

RICARDO WATER SUPPLY CORPORATION
Regular Meeting Minutes
March 3, 2015

Board Members Present:

Baldemar Garcia
Robert Zavala
Oliver Hinojosa
Kathy Brown
James Fischer

Board Members Absent:

Robert Garza
Christina Titus

Staff Present:

Carola G. Serrato
Frances Rosales
Jo Ella Wagner
Jacob Hinojosa

Guests Present:

Gary Pattillo

1. Call to Order.

Board President Baldemar Garcia called the Regular Meeting of the Ricardo Water Supply Corporation Board of Directors to order at 5:33 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. Zavala made a motion to approve the minutes of the November 17, 2014 Regular Meeting and the January 12, 2015 Special 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 November 30, 2014
Treasurer's Report as of December 31, 2014
Treasurer's Report as of January 31, 2015
Account Activity for General Account for November, 2014
Account Activity for General Account for December, 2014
Account Activity for General Account for January, 2015
Account Activity for Operations Account for November, 2014
Account Activity for Operations Account for December, 2014
Account Activity for Operations Account for January, 2015

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TEXPOOL Participant Statement for 11/01/2014 – 11/30/2014 for General Account
TEXPOOL Participant Statement for 11/01/2014 – 11/30/2014 for Membership Deposit Account
TEXPOOL Participant Statement for 11/01/2014 – 11/30/2014 for USDA Reserve Account
TEXPOOL Participant Statement for 12/01/2014 – 12/31/2014 for General Account
TEXPOOL Participant Statement for 12/01/2014 – 12/31/2014 for Membership Deposit Account
TEXPOOL Participant Statement for 12/01/2014 – 12/31/2014 for USDA Reserve Account
TEXPOOL Participant Statement for 01/01/2015 – 01/31/2015 for General Account
TEXPOOL Participant Statement for 01/01/2015 – 01/31/2015 for Membership Deposit Account
TEXPOOL Participant Statement for 01/01/2015 – 01/31/2015 for USDA Reserve Account

The following bills were presented for payment:

STWA Invoice S14-147 November, 2014 Water Usage, Water Cost and Handling Charge	\$19,923.69
STWA Invoice S14-148 November, 2014 General and Administration	\$14,572.30
STWA Invoice S14-151 November, 2014 Taps and Repairs	\$ 3,632.70
STWA Invoice S15-006 December, 2014 Water Usage, Water Cost and Handling Charge	\$19,354.77
STWA Invoice S15-007 December, 2014 General and Administration	\$15,444.16
STWA Invoice S15-010 December, 2014 Taps and Repairs	\$ 1,860.00
STWA Invoice S15-017 January, 2015 Water Usage, Water Cost and Handling Charge	\$22,969.00
STWA Invoice S15-016 January, 2015 General and Administration	\$13,867.14
STWA Invoice S15-021 January, 2015 Taps and Repairs	\$ 2,835.00
STWA Invoice S15-023 Reimbursement for Part-time Employee (October, November and December 2014)	\$ 1,480.56
STWA Invoice S15-025 Reimbursement for Stand By Pay (October 1, 2014 thru December 31, 2014)	\$ 386.70

STWA Invoice S15-027

\$ 359.54

Reimbursement for AT&T phone service for period of October 2013 through December 2014

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.

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

Mr. Gary Pattillo appeared before the Board in place of Ms. Frankie Pattillo. He presented a map of the property in question illustrating the location of the service lines and meters on the property. He stated that Ms. Pattillo's desire is to deed the easement and the service lines to Ricardo Water Supply Corporation. This includes approximately 1,016 feet of 2-inch waterline and a regular meter. There is no flush valve located on the property. There would be no cost to RWSC for the waterline or the easement and Ms. Pattillo is willing to pay any costs associated with relocating the meter. Mr. Garcia said he believed it would be better for RWSC to replace the meters and invoice Ms. Pattillo for the work. Mr. Pattillo added that the property is being surveyed and the paperwork and documents would be provided to Ms. Serrato once they are prepared. Ms. Serrato said she would present them to the Board after review by attorney Mike Willatt. She also said that an estimate for the meter relocation would be drawn up and sent to Ms. Pattillo.

5. Water Supply Contract with South Texas Water Authority.

A copy of the South Texas Water Authority correspondence offering a final draft of a 20-year contract to Ricardo Water Supply Corporation was presented in the agenda packet. Mr. Garcia pointed out that language referring to the American Water Works Association Manual M1 on water rates in "Section 8(A) Rates to be Cost Based" concerned him. He said that he believes that all of the customers are in accord with being charged the same fee. He added that the proposed contract does not spell out anywhere what the cost would be. Ms. Serrato in her capacity as South Water Authority Executive Director responded that the language is standard and AWWA is used as a standard for establishing rates. She added that based on the terms in the proposed contract, RWSC would save money since it owns its three (3) pump stations and already pays the costs associated with those stations.

Mr. Garcia asked about the section of waterline currently owned by STWA on CR1030 and Ms. Serrato replied that RWSC can take title to the waterline or a clause can be added to exclude it.

Mr. Zavala questioned the 20-year term. Ms. Serrato responded that STWA will not accept a contract for a shorter term. Mr. Garcia stated that he does not want the corporation to get locked into a contract in case another source becomes available and Ms. Serrato said she has discussed inclusion of a clause to address that concern with Mr. Willatt. She added that she feels the offered contract is as fair as it can be and is very similar to what is currently in place. The City of Agua Dulce has signed a 20-year contract and although Nueces Water Supply Corporation signed a one-year contract, NWSC Director Alice Black voiced her opinion that NWSC should

be agreeing to a 20-year contract. Mr. Garcia said he would like to discuss the contract further with legal counsel Gerald Benadum.

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

Mr. Zavala made a motion to table Resolution 15-01. Ms. Brown seconded. All were in favor.

7. RWSC Annual Membership Meeting.
 - Selection of Election Auditor
 - Approval of agenda and meeting packet for Annual Membership Meeting
 - Resolution 15-02. Resolution declaring unopposed candidates of Ricardo Water Supply Corporation elected.

The Board reviewed the proposed agenda and meeting packet for the Annual Membership Meeting. Ms. Serrato asked if the Board would like to hold the meeting at the Ricardo School as has been done in the past or at the Kingsville office. The Board agreed to hold the meeting at the STWA office. In addition, Ms. Serrato reported that Mr. Fischer and Mr. Zavala were the only members to submit nominations therefore the Board can adopt a resolution declaring them elected as unopposed candidates. Mr. Zavala made a motion to adopt Resolution 15-02. Ms. Brown seconded and all voted in favor.

8. Update on Logics billing system.

Ms. Serrato stated that the February water bills were generated using the Logics billing system. She reported that there were some problems with the NWSC lockout list but the problems were corrected by the time RWSC lockouts were done. In addition a machine for sealing the late notices was purchased and the credit card swipe machine has been installed and is working.

9. Update on improvements to Pump Station #2 Elevated Storage Tank.

Ms. Serrato reported that installation of a cathodic protection system on the elevated storage tank at Pump Station #2 has been completed. In addition work has been completed to provide the necessary controls for the tank to fill properly and allow for a "turnover" of the water thereby operating in a manner that helps to maintain a higher disinfection residual in the system. The total cost for all of the improvements was \$22,863.76. She also reported that Maguire Iron performed an annual inspection in accordance with the one-year warranty provided under the construction contract of the tank on Monday, March 2, 2015.

10. Discussion and action on hydropneumatic at tank Pump Station #2.

Ms. Serrato informed the Board that the hydropneumatic tank at Pump Station #2 is no longer in use since the elevated storage tank is providing the pressure plane for a large percentage of the Corporation's customers on the east side of US 77 and the south section just west of US 77. She said that a gate valve is broken on the inside and it is rusty on the bottom but the tank should still have some salvage value. She added that the Banquete pump station is the only station that

might have use for it in the future. Mr. Garcia stated that if no buyer is found for the tank, it should be used for scrap. Ms. Serrato said she could look into advertising through TRWA.

11. Discussion and action on second pump at Pump Station #2.

Ms. Serrato stated that at a previous Board meeting, she informed the Board that there would likely be issues with the smaller pump being able to pump water into the elevated storage tank. She said that with completion of tank construction, it is evident that the small pump cannot pump water into the tank. She said she wanted to make the Board aware of the situation in case they wanted updated quotes for an additional pump. She added that she will need to research whether this type of project will require a complete set of engineer's plans and specifications and TCEQ approval. The Board requested that she provide updated quotes and research the engineering and TCEQ approval matters.

12. Report and action on condition of pumps at Pump Station #1.

Ms. Serrato reported that the second pump at Pump Station #1 sounds as if it is going out. She said three companies have been contacted for quotes on replacement of the pump and one representative advised that many pumps are now being configured off-center. She added that O&M Supervisor Cameron Whittington's prefers the straight configuration. The Board reviewed the quotes submitted by JMF Repair Services LLC, Odessa Pumps and Pump Solutions, Inc. Mr. Zavala made a motion to approve purchase of the Goulds AC-2000 pump from Odessa Pumps at a cost of \$4,877 and allocating a total of \$7,500 if additional work is needed. Ms. Brown seconded. All voted in favor.

13. Report on Pump Station buildings.

Ms. Serrato presented recent photos of the RWSC pump station buildings showing the need for repair or replacement of the buildings. After discussion, the Board instructed Ms. Serrato to contact reputable contractors to obtain at least three quotes for replacement of the PS#1 building.

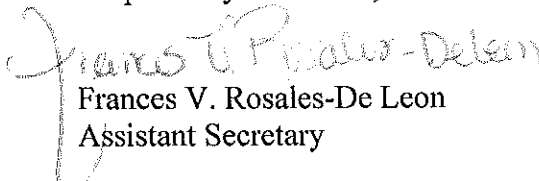
14. Frankie Pattillo verbal request regarding transfer of title of service line and relocation of meter.

This item was discussed earlier in the meeting.

15. Adjournment.

With no further business to conduct, Mr. Zavala made a motion to adjourn the meeting at 7:09 p.m. Ms. Brown seconded and all voted in favor.

Respectfully submitted,


Frances V. Rosales-De Leon
Assistant Secretary