

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting  
June 27, 2019

Board Members Present:

Alice J. Black  
Donald Lundmark  
Ruth Ann Smith

Board Members Absent:

Sherry Zimmerman  
Mike Benton

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jo Ella Wagner

Guests Present:

None

1. Call to Order.

Ms. Alice J. Black, President, called the Regular Meeting to order at 10:01 a.m. at the South Texas Water Authority Boardroom, 2302 East Sage Road, Kingsville, Texas. A quorum was present.

2. Citizen comments.

Ms. Black opened the floor for citizen comments. No comments from the public were made.

3. Approval of Minutes.

Ms. Smith made a motion to approve the minutes of the April 9, 2019 Regular Meeting as presented. Mr. Lundmark seconded the motion. All voted in favor.

4. Treasurer's Report/Payment of Bills.

The following financial reports were presented for the Board's review and approval:

Treasurer's Report as of March 31, 2019

Treasurer's Report as of April 30, 2019

Treasurer's Report as of May 31, 2019

Account Activity for General Account for March 1, 2019 to March 31, 2019

Account Activity for General Account for April 1, 2019 to April 30, 2019

Account Activity for General Account for May 1, 2019 to May 31, 2019

Account Activity for Operations Account for March 1, 2019 to March 31, 2019

Account Activity for Operations Account for April 1, 2019 to April 30, 2019

Account Activity for Operations Account for May 1, 2019 to May 31, 2019

TEXPOOL Participant Statement for 03/01/2019 – 03/31/2019 for General Account

TEXPOOL Participant Statement for 03/01/2019 – 03/31/2019 for Security Deposit Account  
TexSTAR General Account Statement for 03/01/2019 – 03/31/2019  
TEXPOOL Participant Statement for 04/01/2019 – 04/30/2019 for General Account  
TEXPOOL Participant Statement for 04/01/2019 – 04/30/2019 for Security Deposit Account  
TexSTAR General Account Statement for 04/01/2019 – 04/30/2019  
TEXPOOL Participant Statement for 05/01/2019 – 05/31/2019 for General Account  
TEXPOOL Participant Statement for 05/01/2019 – 05/31/2019 for Security Deposit Account  
TexSTAR General Account Statement for 05/01/2019 – 05/31/2019

The following bills were presented for payment:

STWA Invoice S19-053 March 2019 Water Usage, Water Cost and Handling Charge	\$42,082.86
STWA Invoice S19-054 March 2019 General and Administration	\$19,019.15
STWA Invoice S19-063 March 2019 Taps and Repairs	\$12,656.86
STWA Invoice S19-074 April 2019 Water Usage, Water Cost and Handling Charge	\$42,836.03
STWA Invoice S19-075 April 2019 General and Administration	\$15,076.05
STWA Invoice S19-077 April 2019 Taps and Repairs	\$ 6,458.75
STWA Invoice S19-088 May 2019 Water Usage, Water Cost and Handling Charge	\$47,604.80
STWA Invoice S19-089 May 2019 General and Administration	\$15,180.55
STWA Invoice S19-092 May 2019 Taps and Repairs	\$ 9,391.43

Ms. Serrato pointed out that from March to May, the customer count increased from 957 to 993 due to the Cyndie Park project. Mr. Lundmark made a motion to approve the Treasurer's Report and payment of the bills as presented. The motion was seconded by Ms. Smith. All voted in favor.

5. Cyndie Park Projects – 4” Transmission Line and New Banquete Pump Station.

Ms. Serrato reported that the Cyndie Park area has been online since April 8, 2019 and staff continues working with Nueces County and legal counsel on the project. Bids for the Banquete Pump Station were opened but were extremely high. The lowest bid was \$1,286,535. The amount of remaining funds for the project is approximately \$620,000. Ms. Serrato reviewed a memo presented to the South Texas Water Authority Board at their May meeting. STWA has agreed to contribute \$35,000 for the demolition of the elevated storage tank, \$20,000 for a hydropneumatics tank and \$100,000 that was earmarked for an equipment shed. In addition, \$200,000 will be provided from bond funds. She requested that the NWSC Board consider providing about \$110,000 for the new Banquete Pump Station from the pump station pro rata funds collected from developers over the years. Ms. Smith made a motion to authorize NWSC to provide the requested funds for use towards construction of the new Banquete Pump Station. Mr. Lundmark seconded. All voted in favor.

6. All matters pertaining to NWSC waterline adjustments for TxDOT Relief Route in Driscoll, Texas.

Ms. Serrato reported that the bid has been awarded for construction of the waterlines on the north section of the project to Bridges Specialties but it is uncertain how soon construction will begin due to recent rains. She also reported that an appraisal of the remaining parcel at FM 665 and CR 79 has been completed based on its commercial value. An offer of \$14,500 will be made to the landowner and if accepted, this amount will be 100% reimbursable. No action was taken by the Board.

7. Revised Water Supply Contract with AquaTexas to provide service to Golden Acres.

Ms. Serrato distributed a redline Revised Water Supply Contract with AquaTexas. She stated that legal counsel recommends not sending the contract to AquaTexas until the Board adopts a revised tariff which includes a rate for AquaTexas. She added that she has contacted STWA’s bond attorney for confirmation that if NWSC wholesales water, it will not affect the tax exempt status of STWA’s bonds. Another meeting will be needed to adopt a revised tariff if it is determined that STWA’s bond funds will not be affected.

8. City of Bishop Revised Water Supply Contract – License Agreement for Bishop East PS Property.

Ms. Serrato stated that although both South Texas Water Authority and the City of Bishop have approved the STWA/City of Bishop Water Supply Contract, STWA will not execute it without a License Agreement for the Bishop East Pump Station property. Bishop’s attorney Gerald Benadum recently provided revisions on the License Agreement but further work is still needed on the document. Ms. Serrato added that the Corporation’s License Agreement parallels South Texas Water Authority’s agreement and once settled, she will present it to the NWSC Board for approval.

9. Replacement of Remote Read Meter and/or Registers.

Ms. Serrato stated that Mueller has provided an updated proposal and propagation study of NWSC's service area as discussed at the previous meeting. The proposal lists the cost of the meters and radio devices to collect the radio signals. However, the meters do not have the capability of remote connect and disconnect. In addition, the proposal includes an annual \$20,000 maintenance fee. Another study will be conducted for NWSC's entire customer base. Ms. Serrato recommended that the Board take no action at this time and await further information.

10. Request for service from Martin Marietta and proposal from Walker Partners to perform an analysis on the Central Pump Station.

Ms. Serrato stated that Martin Marietta has requested service for their facility at US77 & CR36. An analysis was performed and based on the facility's 200 gallons per day demand, Aaron Archer of Walker Partners determined that a line extension will not be sufficient to provide service to the facility. He recommended performing an analysis of the Central Pump Station to determine what modifications would be needed to meet capacity requirements. The analysis will cost about \$11,000 and will be paid for by Martin Marietta. Ms. Serrato requested authorization to use the services of Walker Partners for the analysis if Martin Marietta pays the cost. Mr. Lundmark made a motion to authorize using Walker Partners for the Central Pump Station analysis contingent on Martin Marietta paying for the cost of the analysis. Ms. Smith seconded and all voted in favor.

11. Amended Nueces Water Supply Corporation Water Conservation and Drought Contingency Plan.

Ms. Serrato reported that TCEQ notified her that NWSC's Water Conservation and Drought Contingency Plan requires modification in order to comply with TCEQ rules. The following paragraphs will need to be added pertaining to wholesale contracts and pro rata curtailment.

*"The Nueces Water Supply Corporation will include a provision in every wholesale water contract entered into or renewed after adoption of the Plan, including contract extensions, that in the case of a shortage of water resulting from drought, the water to be distributed shall be divided in accordance with Texas Water Code, §11.039."*

*"In the event that the triggering criteria specified in the Plan have been met, the General Manager is hereby authorized to initiate allocation of water supplies on a pro rata basis in accordance with Texas Water Code, §11.039."*

Ms. Serrato recommended approval of Resolution 19-06 adopting the amended Plan.

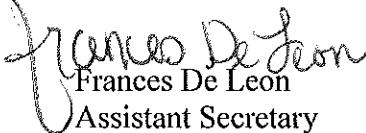
12. Resolution 19-05. Resolution adopting the Amended Nueces Water Supply Corporation Water Conservation and Drought Contingency Plan.

Mr. Lundmark made a motion to adopt Resolution 19-05 approving the Amended Nueces Water Supply Corporation Water Conservation and Drought Contingency Plan. Ms. Smith seconded. All voted in favor.

13. Adjournment.

With no further business to conduct, Ms. Black adjourned the meeting at 10:41 a.m. Ms. Smith seconded and all voted in favor.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary