

NUECES WATER SUPPLY CORPORATION  
Minutes – Regular Meeting  
August 5, 2019

Board Members Present:

Alice J. Black  
Mike Benton  
Donald Lundmark

Board Members Absent:

Sherry Zimmerman  
Ruth Ann Smith

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 10:14 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.

Mr. Lundmark made a motion to approve the minutes of the June 27, 2019 Regular Meeting as presented. Mr. Benton 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 June 30, 2019

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

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

TEXPOOL Participant Statement for 06/01/2019 – 06/30/2019 for General Account

TEXPOOL Participant Statement for 06/01/2019 – 06/30/2019 for Security Deposit Account

TexSTAR General Account Statement for 06/01/2019 – 06/30/2019

The following bills were presented for payment:

STWA Invoice S19-102

\$47,461.22

June 2019 Water Usage, Water Cost and Handling Charge

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STWA Invoice S19-103 \$15,852.70  
June 2019 General and Administration

STWA Invoice S19-105 \$ 2,283.75  
June 2019 Taps and Repairs

STWA Invoice S19-107 \$ 1,469.70  
Payroll expense for Part-time Employee for April, May and June 2019

STWA Invoice S19-109 \$ 366.09  
Payroll expense for Stand By for April 3, 2019 through June 26, 2019

STWA Invoice S19-111 \$ 990.10  
Reimburse for Fiber optic phone service (03/19/19 through 06/19/19) and High Touch Technology support (04/01/19 through 06/30/19)

Ms. Serrato noted that Finance Manager Jo Ella Wagner will be filing for a \$50,000 reimbursement from TxDOT for the completed adjustments on the south end of the Driscoll relief route. Mr. Lundmark made a motion to approve the Treasurer's Report and payment of the bills as presented. The motion was seconded by Mr. Benton. All voted in favor.

5. Commitment Letter for New Banquete Pump Station to Service Cyndie Park and other Rural Banquete Subdivisions and Customers.

Ms. Serrato stated that although the Board approved providing funds for use towards construction of the new Banquete Pump Station at the last meeting, Nueces County has requested a Letter of Commitment from NWSC in order to re-bid the project. The STWA approved a Letter of Commitment in the amount of \$355,000 at their July 30<sup>th</sup> board meeting. Mr. Lundmark made a motion to approve sending a Commitment Letter to Nueces County in the amount of \$108,000. Mr. Benton seconded. All voted in favor.

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

Ms. Serrato reported that Bridges Specialties has not begun work on construction of the waterlines on the north section of the project. She added that the appraisal of the remaining parcel at FM 665 and CR 79 has been completed. Based on its commercial value, an offer of \$14,500 was to be made to the landowner, Steve Denton. However, Brent Starr of Right of Way Service was unable to contact Mr. Denton and after numerous attempts, Ms. Serrato instructed Eric Villarreal with LNV to apply for a TxDOT permit instead. Ms. Serrato stated that Mr. Denton is a coach in College Station. Mr. Benton indicated he would be in the College Station area in the near future and he offered to discuss the situation with Mr. Denton if he is able to contact him on his upcoming trip. No action was taken by the Board.

7. Revised Water Supply Contract with AquaTexas to provide service to Golden Acres.
8. Tariff Amendment – Section G: Rates and Service Fees, Item 6 – Standard and Non-Standard Availability Charges, Section A and B.

Ms. Serrato presented a redline Revised Water Supply Contract with AquaTexas dated 06/27/19 and said that the agreement is based on serving AquaTexas in a manner similar to the Corporation's other customer by following the same procedures and current timeframes. However, if the Tariff is amended, the rates being charged to AquaTexas would change. Currently, usage over 100,000 gallons is charged at two times the highest tier rate. If the Tariff is amended, this would change the monthly minimum based on the number of potential retail customers for which a capacity needs to be provided, in this case 100. She also stated that Daniel Frazier, Walker Partners, indicated that a 1½" meter would better serve this account by more accurately measuring usage. This meter should also have a longer life. Currently a 1" meter with a 20 gpm restrictor is being used for this account.

Ms. Serrato also reviewed marked up versions of Sections 6A and 6B in Section G. Rates and Service Fees of the Corporation's Tariff. She explained that the section for monthly minimums in Subsection 6A has been expanded to show Residential and Commercial/Industrial sections as well as a section for Wholesale Customers for Resale to Retail Customers. In addition, the Residential and Commercial/Industrial sections are amended to show current rates including a 1½" meter. She proposed that the Wholesale for Resale rates be based on a percentage of those rates multiplied by the number of retail connections served by the Wholesale Customer. She added that she has been in contact with Chris Ekrot of NewGen Strategies and recommends using his services to review the information and determine if this approach is justified. Ms. Serrato also requested authorization to release the revised contract to AquaTexas while notifying them that it was not been formally approved by the Board. Mr. Benton made a motion to authorize using the consultant services of NewGen Strategies and to release the draft contract to AquaTexas but notifying them that the NWSC has not yet approved the contract and that the Tariff is under review. Mr. Lundmark seconded. All voted in favor.

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

Ms. Serrato stated that the South Texas Water Authority Board will be meeting on August 6<sup>th</sup> to appoint members to a committee to negotiate the remaining issues on the License Agreement between STWA and the City of Bishop. Ms. Serrato, City Secretary Cynthia Contreras and attorneys for the City and STWA will attend the committee meetings. Ms. Serrato said she would keep the Board updated on any progress. Ms. Serrato added that she anticipates NWSC's License Agreement with Bishop will be very similar to the Agreement between STWA and the City.

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

Ms. Serrato presented cost information on three meter systems for the Board to consider. The first is an AMI system with 500 meters. This system would read the meters remotely without

driving by. The second is a basic AMR system which reads meters during drive by. The third system is an AMR system which includes the capability of drive-by open and close of meters. Quotes were provided for 100, 250 and 500 meters of this type. The quoted prices include the cost of installation as well as the cost of the required hardware and software. Mr. Benton made a motion to approve purchase of 500 AMR meters with drive-by open-close capability in the amount of \$271,313. Mr. Lundmark seconded. All voted in favor.

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

Ms. Serrato stated that there has been no response from Martin Marietta regarding their request for service for their facility at US77 & CR36 and the Central Pump Station analysis. Walker Partners has not proceeded with the analysis and there is no plan to do anything further.

12. TCEQ response on submitted Amended Nueces Water Supply Corporation Water Conservation and Drought Contingency Plan.

Ms. Serrato reported that she submitted the amended NWSC Water Conservation and Drought Contingency Plan to TCEQ as approved by the Board at the last meeting. She presented a letter from TCEQ notifying the Corporation that the submitted plan meets the requirements to comply with TCEQ rules. No further action is required at this time.

13. TCEQ Compliance Investigation, April 3, 2019 – May 22, 2019 – Notice of Compliance.

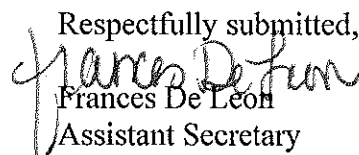
Ms. Serrato reported that TCEQ conducted an investigation (inspection) earlier this year. She and O&M Supervisor Jacob Hinojosa provided additional information as requested by TCEQ following the investigation and all of the areas of concern have been addressed. TCEQ has notified the Corporation that all has been resolved and no further action is required.

14. Eliminating service to dead-end water line at CR 10 and CR 73A.

Ms. Serrato stated that in response to a request from field personnel, Ms. Serrato is asking authorization to cap off the line at CR 10 and CR 73A. She explained that the property owner at the end of this line does not use NWSC's water and has no intention of using any water. Mr. Benton made a motion to authorize capping off the line as requested. Mr. Lundmark seconded the motion and all voted in favor.

15. Adjournment.

With no further business to conduct, Ms. Black adjourned the meeting at 11:30 a.m.

Respectfully submitted,  
  
Frances De Leon  
Assistant Secretary