

NUECES WATER SUPPLY CORPORATION

Minutes – Special Meeting
December 9, 2019

Board Members Present:

Alice J. Black
Donald Lundmark
Sherry Zimmerman

Board Members Absent:

Mike Benton
Ruth Ann Smith

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Armando Yruegas

Guests Present:

None

1. Call to Order.

Ms. Alice J. Black, President, called the Regular Meeting to order at 2:06 p.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. Zimmerman made a motion to approve the minutes of the August 5, 2019 Regular Meeting and September 23, 2019 Special 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:

Corrected 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
Treasurer's Report as of July 31, 2019
Treasurer's Report as of August 31, 2019

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Treasurer's Report as of September 30, 2019

Treasurer's Report as of October 31, 2019

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

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

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

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

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

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

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

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

TEXPOOL Participant Statement for 07/01/2019 – 07/31/2019 for General Account

TEXPOOL Participant Statement for 07/01/2019 – 07/31/2019 for Security Deposit Account

TexSTAR General Account Statement for 07/01/2019 – 07/31/2019

TEXPOOL Participant Statement for 08/01/2019 – 08/31/2019 for General Account

TEXPOOL Participant Statement for 08/01/2019 – 08/31/2019 for Security Deposit Account

TexSTAR General Account Statement for 08/01/2019 – 08/31/2019

TEXPOOL Participant Statement for 09/01/2019 – 09/30/2019 for General Account

TEXPOOL Participant Statement for 09/01/2019 – 09/30/2019 for Security Deposit Account

TexSTAR General Account Statement for 09/01/2019 – 09/30/2019

TEXPOOL Participant Statement for 10/01/2019 – 10/31/2019 for General Account

TEXPOOL Participant Statement for 10/01/2019 – 10/31/2019 for Security Deposit Account

TexSTAR General Account Statement for 10/01/2019 – 10/31/2019

The following bills were presented for payment:

STWA Invoice S19-080	\$ 8.48
Reimbursement Invoice – TSC Marking Spray	
STWA Invoice S19-094	\$ 718.42
Reimbursement Invoice – TSC Round up and CDW-G Laptop adapter & Lexmark Printer	
STWA Invoice S19-121	\$55,800.72
July 2019 Water Usage, Water Cost and Handling Charge	
STWA Invoice S19-122	\$15,240.15
July 2019 General and Administration	
STWA Invoice S19-124	\$ 9,194.34
July 2019 Taps and Repairs	
STWA Invoice S19-134	\$60,246.03
August 2019 Water Usage, Water Cost and Handling Charge	
STWA Invoice S19-135	\$15,282.95
August 2019 General and Administration	

STWA Invoice S19-137 August 2019 Taps and Repairs	\$ 6,351.85
STWA Invoice S19-140 Reimbursement Invoice – Staples	\$ 210.01
STWA Invoice S19-148 September 2019 Water Usage, Water Cost and Handling Charge	\$48,659.27
STWA Invoice S19-149 September 2019 General and Administration	\$15,165.90
STWA Invoice S19-152 September 2019 Taps and Repairs	\$27,969.01
STWA Invoice S19-154 Payroll expense for Part-time Employee for July, August and September 2019	\$ 1,903.64
STWA Invoice S19-156 Payroll expense for Stand By for July 3, 2019 through September 25, 2019	\$ 364.59
STWA Invoice S19-158 Reimburse for Fiber optic phone service (06/19/19 through 09/19/19) and High Touch Technology support (07/01/19 through 09/30/19)	\$ 990.10
STWA Invoice S19-159 Reimbursement Invoice – Caller Times and Texas Mexican Railway	\$ 1,051.90
STWA Invoice S19-167 October 2019 Water Usage, Water Cost and Handling Charge	\$51,308.55
STWA Invoice S19-168 October 2019 General and Administration	\$15,340.25
STWA Invoice S19-170 October 2019 Taps and Repairs	\$12,407.40
STWA Invoice S19-171 Reimbursement Invoice – Round up purchase on STWA credit card	\$ 99.99

Mr. Lundmark made a motion to approve the Treasurer's Report and payment of the bills as presented. The motion was seconded by Ms. Zimmerman. All voted in favor.

5. Fiscal Year 2019 Budget Amendments.

Ms. Serrato reviewed the proposed Fiscal Year 2019 Amended Budget which reflected an increase in Revenues of \$420,971.76 and a decrease in Total Operating Expenses of \$129,717.23 Resulting in an increase in Net operating income of \$291,254.53. She pointed out that a new TxDOT Reimbursement line item has been added per auditor instruction. She explained that the expenses paid to contractors on the TxDOT project are not part of the budget expenses and are considered Balance Sheet items posted as Construction in Progress. Deducting the invoices paid to the contractors and adding \$175,000 in depreciation results in an ending balance of \$110,000 from a cash flow perspective. Ms. Zimmerman made a motion to approve the Fiscal Year 2019 Budget Amendments. Mr. Lundmark seconded. All voted in favor.

6. South Texas Water Authority Fees and Charges – Corporation Fee Schedule.

Ms. Serrato presented three tables comparing the current and new fees and charges for services performed by STWA. The first table listed recurring and additional administrative fees. The total increase in the various fees in this category is \$1.60 per connection per month. The second table listed STWA's Taps & Repairs service fees recouped by passing the cost along to the NWSC customers that benefit from those services. The third table listed Taps & Repairs services fees that are paid by the Corporation through rates charged to all customers. She stated that STWA increased the General Maintenance, Meter Reading, Water Statements, Annual Meeting Mailouts, Administration, Tap & Meter Installation, Road Bores, Line Repairs, Bee Control, After-Hour Call Outs and Weekend Residual Checks fees as part of their budget process and recommended that the Board consider those fees when reviewing the proposed FY 2020 budget. She added that these increases result in \$19,200 in additional management costs. The Board did not voice concerns over the changes.

7. Proposed Fiscal Year 2020 Budget and retail water rates

Ms. Serrato presented proposed Fiscal Year 2020 Budgets based on the current rates as well as three other versions based on various monthly minimums and tier rates. After review and discussion, the Board agreed that C was the most suitable option.

8. Resolution 19-06. Resolution adopting the recommended Fiscal Year 2020 Budget.

Ms. Zimmerman made a motion to adopt the Fiscal Year 2020 Budget based on Option C raising the water rates 5 cents and raising the monthly minimum by 90 cents. Mr. Lundmark seconded. All voted in favor.

9. John Womack & Co., P.C. Letter of Engagement for Auditor Services.

Ms. Serrato presented the John Womack & Co., P.C. Letter of Engagement for auditor services for the fiscal year ending December 31, 2019 with a cost of \$5,250. After the Board's review of the document, Ms. Zimmerman made a motion to accept the engagement letter for FY 2019 audit

services with John Womack & Co., P.C. in the amount of \$5,250. Mr. Lundmark seconded the motion. All voted in favor.

10. Annual Meeting Schedule and Election Procedures.

Ms. Serrato stated that per State requirements, the Board must review election procedures for the Annual Membership meeting every year. She added that Ms. Black's and Mr. Benton's positions are up for election in April of 2020 and both have indicated that they would like to continue serving on the Board. The Board reviewed the proposed schedule and election procedures. Ms. Serrato stated that upon approval, staff can move forward with following the timeline to provide notices and begin the process of holding the Annual Membership Meeting and election. Mr. Lundmark made a motion to approve the procedures and timeline and authorize mailing out the notices regarding applications for Board of Director. Ms. Zimmerman seconded and all voted in favor.

11. Cyndie Park Projects – 4" Transmission Line and New Banquete Pump Station.

Ms. Serrato reported that Nueces County re-bid the project but bids came in higher than expected. Combined funds fall short by approximately \$145,000. At the December 3, 2019 STWA Board Meeting, she asked the Board to consider additional funds and the STWA Board committed to contributing up to \$70,000 in funds contingent on NWSC matching the amount dollar for dollar. She pointed out that if the project is not done, the \$615,000 in grant funds will be lost. Ms. Zimmerman made a motion to allocate an additional \$70,000 for the project. Mr. Lundmark seconded. All voted in favor.

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

Ms. Serrato reported that Bridges Specialties has been working on construction of the waterlines on the north section of the project and the two tie-ins are still needed but she expects construction to be completed by the end of the year. She pointed out that some additional work had to be done in-house because Bridges did not complete work on schedule to avoid interference with the road construction company's schedule. An invoice in the amount of \$1,857.42 has been submitted to Bridges. If the invoice is not paid, this amount will be deducted from their final payment. Ms. Serrato also noted that on the south section, a request for reimbursement has been submitted but TxDOT is requiring that the Right of Way Service invoices be detailed differently. No action was taken by the Board.

13. Proposed project and Revised Water Supply Contract with AquaTexas to provide service to Golden Acres.

Ms. Serrato stated that the latest plans and changes are under review by AquaTexas' legal department. Another letter with the updated plans was sent to the Mokry family but no response has been received.

14. Tariff Amendments.

- Section G: Rates and Service Fees, Item 6-Standard and Non-Standard Availability Charges, Sections A and B
- Section G: Rates and Service Fees, Item 8-Returned Check Fee
- Section I: Nueces Water Supply Corporation Fees

Ms. Serrato presented proposed changes to the Tariff reflecting increases for the same amounts as charged by STWA. These include a \$30 overall increase in standard service installation which includes \$10 increases for tap, meter installation and meter box installation charges. Therefore, the Tariff would be amended to show the Tap Fee at \$725. She also noted that charges for Road Bores 3" or less would increase to \$30.00/lf and Long Service Connection would increase to \$2.25/lf. Finally, Ms. Serrato proposed that the Returned Check Fee be increased to \$25. The changes will also be reflected in Section G-Item 6-Sections A and B, Section G-Item 8 and Section I. The new fees will be effective January 1, 2020. Ms. Zimmerman made a motion to approve the proposed Tariff Amendments. Mr. Lundmark seconded. All voted in favor.

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

Ms. Serrato stated that a meeting has not been scheduled for the STWA and City of Bishop committees to discuss the License Agreement and there is nothing further to report.


16. Replacement of Remote Read Meters and/or Registers.

Ms. Serrato reported that the letter to the customers notifying them about the meter change outs has been completed and is being prepared for mail out. PMI, the company performing the installations, is scheduled to begin January 6th or 7th and should be finished by the end of January. She had nothing further to report.

17. Adjournment.

With no further business to conduct, Ms. Zimmerman made a motion to adjourn the meeting at 3:00 p.m. Mr. Lundmark seconded and all voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary