount in the proposed Operations and Maintenance Contract. She recommended approving Resolution 20-22 authorizing execution of the Contract for Operation and Maintenance of Facilities.

14. Resolution 20-22. Resolution authorizing execution of the Contract for Operation and Maintenance of Facilities.

Mr. Treviño made a motion to approve Resolution 20-22 authorizing execution of the Contract for Operation and Maintenance of Facilities. Mr. Graveley seconded. All voted in favor.

15. City of Driscoll unpaid invoices.

Ms. Serrato stated that several attempts have been made to bring the City of Driscoll current on payment of their water invoices. The outstanding invoices total approximately \$135,000 for October through May's water usage with the exception of the March water usage which has been paid. This total includes Incremental Fees of approximately \$14,000. She noted that the only bill which has been paid did not include an Incremental Fee but she does not know the reason for the City not paying the other invoices. Ms. Serrato recommended having Mr. Flickinger send a demand letter to the City. Mr. Barrera made a motion to authorize Mr. Flickinger to send a demand letter to the City of Driscoll. Ms. Lowman seconded. All voted in favor.

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

Ms. Serrato reported that Mr. Mercer is expected to return to work on the analyzer and to make sure it is working properly. She had nothing further to report.

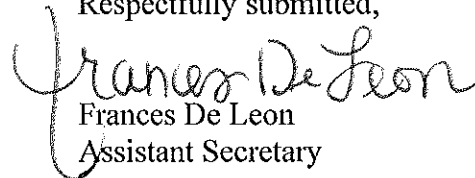
17. Official Consent and Ballot Form for Approval of Unaffiliated Directors for the ERCOT Board of Directors and Bylaw Amendments.

Ms. Serrato presented an Official Consent and Ballot Form for Election of Unaffiliated Directors and Approval of Proposed Amendments to the ERCOT Bylaws. Three persons have been placed on the ballot to fill three positions. The ballot also includes an amendment to the Bylaws associated with clarification on conducting remote meetings. She also presented the candidates' bios and a redline version of the bylaw modifications. She added that Mr. Chris Brewster with the law firm that represents TCAP recommends casting the ballot as "in favor" on all four items. Mr. Treviño made a motion to authorize staff to submit the ballot voting "for" the election of the three persons and in favor of the Bylaw amendments. Mr. Graveley seconded and all voted in favor.

18. Adjournment.

With no further business to discuss, Ms. Lowman made a motion to adjourn the meeting at 6:34 p.m. Mr. Treviño seconded. The motion passed with six voting in favor and one opposed.

Respectfully submitted,


Frances De Leon
Assistant Secretary