

NUECES WATER SUPPLY CORPORATION

Minutes – Special Meeting
May 15, 2015

Board Members Present:

Mike Benton
Alice J. Black
Donald Lundmark

Board Members Absent:

None

Staff Present:

Carola Serrato
Frances De Leon
Jacob Hinojosa

Guests Present:

Carl Crull – HDR Engineering
Ronnie Spencer – ADK

1. Call to Order.

Mr. Donald Lundmark, President, called the Special Meeting to order at 10:03 a.m. at the South Texas Water Authority Boardroom, 2302 East Sage Road, Kingsville, Texas. A quorum was present.

2. Citizen comments.

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

The order of the agenda was changed to accommodate the guests.

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

- Change Order No. 1 – ADK Environmental Inc.
- Assessment of ADK Environmental Inc. request to waive liquidated damages
- Final close out of project – Acceptance of completed project

Ms. Serrato stated that after the last Board meeting, ADK submitted the Change Order that was discussed amounting to \$16,483.73. Ms. Serrato provided a breakdown of the revised recommendation from HDR Engineering which included \$12,372.75 in additional HDR Services, \$327.85 for additional STWA inspection services and \$2,085.00 for the cost of failed field tests. She added that ADK is in agreement that the final payment including the Change Order is \$49,971.13. Ms. Serrato recommended approval of the Change Order in the amount of \$16,483.73, approval of final payment to ADK in the net amount of \$49,971.13 after the Change Order and the reduced amount recommended by HDR. Ms. Black made a motion to authorize the Change Order, waive liquidated damages and accept the completed project at a cost of \$49,971.13. Mr. Benton seconded. All voted in favor.

Mr. Carl Crull, HDR Engineering, summarized that the contractor took 75 days to complete the project while only 45 days were allowed for completion and that the only liquidated damages charged were for additional work performed due to the additional time taken by the contractor since they did not start the project immediately. Ms. Serrato said that paperwork for TxDOT needs to be finalized and that the cost of the project totaled \$185,000 to \$190,000.

Ms. Serrato also mentioned that on the East side of Driscoll, the water line needs to be excavated in order for TxDOT to verify that NWSC is in private easement. She had nothing further to report.

3. Appointment of directors to fill two vacancies on the Board of Directors.

Mr. Lundmark said that he attempted to contact previous Board members but found no one available to serve on the Board. He added that he is waiting to hear back on a couple of people who might be interested. He also said that Mr. Bob Boswell is unable to continue serving on the Board or any committees but Mr. Bill Staff indicated that he is willing to serve on the Credentials Committee. Ms. Serrato said the Credentials Committee would be placed on the next agenda. (This will not be necessary – Mr. Staff was appointed during the April 14, 2015 meeting.) No action was taken.

4. Long Term Wholesale Water Supply Contract with South Texas Water Authority, Corporation Legal Counsel and Negotiations Committee.

Ms. Serrato presented the proposed long term wholesale Water Supply Contract with South Texas Water Authority for the Board's review. She explained that since NWSC has already accepted title to the various facilities, the Handling Charge will go down. She said the proposed contract is very similar to the payment arrangements STWA has with the City of Corpus Christi since it includes a true-up. She added that it differs from the five year contract by removing stipulations such as a limiting STWA's reserve and requiring wholesale customer approval on changes to the Handling Charge and elections to issue bonds.

5. Resolution 15-04. Resolution authorizing the President of the Nueces Water Supply Corporation to execute a Long Term Wholesale Water Supply Contract with South Texas Water Authority.

Ms. Black explained the potentially detrimental effect of the stipulations Ms. Serrato mentioned pertaining to the expired 5-year contract and the requirement of a long term contract to secure financing. She then made a motion to approve Resolution 15-04 authorizing the President of the Nueces Water Supply Corporation to execute a Long Term Wholesale Water Supply Contract with South Texas Water Authority. Mr. Benton seconded the motion and all voted in favor.

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

Ms. Serrato said that as reported at the last meeting the TCEQ is withholding approval of the plans for the pump station improvements at the Driscoll Pump Station because of TCEQ's Enforcement Action against STWA regarding the disinfectant residual on the 42" waterline. She added that TCEQ will not approve the plans based on NWSC purchasing water from an entity that claims it is not a public water system. She said that TCEQ has also refused to approve plans for the Kingsville projects and STWA has notified TCEQ that they will move forward with the projects without TCEQ approval. She said she was making the Board aware of STWA's action in case NWSC wants to have legal counsel submit a letter to TCEQ. She said that STWA's attorney Mike Willatt is concerned that TCEQ could file an injunction to halt construction but he feels that is unlikely. The Board discussed the matter and agreed that the project should move forward without approval from TCEQ. Ms. Black made a motion to authorize the engineers to move forward on the project and advertise for bids. Mr. Benton seconded and all voted in favor.

8. On-Line Bill Pay and Third Party Payment Agreement.

Ms. Serrato stated that staff has been informed that the Third Party Payment Agreement is actively being worked on and it will take another two to four weeks before it is completed.

9. Update on Logics billing system.

Ms. Serrato stated that staff continues working with Logics on resolving some issues and many problems remain unresolved. She said no payment is being made on the invoices that have been received until the issues are satisfactorily resolved.

10. Service to Eldridge residence on the East side of US Highway 77 and south of FM 70 in Bishop.

Ms. Serrato reported that since the City of Bishop has decided to discontinue servicing the property, The Rios Group is working on getting service to the residence. She has informed Jared Silva of The Rios Group that an easement for any extension of the existing waterline is a requirement. Ms. Black commented that everything needs to be done according to policy before laying the line. No action was taken.

11. Request from Aqua Utilities for extension of contract to service the Golden Acres Water System.

Ms. Serrato stated that recent emails indicated that Aqua Utilities will continue blending their water with NWSC. Mr. Lundmark asked if their contract should be renewed but Ms. Serrato stated that legal counsel does not recommend renewing the contract because it could potentially lead to NWSC being their sole source of water. No action was taken by the Board.

12. Adjournment.

With no further business to conduct, Ms. Black made a motion to adjourn the meeting at 11:07 a.m. Mr. Benton seconded the motion. The motion carried.

Respectfully submitted,



Frances De Leon
Assistant Secretary