

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting
July 14, 2017

Board Members Present:

Alice J. Black
Mike Benton
Donald Lundmark
Ruth Ann Smith
Sherry Zimmerman

Board Members Absent:

None

Staff Present:

Carola G. Serrato
Jo Ella Wagner
Jacob Hinojosa

Guests Present:

None

1. Call to Order.

Ms. Alice J. Black, President, called the Regular Meeting to order at 10:00 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. Benton made a motion to approve the minutes of the April 11, 2017 Regular 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 March 31, 2017

Treasurer's Report as of April 30, 2017

Treasurer's Report as of May 31, 2017

Account Activity for General Account for March 1, 2017 to March 31, 2017

Account Activity for General Account for April 1, 2017 to April 30, 2017

Account Activity for General Account for May 1, 2017 to May 31, 2017

Account Activity for Operations Account for March 3, 2017 to May 31, 2017

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TEXPOOL Participant Statement for 03/01/2017 – 03/31/2017 for General Account
TEXPOOL Participant Statement for 03/01/2017 – 03/31/2017 for Security Deposit Account
TEXPOOL Participant Statement for 04/01/2017 – 04/30/2017 for General Account
TEXPOOL Participant Statement for 04/01/2017 – 04/30/2017 for Security Deposit Account
TEXPOOL Participant Statement for 05/01/2017 – 05/31/2017 for General Account
TEXPOOL Participant Statement for 05/01/2017 – 05/31/2017 for Security Deposit Account

The following bills were presented for payment:

STWA Invoice S17-046 March 2017 Water Usage, Water Cost and Handling Charge	\$33,380.65
STWA Invoice S17-047 March 2017 General and Administration	\$18,218.85
STWA Invoice S17-049 March 2017 Taps and Repairs	\$ 5,727.19
STWA Invoice S17-051 Payroll expense for part-time employee (January, February and March, 2017)	\$ 1,804.22
STWA Invoice S17-053 Payroll expense for stand by pay (January 4, 2017 through March 29, 2017)	\$ 360.46
STWA Invoice S17-055 Reimburse for T-1 circuit (October 2016 through March 2017)	\$ 144.64
STWA Invoice S17-063 April 2017 Water Usage, Water Cost and Handling Charge	\$31,572.14
STWA Invoice S17-064 April 2017 General and Administration	\$13,925.22
STWA Invoice S17-066 April 2017 Taps and Repairs	\$ 9,182.12
STWA Invoice S17-074 May 2017 Water Usage, Water Cost and Handling Charge	\$36,087.25
STWA Invoice S17-075 May 2017 General and Administration	\$13,509.33
STWA Invoice S17-077 May 2017 Taps and Repairs	\$ 7,147.50

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Willatt & Flickinger, PLLC, Attorneys at Law June 2017 Legal	\$ 293.10
STWA Invoice S17-085 June 2017 Water Usage, Water Cost and Handling Charge	\$35,063.36
STWA Invoice S17-086 June 2017 General and Administration	\$13,5921.43
STWA Invoice S17-088 June 2017 Taps and Repairs	\$ 6,174.60

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

Ms. Serrato stated that after the last Board meeting, she continued negotiations with Bridges Specialties Inc. on their invoice for relocation of two 30-foot sections of NWSC's waterline on FM 666 as part of TxDOT's upgrades. She presented an invoice in the amount of \$32,612.05 which included an additional deduction of \$1,830.75. She stated that she believed this amount was an error on Bridges' part but after bringing the error to Mr. Brian Bridges' attention, he decided to leave the invoice as submitted. The invoice has since been paid.

6. Disinfection by-product results and TCEQ Sampling.

Ms. Serrato presented the most recent Total Trihalomethane and HAA5 sample results and stated that both are well under the MCL. The LRAA for each of the sites also remains under the MCL. She added that field personnel continue disinfecting at the 4:1 ratio. She believes the City of Corpus Christi's chlorine burn helped address nitrification in the distribution system and the City's use of chlorine dioxide as a permanent treatment appears to be helping to maintain residuals in the system. Staff will also continue collecting samples for in-house testing.

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

Ms. Serrato reported that the \$400 analysis fee has been received but a recorded plat is still needed in order to begin the engineering analysis on the Bishop Courts apartment complex.

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

Ms. Serrato stated that as approved by the Board at the April meeting, she sent a letter to federal legislators regarding proposed White House budget cuts related to rural water and wastewater funding programs. She presented copies of the letters as well as a response letter from Senator

John Cornyn, which was actually a response to Ricardo Water Supply Corporation. No other responses have been received.

9. 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 TxDOT has made an offer on areas affected by the TxDOT US77/I69 improvement project where easements existed but did not have waterlines. The offer is on parcels 25 and 26 for a total of \$14,800. Ms. Serrato explained that although appraiser, landman and legal fees would cost more than this amount, the Corporation does not have nor need waterlines in that area. She added that the offer can be reviewed by an appraiser and legal counsel and the Corporation can ask for more money or accept the offer. A decision is due within 30 days. Mr. Benton made a motion to accept TxDOT's offer on Parcel 25 in the amount of \$12,000 for Tracts 1, 2 and 3, and Parcel 26 in the amount of \$2,800 for Tract 1 for a total of \$14,800. Mr. Lundmark seconded. All voted in favor.

10. Report on CR 18 washout, repair and installation of casing.

Mr. Serrato reported that in February, the Corporation's distribution line on CR 18 experienced a washout resulting in a large leak. The leak was repaired but additional work was needed to repair the line in a manner which field managers believe would stabilize the line and hopefully avoid future washouts. She provided pictures of the repair and a summary of the costs totaling \$8,484.46 for the initial repair, additional materials, and returning to install the casing. She added that she was providing the report as information and no Board action is required.

11. Nueces County Application to the Texas Water Development Board for facilities to serve the Cyndie Park II WSC and Banquete Pump Station Improvements.

Ms. Serrato updated the Board on the status of the grant project to provide service to Cyndie Park II WSC. She reported that a grant in the amount of approximately \$900,000 has been acquired from the Texas Water Development Board Economically Distressed Area Program. The NWSC Board has voted to provide matching funds in the amount of \$50,000. She also reported that she and Robert Vierra of LNV Engineering met with the NCWC&ID #5 (Banquete) Board to review the project and discuss the separation of facilities into two stations – one to serve NWSC and the other to serve Banquete.

12. Tariff Amendment – Membership Fees.

Ms. Serrato stated that the Corporation's collection agency recently provided notice that they would no longer perform collection services unless the social security number or birthdate is provided by NWSC for the customer owing a debt. The matter was discussed with legal counsel, Bill Flickinger, who stated that an easy way to avoid the requirements of implementing an Identity Theft Prevention Program is to stop using a collection agency and instead, increase the

Membership Fee to avoid being subject to customers regularly leaving a bad debt. She added that very little funds are being recaptured through the collection agency. She recommended increasing the Membership Fee for new members from \$100 to \$200 to cover the account balance including fees on a disconnected account. Mr. Lundmark made a motion to suspend use of the collection agency and to increase the Membership Fee from \$100 to \$200. Mr. Benton seconded. All voted in favor.

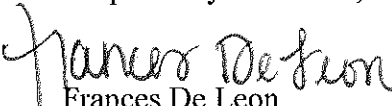
13. STWA Notice of Amended City of Corpus Christi Drought Plan and Stage 1 Notice of City of Corpus Christi Drought Plan.

Ms. Serrato presented a copy of her memo to the South Texas Water Authority Board regarding the City of Corpus Christi's decision to modify their Drought Plan. She stated that the City of Corpus Christi has amended its Drought Plan to take into consideration the water resources available through the Mary Rhodes I and II pipelines. Only a few areas of the plan have been impacted. The changes impact the timing of when restrictions will go into effect. She added that she will be working on a revised STWA Water Conservation and Drought Contingency Plan for the next STWA Board Meeting and will provide the revised Plan to STWA's wholesale customers once it is approved by the STWA Board. She will also begin modifications to the NWSC Water Conservation and Drought Contingency Plan to reflect the same changes as the City of Corpus Christi's trigger levels. She asked if the Board would like staff to post notice of the City of Corpus Christi's Stage 1 email/notice on the Corporation's website and/or mail out notices to NWSC's customers. The Board agreed to have the notice posted on the Corporation's website. No further action was taken by the Board.

14. Adjournment.

With no further business to conduct, Ms. Black adjourned the meeting at 10:45 a.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary