

RICARDO WATER SUPPLY CORPORATION
Regular Meeting Minutes
November 10, 2020
(This meeting was held remotely by phone and Zoom.)

Board Members Present:

Baldemar Garcia
Oliver Hinojosa
Frank Escobedo
James Fischer
Timothy Robertson

Board Members Absent:

Robert Zavala
Robert Garza

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Dony Cantu

Guests Present:

Rudy Galvan, Jr., STWA

1. Call to Order.

Board President Baldemar Garcia called the Regular Meeting of the Ricardo Water Supply Corporation Board of Directors to order at 5:31 p.m. 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. Escobedo made a motion to approve the minutes of the August 3, 2020 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 July 31, 2020

Account Activity for General Account for July 1, 2020 to July 31, 2020

Account Activity for Operations Account for July 1, 2020 to July 31, 2020

TEXPOOL Participant Statement for 07/01/2020 – 07/31/2020 for General Account

TEXPOOL Participant Statement for 07/01/2020 – 07/31/2020 for Membership Deposit Account

TEXPOOL Participant Statement for 07/01/2020 – 07/31/2020 for USDA Reserve Account

TexSTAR General Account Statement for 07/01/2020 – 07/31/2020

Treasurer's Report as of August 31, 2020

Account Activity for General Account for August 1, 2020 to August 31, 2020

Account Activity for Operations Account for August 1, 2020 to August 31, 2020

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TEXPOOL Participant Statement for 08/01/2020 – 08/31/2020 for General Account
TEXPOOL Participant Statement for 08/01/2020 – 08/31/2020 for Membership Deposit Account
TEXPOOL Participant Statement for 08/01/2020 – 08/31/2020 for USDA Reserve Account
TexSTAR General Account Statement for 08/01/2020 – 08/31/2020
Treasurer's Report as of September 30, 2020
Account Activity for General Account for September 1, 2020 to September 30, 2020
Account Activity for Operations Account for September 1, 2020 to September 30, 2020
TEXPOOL Participant Statement for 09/01/2020 – 09/30/2020 for General Account
TEXPOOL Participant Statement for 09/01/2020 – 09/30/2020 for Membership Deposit Account
TEXPOOL Participant Statement for 09/01/2020 – 09/30/2020 for USDA Reserve Account
TexSTAR General Account Statement for 09/01/2020 – 09/30/2020
RWSC Water Loss Computation – July 8, 2020 to August 6, 2020
RWSC Water Loss Computation – August 6, 2020 to September 8, 2020
RWSC Water Loss Computation – September 8, 2020 to October 7, 2020

The following bills were presented for payment:

STWA Invoice S20-120 July 2020 Water Usage, Water Cost and Handling Charge	\$29,098.28
STWA Invoice S20-121 July 2020 General and Administration	\$18,596.95
STWA Invoice S20-126 July 2020 Taps and Repairs	\$ 4,286.25
STWA Invoice S20-134 August 2020 Water Usage, Water Cost and Handling Charge	\$31,717.70
STWA Invoice S20-135 August 2020 General and Administration	\$18,724.05
STWA Invoice S20-140 August 2020 Taps and Repairs	\$ 6,672.38
STWA Invoice S20-149 September 2020 Water Usage, Water Cost and Handling Charge	\$24,230.86
STWA Invoice S20-150 September 2020 General and Administration	\$17,432.00
STWA Invoice S20-155 September 2020 Taps and Repairs	\$ 4,156.37
STWA Invoice S20-157 Payroll expense for Stand By Pay for July 1, 2020 through September 30, 2020	\$ 395.82

STWA Invoice S20-159

\$ 979.98

Reimburse for Fiber optic phone service (06/19/20 through 09/19/20) and High Touch Technology support (07/01/20 through 09/30/20)

While reviewing the invoices, Mr. Garcia questioned whether someone was held accountable for Work Order 6322 for repair of a flush valve that was damaged by a mower. Ms. Serrato responded that customers are usually billed for these types of repairs. However, in this case, the property owner was not a customer, and staff was unable to obtain enough information to bill the person responsible for the damage. Mr. Garcia also stated Kleberg County should begin reporting what roads are being worked on when they used the water that is shown on the water loss reports.

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

5. Fiscal Year 2020 Budget Amendments.

Ms. Serrato reviewed the proposed Fiscal Year 2020 Amended Budget which reflected a Revenue decrease of \$26,280 of which \$53,415 is related to the TxDOT reimbursement. Total Operating Expenses increased by \$59,385 and overall Net operating income decreased by \$85,665 from the original adopted budget. Net Income is projected at \$268,446; however, \$281,085 is attributed to TxDOT's reimbursement. She pointed out that a TxDOT Reimbursement line item has been added per auditor instruction but expenses related to the TxDOT project are reflected in the Balance Sheet.

Mr. Robertson made a motion to approve the Fiscal Year 2020 Budget Amendments. Mr. Hinojosa seconded. All voted in favor.

6. Proposed Fiscal Year 2021 Budget and retail water rates.

The Board reviewed a proposed Fiscal Year 2021 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 the cost of water. The Board's consensus was to choose Option C.

7. Resolution 20-04. Resolution adopting the recommended Fiscal Year 2021 Budget.

Mr. Robertson made a motion to adopt the Fiscal Year 2021 Budget based on Option C with a monthly minimum of \$41.00 on a 5/8" meter and water rates of \$4.25/1000g up to 20,000 gallons and \$4.45/1000g over 20,000 gallons. Mr. Fischer 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 in the amount of \$5,425 for auditor services for a basic audit of RWSC's financial statements for the year ended

December 31, 2020. After reviewing the letter, Mr. Escobedo made a motion to accept the engagement letter for FY 2020 audit services with John Womack & Co., P.C. in the amount of \$5,425. Mr. Robertson seconded the motion. All voted in favor.

9. TRWA Recommendations on COVID-19 and 2021 Elections.

Ms. Serrato presented TRWA's recommendations on conducting WSC Elections during the COVID-19 pandemic. She stated that she wanted to make the Board aware that TRWA recommends conducting the annual meeting, even if it is held remotely, rather than postponing or canceling the meeting. TRWA also recommends that the meeting be short and to the point. She reminded the Board that if only two applications are received, those persons can be declared the winners by resolution. No action was taken by the Board.

10. 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. Zavala and Mr. Fischer are up for election in April of 2021. She presented TRWA's Election Procedures 2020 Changes and reviewed the four following recommended changes:

1. Additional language to provide for appointment of a replacement on the Credentials Committee in the event of a vacancy.
2. A change in the number of days from 50 to 45 before the meeting for a candidate to submit an application.
3. Modification of the language to accommodate the change in item #2.
4. The fourth item would not apply based on legal counsel's previous advice against specific places or positions on the Board.

Ms. Serrato also presented the timeline and schedule for the 2021 Annual Membership Meeting and asked for approval to proceed with the schedule and to incorporate the recommended changes in the Corporation's Election Procedures. The Board reviewed the proposed schedule and the notice to members on submitting an application for the RWSC Board of Directors. Mr. Fischer made a motion to authorize incorporating the changes into RWSC's procedures, to approve mailing of the presented documents and proceed with the recommended schedule. Mr. Robertson seconded. All voted in favor.

11. Bank Depository Agreement.

Ms. Serrato presented the Agreement to extend the two-year Depository Contract with Kleberg Bank until 2022 and stated that staff has been satisfied with the services provided by Kleberg Bank. She noted that Kleberg Bank does not charge RWSC any fees and has agreed to extend the current agreement for two years. Mr. Escobedo made a motion to renew the Bank Depository Agreement with Kleberg Bank for two years. Mr. Robertson seconded and the motion passed with all voting in favor.

12. All matters pertaining to TxDOT Upgrades on US 77/I69 at CR 2120/FM 772 and from CR 2130 south to CR 2230.

Ms. Serrato reported that work on the CR 2120 crossing is complete and TxDOT's reimbursement, less the 10% withheld amount, has been received. She also stated that TxDOT's improvements to US77 south of CR 2130 will require adjustments to RWSC's waterlines. She reviewed the locations and stated that it is possible that some of the work can be performed in-house although having time available to perform the work could be an issue. She said joint bidding is another option presented by TxDOT. Mr. Robertson made a motion to proceed with a joint bid, Mr. Escobedo seconded and the motion passed unanimously.

13. Ground Storage Tank Failure at Pump Station #2.

Ms. Serrato stated that there are three options for addressing the collapsed ground storage tank at Pump Station #2 – demolish, attempt to repair, or demolish and look into replacing the tank. Mr. Garcia responded that demolition was his preference and Mr. Robertson agreed. Ms. Serrato stated that there is sufficient capacity without this tank. She will look into the cost of demolition and present information to the Board at the next meeting. TCEQ did not indicate that there was a deadline to address the issue with the tank. Interim O&M Supervisor Dony Cantu stated the inlet and outlet will need to be blind-flanged. Mr. Robertson noted that this would be necessary to preserve the integrity of the water system. Mr. Garcia said the Board will review the information staff gathers on demolition and if it appears too expensive to demolish, the Board may look at other options.

14. Developer Contract – Rolando Flores.

Mr. Garcia said he met with Mr. Rolando Flores this morning. A surveyor should be returning to do some work on Thursday. Mr. Flores plans on having a 30-foot road with a ditch on each side and enough room for utilities, but the barn is still standing in the way. Mr. Flores understands all paperwork must be completed before a contract is approved. Mr. Garcia said he made Mr. Flores aware that the Board might not be able to address the contract in the next couple of months. Ms. Serrato commented that Mr. Flores provided pieces of the plat which had several problems. The plat does not include a designated utility easement. Instead a notation is included in the general notes but that is not sufficient. The plat will need to be fixed and reviewed by Commissioners Court again. Ms. Serrato advised the Board that if they want to move this forward, they can approve the resolution contingent on Mr. Flores providing a plat with a utility easement or providing a separate easement and additionally this would be contingent on Ms. Serrato's and legal counsel's review and approval of the documents. She added that the fees have been paid but the check has not been deposited. Mr. Flores paid for 2 ½ inch option. As the lots sell, Mr. Flores intends to develop additional neighboring property. Mr. Robertson recommended tabling this until Mr. Flores gets the necessary paperwork in order.

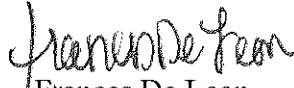
15. Resolution 20-05. Resolution authorizing the Ricardo Water Supply Corporation President to enter into a Water Supply and Development Contract with Rolando Flores, Developer.

Mr. Robertson made a motion to table Resolution 20-05 until adequate information is received. Mr. Escobedo seconded. The motion passed by unanimous vote.

16. Adjournment.

With no further business to conduct, Mr. Hinojosa made a motion to adjourn the meeting at 7:12 p.m. Mr. Robertson seconded and all voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary