

RICARDO WATER SUPPLY CORPORATION
Regular Meeting Minutes
December 10, 2019

Board Members Present:

Baldemar Garcia
Robert Zavala
Oliver Hinojosa
James Fischer
Robert Garza
Timothy Robertson

Board Members Absent:

Frank Escobedo

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Armando Yruegas

Guests Present:

None

1. Call to Order.

Board President Baldemar Garcia called the Regular Meeting of the Ricardo Water Supply Corporation Board of Directors to order at 5:30 p.m. at the STWA Boardroom in Kingsville, Texas. A quorum was present.

2. Citizen comments.

Mr. Garcia opened the floor to citizen comments. No citizen comments were made.

3. Approval of Minutes.

Mr. Zavala made a motion to approve the minutes of the October 29, 2019 Regular Meeting as presented. Mr. Robertson seconded and the motion carried.

4. Treasurer's Report/Payment of Bills.

The following financial reports were presented for Board review and approval:

Treasurer's Report as of October 31, 2019

Account Activity for General Account for October 1, 2019 to October 31, 2019

Account Activity for Operations Account for October 1, 2019 to October 31, 2019

TEXPOOL Participant Statement for 10/01/2019 – 10/31/2019 for General Account

TEXPOOL Participant Statement for 10/01/2019 – 10/31/2019 for Membership Deposit Account

TEXPOOL Participant Statement for 10/01/2019 – 10/31/2019 for USDA Reserve Account

TexSTAR General Account Statement for 10/01/2019 – 10/31/2019

The following bills were presented for payment:

STWA Invoice S19-165 October 2019 Water Usage, Water Cost and Handling Charge	\$33,878.11
STWA Invoice S19-166 October 2019 General and Administration	\$15,997.65
STWA Invoice S19-169 October 2019 Taps and Repairs	\$ 8,632.02

A motion was made by Mr. Robertson and seconded by Mr. Zavala to approve the Treasurer's Report and payment of the bills. The motion carried.

5. Fiscal Year 2019 Budget Amendments.

Ms. Serrato reviewed the proposed Fiscal Year 2019 Amended Budget which reflected a Revenue increase of \$49,775 of which \$40,500 is the TxDOT reimbursement. Total Operating Expenses increased by \$46,251 and overall Net operating income decreased by \$36,976 from the original adopted budget. She pointed out that a new TxDOT Reimbursement line item has been added per auditor instruction but expenses related to the TxDOT project will be reflected in the Balance Sheet. Mr. Zavala made a motion to approve the Fiscal Year 2019 Budget Amendments. Mr. Hinojosa seconded. All voted in favor.

6. Proposed Fiscal Year 2020 Budget and retail water rates.

The Board reviewed a proposed Fiscal Year 2020 Budget based on the current rates along with four additional scenarios with various monthly minimum and thousand-gallon rate increases. Ms. Serrato recommended that the Board adjust the rates to generate the anticipated increase in STWA's management fees. The Board's consensus was to choose Scenario D.

7. Resolution 19-04. Resolution adopting the recommended Fiscal Year 2020 Budget.

Mr. Zavala made a motion to adopt the Fiscal Year 2020 Budget based on Scenario D with a monthly minimum of \$40.50 on a 5/8" meter and water rates of \$4.10/1000g up to 20,000 gallons and \$4.30/1000g over 20,000 gallons. Mr. Garza seconded and all voted in favor.

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

The Board reviewed the John Womack & Co., P.C. Letter of Engagement for auditor services for the audit of RWSC's financial statements for the year ended December 31, 2019 in the amount of \$5,250 for a basic audit which is a \$150 increase from last year. After reviewing the letter, Mr. Garza made a motion to accept the engagement letter for FY 2019 audit services with John Womack & Co., P.C. in the amount of \$5,250. Mr. Zavala seconded the motion. All voted in favor.

9. 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 the positions currently held by Mr. Garcia, Mr. Garza and Mr. Robertson are up for election in April of 2020. The Board reviewed the proposed schedule and the notice to members on submitting an application for the RWSC Board of Directors. Mr. Hinojosa made a motion to approve the presented documents. Mr. Robertson seconded. All voted in favor.

10. Agreement with Ricardo Wastewater Improvement Corporation for billing and collecting of wastewater charges.

Ms. Serrato reviewed an analysis of the Agreement with Ricardo Wastewater Improvement Corporation for Billing and Collecting of Wastewater Charges. The analysis showed that the cost of providing the billing and collection services has increased by \$0.512 per customer. She recommended that the amount of the increase be split half and half between RWSC and RWIC resulting in a new rate of \$2.5235 per customer per month – \$0.256 added to the current rate of \$2.2675 per customer. The Board agreed with the recommendation and asked to review the agreement annually.

11. Resolution 19-05. Resolution renewing the agreement with Ricardo Wastewater Improvement Corporation for billing and collecting of wastewater charges.

Mr. Zavala made a motion to adopt Resolution 19-05 renewing the agreement with Ricardo Wastewater Improvement Corporation at a charge of \$2.5235 per customer for one year. Mr. Garza seconded. All voted in favor.

12. All matters pertaining to TxDOT Upgrades on US 77 at CR 2120/FM 772 and US77/I69.

- Authorization to execute Texas Department of Transportation Master Utility Agreement
- Resolution 19-06. Resolution authorizing Board President and General Manager to take any and all actions necessary or convenient to satisfy the obligations and responsibilities of Ricardo Water Supply Corporation in connection with the TxDOT US 77 Project South of Kingsville, Texas

Ms. Serrato reported that staff continues working with LNV Engineering and TxDOT on matters pertaining to the project. She has been notified that the waterline adjustment and casing will be reimbursable by TxDOT. She and Mr. Garcia met with LNV Engineer Eric Villarreal and TxDOT representatives to review details of the project and the proposed reimbursement. In addition, the revised crossing will be simpler in design as a straight shot from CR 2120 to FM 772 without any bends. She presented the Master Utility Agreement provided by TxDOT and added that an additional signature authorization form will be forthcoming which authorizes her signature in place of the board president. She requested authorization to execute the Master Utility Agreement, the signature authorization form and Resolution 19-06 authorizing Ms. Serrato and Mr. Garcia to sign the necessary documents rather than requiring Board meetings for each milestone in the construction phase. Mr. Robertson made a motion to approve execution of

the Master Utility Agreement, the signature authorization form and Resolution 19-06. Mr. Hinojosa seconded and all voted in favor.

13. Quotes for painting of elevated storage tank at Pump Station #1.

Ms. Serrato stated that she contacted Diamond Enterprises and NG Painting for quotes on painting the elevated storage tank at Pump Station #1. Diamond Enterprises has performed other jobs for the pump stations. NG recently installed a liner for STWA on the Driscoll ground storage tank. There is also another contractor from Laredo that Mercer Controls has used. Ms. Serrato stated that she left a voice mail for NG Painting but has not yet received a response. She distributed copies of quotes provided by Mr. Archie Wilkins of Diamond Enterprises. Option A includes outside sandblasting, use of a containment, re-painting of the logo and painting of the exterior of the bowl. In addition, it includes sandblasting and painting of the interior wet area and disinfection as well as sandblasting and painting of the interior dry area for a total of \$253,000. Option B includes pressure washing the exterior, power tooling rusted areas power tooled, re-painting of the logo and painting of the bowl. In addition, on the interior wet area it includes spot blasting the rusted areas, sweep blasting the remainder, spot coat of blasted areas, painting and disinfection. On the inside dry area, it includes spot blasting rusted areas, sweep blasting the remainder, spot coating blasted areas painting and sterilizing for a total of \$157,000. Mr. Wilkins says that Option A should provide service for 12 to 15 years and Option B should last 8 to 10 years. The Board requested that Ms. Serrato contract the company from Laredo directly for a quote and to wait on a decision until more information becomes available.

14. Tariff Amendments.

- Section G: Rates and Service Fees, Item 6-Standard and Non-Standard Availability Charges, Sections A and B
- Section G: Rates and Service Fees, Item 8-Returned Check Fee
- Section I: Nueces Water Supply Corporation Fees

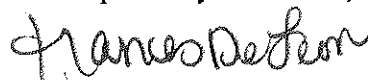
Ms. Serrato pointed out that the subject of the sections listed on the agenda are correct but included the wrong lettering and number sequence. She contacted attorney Bill Flickinger to verify that the Board can take action. Mr. Flickinger advised in writing that he interprets the agenda item as including all possible Tariff amendments and the bullet points as possible amendments for consideration and does not see the error as preventing the Board from acting on the Tariff Amendments not specifically cited in the agenda.

Ms. Serrato presented proposed changes to the Tariff reflecting increases for the same amounts as charged by STWA. These include a \$30 overall increase in standard service installation which includes \$10 increases for tap, meter installation and meter box installation charges. Therefore, the Tariff would be amended to show the Tap Fee at \$585. She also noted that charges for Road Bores 3" or less would increase to \$30.00/lf and Long Service Connection would increase to \$2.25/lf. Finally, Ms. Serrato proposed that the Returned Check Fee be increased to \$25. The new fees will be effective January 1, 2020. Mr. Zavala made a motion to approve the Tariff Amendments as proposed but to increase the Returned Check Fee to \$30. Mr. Robertson seconded. All voted in favor.

15. Adjournment.

With no further business to conduct, Mr. Robertson made a motion to adjourn the meeting at 6:22 p.m. Mr. Zavala seconded and all voted in favor.

Respectfully submitted,

A handwritten signature in cursive script that reads "Frances De Leon".

Frances De Leon
Assistant Secretary