

RICARDO WATER SUPPLY CORPORATION  
Regular Meeting Minutes  
November 26, 2018

Board Members Present:

Baldemar Garcia  
Robert Zavala  
Oliver Hinojosa  
Kathy Brown  
James Fischer  
Robert Garza

Board Members Absent:

Briseida Mendoza

Staff Present:

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

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. Fischer made a motion to approve the minutes of the September 13, 2018 Regular Meeting as presented. Mr. Garza 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 August 31, 2018 – Corrected  
Treasurer's Report as of September 30, 2018  
Treasurer's Report as of October 31, 2018  
Account Activity for General Account for August 1, 2018 to August 31, 2018 – Corrected  
Account Activity for General Account for September 1, 2018 to September 30, 2018  
Account Activity for General Account for October 1, 2018 to October 31, 2018  
Account Activity for Operations Account for September 1, 2018 to October 31, 2018  
TEXPOOL Participant Statement for 09/01/2018 – 09/30/2018 for General Account  
TEXPOOL Participant Statement for 09/01/2018 – 09/30/2018 for Membership Deposit Account

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TEXPOOL Participant Statement for 09/01/2018 – 09/30/2018 for USDA Reserve Account  
TEXPOOL Participant Statement for 10/01/2018 – 10/31/2018 for General Account  
TEXPOOL Participant Statement for 10/01/2018 – 10/31/2018 for Membership Deposit Account  
TEXPOOL Participant Statement for 10/01/2018 – 10/31/2018 for USDA Reserve Account  
TexSTAR General Account Statement as of 10/31/2018

The following bills were presented for payment:

STWA Invoice S18-124 August 2018 Water Usage, Water Cost and Handling Charge	\$28,768.57
STWA Invoice S18-125 August 2018 General and Administration	\$14,785.88
STWA Invoice S18-128 August 2018 Taps and Repairs	\$ 2,582.50
STWA Invoice S18-138 September 2018 Water Usage, Water Cost and Handling Charge	\$20,887.06
STWA Invoice S18-139 September 2018 General and Administration	\$15,714.80
STWA Invoice S18-142 September 2018 Taps and Repairs	\$ 2,589.66
STWA Invoice S18-144 Payroll expense for Part-time Employee for July, August and September 2018	\$ 1,887.84
STWA Invoice S18-146 Payroll expense for Stand By for June 28, 2018 through September 26, 2018	\$ 364.34
STWA Invoice S18-148 Reimburse for T-1 circuit (07/19/2018 through 09/19/2018)	\$ 330.76
LNV Professional Services through October 31, 2018 – Dollar General Easements	\$ 5,412.50

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

5. Fiscal Year 2018 Budget Amendments.

The Board reviewed the proposed Fiscal Year 2018 Budget Amendments. Ms. Serrato summarized that the amended budget reflects a decrease in overall revenues of \$22,950 and a decrease in total expenditures of \$11,246.71 resulting in a decrease in the Net Operating Income

of \$11,703.29. Mr. Hinojosa made a motion to approve the Fiscal Year 2018 Budget Amendments. Mr. Garza seconded. All voted in favor.

6. South Texas Water Authority Fees and Charges – Corporation Fee Schedule.

Ms. Serrato presented three tables comparing the current and new fees and charges for services performed by STWA. The first table listed recurring and additional administrative fees. The total increase in the various fees in this category is 85 cents per connection per month. The second table listed STWA's Taps & Repairs service fees recouped by passing the cost along to the RWSC customers that benefit from those services. The third table listed Taps & Repairs service fees that are paid by the Corporation through rates charged to all customers. She stated that STWA increased the valve install, road bore, long service connection, line extension, residential meter testing, line repair and after hour call fees as part of their budget process. She recommended that the Board consider those fees when reviewing the proposed FY 2019 budget. No action was taken by the Board.

7. Proposed Fiscal Year 2019 Budget and retail water rates.

The Board reviewed a proposed Fiscal Year 2019 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 Board can choose to absorb the increases in STWA's charges or pass the cost to customers by raising rates. She noted that some large expenses related to the rehabilitation of Pump Station #3 and TxDOT Highway 77 improvement projects are approaching. Mr. Garcia stated that Scenario D which increases water rates by \$0.20 and the monthly minimum by \$0.85 seems to be the most suitable option.

8. Resolution 18-06. Resolution adopting the recommended Fiscal Year 2019 Budget.

Mr. Zavala made a motion to adopt the Fiscal Year 2019 Budget based on Scenario D with a monthly minimum of \$39.60 on a 5/8" meter and water rates of \$4.05/1000g up to 20,000 gallons and \$4.20/1000g over 20,000 gallons. Ms. Brown seconded and all voted in favor.

9. 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, 2018. Ms. Serrato stated that the letter quotes a cost of \$5,100 for a basic audit which is a \$275 increase from last year. After reviewing the letter, Mr. Zavala made a motion to accept the engagement letter for FY 2018 audit services with John Womack & Co., P.C. in the amount of \$5,100. Mr. Fischer seconded the motion. All voted in favor.

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 Mr. Hinojosa's and Ms. Mendoza's positions are up for election in April of 2019. Ms. Mendoza will not seek re-election. In addition, Ms. Brown

will be resigning at the end of December. The Board reviewed the proposed schedule and the notice to members on submitting an application for the RWSC Board of Directors. The Board agreed that wording on the notices would be modified depending on whether a replacement was appointed to Ms. Brown's unexpired term. Mr. Zavala made a motion to approve the presented documents with any needed changes to address Ms. Brown's position. Mr. Hinojosa seconded. All voted in favor.

11. LNV Inc. Contract for Services – TxDOT Upgrades on US 77 at CR 2120/FM 772 and US77/169.

Ms. Serrato reported that TxDOT has provided the 60% plans on the project and these plans have been forwarded to LNV, Inc. She presented a proposal from LNV in the amount of \$50,000 for design, permitting, bidding, construction administration and surveying services. Mr. Zavala made a motion to authorize using the services of LNV, Inc. Mr. Fischer seconded. The motion passed by unanimous vote.

12. Dollar General on south side of FM 1118 just east of US Highway 77 – Potential Customer and Line Location.

Ms. Serrato informed the Board that the materials for relocating the waterline into the metes and bounds area have been received and the waterline is expected to be relocated by field personnel by the end of the month. She added that the waterline is a few feet from the foundation and the relocation has not impacted the construction of the building.

13. Dean Radford property south of proposed Dollar General – Easement for Existing waterline.

Ms. Serrato reported that the two needed easements have been executed by Mr. William Dean Radford and have been recorded with the Kleberg County Clerk's office.

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

Ms. Serrato reported that the tie-in at King Junior Estates has not been performed but the bore under FM 772 has been completed. The contractor is expected to contact STWA field personnel when the tap is done.

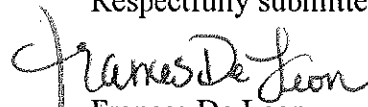
15. STWA Board Consideration of High Touch Technologies Computer System Support and Financial Impact on RWSC.

Ms. Serrato presented an analysis on a proposal from High Touch Technologies which will be presented for consideration by the South Texas Water Authority Board at their next meeting. The proposal includes monitoring and technical support for the various office computers used by STWA and the Corporations. The analysis provides a list of each of the computers and the percentage allocated to the Corporations showing that if STWA approves the three-year agreement, RWSC's annual cost would be \$3,075 per year. The Board voiced no concerns.

16. Adjournment.

With no further business to conduct, Ms. Brown made a motion to adjourn the meeting at 6:25 p.m. Mr. Hinojosa seconded and all voted in favor.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary