

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting
April 11, 2017

Board Members Present:

Alice J. Black
Mike Benton
Donald Lundmark
Ruth Ann Smith

Board Members Absent:

Sherry Zimmerman

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Jacob Hinojosa

Guests Present:

None

1. Call to Order.

Ms. Alice J. Black, President, called the Regular Meeting to order at 10:15 a.m. at the South Texas Water Authority Boardroom, 2302 East Sage Road, Kingsville, Texas. A quorum was present.

2. Citizen comment.

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

3. Election of officers.

Ms. Black made a motion to re-elect the current slate of officers. Mr. Benton seconded. All voted in favor.

The slate of officers remains as follows:

President – Alice Black
Vice-President – Mike Benton
Secretary/Treasurer – Ruth Ann Smith

4. Approval of Minutes.

Mr. Lundmark made a motion to approve the minutes of the February 22, 2017 Regular Meeting as presented. Mr. Benton seconded the motion. All voted in favor.

5. Treasurer's Report/Payment of Bills.

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

Treasurer's Report as of February 28, 2017

Account Activity for General Account for February 2, 2017 to February 28, 2017

Account Activity for Operations Account for February 3, 2017 to February 28, 2017

TEXPOOL Participant Statement for 02/01/2017 – 02/28/2017 for General Account

TEXPOOL Participant Statement for 02/01/2017 – 02/28/2017 for Security Deposit Account

The following bills were presented for payment:

Willatt & Flickinger, PLLC, Attorneys at Law March 2017 Legal	\$ 536.60
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STWA Invoice S17-035 February 2017 Water Usage, Water Cost and Handling Charge	\$33,260.58
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STWA Invoice S17-036 February 2017 General and Administration	\$13,221.48
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STWA Invoice S17-038 February 2017 Taps and Repairs	\$14,981.40
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Mr. Benton 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.

6. Appointment of Credentials Committee.

Mr. Benton made a motion to appoint Mr. William Staff, Mr. Benton and Ms. Smith to the Credentials Committee. Mr. Lundmark seconded the motion. All voted in favor. Ms. Serrato stated that she would send contact Mr. Staff about the Board's decision in order to confirm that he is willing to serve on the Credentials Committee.

7. Mr. C.R. Patrick – Complaint of excessive flushing on CR 75 & CR 6.

Ms. Serrato stated that she had been contacted by Mr. C.R. Patrick regarding an excessive amount of water in a field that he farms near the intersection of CR 75 and CR 6. He stated that the water flushed by the Corporation caused problems with accessing the field for planting. Ms. Serrato explained to the Board that field staff cleared out some of the nearby culverts which prevented the flow of water. She added that field staff has been instructed on the proper way to set out the flushing hoses in order to avoid these situations. The Board reviewed photographs of the area both before and after the culverts were cleaned out. Ms. Serrato said that she wanted to bring the matter to the Board's attention in case Mr. Patrick makes a claim for crop damages. She added that the area measures 10 feet by 1056 feet. The Board took no action on this item.

8. TxDOT upgrades to FM 666 and relocation of NWSC's six-inch waterline.

Ms. Serrato stated that after the last Board meeting, Bridges Specialties Inc. was notified of the Board's decision to approve Bridges' bid of \$43,372.80 to relocate two 30-foot sections of NWSC's waterline in order to accommodate two stormwater concrete collection boxes that will be installed on the east side of FM 666 as part of TxDOT's upgrades. This option was chosen because it included the use of line stops to reduce the amount of time needed to re-route the line. Ms. Serrato reported that the project was completed but there were several issues which she brought to the project manager's attention including use of only one line stop, use of 90 degree bends instead of 45 degree bends on one of the two sections, and Bridges' decision to disconnect the water earlier than expected and without notification to the Corporation. In response, Ms. Serrato received a revised invoice in the amount of \$34,442.80 which reflected a credit of \$8,930.00 for one line stop. She added that she feels that Bridges failed to provide what was expected. She recommended approval of payment to Bridges but asked for additional time to renegotiate a further reduction. Mr. Lundmark made a motion to approve Ms. Serrato's recommendation. Ms. Smith seconded. All voted in favor.

9. Disinfection by-product results and TCEQ Notice of Total Trihalomethane MCL, LRAA Violation.

Ms. Serrato reported that one of the two samples collected in February resulted in an exceedance of the 80 ppb MCL for Total Trihalomethanes. She presented a copy of the notice sent out to NWSC customers as required by TCEQ. She added that parts have been ordered to reduce the valve size at the Bishop East pump station and flushing continues in response to the high level of the samples. She also stated that the chlorine burn currently underway by the City of Corpus Christi should address any nitrification problems within NWSC's distribution system, and sampling will continue once the City reverts to the use of chloramines.

10. Bishop Courts apartment complex south of FM 70 on east side of US 77/I 69.

Ms. Serrato said that as reported previously, Mr. T. Craig Carney, the contact person on the Bishop Courts project whose information was provided by Bishop Mayor Joe Morales, has not called her as he indicated in his last email. She added that there has been no activity at the location of the proposed complex and she prefers to wait for contact from Mr. Carney rather than reaching out again. The Board took no action on this item.

11. Public Funds Investment Act and Investment Policies.

Ms. Serrato stated that South Texas Water Authority has investment policies in place for their various funds which the STWA Board reviews and approves annually. The policies keep STWA in compliance with the Texas Public Funds Investment Act. Recently when Finance Manager Jo Ella Wagner attempted to initiate a transfer of NWSC funds into TexPool Prime, she was questioned about NWSC's investment policy. TexPool agreed to allow the transfer based on STWA managing the Corporation and STWA's investment policies being on file with TexPool.

Ms. Serrato stated that although non-profit water supply corporations are not required to comply with the Texas Public Funds Investment Act, she felt the Board should discuss adoption of an investment policy. She presented a draft NWSC Investment Policy which is virtually identical to STWA's General Fund Investment Policy. She added that an investment policy could provide future guidance on investing the Corporation's funds. Mr. Benton made a motion to adopt the NWSC Investment Policy presented by Ms. Serrato. Ms. Smith seconded and all voted in favor.

12. Information from Texas Rural Water Association regarding Proposed White House Budget Cuts and Rural Water and Wastewater Programs.

Ms. Serrato presented an email from Texas Rural Water Association regarding announcements on proposed White House budget cuts, specifically those related to rural water and wastewater funding programs. The email urges utilities to contact their legislators to oppose the cuts and remind the legislators that rural communities depend on these programs to provide essential services to rural America. She explained that a 21% cut is included which could affect the rural development division of USDA. Mr. Benton made a motion to send a letter to NWSC's federal legislators opposing cuts to these programs. Mr. Lundmark seconded. All voted in favor.

13. Joint Project with South Texas Water Authority – Pump Station Improvements at the Driscoll Pump Station – Amendment #1 to Agreement between the South Texas Water Authority and HDR Engineering, Inc. for Professional Engineering Services.

Ms. Serrato stated that Jason Christensen – HDR Engineering, Inc. – recently contacted her to discuss HDR's Internal Business Review. This process included a review of the Joint Project between South Texas Water Authority and Nueces Water Supply Corporation at the Driscoll Pump Station which was constructed by Mercer Controls and involved some delays. As a result of the delays Mr. Christensen spent additional time and efforts on the project. Ms. Serrato presented a request from HDR Engineering for the additional work on the project in the amount of \$8,000 in the form of Amendment #1 to Agreement between the South Texas Water Authority and HDR Engineering, Inc. for Professional Engineering Services. She asked that the Board consider approving payment to HDR in the amount of \$5,699.49 which represents NWSC's share based on the 71.2436 percentage previously applied to the engineering fees on the project. Mr. Lundmark made a motion to authorize payment in the amount of \$5,699.49. Mr. Benton seconded and all voted in favor.

14. Settlement with TxDOT in connection with replacement water line easements for US 77 Improvements and I-69 construction; authorization to General Manager to finalize settlement and to execute all necessary documentation, subject to review by the Corporation's attorney.

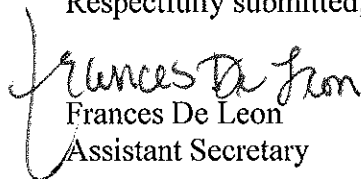
Ms. Serrato reported that work continues on closing out the TxDOT US77/I69 improvement project. Mr. Jared Silva, The Rios Group, provided a Quitclaim Deed form. The form was reviewed by Ms. Serrato and Bill Flickinger, Willatt & Flickinger, and a revised form was sent to Mr. Silva. There has been no response from Mr. Silva.

In addition, Ms. Serrato and O&M Supervisor Jacob Hinojosa met with another TxDOT contractor, Atkins North America, to discuss those easements that did not have a waterline but were affected by TxDOT roadwork. Each parcel was reviewed and some corrections were noted. The Atkins representative indicated that their determination would be submitted to TxDOT, a land appraiser would determine value of the replacement easements, and based on those appraisals, the property owners would then be contacted regarding replacement of the easements. Ms. Serrato presented correspondence regarding the matter including the final revised spreadsheet for the Board's review. She informed the Board that no action was needed and was providing the information as an update.

15. Adjournment.

With no further business to conduct, Ms. Black made a motion to adjourn the meeting at 11:12 a.m. Ms. Smith seconded and all voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary