

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting  
March 2, 2015

Board Members Present:

William Staff  
Mike Benton  
Alice J. Black  
Donald Lundmark

Board Members Absent:

None

Staff Present:

Carola Serrato  
Frances Rosales  
Jo Ella Wagner

Guests Present:

Brent Reeh, Aqua Texas

1. Call to Order.

Mr. William Staff, President, called the Regular Meeting to order at 10:02 a.m. at the South Texas Water Authority Boardroom, 111 Sage Road, Kingsville, Texas. A quorum was present.

2. Citizen comment.

Mr. Staff opened the floor for citizen comments. No comments from the public were made.

3. Approval of Minutes.

Ms. Black made a motion to approve the minutes of the November 21, 2014 Regular Meeting and the January 13, 2015 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:

Treasurer's Report as of November 30, 2014  
Treasurer's Report as of December 31, 2014  
Treasurer's Report as of January 31, 2015  
Account Activity for General Account for November, 2014  
Account Activity for General Account for December, 2014  
Account Activity for General Account for January, 2015  
Account Activity for Operations Account for November, 2014 to January 31, 2015  
TEXPOOL Participant Statement for 11/01/2014 – 11/30/2014 for General Account  
TEXPOOL Participant Statement for 11/01/2014 – 11/30/2014 for Security Deposit Account

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TEXPOOL Participant Statement for 12/01/2014 – 12/31/2014 for General Account  
TEXPOOL Participant Statement for 12/01/2014 – 12/31/2014 for Security Deposit Account  
TEXPOOL Participant Statement for 01/01/2015 – 01/31/2015 for General Account  
TEXPOOL Participant Statement for 01/01/2015 – 01/31/2015 for Security Deposit Account

The following bills were presented for payment:

STWA Invoice S14-149 November 2014 Water Usage, Water Cost and Handling Charge	\$24,620.78
STWA Invoice S14-150 November 2014 General and Administration	\$12,021.85
STWA Invoice S14-152 November 2014 Taps and Repairs	\$ 3,907.50
STWA Invoice S15-011 December 2014 Taps and Repairs	\$ 5,241.25
STWA Invoice S15-008 December 2014 Water Usage, Water Cost and Handling Charge	\$27,706.85
STWA Invoice S15-009 December 2014 General and Administration	\$13,693.01
STWA Invoice S15-019 January 2015 Water Usage, Water Cost and Handling Charge	\$31,752.54
STWA Invoice S15-020 January 2015 General and Administration	\$12,369.44
STWA Invoice S15-022 January 2015 Taps and Repairs	\$ 5,440.00
STWA Invoice S15-024 Payroll expense for part-time employee (October, November and December 2014)	\$ 1,480.56
STWA Invoice S15-026 Payroll expense for stand by pay (October 1, 2014 through December 31, 2014)	\$ 386.70

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

*The order of the agenda was changed in order to accommodate the guest, Mr. Brent Reeh.*

10. Extension of contract with Aqua Utilities for service to Golden Acres and purchase of Golden Acres Water System.

Ms. Serrato reported that as authorized by the Board at the previous meeting, she contacted Mr. Bill Flickinger of Willatt and Flickinger to review the expired contract with Aqua Texas for supplemental service to Golden Acres WSC and the offer to have NWSC buy the water system. Mr. Flickinger advised against renewing the contract due to the potential liability of becoming the system's sole source of water. Ms. Serrato explained that NWSC originally agreed to provide water as a supplement to the Golden Acres Subdivision beginning at a 15 gpm flow which increased over time to a 30 gpm flow. Mr. Brent Reeh of Aqua Utilities agreed but added that various options for improvements to the system have been explored and Aqua Utilities is considering deepening the existing well and installing a filtration system to remove the uranium from the water. He further explained that as a result, Aqua Utilities requests that the Board consider a short term agreement through the end of 2015 to allow sufficient time to implement the modifications and that they would sever the agreement if the changes are finished sooner. He added that they would prefer a long term contract, but if that is not possible they will follow through with the modifications. Mr. Reeh also asked if NWSC would consider providing 100% of the system's needs if Aqua Utilities made the improvements as recommended by HDR. He noted that the improvements had been considered but he believed if the improvements belonged to NWSC that Aqua Utilities could not pass the cost on to the customers through their rates. He said he would check with management about that possibility of making the recommended improvements. He reiterated that Aqua Utilities is looking for a long term agreement, but in the short term, an agreement is needed to carry the system through until the modifications to the well and installation of the filtration system are completed.

Ms. Serrato said she could consult with Mr. Flickinger about a short term agreement. Mr. Staff added that the agreement would be short term with the option of moving to a long term agreement contingent on Aqua Utilities following through with the improvements recommended by HDR Engineering. The Board agreed with the suggestion.

5. Joint Project with South Texas Water Authority – Pump Station Improvements at the Driscoll Pump Station.

Ms. Serrato reported that Craig Stowell of TCEQ wrote in his most recent email to Aaron Archer that the joint project with STWA for improvements to the Driscoll Pump Station is under management review along with STWA's bond projects at the Kingsville Pump Station. She forwarded the information to Mike Willatt who emailed Mr. Stowell for an explanation on the delay. Mr. Willatt also notified Mr. Stowell that the matter would be taken up with the TCEQ Executive Director if a satisfactory answer was not received. She pointed out that all of the requested information has been submitted to the TCEQ and that from an engineering perspective, there is no reason that this project should not be approved.

6. One-Year Water Supply Contract with South Texas Water Authority.

Mr. Staff stated that he feels that negotiations on the water supply contract are at a point that NWSC should agree to execute the contract with some stipulations. He explained that he thinks the agreements for transfer of the equipment at the facilities should be a separate document from the water supply contract. Ms. Serrato called Mr. Willatt and asked his opinion on the matter over speaker phone. Mr. Willatt said the documents could be separated and that NWSC can take action with the stipulation of separating them out.

7. Resolution 15-01. Resolution authorizing the President of the Nueces Water Supply Corporation to execute a one-year Water Supply Contract with South Texas Water Authority.

Ms. Black made a motion to approve execution of the contract with the stipulation of separating the transfer of title and bill of sale from the contract. Mr. Lundmark seconded and all voted in favor. Ms. Black made a motion to approve transfer of the equipment. Mr. Benton seconded. All voted in favor.

8. All matters pertaining to TxDOT Upgrades to Hwy 77 to I-69 standard from Driscoll to Kingsville and from Robstown to Driscoll.

Ms. Serrato reported that on the north section of the improvements, ADK Environmental Inc., the contractor relocating the 2" waterline, started late in the time allotted and in addition, rain slowed progress on the relocation. She said she expects the final paperwork to include a waiver for liquidated damages. She noted that liquidated damages would be a savings to TxDOT because the project is 100% reimbursable.

She also reported that on the south section, easement acquisition is in progress for the replacement of easements where no waterlines exist.

9. NWSC Annual Membership Meeting.

- Selection of Election Auditor
- Approval of agenda and meeting packet for Annual Membership Meeting

The Board reviewed the proposed agenda and meeting packet for the Annual Membership Meeting. Ms. Serrato reported that no nominations were received therefore no election is necessary and a resolution declaring unopposed candidates elected would not be needed either. Ms. Black made a motion to approve the documents for the mail out. Mr. Benton seconded. The motion passed by unanimous vote.

10. Extension of contract with Aqua Utilities for service to Golden Acres and purchase of Golden Acres Water System.

This item was discussed earlier in the meeting.

11. Update on Logics billing system.

Ms. Serrato stated that the February water bills were generated using the Logics billing system. She reported that there were some problems with the NWSC lockout list but the problems were corrected by the time RWSC lockouts were done. In addition a machine for sealing the late notices was purchased and the credit card swipe machine has been installed and is working.

12. Cancellation of Nueces Water Supply Corporation toll-free number.

Ms. Serrato provided two bills for the NWSC toll-free line representing high and low monthly costs. She questioned whether the service was needed in light of the availability of cell phones. Mr. Benton made a motion to discontinue the toll-free service. Mr. Lundmark seconded. All voted in favor.

13. Acceptance of title to facilities that are contemplated to service Cyndie Park I & II Subdivisions.

Ms. Serrato stated that Nueces County is seeking an EDAP Grant from The Texas Water Development Board to extend a surface water supply from NWSC's line on FM 666 to Cyndie Park I & II. The Grant Administration Office has requested that NWSC provide service to Cyndie Park and accept title to improvements that would be constructed with the EDAP grant funds. She said she believes it would be most beneficial and less costly to make improvements in Banquete instead of building a new pump station on FM 666. There would initially be about 25 new customers with a total of 50 between Cyndie Park I & II. She added that the improvements can be built to include The Ranch Subdivision which has 100 lots. She requested authorization to work with Mr. Willatt to provide a letter addressing the type of service, the need for an air gap and filling into a ground storage tank, the potential cost of service including information on the issue of annexations, and the Corporation's need for an indemnification from any claims by reason of providing service. Ms. Black made a motion to authorize the request. Mr. Lundmark seconded and all voted in favor.

14. Pass through Water Supply Agreement with the City of Bishop and South Texas Water Authority for service to a property on the east side of US Highway 77 in Bishop.

Ms. Serrato presented a draft Pass Through Agreement prepared by Gerald Benadum, attorney for the City of Bishop, regarding the use of NWSC waterlines to service the Eldridge residence on the east side of US 77 and south of FM 70. Providing service to the residence would involve the City constructing a new line from the end of NWSC's line to the residence, and NWSC allowing the City use of the existing easement for construction of the new line. NWSC would need to install a flush valve near the point of delivery and STWA would read the meter in order to adjust the City and NWSC invoices for the usage. The City would pay for any facilities to be constructed. Ms. Serrato pointed out that only this one customer would be serviced under this agreement and no other customers can be added.

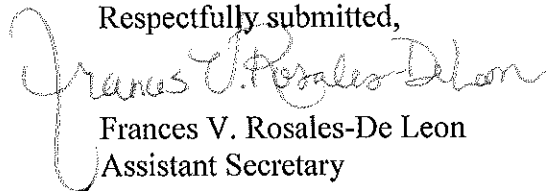
15. **Resolution 15-02.** Resolution adopting the Pass Through Water Supply Agreement with the City of Bishop and South Texas Water Authority for service to a property on the east side of US Highway 77 in Bishop.

Mr. Benton made a motion to approve the agreement with inclusion of overhead for expenses on NWSC's side in the cost. Ms. Black seconded and all voted in favor.

16. Adjournment.

With no further business to conduct, Mr. Benton made a motion to adjourn the meeting at 11:57 a.m. Ms. Black seconded the motion. The motion carried.

Respectfully submitted,



Frances V. Rosales-De Leon  
Assistant Secretary