

RICARDO WATER SUPPLY CORPORATION  
Regular Meeting Minutes  
September 13, 2018

Board Members Present:

Baldemar Garcia  
Robert Zavala  
Oliver Hinojosa  
Kathy Brown  
James Fischer  
Briseida Mendoza

Board Members Absent:

Robert Garza

Staff Present:

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

Guests Present:

Alberto Bazan & Family Members  
George Brown

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.

Ms. Mendoza made a motion to approve the minutes of the June 18, 2018 Regular Meeting as presented. Ms. Brown seconded and the motion carried.

The order of the agenda was changed in order to accommodate the guests.

5. Customer Concern – Account #969, Alberto Bazan – Multiple Tap Violation.

Mr. Alberto Bazan attended the meeting accompanied by a female and another male believed to be Mr. Sanchez who had contacted the office in person regarding the multiple tap violation. Mr. Sanchez also addressed the Board and stated that the violation had been corrected and asked if the unlock fee would be waived by the Board since he claimed the violation letter was never received. He stated that the building in question is merely a storage building housing only tools and no one lives there. He also questioned whether the notice of violation was actually mailed out and voiced his frustration with having the service disconnected without notification. Ms. Serrato stated that the letter was sent to Mr. Alberto Bazan c/o Ms. Belinda Munoz at 225 Birchwood and informed

Mr. Bazan that if he is no longer the owner of the property, he should have it transferred to the new owner. The Board decided against waiving any fees. There was no other Board action.

4. Treasurer's Report/Payment of Bills.

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

Treasurer's Report as of June 30, 2018  
Treasurer's Report as of July 31, 2018  
Treasurer's Report as of August 31, 2018  
Account Activity for General Account for June 1, 2018 to June 30, 2018  
Account Activity for General Account for July 1, 2018 to July 31, 2018  
Account Activity for General Account for August 1, 2018 to August 31, 2018  
Account Activity for Operations Account for June 1, 2018 to August 31, 2018  
TEXPOOL Participant Statement for 06/01/2018 – 06/30/2018 for General Account  
TEXPOOL Participant Statement for 06/01/2018 – 06/30/2018 for Membership Deposit Account  
TEXPOOL Participant Statement for 06/01/2018 – 06/30/2018 for USDA Reserve Account  
TEXPOOL Participant Statement for 07/01/2018 – 07/31/2018 for General Account  
TEXPOOL Participant Statement for 07/01/2018 – 07/31/2018 for Membership Deposit Account  
TEXPOOL Participant Statement for 07/01/2018 – 07/31/2018 for USDA Reserve Account  
TEXPOOL Participant Statement for 08/01/2018 – 08/31/2018 for General Account  
TEXPOOL Participant Statement for 08/01/2018 – 08/31/2018 for Membership Deposit Account  
TEXPOOL Participant Statement for 08/01/2018 – 08/31/2018 for USDA Reserve Account

The following bills were presented for payment:

Willatt & Flickinger, Attorneys at Law Professional Services – June 2018	\$ 666.80
STWA Invoice S18-091 June 2018 Water Usage, Water Cost and Handling Charge	\$24,425.18
STWA Invoice S18-092 June 2018 General and Administration	\$15,872.75
STWA Invoice S18-095 June 2018 Taps and Repairs	\$13,255.84
STWA Invoice S18-097 Payroll expense for Part-time Employee for April, May and June 2018	\$ 1,597.73
STWA Invoice S18-099 Payroll expense for Stand By for March 29, 2018 through June 27, 2018	\$ 367.71
STWA Invoice S18-101 Reimburse for T-1 circuit (04/19/2018 through 07/19/2018)	\$ 339.06

STWA Invoice S18-111 July 2018 Water Usage, Water Cost and Handling Charge	\$26,208.41
STWA Invoice S18-112 July 2018 General and Administration	\$14,363.64
STWA Invoice S18-115 July 2018 Taps and Repairs	\$ 4,995.00

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

6. Water Supply and Development Contract with Developer Medina River Estates, LLC. for King Junior Estates.

Ms. Serrato stated that after the revised Developer's Contract for servicing King Junior Estates was approved by the Board at the previous meeting, it was provided to Medina River Estates, LLC. with a requirement to provide utility easement acknowledgments from lot owners for parcels that have already been sold. She presented the most recent correspondence related to the matter and added that legal counsel Bill Flickinger has reviewed the documents and recommends approval of the Developer's Contract by adopting Resolution 18-05.

7. Resolution 18-05. Resolution authorizing the Ricardo Water Supply Corporation President to enter into a Water Supply and Development Contract with Medina River Estates, LLC.

Mr. Zavala made a motion to adopt Resolution 18-05 authorizing the Ricardo Water Supply Corporation President to enter into a Water Supply and Development Contract with Medina River Estates, LLC. Mr. Hinojosa seconded. All voted in favor.

8. TxDOT improvements on US 77 south of Kingsville and securing engineering services for waterline and casing adjustments and construction for waterline crossing located at CR 2120, FM 772 and US 77/I 69.

Ms. Serrato reported that she has been in contact with TxDOT regarding updated plans on the highway improvements on US 77 south of Kingsville. However, 60% plans are not yet available and she was informed that TxDOT has requested that the firm designing the upgrades revise the plans due to budget constraints and consideration for updated utility information. She added that she and O&M Supervisor Jacob Hinojosa plan to attend a TxDOT meeting on September 13<sup>th</sup> and she will provide feedback on the meeting.

9. SCADA system installation.

O&M Supervisor Jacob Hinojosa reported that the SCADA system is working as it should be. There had been issues with receiving false alarms, but the problem has been corrected. Mr.

Zavala made a motion to pay the remaining 10% retainage, Ms. Mendoza seconded and all voted in favor.

10. Proposed Dollar General on south side of FM 1118 just east of US Highway 77 and contracting services for survey to locate waterline including metes and bounds description for easement.

Ms. Serrato stated that she contacted Mr. Aaron Archer of Walker Partner regarding the cost breakdown analysis and capacity allocation for the proposed Dollar General location. She distributed copies of a map showing the proposed Dollar General location, emails pertaining to the project and a cost analysis to serve the location. Among all the costs the analysis includes 50% of the \$4,247.18 cost of moving the 8" line which transects the parcel. She stated that 50% seems like a reasonable split of the amount to share between the Corporation and Dollar General. Ms. Serrato also pointed out that a metes and bounds easement will be required. The Corporation will pay the legal fees and surveying costs but Dollar General will not be paid for the easement. In addition Dollar General will need to be the owner of record before work can proceed. Mr. Zavala made a motion to authorize Ms. Serrato to hire a surveyor. Mr. Fischer seconded. All voted in favor.

11. Dean Radford property south of proposed Dollar General and contracting services for surveyor to obtain easement.

Ms. Serrato stated that she and Mr. Dean Radford recently discussed the location of the waterline that transects his property. They discussed the route of the waterline and her recommendations to Dollar General representatives about correcting the problem and reviewed the proposed plat. Mr. Radford agreed to provide an easement for the section of the easement that is not within the new parcel that is being sold to Dollar General and agreed that the remainder of the waterline south of the new property line and east of the new property line could remain in place. He also agreed to provide the easement by metes and bounds. Ms. Serrato added that field personnel have marked the waterline in order for a licensed surveyor to prepare a metes and bounds description and asked for authorization to utilize the services of a licensed surveyor and attorney Bill Flickinger to obtain an easement from Mr. Radford. The Board's consensus was for Ms. Serrato to use her best judgement on hiring a surveyor to obtain the easement from Mr. Radford.

12. Bank Depository Agreement.

Ms. Serrato presented the Agreement to Extend Corporation Depository Contract for 2018 – 2020 from Kleberg Bank 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. Fischer made a motion to renew the Bank Depository Agreement with Kleberg Bank for two years. Mr. Zavala seconded and the motion passed with all voting in favor.

13. Proposal for line locate services from USIC Locating Services, LLC.

The Board reviewed the proposal from USIC Locating Services, LLC. Mr. Garcia stated that he did not like the idea of USIC being able to increase the cost as stated in the contract. Ms. Serrato explained that USIC indicated that some of the terms are negotiable. She added that the STWA Board discussed the contract as well but was not very pleased with it. She added that RWSC does not experience as many line locates as STWA or Nueces Water Supply Corporation. She noted that it is just being presented as information at this point. Mr. Garcia stated that he had many concerns and that he does not think it is a good fit for RWSC. No action was taken by the Board.

14. Pump Station #2 Northwest Tank – Crack in tank floor – Check for leak – and possible repairs including in-house repairs, tank liner and quote from U.S. Underwater Services for repair to northwest ground storage tank at Pump Station #2.

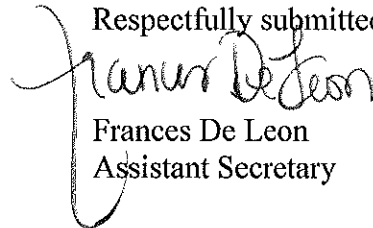
Ms. Serrato presented a report from U.S. Underwater Services from the recent removal of sedimentation in the four ground storage tanks at Pump Station #2 on CR 2170. Field personnel have been addressing several items as a result of the report. One of the items is attempting to determine if there is a leak as a result of a reported crack in the floor of the northwest tank. Field personnel isolated the tank and believe there was a drop of about one inch in a 24-hour period but have not determined if the loss is from a leak or the proper seating of the isolation valve. She presented two quotes from U.S. Underwater Services for repair of the crack. The first is for the use of Aquatapoxy in the amount of \$6,380. The second quote using Grout Injection Epoxy is in the amount of \$8,600 and should be a longer lasting repair although neither is guaranteed. The other alternative would be installing a liner. Ms. Serrato stated that field staff is considering draining and isolating the tank and trying to patch any leaks. Mr. Garcia stated that if there is no evidence of a leak, he sees no need to pursue, but if there is, he would prefer a liner.

15. Positive Pay, Treasury Pro and Remote Deposit Capture services provided by Kleberg Bank.

Ms. Serrato stated that Kleberg Bank has approached staff about three services they provide – Positive Pay, Treasury Pro and Remote Deposit Capture – at a cost of \$165 per month for the package or \$50 a month for Positive Pay. Positive Pay is a service used to prevent fraud. Check number, payee and amount information on all checks written would be forwarded to the bank. The bank in turn would monitor the checks received for payment for verification. Treasury Pro provides remote access to the designated administrator for making changes on the accounts. Remote Deposit Capture would involve using a device to capture check information images from water payments received at the office. The check images would be sent to the bank at the end of the day for an immediate same-day deposit. Kleberg Bank will provide the equipment and service at no cost to RWSC. Ms. Serrato added that she believes the General Account could be closed and a money market account could be used for deposits only. Kleberg Bank is offering a money market account at a rate of 2% but the account is limited to three transactions per month. All bills would be paid from the Operations Account which could have Positive Pay for security. The Board asked staff to find out if the Corporation's insurance covers this type of fraud. No action was taken by the Board.

16. Adjournment.

With no further business to conduct, Ms. Brown made a motion to adjourn the meeting at 6:53 p.m. Ms. Mendoza seconded and all voted in favor.

Respectfully submitted,  
  
Frances De Leon  
Assistant Secretary