

RICARDO WATER SUPPLY CORPORATION  
Regular Meeting Minutes  
December 12, 2017

Board Members Present:

Baldemar Garcia  
Oliver Hinojosa  
Kathy Brown  
Briseida Mendoza

Board Members Absent:

James Fischer  
Robert Garza  
Robert Zavala

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jo Ella Wagner  
Jacob Hinojosa

Guests Present:

George Brown  
Wiley McIlwain

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. 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.

Ms. Mendoza made a motion to approve the minutes of the October 30, 2017 Regular Meeting as presented. Ms. Brown 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 30, 2017

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

Account Activity for Operations Account for October 1, 2017 to October 31, 2017

TEXPOOL Participant Statement for 10/01/2017 – 10/31/2017 for General Account

TEXPOOL Participant Statement for 10/01/2017 – 10/31/2017 for Membership Deposit Account

TEXPOOL Participant Statement for 10/01/2017 – 10/31/2017 for USDA Reserve Account

The following bills were presented for payment:

Willatt & Flickinger, PLLC October Legal	\$ 480.60
STWA Invoice S17-139 October 2017 Water Usage, Water Cost and Handling Charge	\$23,368.76
STWA Invoice S17-140 October 2017 General and Administration	\$14,512.15
STWA Invoice S17-143 October 2017 Taps and Repairs	\$ 6,876.64

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

5. Fiscal Year 2017 Budget Amendments.

The Board reviewed the proposed Fiscal Year 2017 Budget Amendments. Ms. Serrato summarized that the amended budget reflects a decrease in overall revenues of \$7,726 and a decrease in total expenditures of \$23,026. The decreases are attributed mostly to lower water sales and purchases resulting in a decrease in the Net Loss of \$18,645. Ms. Brown made a motion to approve the Fiscal Year 2017 Budget Amendments. Ms. Mendoza seconded. All voted in favor.

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

The Board reviewed a proposed Fiscal Year 2018 Budget based on the current rates along with four additional scenarios with various monthly minimum and thousand gallon rate increases. Ms. Serrato stated that the average cost of water from the City of Corpus Christi is \$2.86 leaving a margin of \$0.84 between the cost of water and the Corporation's first tier rate. She added that since 2008, the 5/8" minimum has increased by \$13.00 per month. The Board recognized that there are operational expenses and capital improvements to consider. After discussing the different scenarios, the Board agreed that Option C, which increases the monthly minimum on a 5/8" meter by \$0.75 with weighted increases on larger meters and increases the tiered rates by \$0.15, is the most suitable option.

7. Resolution 17-07. Resolution adopting the recommended Fiscal Year 2018 Budget.

Mr. Hinojosa made a motion to adopt the Fiscal Year 2018 Budget based on Option C with a monthly minimum of \$38.75 on a 5/8" meter and water rates of \$3.85/1000g up to 20,000 gallons and \$4.00/1000g over 20,000 gallons. Ms. Brown 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, 2017. Ms. Serrato stated that the letter quotes a cost of \$4,825 for a basic audit which is a \$175 increase from last year. After reviewing the letter, Ms. Brown made a motion to accept the engagement letter for FY 2017 audit services with John Womack & Co., P.C. in the amount of \$4,825. Mr. Hinojosa seconded the motion. All voted in favor.

*The order of the agenda was changed to accommodate the guest, Mr. Wiley McIlwain.*

14. Report on King Junior Estates, 24 lots, located on FM 772 – Developer Medina River Estates, LLC.

Mr. Wiley McIlwain introduced himself to the Board and provided a description of the King Junior Estates Subdivision. The subdivision will include 24 various size lots and ten of those tracts will front FM 772. He added that the Kleberg County Commissioners Court has agreed on the developers installing a gate at the entrance at CR 1026. Utility companies and emergency crews would be provided access codes. In addition the gate currently at the south end of the road leading to the Kirk property will remain in place. He stated that he is prepared to provide a 15' or 30' easement along the front of the property on FM 772 depending on RWSC's preference but added that similar developments in other areas use blanket easements surrounding each of the properties and he is willing to do so in this case. He said he is waiting to find out what costs will be associated with reserving capacity for the subdivision. Ms. Serrato pointed out that there is a 6" line on the north side of FM 772 and that a valve at the intersection of FM 772 and CR 1026 will be used to direct service to the subdivision from either Pump Station #1 or Pump Station #2 depending on the outcome of the analysis. She added that work continues on the analysis and she believes it might be completed by early January if Mr. McIlwain provides the plat with the easements. She also reminded Mr. McIlwain that any new lines and appurtenances needed to provide service to the subdivision would be 100% the developer's responsibility. Mr. Garcia pointed out that information regarding the easement would also require review by legal counsel.

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 Mr. Fischer's and Mr. Zavala's positions are up for election in April of 2018. The Board reviewed the proposed schedule and the notice to members on submitting an application for the RWSC Board of Directors. Ms. Brown made a motion to approve the presented documents. Ms. Mendoza seconded. All voted in favor.

10. Participation in reverse call system through Kleberg County Sheriff's Department.

Ms. Serrato reported that she discussed the matter of using Kleberg County's reverse call system for emergencies with Kleberg County Sheriff Richard Kirkpatrick. He indicated that a fax or email providing the information to be broadcast would be sufficient to fulfill the request. During working hours the information should be sent to the Kleberg County Sheriff's Office

Communications Supervisor and after-hours the information should be sent to the KSO dispatcher. The Board consensus was to move forward with using the system as needed.

11. Disinfection by-product results and TCEQ Agreed Order pertaining to Total Trihalomethane MCL, LRAA Violation.

Ms. Serrato stated that the most recent Total Trihalomethane results are below the MCL and have brought RWSC into compliance on the Locational Running Annual Average (LRAA) for both sample locations. She also reported that an Agreed Order has been issued by TCEQ. The Order indicates that the Corporation's Total Trihalomethanes LRAA was above the MCL for quarters 1, 2 and 3 of 2017 for both sampling sites. In addition, the Order imposes a \$345 fee against RWSC and states that the Corporation will return to compliance with a LRAA below the MCL for TTHMs within 365 days. A written certification with supporting documentation will need to be submitted within 380 days showing compliance. She recommended that the Board authorize execution of the Agreed Order and payment of the administrative fee. Ms. Mendoza made a motion to authorize execution of the Agreed Order and authorize payment of the \$345 administrative fee. Ms. Brown seconded. All voted in favor.

12. Update on repairs/reconditioning of ground storage tank at Pump Station #3.

Ms. Serrato reported that the liner has been installed on the north concrete ground storage tank at Pump Station #3 as previously approved by the Board. Once it is cured, the tank will be filled and sampled. She added that Mercer has provided a ten-year warranty on the tank liner.

13. Update on Deed for land exchange on property adjacent to Pump Station #3 and the Estate of G. Dwight Williams.

Ms. Serrato reported that the modified Warranty Deeds were sent to Mr. Allan Cumberland for execution but have not been returned. She added that she has had no contact with Mr. Cumberland.

14. Report on King Junior Estates, 24 lots, located on FM 772 – Developer Medina River Estates, LLC.

This item was discussed earlier in the meeting.

15. Designation of authorized signatories on Ricardo Water Supply Corporation Certificate of Deposit with Kleberg Bank.

Ms. Serrato provided several documents related to renewal of the Certificate of Deposit purchased by the Corporation through Kleberg Bank. She recommended approval of Resolution 17-08 and the necessary documents for renewal.

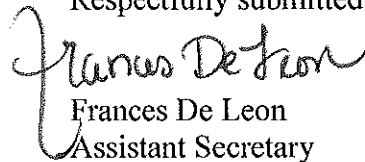
16. **Resolution 17-08. Resolution designating authorized signatories on Ricardo Water Supply Corporation Certificate of Deposit with Kleberg Bank.**

Mr. Hinojosa made a motion to approve Resolution 17-08. Ms. Mendoza seconded. All voted in favor.

17. **Adjournment.**

With no further business to conduct, Mr. Hinojosa made a motion to adjourn the meeting at 6:46 p.m. Ms. Brown seconded and all voted in favor.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary