

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting
September 14, 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 July 6, 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 June 30, 2016

Treasurer's Report as of July 31, 2016

Treasurer's Report as of August 31, 2016

Account Activity for General Account for June 1, 2016 to August 31, 2016

Account Activity for Operations Account for June 1, 2016 to August 31, 2016

TEXPOOL Participant Statement for 06/01/2016 – 06/30/2016 for General Account

TEXPOOL Participant Statement for 06/01/2016 – 06/30/2016 for Security Deposit Account

TEXPOOL Participant Statement for 07/01/2016 – 07/31/2016 for General Account

TEXPOOL Participant Statement for 07/01/2016 – 07/31/2016 for Security Deposit Account

TEXPOOL Participant Statement for 08/01/2016 – 08/31/2016 for General Account

TEXPOOL Participant Statement for 08/01/2016 – 08/31/2016 for Security Deposit Account

The following bills were presented for payment:

STWA Invoice S16-075 \$39,846.35
May 2016 Water Usage, Water Cost and Handling Charge

STWA Invoice S16-076 \$11,688.94
May 2016 General and Administration

STWA Invoice S16-086 \$37,546.41
June 2016 Water Usage, Water Cost and Handling Charge

STWA Invoice S16-087 \$12,780.97
June 2016 General and Administration

STWA Invoice S16-089 \$ 427.87
Payroll expense for part-time employee (April, May and June, 2016)

STWA Invoice S16-092 \$19,743.75
June 2016 Taps and Repairs

STWA Invoice S16-095 \$ 72.27
Reimburse for T-1 circuit providing phone service through AT&T
for the period of April 2016 through June 2016

STWA Invoice S16-093 \$ 361.59
Payroll expense for stand by pay (April 6, 2016 through June 29, 2016)

STWA Invoice S16-103 \$49,222.53
July 2016 Water Usage, Water Cost and Handling Charge

STWA Invoice S16-104 \$12,036.47
July 2016 General and Administration

STWA Invoice S16-106 \$ 9,925.00
July 2016 Taps and Repairs

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. STWA FY 2017 Budget.

Ms. Serrato presented the notification letter South Texas Water Authority regarding STWA's FY 2017 budget. She explained that the budget reflects a loss of about \$140,000 which includes an expense of \$130,000 for conversion of the Driscoll Booster Station from a chlorine injection to a chloramine injection system in response to the ongoing TCEQ enforcement action. Also included in STWA's budget are a 3 percent increase in salaries, and purchase of a mower, trailer and mini-excavator. The Board made no comments for STWA's consideration regarding the budget.

6. Settlement with TxDOT in connection with replacement water line easements for Highway 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 the Bishop portion of US Highway 77 upgrades to I-69 standards has been completed; however, the issue of replacement easements remains for those easements which were affected by construction but had no water lines to relocate. According to Mr. Jared Silva of the Rios Group, Austin-Bay will not provide the replacement easements. Ms. Serrato has discussed the matter with Oscar Hurtado of TxDOT who implied that the simplest solution is for TxDOT to make a lump sum payment to the Corporation in order for NWSC to proceed as it sees fit. Ms. Serrato informed the Board that such a figure would need to include the cost of legal counsel, landman fees and payment to the land owner. She added that she discussed the issue with legal counsel Bill Flickinger, who indicated that that NWSC would need to take action on three matters. First is determining the reasonable value of replacing the easements including legal, surveying and landman fees. Second, the Board will need to authorize the General Manager to sign an agreement with TxDOT for the lump sum payment and last, the Board will need to authorize the General Manager to sign the quit claim deed on all the easements once an agreement is reached on the value of the replacement easements. She added that Mr. Flickinger suggested approaching TxDOT with a starting amount of \$50,000 but she suggests beginning negotiations at \$100,000. She also stated that if an agreement is reached, the payment can be set aside in a reserve account until it is needed for future easements.

Mr. Lundmark made a motion to offer a lump sum of \$100,000 to TxDOT. Ms. Smith seconded. All voted in favor. Ms. Serrato added that she would present any offer from TxDOT to the Board for approval.

7. TCEQ Investigation Letter – Notice of No further Action Needed.

The Board reviewed a letter from TCEQ regarding the recent investigation of the Corporation's system. She pointed out that staff provided the necessary corrections for the two alleged violations and therefore no further action is needed. She added that the letter also requested that a copy of the Corporation's Monitoring Plan be submitted to the Austin TCEQ office. She said that during the investigation, the TCEQ investigator told O&M Supervisor Jacob Hinojosa that the Corpus Christi Region 14 office had reviewed the matter, which was described as the

Corporation having six pressure planes but taking samples and testing as one pressure plane, but did not know if operational changes are needed. After discussing the matter with Mr. Flickinger, a copy of the monitoring plan was submitted. Ms. Serrato said she wanted to make the Board aware in case changes in monitoring, sampling and testing are needed in the future.

8. Bank Depository Agreement.

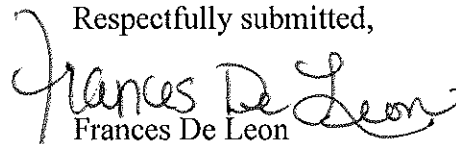
Ms. Serrato presented an Agreement to Extend Corporation Depository Contract between Kleberg Bank and Nueces Water Supply Corporation. She stated that staff has been satisfied with the services provided by Kleberg Bank and noted that Kleberg Bank does not charge NWSC any fees. She added that the agreement extends the contract for two years.

Ms. Smith made a motion to renew the Bank Depository Agreement with Kleberg Bank for two years. Mr. Lundmark seconded. All voted in favor.

9. Adjournment.

With no further business to conduct, Ms. Black adjourned the meeting at 10:39 a.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary