

RICARDO WATER SUPPLY CORPORATION
Regular Meeting Minutes
April 12, 2016

Board Members Present:

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

Board Members Absent:

Robert Garza

Staff Present:

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

Guests Present:

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 7:15p.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. Election of officers.

Mr. Zavala nominated the current slate of officers. There were no other nominations. Mr. Zavala made a motion to cease nominations and elect the current slate of officers by acclamation. Ms. Brown seconded and all voted in favor.

The slate of officers remains unchanged as follows:

President – Baldemar Garcia
Vice-President – Robert Zavala
Secretary/Treasurer – Oliver Hinojosa

4. Approval of Minutes.

Mr. Zavala made a motion to approve the minutes of the January 14, 2016 Regular Meeting and the February 29, 2016 Special Meeting as presented. Ms. Mendoza seconded and the motion carried.

5. Treasurer's Report/Payment of Bills.

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

Updated Treasurer's Report as of December 31, 2015
Treasurer's Report as of January 31, 2016
Treasurer's Report as of February 29, 2016
Treasurer's Report as of March 31, 2016
Account Activity for General Account for December, 2015 to March 31, 2016
Account Activity for Operations Account for December 1, 2015 to March 31, 2016
TEXPOOL Participant Statement for 01/01/2016 – 01/31/2016 for General Account
TEXPOOL Participant Statement for 01/01/2016 – 01/31/2016 for Membership Deposit Account
TEXPOOL Participant Statement for 01/01/2016 – 01/31/2016 for USDA Reserve Account
TEXPOOL Participant Statement for 02/01/2016 – 02/29/2016 for General Account
TEXPOOL Participant Statement for 02/01/2016 – 02/29/2016 for Membership Deposit Account
TEXPOOL Participant Statement for 02/01/2016 – 02/29/2016 for USDA Reserve Account
TEXPOOL Participant Statement for 03/01/2016 – 03/31/2016 for General Account
TEXPOOL Participant Statement for 03/01/2016 – 03/31/2016 for Membership Deposit Account
TEXPOOL Participant Statement for 03/01/2016 – 03/31/2016 for USDA Reserve Account

The following bills were presented for payment:

STWA Invoice S16-006 December 2015 Water Usage, Water Cost and Handling Charge	\$19,198.73
STWA Invoice S16-007 December 2015 General and Administration	\$14,355.40
STWA Invoice S16-010 December 2015 Taps and Repairs	\$ 4,860.00
STWA Invoice S16-012 Payroll expense for part-time employee (October, November and December 2015)	\$ 1,234.97
STWA Invoice S16-14 Payroll expense for stand by pay (October 1, 2015 through December 30, 2015)	\$ 359.71
STWA Invoice S16-016 Reimburse for T-1 circuit providing phone service through AT&T for the period of October 2015 through December 2015	\$ 71.34
STWA Invoice S16-023 January 2016 Water Usage, Water Cost and Handling Charge	\$16,873.97
STWA Invoice S16-024 January 2016 General and Administration	\$13,555.05

STWA Invoice S16-027 January 2016 Taps and Repairs	\$ 7,138.50
STWA Invoice S16-034 February 2016 Water Usage, Water Cost and Handling Charge	\$18,030.55
STWA Invoice S16-035 February 2016 General and Administration	\$13,389.47
STWA Invoice S16-038 February 2016 Taps and Repairs	\$ 3,770.00
Willatt & Flickinger, PLLC, Attorneys at Law Legal Services for March 2016	\$ 350.30
MartinWater Wells Plugging of Groundwater Well	\$ 3,050.00

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. Appointment of Credentials Committee.

Mr. Zavala made a motion to appoint Mr. Oliver Hinojosa, Ms. Briseida Mendoza and Mr. Robert Wagner to the Credentials Committee. Ms. Brown seconded the motion and all voted in favor.

7. Bid for replacement of 10-inch waterline on CR 2170.

Ms. Serrato presented an updated bid from The 5125 Company based on use of SDR26 pipe as discussed at the previous meeting. She also presented quotes from Hubert Construction Co. Inc. and Bridges Specialties, Inc. The quotes included cost estimates for the three alternative sections of pipeline. She added that she is also expecting a bid from Mr. Billy Tiffie who has visited the site but has not yet provided a quote. Mr. Garcia stated that he has spoken with Mr. Tiffie who has expressed interest in submitting a bid and suggesting holding off on awarding a bid until the Board has an opportunity to review this bid as well. The Board also discussed the possible savings of having the smallest section replaced in-house which would cost approximately \$20,000 less than the lowest bid thus far. The Board agreed to table this item until the additional bid is available for review.

8. Report on bids for repairs/replacement of Pump Station buildings.

Ms. Serrato stated that she has not received a quote from EGH Construction despite repeated requests. She presented quotes she received from Mercer Controls, Inc. earlier in the day for each of the pump stations and the Board reviewed them along with the previously submitted bids from

DLR Builders, LLC. Ms. Serrato recommended carrying out repair and/or replacement of the pump stations in phases and said she and field supervisors believe Pump Station #1 should be the first building to replace. After reviewing the bids, Mr. Zavala made a motion to award the bid for replacement of Pump Station #1 to Mercer Controls, Inc. in the amount of \$24,600. Ms. Mendoza seconded and all voted in favor.

9. TCEQ Investigation.

- Groundwater well at Pump Station #2

Ms. Serrato reported that the groundwater well at Pump Station #2 has been plugged, a self-contained breathing apparatus has been made available at each pump station and the Nitrification Action Plan has been completed. She added that a response to the TCEQ's January 14, 2016 Investigation findings was sent to Mr. Travis Prater of TCEQ's Corpus Christi Region office today by email as well as regular mail.

10. Amended Water Supply Contract with South Texas Water Authority.

Mr. Garcia stated that he wanted to review the proposed amendments along with the rest of the Board to ensure that all have a good understanding of the changes. Ms. Serrato stated that STWA's legal counsel, Bill Flickinger of Willatt & Flickinger, would be available to join in the discussion by speaker phone but Mr. Garcia responded that she could call Mr. Flickinger if he was needed and asked her to review the proposed changes.

Ms. Serrato stated that Mr. Noel Valdez of McCall, Parkhurst & Horton L.L.P. was present at the Nueces Water Supply Corporation's board meeting earlier in the day and had reviewed the amendments, explained that the changes were necessary in order to preserve the tax-exempt status of the STWA 2013 bonds and discussed the reason for the Internal Revenue Service's interest in tax-exempt bonds. She explained that Federal Law requires uniform rates and charges and prohibits take-or-pay requirements therefore, the take-or-pay clause had been removed from the contract. In addition although there is no change in calculation of the Handling Charge, Special Services has been separated into its own budget. The most complicated of the amendments, which is found in Section 14. General Provisions (B) Tax-Exempt Bonds, prohibits STWA's wholesale customers from entering into contracts that contain take-or-pay, contract minimums, output requirements, special rates and charges or similar provisions without providing STWA a 60-day notice of their intent to enter into such contracts. This does not mean that the customers cannot enter into these contracts – the 60-day notice merely affords STWA the opportunity to review the contract to assure that the tax-exempt status of STWA's bonds is not at risk. In addition this clause applies to the customers' contracts with their own customers.

After Ms. Serrato's review of the amendments, Mr. Garcia noted that he had reviewed the information and did not feel it was necessary to contact legal counsel. Mr. Zavala agreed that the amendments seemed acceptable. Mr. Zavala then made a motion to approve the Amended Water Supply Contract with South Texas Water Authority. Ms. Mendoza seconded and the motion passed by unanimous vote.

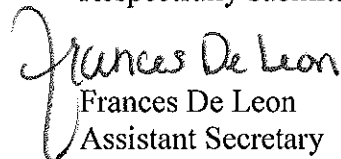
11. Amended Quitclaim from South Texas Water Authority to Ricardo Water Supply Corporation.

Ms. Serrato presented the Amended Quitclaim for the facilities previously transferred to the Ricardo Water Supply Corporation from South Texas Water Authority. She explained that the document includes added language provided by STWA's bond counsel Leroy Grawunder of McCall, Parkhurst and Horton. The added language states that the facilities will be used for the benefit of the Corporation's customers and the Corporation agrees not to transfer the facilities to another entity without STWA's consent. Mr. Zavala made a motion to approve the amended Quitclaim Deed. Ms. Mendoza seconded the motion and all voted in favor.

12. Adjournment.

With no further business to conduct, Mr. Zavala made a motion to adjourn the meeting at 7:57 p.m. Ms. Brown seconded and all voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary