

RICARDO WATER SUPPLY CORPORATION
Regular Meeting Minutes
April 14, 2015

Board Members Present:

Baldemar Garcia
Robert Zavala
Oliver Hinojosa
Kathy Brown
James Fischer
Christina Titus

Board Members Absent:

Robert Garza

Staff Present:

Carola G. Serrato
Frances Rosales
Jo Ella Wagner
Jacob Hinojosa
Dony Cantu
Monica Ayarzagoitia

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 7:22 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. Election of officers.

Mr. Zavala made a motion to re-appoint the current slate of officers. Ms. Brown seconded. The motion carried. The officers were re-appointed as follows:

President – Baldemar Garcia
Vice-President – Robert Zavala
Secretary-Treasurer – Oliver Hinojosa

4. Approval of Minutes.

Mr. Hinojosa made a motion to approve the minutes of the March 3, 2015 Regular Meeting as presented. Mr. Zavala seconded and the motion carried.

9. Tariff amendment – Section E-13 (Due Dates, Delinquent Bills and Service Disconnection Date).

Ms. Serrato presented a proposed modified Section E, Item 13 of the Corporation Tariff pertaining to Due Dates, Delinquent Bills and Service Disconnection Date. She said staff is recommending the modifications because of the changes with the new billing system, the ability to receive online payments, and delays in mail delivery by the U.S. Postal Service. She read the proposed changes and in addition replaced part of the sentence “Payments made by the drop box will be considered late if not received in the Corporation’s office on or before the due date” to “...if not received in the Corporation’s office before the due date or by 4:59 p.m. on the due date.” She explained that if the changes are approved, staff will no longer need to inspect each piece of mail for a postmark to determine if manual adjustments are necessary. The changes would also make the late charge and service fee/cutoff charge uniform for all customers regardless of whether payments are made in person, by drop box, by mail or online. Mr. Fischer made a motion to approve the modified Tariff language for Section E, Item 13. Ms. Brown seconded and all voted in favor.

5. Treasurer’s Report/Payment of Bills.

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

Treasurer’s Report as of February 28, 2015

Treasurer’s Report as of March 31, 2015

Account Activity for General Account for February, 2015

Account Activity for General Account for March, 2015

Account Activity for Operations Account for February, 2015

Account Activity for Operations Account for March, 2015

TEXPOOL Participant Statement for 02/01/2015 – 02/28/2015 for General Account

TEXPOOL Participant Statement for 02/01/2015 – 02/28/2015 for Membership Deposit Account

TEXPOOL Participant Statement for 02/01/2015 – 02/28/2015 for USDA Reserve Account

TEXPOOL Participant Statement for 03/01/2015 – 03/31/2015 for General Account

TEXPOOL Participant Statement for 03/01/2015 – 03/31/2015 for Membership Deposit Account

TEXPOOL Participant Statement for 03/01/2015 – 03/31/2015 for USDA Reserve Account

The following bills were presented for payment:

STWA Invoice S15-034	\$16,082.51
February, 2015 Water Usage, Water Cost and Handling Charge	

STWA Invoice S15-035	\$13,160.48
February, 2015 General and Administration	

STWA Invoice S15-038	\$ 2,772.50
February, 2015 Taps and Repairs	

STWA Invoice S15-045 \$19,294.74
March, 2015 Water Usage, Water Cost and Handling Charge

STWA Invoice S15-046 \$17,635.30
March, 2015 General and Administration

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

6. Appointment of Credentials Committee.

Ms. Serrato stated that a Credentials Committee needs to be appointed to review the process for next year's Annual Membership Meeting. She said the current members are Mr. Hinojosa, Mr. Garza and Robert Wagner. Mr. Zavala made a motion to appoint Mr. Hinojosa, Mr. Garza and Mr. Wagner to the Credentials Committee. Ms. Brown seconded. All voted in favor.

7. Water Supply Contract with South Texas Water Authority.

Mr. Garcia offered a brief update on the progress of negotiations on a water supply contract with South Texas Water Authority. He said he discussed the contract with legal counsel Gerald Benadum who agreed with Mike Willatt's (Willatt & Flickinger) opinion that including a provision allowing RWSC to purchase its water from a less expensive source would result in a non-binding contract. Additionally, Mr. Garcia said he believed that a 20-year term would likely be necessary and that the Corporation should accept title to all the facilities including the 14" waterline running towards the pump stations from FM 772 south on CR 1030. He also requested a provision protecting the Corporation from paying a Handling Charge Take or Pay fee during drought conditions which prevent the Corporation from taking their annual volume. Ms. Serrato thanked Mr. Garcia for his input and Mr. Garcia said that the matter needs to be finalized so the Corporation can move forward.

8. Resolution 15-01. Resolution authoring the President of the Ricardo Water Supply Corporation to execute a Water Supply Contract with South Texas Water Authority.

No action was taken on Resolution 15-01.

10. Credit card payment fees and Finance Code restrictions on which entities and by what means the fees may be charged.

- Third Party Provider Agreement

Ms. Serrato stated that after the Board approved the service agreement with Bankcard Associates in January 2015, an Advisory Bulletin (dated March 27, 2015) was sent by the Texas Rural Water Association and issued by the Texas Office of Consumer Credit Commissioner. The article outlines restrictions on charging customers a fee for using a credit card to pay utility bills. She discussed the information with Bill Flickinger of Willatt & Flickinger and suggested the following actions in order to comply with the bulletin:

1. Acceptance of cash, personal check, cashier's check and money order payments at the front counter.
2. Acceptance of online payments by credit card using a third party provider that will process two transactions in order to separate the charges for payment to the Corporation for utility services and to the third party provider for the surcharge/processing fee.
3. Posting a notice on the Corporation's website advising customers that they can pay the bill in the office by cash, check, cashier's check or money order or by mail or night drop without being charged any fees.
4. Setting up a computer in the lobby for customers wishing to pay online in the office.

Ms. Serrato said that customers will be charged a flat amount of \$3.50 and added that staff is awaiting a new agreement from Bankcard Associates. The Board agreed to table this item until the agreement is received.

11. Update on Logics billing system.

Ms. Serrato stated that staff continues working with Logics on resolving some issues with the billing system and reviewed a list of questions that were referred to software trainer Karla Taylor during a recent phone call. She said she would keep the Board updated on progress of the transition.

12. Addition of second, same size pump at Pump Station #2.

Ms. Serrato stated that as instructed by the Board at the last meeting, staff has been working on gathering quotes for a second pump the same size as the existing pump being used to pump water into the elevated storage tank. She also researched engineering requirements and TCEQ requirements for such a project. She said Mr. Willatt recommended sending a letter to TCEQ notifying them of the Corporation's intention regarding the pump. In addition, she has received a quote for a pump in the amount of \$49,890 from Pump Solutions and asked for authorization to request additional bids. Ms. Brown made a motion to authorize staff to seek bids for the addition of a second, same-size pump with the necessary piping, controls and electrical work. Mr. Zavala seconded and all voted in favor.

13. Update on condition of pumps at Pump Station #1.

Ms. Serrato stated that at the last Board meeting, the Board approved purchase of a Goulds AC-2000 pump from Odessa Pumps at a cost of \$4,877 and allocated a total of \$7,500 for additional work if needed to place it into service. She reported that the pump has been ordered and staff is awaiting delivery. She added that STWA field personnel repaired the platforms for both pumps, but the motor on the currently operating pump is exhibiting problems. Field Supervisor Jacob Hinojosa stated that the motor on another pump was replaced with a Toshiba motor which STWA personnel wired and has continued working well. He provided a quote from C-D Electric for a Toshiba motor at a cost of \$2,100 and added that the motor is currently in stock. Mr. Fischer made a motion to authorize staff to purchase a Toshiba motor from C-D Electric at a cost of \$2,100. Ms. Titus seconded and all voted in favor.

14. Report on Pump Station buildings.

Ms. Serrato said that after discussions on the condition of the pump station buildings at the last Board Meeting, staff contacted Mueller Inc. for quotes for replacement of the PS#1 building. Along with a quote for the material cost for the buildings at all three pump stations, Mueller provided a list of contractors who have been used by their customers to erect the building kits purchased from Mueller. She added that one contractor indicated that it could be more cost effective to have the contractor purchase the raw material from Mueller and construct the building. In addition, the contractors have recommended adding additional foundation to the buildings' perimeters to make the construction of the buildings more efficient with less interruption of the pump facilities. She presented a quote from one of the contractors for replacement of all three pump station buildings at a cost of \$72,855. Mr. Garcia noted that the cost of the materials can be expected to increase over time and that hot-dipped material last longer. The Board requested additional quotes from contractors and a quote on the hot-dipped materials. Ms. Serrato said she would seek additional quotes and would contact Mueller about the various options on materials.

15. Frankie Pattillo request regarding transfer of title of service line and relocation of meter.

Ms. Serrato said that she has not heard back from the Pattillo family regarding Ms. Frankie Pattillo's request for transfer of title of the service line and meter relocation. She presented a cost estimate for relocating the meter and added that Ms. Pattillo should also be responsible for any legal fees associated with the arrangement. She also mentioned that Ms. Pattillo will need to clear the area or pay to have it cleared in order for field personnel to have access to the property. She voiced concerns about having a 2" waterline going into private property for such a distance. Ms. Brown commented that future owners of the property may not want an easement and utility traffic running down the center of the property. Ms. Serrato reviewed the proposed location of the meter on the property and several Board members indicated that there had been some confusion over the location of the meter. Mr. Garcia recommended inviting Ms. Pattillo to meet with the Board because some of the issues had been unclear. Ms. Serrato said she would send her a letter informing her that the Board has reconsidered its position and has additional questions on the request. She said she would place this item on the next agenda for further discussion.

16. Report on field personnel changes.

Ms. Serrato reported that Cameron Whittington is no longer employed by South Texas Water Authority. She said that Jacob Hinojosa has been assigned as the O&M Supervisor, and Dony Cantu has replaced Mr. Hinojosa as Field Foreman. She added that one point of concern under Mr. Whittington's supervision was that flushing of the system was not occurring as he reported. She said she wanted to make the Board aware that the most recent Total Trihalomethanes sample came in at 108 resulting in a 63.9 running quarterly average. She explained that the next sample must be below 96 in order to keep the average from exceeding the MCL of 80 ppb and avoid a violation.

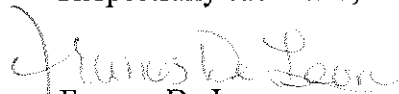
17. Free chlorine burn.

Ms. Serrato reported that South Texas Water Authority will be conducting a free chlorine burn on their 42" waterline in order to clean out the system of nitrification. She explained that the burn is one of the items that South Texas Water Authority agreed to work on during the March 11, 2015 meeting with TCEQ. She said she is also notifying all of the STWA customers who might be affected.

18. Adjournment.

With no further business to conduct, Mr. Zavala made a motion to adjourn the meeting at 8:40 p.m. Ms. Brown seconded and all voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary