

NUECES WATER SUPPLY CORPORATION

Minutes – Regular Meeting
November 17, 2016

Board Members Present:

Alice J. Black
Mike Benton
Donald Lundmark
Sherry Zimmerman

Board Members Absent:

Ruth Ann Smith

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 September 14, 2016 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 September 30, 2016

Treasurer's Report as of October 31, 2016

Account Activity for General Account for September 1, 2016 to October 31, 2016

Account Activity for Operations Account for September 1, 2016 to October 31, 2016

TEXPOOL Participant Statement for 09/01/2016 – 09/30/2016 for General Account

TEXPOOL Participant Statement for 09/01/2016 – 09/30/2016 for Security Deposit Account

TEXPOOL Participant Statement for 10/01/2016 – 10/31/2016 for General Account

TEXPOOL Participant Statement for 10/01/2016 – 10/31/2016 for Security Deposit Account

The following bills were presented for payment:

STWA Invoice S16-114 August 2016 Water Usage, Water Cost and Handling Charge	\$42,822.68
STWA Invoice S16-115 August 2016 General and Administration	\$11,802.24
STWA Invoice S16-117 August 2016 Taps and Repairs	\$ 4,420.00
HDR Engineering, Inc. Nitrification Action Plan	\$ 7,540.00
Willatt & Flickinger, PLLC September Legal	\$ 390.00
STWA Invoice S16-125 September 2016 Water Usage, Water Cost and Handling Charge	\$37,095.97
STWA Invoice S16-126 September 2016 General and Administration	\$11,747.66
STWA Invoice S16-128 September 2016 Taps and Repairs	\$ 3,550.20
STWA Invoice S16-132 Payroll expense for stand by pay (July 7, 2016 through September 28, 2016)	\$ 364.59
STWA Invoice S16-130 Payroll expense for part-time employee (July, August and September, 2016)	\$ 2,023.08
STWA Invoice S16-134 Reimburse for T-1 circuit providing phone service through AT&T for the period of July 2016 through September 2016	\$ 72.42
STWA Invoice S16-143 October 2016 Water Usage, Water Cost and Handling Charge	\$39,195.82
STWA Invoice S16-144 October 2016 General and Administration	\$11,830.03

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

5. Fiscal Year 2016 Budget Amendments.

The Board reviewed the proposed Fiscal Year 2016 Budget Amendments. Ms. Serrato explained that revenues increased by \$106,300 and expenses increased by about \$99,000 resulting in a projected Net Loss of \$28,105 which includes a \$127,000 depreciation expense. She added that the majority of the changes are due to increases in water service and water purchases. Mr. Benton made a motion to approve the Fiscal Year 2016 Budget Amendments. Mr. Lundmark seconded. All voted in favor.

6. Proposed Fiscal Year 2017 Budget and retail water rates.

Ms. Serrato presented a proposed Fiscal Year 2017 Budget based on the current rates. She also presented three additional proposals reflecting slight rate increases but stated that the Corporation has a stable fund balance and she does not recommend an increase. Mr. Benton moved to keep the current rates. Ms. Zimmerman seconded. All voted in favor.

7. Resolution 16-02. Resolution adopting the recommended Fiscal Year 2017 Budget.

Mr. Benton made a motion to adopt the Fiscal Year 2017 Budget based on maintaining the current water rates. Ms. Zimmerman 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, 2016. The letter quotes a cost of \$4,650 which is \$200 more than last year.

After the Board's review of the document, Mr. Lundmark made a motion to accept the engagement letter for FY 2016 audit services with John Womack & Co., P.C. in the amount of \$4,650. Mr. Benton seconded the motion. All voted in favor.

9. 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 per Board approval, a letter was sent to Oscar Hurtado of TxDOT offering to settle the issue of replacement easements for those easements which were affected by construction but had no water lines to relocate. TxDOT has not provided a response. In addition, she has been working with Jared Silva of the Rios Group to finalize reimbursement on the project which has been calculated at \$56,248.30.

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

Ms. Serrato presented a cost breakdown on the Driscoll Pump Station Improvement project showing South Texas Water Authority's cost for expansion of the building at \$57,024.78 and NWSC's portion for installation of an additional pump at \$141,278.22. She reported that the information was presented to the STWA Board at their October meeting and the Board agreed that the cost allocations seemed appropriate. She added that the project is virtually complete with exception of delivery of the operational manuals. She requested that the Board approve payment to STWA in the amount of \$141,278.22. Mr. Benton made a motion to approve reimbursing South Texas Water Authority in the amount of \$141,278.22 for the Corporation's share of the project and Mr. Lundmark seconded the motion. All voted in favor.

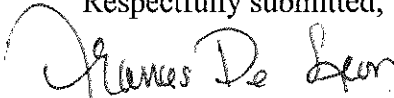
11. Annual Meeting Schedule and Election Procedures.

Ms. Serrato stated that per State requirements, the Board must review Election Procedures for the Annual Membership meeting. She added that Mr. Benton's and Ms. Black's positions are up for election in April of 2017. The Board reviewed the proposed schedule and Election Procedures and 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. The Board requested no changes and agreed on approval of the procedures and the presented timeline.

12. Adjournment.

With no further business to conduct, Mr. Lundmark made a motion to adjourn the meeting at 10:41 a.m. Ms. Zimmerman seconded and all voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary