

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting
November 13, 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
Frances De Leon
Jo Ella Wagner
Jacob Hinojosa

Guests Present:

None

1. Call to Order.

Ms. Alice J. Black, President, called the Regular Meeting to order at 10:01 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 14, 2017 Regular Meeting as presented. Ms. Zimmerman 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, 2017

Treasurer's Report as of July 31, 2017

Treasurer's Report as of August 31, 2017

Treasurer's Report as of September 30, 2017

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

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

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

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

Account Activity for Operations Account for June 1, 2017 to September 30, 2017

TEXPOOL Participant Statement for 06/01/2017 – 06/30/2017 for General Account

TEXPOOL Participant Statement for 06/01/2017 – 06/30/2017 for Security Deposit Account

TEXPOOL Participant Statement for 07/01/2017 – 07/31/2017 for General Account

TEXPOOL Participant Statement for 07/01/2017 – 07/31/2017 for Security Deposit Account

TEXPOOL Participant Statement for 08/01/2017 – 08/31/2017 for General Account

TEXPOOL Participant Statement for 08/01/2017 – 08/31/2017 for Security Deposit Account

TEXPOOL Participant Statement for 09/01/2017 – 09/30/2017 for General Account

TEXPOOL Participant Statement for 09/01/2017 – 09/30/2017 for Security Deposit Account

The following bills were presented for payment:

STWA Invoice S17-090 \$ 1,535.61

Payroll expense for part-time employee (April, May and June, 2017)

STWA Invoice S17-092 \$ 363.09

Payroll expense for stand by pay (March 30, 2017 through June 28, 2017)

STWA Invoice S17-094 \$ 72.53

Reimburse for T-1 circuit (04/19/2017 through 06/19/2017)

STWA Invoice S17-102 \$40,377.41

July 2017 Water Usage, Water Cost and Handling Charge

STWA Invoice S17-103 \$13,511.44

July 2017 General and Administration

STWA Invoice S17-105 \$12,228.85

July 2017 Taps and Repairs

STWA Invoice S17-113 \$40,215.15

August 2017 Water Usage, Water Cost and Handling Charge

STWA Invoice S17-114 \$13,217.79

August 2017 General and Administration

STWA Invoice S17-116 \$ 3,445.00

August 2017 Taps and Repairs

STWA Invoice S17-124 \$36,622.91

September 2017 Water Usage, Water Cost and Handling Charge

STWA Invoice S17-125 \$13,169.91

September 2017 General and Administration

STWA Invoice S17-127 \$ 1,748.60
Payroll expense for part-time employee (July, August and September, 2017)

STWA Invoice S17-129 \$ 364.21
Payroll expense for stand by pay (June 28, 2017 through September 27, 2017)

STWA Invoice S17-131 \$ 355.66
Reimburse for T-1 circuit (07/19/2017 through 09/19/2017)

STWA Invoice S17-133 \$ 6,598.10
September 2017 Taps and Repairs

Willatt & Flickinger, PLLC, Attorneys at Law \$ 452.50
October 2017 Legal

STWA Invoice S17-141 \$37,900.71
October 2017 Water Usage, Water Cost and Handling Charge

STWA Invoice S17-142 \$13,310.94
October 2017 General and Administration

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

5. Fiscal Year 2017 Budget Amendments.

The Board reviewed the proposed Fiscal Year 2017 Budget Amendments. Ms. Serrato explained that metered water sales decreased by \$30,000 but other fees increased by \$5,525. Total operating revenues increased to \$903,498.30 and total expenses are \$890,328.00 resulting in a Net Income of \$39,595.30. Ms. Smith made a motion to approve the Fiscal Year 2017 Budget Amendments. Mr. Lundmark seconded. All voted in favor.

6. Proposed Fiscal Year 2018 Budget and retail water rates.

Ms. Serrato presented a proposed Fiscal Year 2018 Budget based on the current rates as well as three other versions based on various monthly minimums, tier rates and depreciation as an expense. The one using the current rates reflects a Net Loss of \$35,079.40. Proposal A is based on a \$30.00 minimum and a \$3.35 water rate reflecting a Net Loss of \$21,844. Proposal B is based on a \$30.50 minimum and a \$3.40 water rate resulting in a Net Loss of \$8,608.61. Proposal C, based on a \$31.00 minimum and a water rate of \$3.45, results in a Net Income of \$4,626.78. Ms. Wagner pointed out that the amounts listed as Net Income without Depreciation best illustrate the Corporation's net income. Ms. Serrato reminded the Board that the expenses related to the Driscoll Relief Route should be 100% reimbursable and that Texas Water

Development Board funds should be available for the Cyndie Park II project as a result of a Nueces County application with 100% loan forgiveness. Ms. Smith made a motion to maintain the current rates. Mr. Lundmark seconded. All voted in favor.

7. Resolution 17-04. Resolution adopting the recommended Fiscal Year 2018 Budget.

Mr. Lundmark made a motion to adopt the Fiscal Year 2018 Budget based on maintaining the current water rates. Ms. Smith seconded. All voted in favor.

8. 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, 2017. The letter quotes a cost of \$4,875 which is a \$225 increase over last year.

After the Board's review of the document, Mr. Benton made a motion to accept the engagement letter for FY 2017 audit services with John Womack & Co., P.C. in the amount of \$4,875. Mr. Lundmark seconded the motion. All voted in favor.

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

Ms. Serrato distributed an updated version of the Non-Standard Agreement for Provision of Water Service for Bishop Courts. She reviewed the document with the Board including Exhibit B (provisions related to any necessary future water system extension). She stated that the contractor on the project visited the office and questioned the size of the meter and asked about fire protection. She explained the reason for size of the meter and also explained to him that NWSC does not provide fire protection. Ms. Serrato has informed Bishop Courts that additional changes to the demand will require another analysis. She requested Board approval to provide the agreement to Bishop Courts. Mr. Lundmark made a motion to authorize Ms. Serrato to provide the agreement and necessary information to Bishop Courts. Ms. Smith seconded and all voted in favor.

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

- Cyndie Park II WSC/PUC sale, transfer, merger application
- Cyndie Park I Water Coop/PUC sale, transfer, merger application
- Agreement between Nueces Water Supply Corporation and Cyndie Park II for transfer of facilities

Ms. Serrato reported that she met with Nueces County and LNV, Inc. representatives on October 18 regarding the Cyndie Park II project. The group discussed the need to file Sale, Transfer and Merger Applications for CPII WSC's service area (CCN 12100) and CPI Water Co-op's service area (CCN 12107) as well as the contracts that will be required between CPII WSC and Nueces County, CPII and NWSC, and Nueces County and NWSC.

Ms. Serrato reviewed the "Contract for Acquisition by Nueces Water Supply Corporation of Certain Water Utility Assets of Cyndie Park 2 Water Supply Corporation located within and serving that certain subdivision known as and referred to as Cyndie Park 2" and explained that NWSC will not be accepting the well or any real estate and the transfer will not occur until the new facilities are in place. She added that Mr. Flickinger recommends that the Board authorize providing the document to CPII for approval by their board prior to execution by NWSC. Ms. Serrato also requested authorization to work with consultants on the Sale, Merger and Transfer Applications for CPII and CPI Water Co-op. Mr. Lundmark made a motion to approve sending the provided contract for transfer of connections and facilities to the CPII WSC board and to authorize staff to work with legal counsel to submit the necessary paperwork for sale, transfer and merger of CCN 12100 and CCN 12107. Mr. Benton seconded. All voted in favor.

11. All matters pertaining to NWSC waterline adjustments for TxDOT Relief Route in Driscoll, Texas.

- Contract for Services with LNV, Inc. for Engineering Services
- TxDOT For ROW-U-UAWS for Assignment of U Number

Ms. Serrato stated that TxDOT is moving forward with plans for a relief route around the east side of Driscoll which will impact NWSC's waterlines at various locations on CR 79, US 77, FM 665 and on CR 18. TxDOT has announced a deadline of February 28, 2018 for completion of utility adjustments. She added that for the 2" waterline running along CR 79, TxDOT has recommended that NWSC consider establishing a utility strip by requesting an exception based on the financial burden of relocation. This will allow the waterline to remain in place and future federal projects in the utility strip will be 100% reimbursable. She added that an engineering firm will need to develop a design and recommended hiring LNV, Inc. for the work. She presented a contract from LNV for design, permitting, bidding, administration and surveying services at a cost of \$49,500 and added that this cost may change if the utility strip is granted and relocation of the 2" line is not needed. She also stated that she would like to use Right of Way Service for Landman services and added that an attorney will be needed to work on easements. Mr. Lundmark made a motion to 1) approve the LNV Contract for Services in the amount of \$49,500, 2) authorize Ms. Serrato to submit TxDOT Form ROW-U-UAWS and 3) if it is confirmed that future federal projects in a utility strip will be 100% reimbursable, authorize Ms. Serrato to request the exception. Ms. Smith seconded. All voted in favor.

12. Amended Nueces Water Supply Corporation Water Conservation and Drought Contingency Plan.

Ms. Serrato presented the proposed amended NWSC Water Conservation and Drought Contingency Plan discussed at the previous Board meeting. 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. She added that since the last meeting, the STWA Board of Directors approved an amended STWA Water Conservation and Drought Contingency Plan which was provided to STWA's wholesale customers. The amended NWSC Water Conservation and Drought Contingency Plan reflects the same changes as the City of Corpus

Christi's trigger levels. She recommended approving Resolution 17-05 adopting the Amended Water Conservation and Drought Contingency Plan.

13. **Resolution 17-05. Resolution adopting the Amended Nueces Water Supply Corporation Water Conservation and Drought Contingency Plan.**

Ms. Smith made a motion to adopt Resolution 17-05 approving the Amended Nueces Water Supply Corporation Water Conservation and Drought Contingency Plan. Mr. Benton seconded. All voted in favor.

14. **Overtime and South Texas Water Authority Personnel Policy.**

Ms. Serrato provided information to the Board regarding STWA's Personnel Policy pertaining to overtime. She said that due to recent concerns regarding accumulation of compensatory time, she discussed the issues with a labor law attorney which led to amending the Personnel Policy. Under the revision, the O&M Supervisor, Business/Risk Manager and Finance Manager will be paid overtime and no longer earn compensatory time for overtime worked on behalf of the Corporation. The Board made no comments in opposition of the changes

15. **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 2018. Mr. Lundmark indicated that he would like to continue serving on the Board. The Board reviewed the proposed schedule and election procedures. Ms. Serrato stated that upon approval, staff can move forward with following the timeline to provide notices and begin the process of holding the Annual Membership Meeting and election. Mr. Lundmark made a motion to approve the procedures and timeline and authorize mailing out the notices regarding applications for Board of Director. Mr. Benton seconded and all voted in favor.

16. **Designation of authorized signatories on Nueces Water Supply Corporation Certificate of Deposit with Kleberg Bank.**

Ms. Serrato presented documents on the renewal of the certificate of deposit at Kleberg Bank and recommended approval of the documents including Resolution 17-06 designating authorized signatories on the certificate of deposit.

17. **Resolution 17-06. Resolution designating authorized signatories on Nueces Water Supply Corporation Certificate of Deposit with Kleberg Bank.**

Mr. Benton made a motion to approve Resolution 17-06. Mr. Lundmark seconded. All voted in favor.

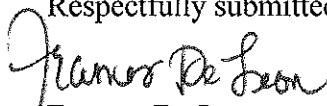
18. Extension of Agreement for Provision of Water Service for Austin Bay Field Office on property located on CR 34 outside of NWSC CCN and STWAs district.

Ms. Serrato stated that the agreement previously approved by the Board to provide service to the Austin Bay field office on CR 34 has expired and Mr. Dale Berry has requested a two-year extension. Mr. Lundmark made a motion to extend the agreement for two more years. Mr. Benton seconded. All voted in favor.

19. Adjournment.

With no further business to conduct, Ms. Black adjourned the meeting at 11:23 a.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary