

RICARDO WATER SUPPLY CORPORATION
Regular Meeting Minutes
December 17, 2024

Board Members Present:

Baldemar Garcia
Robert Garza
Oliver Hinojosa
Frank Escobedo
James Fischer
Tisha Jones

Board Members Absent:

Robert Zavala, Jr.

Staff Present:

John Marez
Jo Ella Wagner
Patrick Sendejo

Guests Present:

By Zoom:
Rogelio Rodriguez–Water Finance Exchange

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. A quorum was present.

2. Citizen comments.

Mr. Garcia opened the floor to citizen comments. No comments were made

3. Approval of Minutes.

Mr. Garza made a motion to approve the minutes of the September 23, 2024 Regular Meeting as presented. Mr. Escobedo seconded. All voted in favor.

13. Water Finance Exchange Presentation on Texas Water Development Board Funding.

Mr. Rogelio Rodriguez of Water Finance Exchange provided an update on the Texas Water Development Board funding. He stated that the application was submitted in March of 2023. In October 2024, the TWDB committed funding in the form of 70% loan forgiveness and 30% loan funds. The next step is STWA, Ricardo Water Supply Corporation and Nueces Water Supply Corporation Board approval of all documents required for closing. He added that the Boards will need to decide on the length of the term. As of December 6th, interest rates are 2.33% on 20-year bonds and 2.74% on 30-year bonds. The boards will meet on January 7, 2025 to take action on approving and executing the required documents. The closing date is February 13, 2025. After that, a paying agent will receive the money and then bidding, purchasing of supplies and work can begin soon after that. He added that work continues on searching for other funding opportunities such as USDA and the Bureau of Reclamation. Ms. Jones voiced her concerns about the cost which will be passed on to customers especially to repay the loan portion of the funds since many customers are on fixed incomes.

4. Treasurer's Report/Payment of Bills.

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

Treasurer's Report as of September 30, 2024

Account Activity for General Account for September 1, 2024 to September 30, 2024

Account Activity for Operations Account for September 1, 2024 to September 30, 2024

Account Activity for Debt Service Account for September 1, 2024 to September 30, 2024

TEXPOOL Participant Statement for 09/01/2024 – 09/30/2024 for General Account

TEXPOOL Participant Statement for 09/01/2024 – 09/30/2024 for Membership Deposit Account

TEXPOOL Participant Statement for 09/01/2024 – 09/30/2024 for USDA Reserve Account

The following bills were presented for payment:

STWA Invoice S24-163	\$ 1,025.12
Supplies and Materials Reimbursement	
STWA Invoice S24-136	\$36,130.79
August 2024 Water Usage, Water Cost and Handling Charge	
STWA Invoice S24-137	\$18,693.57
August 2024 General and Administration	
STWA Invoice S24-150	\$30,841.28
September 2024 Water Usage, Water Cost and Handling Charge	
STWA Invoice S24-151	\$18,720.49
September 2024 General and Administration	
STWA Invoice S24-155	\$ 8,481.79
September 2024 Taps and Repairs	
STWA Invoice S24-157	\$ 364.59
Stand By Pay Reimbursement for July 3, 2024 through September 25, 2024	
STWA Invoice S24-159	\$ 1,761.33
Quarterly Phone and IT reimbursement for 07/01/24 – 09/30/24	
STWA Invoice S24-161	\$ 2,262.70
Reimbursement for Part-time Employee for July, August and September 2024	
STWA Invoice S24-171	\$33,658.20
October 2024 Water Usage, Water Cost and Handling Charge	

STWA Invoice S24-172 \$19,251.22
October 2024 General and Administration

STWA Invoice S24-176 \$ 8,110.88
October 2024 Taps and Repairs

STWA Invoice S24-179 \$ 60.33
Supplies and Materials Reimbursement

A motion was made by Mr. Escobedo and seconded by Ms. Jones to approve the Treasurer's Reports and payment of the bills. The motion carried.

5. Fiscal Year 2024 Budget Amendments.

Ms. Wagner reviewed the proposed Fiscal Year 2024 Amended Budget which reflected a Revenue increase of \$9,680 and a decrease of \$49,426.50 in Total Operating Expenses resulting in a net balance of -\$67,771.39. She pointed out that removing the depreciation expense line-item results in a Net Income of \$172,228.61.

6. Proposed Fiscal Year 2025 Budget and retail water rates.

The Board reviewed two sets of the proposed Fiscal Year 2025 Budget based on the current rates along with three additional scenarios with various monthly minimum and thousand-gallon rate increases. She explained that one set is based on acquiring a 20-year loan and the other is for a 30-year loan. Ms. Jones stated she preferred selecting a 20-year loan, and made a motion to keep the current rates. No action was taken on the motion for lack of a second. Mr. Garza stated that he prefers Option A and Mr. Garcia said his preference is Option C while Mr. Escobedo favored Option B. After reviewing the options, the Board selected Option C on a 20-year loan which increases both the monthly minimum and the water rates and includes an additional tier for usage between 10,000 and 20,000 gallons as follows:

Monthly	5/8" meter	\$45.00	Water Rates: Up to 10,000 gallons	\$5.75
Minimum	¾" meter	\$68.33	10,001 – 20,000 gallons	\$5.85
	1" meter	\$96.60	Above 20,000 gallons	\$6.00
	2" meter	\$114.10		
	Compound	\$228.21		

7. Resolution 24-06. Resolution adopting the recommended Fiscal Year 2025 Budget.

Mr. Fischer made a motion to approve the Fiscal Year 2025 Budget based on Option C raising the monthly minimum to \$45.00 on a 5/8" meter and water rates to \$5.75/1000g up to 10,000 gallons, \$5.85/1000g for usage of 10,001 to 20,000 gallons and \$6.00/1000g over 20,000 gallons. Mr. Hinojosa seconded and the motion passed on a 5 to 1 vote. Mr. Garza left the meeting after this vote.

8. John Womack & Co., P.C. Letter of Engagement for auditor services.

The Board reviewed the John Womack & Co., P.C. Letter of Engagement in the amount of \$7,500 for auditor services for a basic audit of RWSC's financial statements for the year ended December 31, 2024. Ms. Jones asked if RWSC should seek another auditor. Mr. Marez stated that the Board could possibly go out for RFPs for the 2025 year. Mr. Escobedo commented that Womack & Co., is a local firm and they have a good reputation. Mr. Fischer made a motion to accept the engagement letter for FY 2024 audit services with John Womack & Co., P.C. in the amount of \$7,500. Ms. Jones seconded the motion. The motion passed by unanimous vote.

9. Annual Meeting Schedule and Election Procedures.

Mr. Marez stated that per State requirements, the Board must review Election Procedures for the Annual Membership meeting. The positions currently held by Mr. Hinojosa and Mr. Escobedo are up for election in April of 2025. He also presented the timeline and schedule for the 2025 Annual Membership Meeting and asked for approval to proceed with the schedule. Mr. Escobedo made a motion to approve mailing of the presented documents and proceed with the recommended schedule. Mr. Hinojosa seconded. All voted in favor.

10. Agreement with Ricardo Wastewater Improvement Corporation for billing and collecting of wastewater charges.

Mr. Garcia stated that the Board reviews the Ricardo Wastewater Improvement Corporation agreement for billing and collection of wastewater charges annually. He said that although the staff recommendation is to keep the current rate, he feels that an increase is appropriate. Mr. Marez explained that this charge recovers the administration cost associated with staff work for billing and collecting wastewater charges from customers.

11. Resolution 24-07. Resolution renewing the agreement with Ricardo Wastewater Improvement Corporation for billing and collecting of wastewater charges.

Mr. Fischer made a motion to keep the rate at \$5.00 for 2025. Mr. Escobedo seconded. The motion failed on a 3 to 2 vote. Mr. Escobedo made a motion to increase the rate to \$6.00. Mr. Hinojosa seconded the motion. The motion passed on a 4 to 1 vote. Mr. Garcia pointed out that the rate is effective January 1, 2025.

12. RWSC Water Conservation and Drought Contingency Plan – Implementation of Stage 3 Drought Restrictions.

Mr. Marez reported that Corpus Christi Water gave a brief presentation on the City of Corpus Christi's decision to implement the Drought Contingency Plan Stage 3 during the last STWA meeting. He added that CCW has provided notice of impending activation of Stage 3 which restricts all outdoor watering with the exception of use for watering foundations and swimming pool maintenance. In light of the severe drought conditions and Corpus Christi Water's and by default STWA's pending implementation of Stage 3 water restrictions, Mr. Marez recommended

that the Board enact Stage 3 of the Corporation's Drought Contingency Plan and authorize staff to mail out a notice to RWSC customers. Mr. Escobedo made a motion to approve enactment of Stage 3 of the RWSC Drought Contingency Plan and authorize mailing out Stage 3 notices to customers. Mr. Fischer seconded. The motion passed on a vote of 4 to 1.

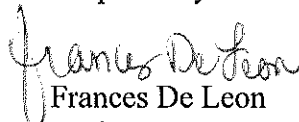
14. General Manager's Report.

Mr. Marez gave a brief update on ongoing matters. He said Water Finance Exchange continues searching for other funding options. He added that at the December 10th STWA Board Meeting, I.C.E. presented a final report on the tank collapse at the Central Pump Station. Seven Seas continues work for a pilot well in Driscoll. I.C.E. is working on a groundwater feasibility study for the Kleberg County area. Mr. Marez added that staff will work on mailing out the Stage 3 notices as approved by the Board.

15. Adjournment.

With no further business to discuss, Ms. Jones made a motion to adjourn the meeting at 7:16 p.m. Mr. Hinojosa seconded and the motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary