

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting
July 6, 2016

Board Members Present:

Donald Lundmark
Alice J. Black
Ruth Ann Smith

Board Members Absent:

Mike Benton
Sherry Zimmerman

Staff Present:

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

Guests Present:

None

1. Call to Order.

Ms. Alice J. Black, President, called the Regular Meeting to order at 10:00 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. Approval of Minutes.

Mr. Lundmark made a motion to approve the minutes of the April 12, 2016 Regular Meeting as presented. Ms. Smith 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 March 31, 2016 – Corrected
Account Activity for General Account for March 1, 2016 to March 31, 2016
Treasurer's Report as of April 30, 2016
Treasurer's Report as of May 31, 2016
Account Activity for General Account for April 1, 2016 to May 31, 2016
Account Activity for Operations Account for April 1, 2016 to May 31, 2016
TEXPOOL Participant Statement for 04/01/2016 – 04/30/2016 for General Account
TEXPOOL Participant Statement for 04/01/2016 – 04/30/2016 for Security Deposit Account
TEXPOOL Participant Statement for 05/01/2016 – 05/31/2016 for General Account

TEXPOOL Participant Statement for 05/01/2016 – 05/31/2016 for Security Deposit Account

The following bills were presented for payment:

STWA Invoice S16-047 March 2016 Water Usage, Water Cost and Handling Charge	\$33,313.41
STWA Invoice S16-048 March 2016 General and Administration	\$16,743.42
STWA Invoice S16-050 March 2016 Taps and Repairs	\$10,519.95
STWA Invoice S16-052 Payroll expense for part-time employee (January, February and March, 2016)	\$ 1,497.54
STWA Invoice S16-054 Payroll expense for stand by pay (December 31, 2015 through March 30, 2016)	\$ 360.34
STWA Invoice S16-056 Reimburse for T-1 circuit providing phone service through AT&T for the period of January 2016 through March 2016	\$ 71.34
STWA Invoice S16-064 April 2016 Water Usage, Water Cost and Handling Charge	\$36,779.76
STWA Invoice S16-065 April 2016 General and Administration	\$12,294.66
STWA Invoice S16-078 May 2016 Taps and Repairs	\$ 6,493.75

Mr. Lundmark 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.

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

The Board reviewed the most recent memos presented to the STWA Board of Directors regarding the Driscoll Pump Station Improvements. Ms. Serrato reported that the project is nearly complete with the exception of a few punch list items and the addition of controls to operate the pumps automatically in an alternating mode. She explained that Change Proposal Request #3 addresses the addition of the controls at a cost of \$4,438. She added that she believes addition of the controls to cycle the two pumps is in the Corporation's best interest to allow both pumps to be operated regularly without running either pump excessively. Mr. Lundmark made a

motion to approve the cost of CPR3 in the amount of \$4,438. Ms. Smith seconded. All voted in favor.

6. Application for General Membership in Texas 811.

The Board reviewed the Application for General Membership in Texas 811. Ms. Serrato stated that although there is a cost associated with line locate service orders, membership in Texas 811 will help avoid unnecessary problems with leaks and damage to the Corporations distribution system. Ms. Smith made a motion to authorize execution of the Application for General Membership in Texas 811, Mr. Lundmark seconded and all voted in favor.

7. Possible insurance claim for breaking an AEP cable at the Plains Subdivision during excavation for waterline extension.

Ms. Serrato stated that on April 15, 2016 during the construction of the waterline extension at The Plains Subdivision, the trencher hooked an electric line leading to a residence. She explained that line locates were requested by the crew, but there were delays in the work. Each time the crew returned to work on the project, line locates were requested. AEP personnel and subcontractors who marked the lines arrived after being notified of the damage. They showed pictures of the original markings but on this day there were no markings at the site and it is suspected that a homeowner may have removed them. Ms. Serrato stated that no invoices have been received from the AEP and no claims have been made by the homeowners but she wanted to make the Board aware of the situation.

8. Update on KB Foundation failure to make necessary improvements and notice of disconnection of service.

Ms. Serrato stated that IES's operator, Herman Ochoa, continues providing updates on the ongoing improvements. She reported that a new waterline and tank have been installed and Mr. Ochoa has indicated that disinfection facilities will be installed as well. She added that she feels a good effort is being made to complete the improvements.

9. LNV Contract for Services for Banquete Pump Station Improvements.

Ms. Serrato provided information reviewed by the STWA Board at their June 28, 2016 meeting. The information included a memo from Ms. Serrato to the STWA Board regarding the Banquete Pump Station, a signed contract with LNV Engineering for services related to the research and design of separating the facilities at the Banquete Pump Station, a quote for \$115,000 from Diamond Enterprises for painting of the interior and exterior of the 50,000 gallons elevated storage tank at the pump station and a copy of a letter sent to the Banquete Water District informing them that STWA will be selling water to the district on a day to day basis.

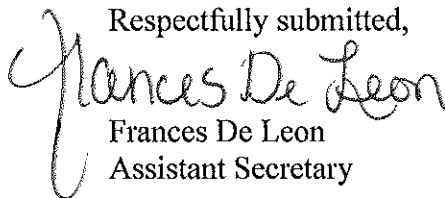
Ms. Serrato stated that when NWSC signed the water supply contract with STWA, NWSC agreed to take over facilities at the various pump stations including sharing facilities at the Banquete Pump Station. However, the situation at Banquete is different because NWSC owns

the pumps, STWA owns the elevated tank and Banquete owns the ground storage tanks. Since the Banquete Water District has not agreed to a contract, the contract provisions pertaining to the Banquete Pump Station remain incomplete. Ms. Serrato said that in her opinion, the tank is undersized and the maintenance cost is not justified by what the tank can provide. In addition the pump station may be better served by eliminating the elevated tank and utilizing hydropneumatic tanks for NWSC and Banquete and adding one pump. She added that the STWA Board discussed the matter at their June 28, 2016 meeting approved an agreement with LNV Engineering to address separating of the facilities. She also said her preference is to demolish the elevated tank and replace with hydropneumatic tanks and find out if the Banquete District is interested in selling one of their ground storage tanks. She said she will meet with the Banquete District to inform them of what is happening and will provide the engineering report and updates to the Board as things progress.

10. Adjournment.

With no further business to conduct, Ms. Black adjourned the meeting at 10:36 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Frances De Leon". The signature is written in black ink and is positioned to the left of the typed name and title.

Frances De Leon
Assistant Secretary