

RICARDO WATER SUPPLY CORPORATION  
Regular Meeting Minutes  
December 10, 2015

Board Members Present:

Baldemar Garcia  
Robert Zavala  
Oliver Hinojosa  
Kathy Brown  
Robert Garza

Board Members Absent:

James Fischer  
Christina Titus

Staff Present:

Carola G. Serrato  
Frances Rosales  
Jo Ella Wagner

Guests Present:

George Brown  
Jesse Mendoza  
Briseida Mendoza

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. Ms. Briseida Mendoza, who was present to discuss a customer concern on another agenda item, inquired about the size of water line allowed on the customer's side of the meter to provide service to a property and questioned the information given to her friend who called the office asking the same question. The Board provided some information but since Ms. Mendoza did not have all the specifics of the situation, she said she would have her friend call again.

3. Approval of Minutes.

Mr. Zavala made a motion to approve the minutes of the July 1, 2015 Regular Meeting as presented. Ms. Brown seconded and the motion carried.

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

5. Customer Concern – Araceli Mendoza (Jesse Mendoza, Account #356) – Complaint regarding leaks on CR 2170 and disruption of service.

Jesse and Briseida Mendoza addressed the Board regarding disruption of service during leak repairs on CR 2170. Ms. Serrato stated that an isolation valve was recently installed in order to avoid disruption of service in the event of future leaks. She added that seven customers were provided advanced notice of the installation. She informed the Board that \$7,000 to \$8,000 has

been spent on recurring leaks in that area and that staff can research the cost of replacing the line. Mr. and Mrs. Mendoza stated that there had been several leaks resulting in unannounced service outages and they would like to receive notice ahead of time. Board members explained that the leaks occur without notice and there is not always opportunity to notify all customers. Mr. Garcia informed them that the Board will be looking at replacing the line and in the meantime the isolation valve should assist in maintaining uninterrupted service.

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, 2015

Treasurer's Report as of July 31, 2015

Treasurer's Report as of August 31, 2015

Treasurer's Report as of September 30, 2015

Treasurer's Report as of October 31, 2015

Account Activity for General Account for June, 2015

Account Activity for General Account for July, 2015

Account Activity for General Account for August, 2015

Account Activity for General Account for September, 2015

Account Activity for General Account for October, 2015

Account Activity for Operations Account for June 1, 2015 to October 31, 2015

TEXPOOL Participant Statement for 06/01/2015 – 06/30/2015 for General Account

TEXPOOL Participant Statement for 06/01/2015 – 06/30/2015 for Membership Deposit Account

TEXPOOL Participant Statement for 06/01/2015 – 06/30/2015 for USDA Reserve Account

TEXPOOL Participant Statement for 07/01/2015 – 07/31/2015 for General Account

TEXPOOL Participant Statement for 07/01/2015 – 07/31/2015 for Membership Deposit Account

TEXPOOL Participant Statement for 07/01/2015 – 07/31/2015 for USDA Reserve Account

TEXPOOL Participant Statement for 08/01/2015 – 08/31/2015 for General Account

TEXPOOL Participant Statement for 08/01/2015 – 08/31/2015 for Membership Deposit Account

TEXPOOL Participant Statement for 08/01/2015 – 08/31/2015 for USDA Reserve Account

TEXPOOL Participant Statement for 09/01/2015 – 09/30/2015 for General Account

TEXPOOL Participant Statement for 09/01/2015 – 09/30/2015 for Membership Deposit Account

TEXPOOL Participant Statement for 09/01/2015 – 09/30/2015 for USDA Reserve Account

TEXPOOL Participant Statement for 10/01/2015 – 10/31/2015 for General Account

TEXPOOL Participant Statement for 10/01/2015 – 10/31/2015 for Membership Deposit Account

TEXPOOL Participant Statement for 10/01/2015 – 10/31/2015 for USDA Reserve Account

Kleberg Bank Debt Service Account Statement for 06/01/15 – 06/30/15

Kleberg Bank Debt Service Account Statement for 07/01/15 – 07/31/15

Kleberg Bank Debt Service Account Statement for 08/01/15 – 08/31/15

Kleberg Bank Debt Service Account Statement for 09/01/15 – 09/30/15

Kleberg Bank Debt Service Account Statement for 10/01/15 – 10/31/15

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The following bills were presented for payment:

STWA Invoice S15-082 June, 2015 Water Usage, Water Cost and Handling Charge	\$22,226.59
STWA Invoice S15-083 June, 2015 General and Administration	\$13,284.71
STWA Invoice S15-086 June, 2015 Taps and Repairs	\$ 2,305.00
STWA Invoice S15-088 Payroll expense for part-time employee (April, May and June 2015)	\$ 1,351.84
STWA Invoice S15-090 Payroll expense for stand by pay (March 31, 2015 through June 30, 2015)	\$ 358.09
STWA Invoice S15-093 Reimbursement for AT&T phone service for period of January 31, 2015 through June 30, 2015	\$ 142.58
STWA Invoice S15-099 July, 2015 Water Usage, Water Cost and Handling Charge	\$26,463.42
STWA Invoice S15-100 July, 2015 General and Administration	\$13,634.47
STWA Invoice S15-064 July, 2015 Taps and Repairs	\$ 4,755.00
STWA Invoice S15-110 August, 2015 Water Usage, Water Cost and Handling Charge	\$35,600.24
STWA Invoice S15-111 August, 2015 General and Administration	\$14,267.18
STWA Invoice S15-114 August, 2015 Taps and Repairs	\$ 4,155.00
STWA Invoice S15-121 September, 2015 Water Usage, Water Cost and Handling Charge	\$29,630.44
STWA Invoice S15-122 September, 2015 General and Administration	\$12,998.49
STWA Invoice S15-125 September, 2015 Taps and Repairs	\$10,077.50

STWA Invoice S15-127	\$ 1,512.47
Payroll expense for part-time employee (July, August and September 2015)	
STWA Invoice S15-129	\$ 387.45
Payroll expense for stand by pay (July 1, 2015 through September 30, 2015)	
STWA Invoice S15-131	\$ 71.34
Reimbursement for AT&T phone service for period of July 2015 through September 2015	
STWA Invoice S15-139	\$25,553.65
October, 2015 Water Usage, Water Cost and Handling Charge	
STWA Invoice S15-140	\$14,335.65
October, 2015 General and Administration	
STWA Invoice S15-143	\$ 8,507.25
October, 2015 Taps and Repairs	
STWA Invoice S15-150	\$19,396.62
November, 2015 Water Usage, Water Cost and Handling Charge	
STWA Invoice S15-151	\$13,241.04
November, 2015 General and Administration	
AIA Insurance Agency, Inc.	\$12,059.50
General Liability and Property Insurance Renewal	

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

6. 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, 2015. Ms. Serrato stated that the letter quotes a cost of \$4,450 for the "basic" audit which is a \$300 increase from last year. She added that a "single" audit will not be required this year but the letter refers to a potential \$1,050 additional cost if any "Yellow Book" procedures are required. She explained that those procedures are necessary if any federal funds are received and added that none have been received this year.

After reviewing the letter, the Board agreed to comply with the requirements. Mr. Zavala made a motion to accept the engagement letter for FY 2015 audit services with John Womack & Co., P.C. in the amount of \$4,450 with a possible additional cost of \$1,050. Mr. Hinojosa seconded the motion. All voted in favor.

7. Fiscal Year 2015 Budget Amendments.

The Board reviewed the proposed Fiscal Year 2015 Budget Amendments. Ms. Serrato summarized that the amended budget reflects a decrease in overall revenues of \$59,014.00 and a decrease in total expenditures of \$47,127.75 attributed mostly to lower water purchases and meter retrofit expenses. Mr. Garza made a motion to approve the Fiscal Year 2015 Budget Amendments. Ms. Brown seconded. All voted in favor.

8. Proposed Fiscal Year 2016 Budget and retail water rates.

Ms. Serrato presented a proposed Fiscal Year 2016 Budget based on the current rates along with three additional scenarios with monthly minimum and thousand gallon rate increases. She stated that the Board previously indicated a preference for small incremental increases in preparation for the debt service payments on the USDA project. She reviewed the various rates with the Board and the Board voiced their preference for a \$37/month minimum (Scenario B) and a \$0.15 per 1,000 gallons water rate increase (Scenario C).

9. Resolution 15-04. Resolution adopting the recommended Fiscal Year 2016 Budget.

Mr. Zavala made a motion to adopt the Fiscal Year 2016 Budget based on a monthly minimum of \$37 on a 5/8" meter and water rates of \$3.70/1000g up to 20,000 gallons and \$3.85/1000g over 20,000 gallons. Mr. Hinojosa seconded and all voted in favor.

10. Report on addition of second same-size pump at Pump Station #2.

Ms. Serrato reported that installation of the pump is in progress and an electrician will be performing some electrical work.

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

Ms. Serrato reported that she continues having trouble gathering quotes. She added that Mr. Huerta of EGH Construction recently visited the pump stations and noted that some of the foundations may present a problem. He will be contacting an engineer regarding the matter. Mr. Garcia stated that he will also contact some contractors and will provide contact information to Ms. Serrato.

12. TCEQ Notice of Total Trihalomethane MCL, LRAA Violation.

Ms. Serrato reported that TCEQ issued a Notice of Violation to the Corporation stating that the quarter three 2015 results exceeded the 80 ppb MCL for trihalomethanes. Ms. Serrato explained that she contacted TCEQ when she received the notice and requested that the results be invalidated due to City of Corpus Christi's free chlorine burn. She added that the invalidation was granted but the running annual average was then calculated by averaging the three previous quarters resulting in a new average of 81.2 ppb which exceeded the MCL and required providing notice to the Corporation's customers. In addition, a Trihalomethane result less than 76.4 ppb will be needed on the latest sample taken in November in order to avoid a second notice from

TCEQ. She also stated that the City of Corpus Christi switched back to chloraminated water on November 2<sup>nd</sup> after completing the free chlorine burn and she added that the burn should have addressed any nitrification in the system which could have contributed to higher disinfection by-product results.

13. H.B. No. 3357 – Posting of meeting notices for water districts.

The Board reviewed a copy of HB 3357 which provides for posting notice of an open meeting on the entity's website. Ms. Serrato explained that currently the receptionist hand delivers the agenda to the Kleberg County Clerk's office and waits for the agenda to be stamped as received. She stated that HB 3357 provides legal authorization to use a website for posting the Corporation's notices and asked the Board for their preference for posting meetings. Mr. Zavala made a motion to authorize posting of RWSC meeting notices on the Corporation's website in place of posting at the County Clerk's office. Mr. Garza seconded. All voted in favor.

14. Renewal of contract with I.C. System for collection services.

Ms. Serrato stated that the I.C. System Premier Collect Agreement for collection services is due to expire in February. She said although an updated document has not been provided, the company was contacted and the cost is not expected to change. She explained that Nueces Water Supply Corporation recently approved their agreement which maintained the same cost from the previous term. Ms. Serrato stated that she wanted to present the information to the Board in anticipation that the Board will not be meeting before expiration of the current term. Ms. Brown made a motion to renew the contract with I.C. System for a period of four years. Mr. Zavala seconded and all voted in favor.

15. 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 Ms. Christina Titus' and Mr. Oliver Hinojosa's positions are up for election in April of 2016. The Board reviewed the proposed schedule and the notice to members on submitting an application for the RWSC Board of Directors. Mr. Zavala made a motion to approve the presented documents. Ms. Brown seconded. All voted in favor.

16. TCEQ Revised Chloramine Rules and Nitrification Action Plan.

Ms. Serrato presented information from TCEQ regarding revised chloramine rules. The rules require Public Water Systems to implement a Nitrification Action Plan. She said she spoke with Aaron Archer of HDR Engineering about the rule changes and how they relate to the Corporations and the STWA Enforcement Action. Mr. Archer said he will be looking into the matter and that other agencies are also seeking assistance. Ms. Serrato said she wanted to make the Board aware of the situation because she would like to utilize HDR's assistance with the Nitrification Action Plan and has asked HDR for a proposal for their services. The Board agreed to have HDR draw up a proposal for their services.

17. Agreement with Ricardo Wastewater Improvement Corporation for Billing and Collecting of Wastewater Charges.

The Board reviewed the information provided by Ms. Serrato on the Agreement with Ricardo Wastewater Improvement Corporation for Billing and Collecting of Wastewater Charges. She also reviewed associated costs of providing the billing and collection services and the "per customer charge" of \$1.8975 for the cost of those services. She recommended converting from a percentage fee to a flat dollar amount per customer. After reviewing the information the Board asked if the term could be shortened to see how it worked out. Ms. Serrato stated that the changes could be tried out for one year and reviewed at that time.

18. Resolution 15-05. Resolution renewing the Agreement with Ricardo Wastewater Improvement Corporation for billing and collecting of wastewater charges.

Mr. Zavala made a motion to approve the Agreement with Ricardo Wastewater Improvement Corporation for billing and collecting of wastewater charges for a period of one year based on a charge of \$1.8975 per customer per month. Ms. Brown seconded. All voted in favor. Ms. Serrato said she would update the document with the necessary changes and contact Mr. Garcia and Mr. Hinojosa for their signatures prior to forwarding the document to Ricardo Wastewater Improvement Corporation for their consideration.

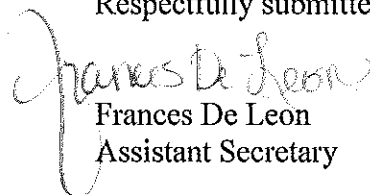
19. Proposed City of Kingsville/TxDOT road off of I-69/Hwy 77 in the vicinity of the Blake Fulenwider Dealership.

Ms. Serrato stated that she had spoken with Mr. Jared Silva of The Rios Group which serves as a facilitator between the Texas Department of Transportation and Austin-Bay. She asked about the waterline in the area of Sage Road and Mr. Silva responded that it would not affect the RWSC waterline because the preliminary plans have moved the road over slightly. Ms. Serrato said she will update the Board as needed.

20. Adjournment.

With no further business to conduct, Mr. Zavala made a motion to adjourn the meeting at 6:39 p.m. Mr. Garza seconded and all voted in favor.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary