

RIVER ACRES WATER SUPPLY CORPORATION

**MINUTES OF
SPECIAL MEETING**

JULY 16, 2020

**THE STATE OF TEXAS §
 §
COUNTY OF NUECES §**

On the 16th day of July, 2020, the Board of Directors of the River Acres Water Supply Corporation convened at 5:30 P.M. in a Special Called Meeting at the Corporation's Office, 15601 Northwest Blvd., Suite H, Robstown, Texas, there being present and in attendance the following, to wit:

President	David Wishard
Vice-President	John Fernan
Secretary	Janine Pruski
Director	Debbie Bond
Director	Roy George
Director	Jeff Holley
Director	Ron Hellberg

Staff: Field Manager
 Office Manager
 Attorney Charles W. Zahn, Jr. (**Via Videoconference**)
 Engineer

Members
Absent: None

CALL TO ORDER

1. A quorum being present, the meeting was called to order by the presiding officer, Mr. Wishard, pursuant to posted notice.

RECOGNITION OF GUESTS

2. Because of the Executive Orders of the Governor and the Nueces County Judge prohibiting certain types of gatherings as a result of the COVID-19 virus, there were no guests at the meeting.

INTRODUCTION OF NEW BOARD MEMBERS

3. David Wishard introduced the new members of the Board of Directors, Jeff Holley, appointed to fill the unexpired term ending April, 2022 and Ron Hellberg, appointed to fill the unexpired term ending April, 2021.

PUBLIC COMMENT

4. There was no public comment was received by the Board of Directors.

MINUTES

5. Upon motion by Debbie Bond and second by Jeff Holley the following minutes were approved by the Board of Directors:

- 5.a. Minutes of May 28, 2020 Regular Meeting of the Board of Directors;
- 5.b. Minutes of June 4, 2020 Special Called Meeting of the Board of Directors;
- 5.c. Minutes of June 11, 2020 Special Called Meeting of the Board of Directors;
- 5.d. Minutes of June 18, 2020 Special Called Meeting of the Board of Directors, and,
- 5.e. Minutes of June 25, 2020 Special Called Meeting of the Board of Directors.

FINANCIALS

6. Janine Pruski advised the Board of Directors that the March, April and May, 2020 financials are ready without the necessary reclassifications. She stated that she has not received the financials for the month of June. Upon motion by Debbie Bond and second by Jeff Holley the financial statements for the months of March, April, May and June were tabled for further consideration.

DISPERSING ASSETS FROM THE MAIN RAWs ACCOUNT

7. Janine Pruski advised the Board of Directors that the new accounts had been set up to and that she was waiting for the corporate resolutions authorizing the accounts as well as the signatories on the accounts and the signature cards. Upon motion by Debbie Bond and second by John Fernan this matter was tabled pending receipt of the required documentation from the bank.

REALLOCATION OF FUNDS FROM OPERATING ACCOUNT TO CAPITAL ACCOUNT

8. Janine Pruski advised the Board of Directors that the transfer of the funds from the Operating Account to the Capital Account had not been completed. Upon motion by Debbie Bond and second by John Fernan this matter was tabled pending completion of the transfer of funds.

UPDATE ON FORENSIC BOOKKEEPER

9. Janine Pruski advised the Board of Directors that the forensic bookkeeper has completed her examination of the January through May, 2020. No action was taken by the Board of Directors.

RENAMING RESERVE ACCOUNT TO CAPITAL ACCOUNT

10. David Wishard advised the Board of Directors that funds in the Reserve Account can be used for any RAWs business purposes. He recommended that the account be renamed as the Restricted Reserve Account with certain funds in the account being restricted in their use. He stated that this would conform with the requirements of the loan indentures with the Texas Water Development Board. Upon motion by Debbie Bond and second by John Fernan the Board of Directors approved the change of the name of the Reserve Account to the Capital Account.

AUTO FLUSHERS

11. John Fernan provided an update advising the Board of Directors that RAWS is currently using Auto Flushers owned by the City of Corpus Christi. He stated that although the Board of Directors has approved the purchase and installation of 5 Auto Flushers, he would recommend not purchasing new ones until such time as the City of Corpus Christi asks for their Auto Flushers back.

AUTOMATED WATER METER PROJECT

12. David Wishard provided an update on the purchase and installation of the automated water meter project. He stated that the Request for Proposal is being advertised for the next two (2) weeks and that RAWS should receive bids shortly thereafter.

SAFETY AND SECURITY CONCERNS

13. Debbie Bond updated the Board of Directors on discussions with ADT for providing security and cyber security to RAWS and its operations. She also advised the Board of Directors that she had located a safe for valuables of RAWS and would purchase the same in the near future.

OUTSOURCING THE OPERATIONS OF RAWS

14. David Wishard advised the Board of Directors that he, John Fernan and Ron Hellberg had met with representatives of Nueces County Water Control and Improvement District No. 3 (the "District") concerning the District providing operations management for RAWS. Mr. Wishard outlines a proposed agreement with the District to outsource the operation of RAWS. He stated that the Board of Directors had three (3) alternatives concerning outsourcing the operations of RAWS:

- a. Contracting with an individual from Kennedy, Texas at a rate of \$21.00 per meter or \$17,500 per month payable monthly in advance.
- b. Contracting with the District to take over the entire operation while maintaining the administration in house at a cost of \$16,000 per month.
- c. Hire an individual systems operator at a cost of \$100,000 plus health benefits along with two field technicians.

After discussion, upon motion by Debbie Bond and second by John Fernan the Board of Directors authorized the President of the Board to proceed with contract negotiations with the District.

PROCESS, PROCEDURE AND PROTOCOL FOR RECOVERY OF FUNDS FOR ALLEGED FRAUDULENT ACTIVITIES

15. David Wishard asked Roy George for an update on the progress of his committee on filing the reimbursement claim to proceed to recover insurance proceeds for alleged fraudulent activities prior to the current Board of Directors being elected. Mr. George advised the Board of Directors that he had no update.

RECOVERY OF FUNDS FOR ALLEGED FRAUDULENT ACTIVITIES

16. David Wishard proposed that counsel for RAWS send a letter to the insurance adjustor handling the reimbursement claim to recover insurance proceeds for alleged fraudulent activities prior to the current Board of Directors being elected asking to place the claim in suspension until such time as the records seized by the Nueces County Sheriff's Department are made available to RAWS. Upon motion by Jeff Holley and second by Debbie Bond the Board authorized counsel for RAWS to seek a suspension of the

claim pending release of the records seized by the Nueces County Sherriff's Department. A copy of the letter is attached hereto and made a part hereof.

DIRECTOR COMMENTS

17. Mr. Wishard asked for comments from the Directors.

EXECUTIVE SESSION

18. Recess Open Session and Convene Executive Session: At 7:33 p.m. Mr. Wishard announced the Corporation would go into executive session pursuant to §551.074 of the Texas Government Code, to deliberate agenda item 18.a. which was described in the agenda as follows:

18.a. Appointment, employment, evaluation and duties of the River Acres Water Supply Corporation's personnel. (Section 551.074 of the Texas Government Code).

RECONVENE IN OPEN SESSION

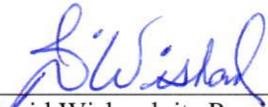
19. At 8:20 p.m. the President reconvened in Open Session. No action was taken in Open Session on the matter deliberated in Executive Session except as follows:

19.a. Upon motion by Jeff Holley and second by Ron Hellberg the Board of Directors authorized the reorganization of RAWs personnel.

ADJOURNMENT

20. As there was no further business to come before the Board of Directors, a motion was made by Roy George and seconded by John Fernan and approved to adjourn.

RIVER ACERS WATER SUPPLY CORPORATION

By 
David Wishard, its President

ATTEST:


Janine Pruski, its Secretary