

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting
November 10, 2015

Board Members Present:

Mike Benton
Alice J. Black
Donald Lundmark

Board Members Absent:

None

Staff Present:

Carola Serrato
Frances De Leon
Jacob Hinojosa
Jo Ella Wagner

Guests Present:

None

1. Call to Order.

Mr. Donald Lundmark, 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.

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

3. Approval of Minutes.

Ms. Black made a motion to approve the minutes of the August 19, 2015 Regular Meeting as presented. Mr. Benton 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 August 31, 2015

Treasurer's Report as of September 30, 2015

Treasurer's Report as of October 31, 2015

Account Activity for General Account for August, 2015

Account Activity for General Account for September, 2015

Account Activity for General Account for October, 2015

Account Activity for Operations Account for August 1, 2015 to October 31, 2015

TEXPOOL Participant Statement for 08/01/2015 – 08/31/2015 for General Account

TEXPOOL Participant Statement for 08/01/2015 – 08/31/2015 for Security Deposit Account

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TEXPOOL Participant Statement for 09/01/2015 – 09/30/2015 for General Account
TEXPOOL Participant Statement for 09/01/2015 – 09/30/2015 for Security Deposit Account
TEXPOOL Participant Statement for 10/01/2015 – 10/31/2015 for General Account
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The following bills were presented for payment:

STWA Invoice S15-101 July 2015 Water Usage, Water Cost and Handling Charge	\$35,867.58
STWA Invoice S15-112 August 2015 Water Usage, Water Cost and Handling Charge	\$52,123.94
STWA Invoice S15-113 August 2015 General and Administration	\$13,032.91
STWA Invoice S15-115 August 2015 Taps and Repairs	\$ 4,591.25
Willatt & Flickinger, Attorneys at Law August 2015 Professional Services	\$ 2,143.70
STWA Invoice S15-123 September 2015 Water Usage, Water Cost and Handling Charge	\$39,487.69
STWA Invoice S15-124 September 2015 General and Administration	\$11,635.85
STWA Invoice S15-126 September 2015 Taps and Repairs	\$ 6,900.50
STWA Invoice S15-128 Payroll expense for part-time employee (July, August and September 2015)	\$ 1,512.47
STWA Invoice S15-130 Payroll expense for stand by pay (July 1, 2015 through September 30, 2015)	\$ 387.45
STWA Invoice S15-132 Reimburse for T-1 circuit providing phone service through AT&T for the period of July 2015 through September 2015	\$ 71.34

Ms. Black made a motion to approve the Treasurer's Report and payment of the bills as presented. The motion was seconded by Mr. Benton. All voted in favor.

5. Customer Concern – Luz Marie Ramirez, Account #858 – Complaint regarding Cut-off Procedures.

Ms. Serrato stated that she was contacted by customer Luz Marie Ramirez whose service was disconnected for non-payment. Ms. Ramirez was upset and complained that she was not aware of the payment dates being altered. When she was told that notices had been sent out to all NWSC customers she said she had not opened the notice. Ms. Ramirez requested to address the Board regarding the matter. She was sent a copy of the agenda but did not attend the meeting. No action was taken by the Board.

6. Fiscal Year 2015 Budget Amendments.

The Board reviewed the proposed Fiscal Year 2015 Budget Amendments. Ms. Black made a motion to approve the Fiscal Year 2015 Budget Amendments. Mr. Benton seconded. All voted in favor.

7. Proposed Fiscal Year 2016 Budget and retail water rates.

Ms. Serrato presented a proposed Fiscal Year 2016 Budget based on the current rates and three additional scenarios with slight rate increases. She reviewed the various options and stated that the Corporation is in good financial position. She noted that a reimbursement of approximately \$70,000 is owed to STWA on the Driscoll Pump Station project and that at this time the cost to the Corporation on TxDOT's Driscoll bypass project is unknown. She added that it may become necessary to discuss separation of facilities at the Banquete Pump Station since Nueces Water Control & Improvement District #5 has not entered into a wholesale water supply contract with STWA.

8. Resolution 15-05. Resolution adopting the recommended Fiscal Year 2016 Budget.

Mr. Benton made a motion to adopt the Fiscal Year 2016 Budget based on maintaining the current water rates. Ms. Black seconded. All voted in favor.

9. John Womack & Co., P.C. Letter of Engagement for auditor services.

Ms. Serrato presented the John Womack & Co., P.C. Letter of Engagement for auditor services for the fiscal year ending December 31, 2015. She stated that the letter quotes a cost of \$4,450 which is \$300 more than last year.

Mr. Benton made a motion to accept the engagement letter for FY 2015 audit services with John Womack & Co., P.C. in the amount of \$4,450. Ms. Black seconded the motion. All voted in favor.

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

Ms. Serrato stated that numerous submittals have been prepared and delivered to HDR Engineering by Mercer Controls and their subcontractors but there has been no construction activity due to lag time in delivery of equipment and materials. She added that a change order is expected as the result of STWA converting to the use of a one-ton cylinder for the booster station resulting in relocating the chlorine building. She had nothing further to report.

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

- Lawhon Easement

At the last Board meeting, the Board reviewed the Lawhon easement which is needed for relocation of the waterlines north of FM 70 and voted to reject the easement drafted by Mr. Jerry Lawhon's attorney, Bruce Hawn, due to several unacceptable terms such as the lack of a warranty regarding liens and some very restrictive provisions related to construction and future maintenance. Ms. Serrato stated that since the last meeting, she and Mr. Flickinger discussed accepting a less than mediocre easement as opposed to placing the waterline in public right of way with the risk of having to pay to move it in the future and decided to explore use of a title policy to address lien and ownership issues. They found that a survey of both the easement and the property will be needed to obtain a title policy. They also worked with Mr. Hawn on modifications of the easement. She presented the final version and recommended approval of the easement contingent upon obtaining a title policy. Mr. Benton made a motion to approve the final easement for the Jerry Lawhon property contingent on obtaining the title policy and necessary surveys. Ms. Black seconded and all were in favor.

12. Disinfection By-Product Results and TCEQ Sampling.

Ms. Serrato presented the most recent correspondence from the TCEQ regarding NWSC's recent disinfection by-product results. She explained that as a result of the City of Corpus Christi's free chlorine burn, NWSC requested and was granted invalidation of the latest quarterly sample results which were extremely high and raised the running annual average above the MCL. The running annual average was then calculated by averaging the three previous quarters resulting in a new average of 71.7 ppb which is below the MCL. She stated that the free chlorine burn is complete and the City of Corpus Christi switched back to chloraminated water on November 2nd. She added that the burn should have addressed any nitrification in the system which could have contributed to higher disinfection by-product results.

13. Cost estimate to eliminate flush valve at end of waterline on east side of CR 77 and to loop the waterline on CR 77 to avoid flooding on surrounding properties.

Ms. Serrato stated that in response to the Board's request at the last meeting, staff developed a cost estimate for looping the waterline on CR 77. She presented the estimate in the amount of \$11,700.43 for installation of 3,000 lf of 2" waterline. She stated that looping will avoid

flooding problems resulting from flushing and improve water quality as well as providing uninterrupted service to customers during leaks by having the ability to service customers from a different flow direction. Mr. Benton made a motion to authorize looping of the line on CR 77. Ms. Black seconded. All voted in favor.

14. Water Supply and Development Contract and Water Service Agreement with James H. Dean for The Plains Unit 4 Subdivision.

Ms. Serrato presented a Water Supply and Development Contract with James H. Dean for The Plains Unit IV Subdivision. She stated that in 2006 the Board approved a developer's contract with Mr. Dean for The Plains Unit III. Since then Mr. Dean has decided to modify a portion of this subdivision by converting one of the large lots into ten lots and thereby creating Unit IV. A computer analysis was performed by staff and verified by Aaron Archer of HDR Engineering and a cost analysis was sent to Mr. Dean. In addition, Mr. Dean has been notified by Nueces County Public Works that a Water Service Agreement containing language for a provision of water for thirty years is needed between Mr. Dean and NWSC. The Water Service Agreement was reviewed by attorney Bill Flickinger who stated that the thirty year provision did not pose a problem but recommended amending the Agreement to state that the developer also executed a developer agreement with NWSC and will comply with all terms and conditions of that agreement. Ms. Serrato presented the County's version of the agreement as well as Mr. Dean's slightly modified version and recommended approval of Resolution 15-06 approving execution of the Developer's Contract and approval of the Water Service Agreements to facilitate the matter in case the County does not accept Mr. Dean's modified version.

15. Resolution 15-06. Resolution authorizing the Nueces Water Supply Corporation President to enter into a Water Supply and Development Contract with James H. Dean, Developer, for The Plains Unit 4 Subdivision.

Ms. Black made a motion to adopt Resolution 15-06 and approve the Water Service Agreements. Mr. Benton seconded. All voted in favor.

16. H.B. No. 3357 – Posting of meeting notices for water districts.

The Board reviewed a copy of HB 3357 which provides for posting notice of an open meeting on the entity's website. Ms. Serrato explained that currently NWSC faxes an agenda to the Nueces County Clerk and awaits confirmation that the notice has been posted in a timely manner. In addition the receptionist hand delivers the agenda to the Kleberg County Clerk's office and waits for the agenda to be stamped as received. She stated that HB 3357 provides legal authorization to use a website for posting the Corporation's notices and asked the Board for their preference for posting meetings. Mr. Benton made a motion to authorize posting of NWSC meeting notices on the Corporation's website. Ms. Black seconded. All voted in favor.

17. Participation in Texas Cooperative Liquid Assets Securities System (Texas CLASS).

Ms. Serrato requested authorization to participate in Texas CLASS by adoption of Resolution 15-07 in order to invest funds as approved by the Board.

18. Resolution 15-07. Resolution authorizing participation in Texas Cooperative Liquid Assets Securities System (Texas CLASS).

Ms. Black made a motion to adopt Resolution 15-07 authorizing participation in Texas CLASS. Mr. Benton seconded. All voted in favor.

19. Participation in TexPool Prime Investment Pools and designation of authorized representatives.

Ms. Serrato stated that in response to Board discussions on investments, staff began the process of transferring funds to TexPool Prime Investment Pools. She presented a TexPool Investment Pools Participation Agreement and Resolution 15-08 which are required for participation in TexPool and recommended approval of the Agreement and adoption of Resolution 15-08 which authorizes participation in TexPool Prime and designates authorized representatives.

20. Resolution 15-08. Resolution authorizing participation in TexPool Prime Investment Pools and designation of authorized representatives.

Ms. Black made a motion to approve execution of the TexPool Investment Pools Participation Agreement and adopt Resolution 15-08. Mr. Benton seconded. All voted in favor.

21. Purchase of Certificate of Deposit at First Community Bank.

Ms. Serrato stated that per the Board's discussion on the Corporation's interest earnings, staff contacted First Community Bank for purchase of a Certificate of Deposit and was provided a resolution which is required for the purchase. She recommended approval of Resolution 15-09.

22. Resolution 15-09. Resolution authorizing the purchase of a Certificate of Deposit at First Community Bank.

Mr. Benton made a motion to adopt Resolution 15-09. Ms. Black seconded. All voted in favor.

23. Designation of authorized signatories on Nueces Water Supply Checking accounts.

Ms. Serrato stated that checking accounts at NWSC's depository, Kleberg Bank, need updating in order to add and remove names of individuals authorized to sign on the General Account and Operation Account. She recommended authorizing Mr. Benton to sign on both accounts and Ms. Wagner on the General Account by adopting Resolution 15-10.

24. Resolution 15-10. Resolution designating authorized signatories on Nueces Water Supply Corporation checking accounts.

Mr. Benton made a motion to adopt Resolution 15-10. Ms. Black seconded. All voted in favor.

25. Renewal of contract with I.C. System for collection services.

Ms. Serrato presented the I.C. System Premier Collect Agreement for the Board's review and approval. She stated that the agreement has a term of four years and it is up for renewal at a cost of \$125 which has not changed from the last agreement. She said the collection agency collects on large balances left by customers and retains 32% of any collected outstanding balances. She recommended that the Board approve renewal of the agreement. Ms. Black made a motion to renew the I.C. System Premier Collect Agreement and Mr. Benton seconded the motion. All voted in favor.

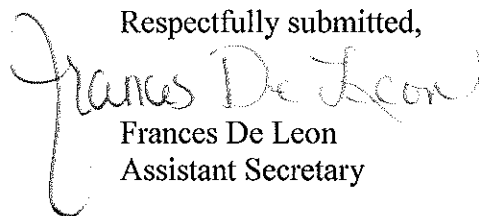
26. Annual Meeting Schedule and Election Procedures.

Ms. Serrato stated that per State requirements, the Board must review Election Procedures for the Annual Membership meeting. She added that Mr. Lundmark's position is up for election in April of 2016 and that there are two other vacancies on the Board that can be filled at that time. The Board reviewed the proposed schedule and the notice to members on submitting an application for the NWSC Board of Directors. Mr. Benton made a motion to approve the presented documents. Ms. Black seconded. All voted in favor.

27. Adjournment.

With no further business to conduct, Mr. Lundmark adjourned the meeting at 11:11 a.m.

Respectfully submitted,



Frances De Leon
Assistant Secretary