

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: January 21, 2020
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

A Regular Meeting of the STWA Board of Directors is scheduled for:

Tuesday, January 28, 2020
5:30 p.m.
South Texas Water Authority
2302 East Sage Road, Kingsville, Texas

The Board will consider and act upon any lawful subject which may come before it, including among others, the following:

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Proposed Fiscal Year 2019 Audit. (Attachment 1)
4. **Resolution 20-01.** Resolution accepting the Fiscal Year 2019 Audit prepared by John Womack & Co., P.C. of Kingsville, Texas. (Attachment 2)
5. Approval of Minutes. (Attachment 3)
6. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 4)
7. Nueces County project for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation. (Attachment 5)
8. Update on Nueces County Water Control and Improvement District #5 and offered Wholesale Water Supply Contract. (Attachment 6)

9. Flushing of 42" waterline. (Attachment 7)
10. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline. (Attachment 8)
11. Water Supply Contract with the City of Bishop. (Attachment 9)
12. License Agreement with City of Bishop for Pump Station Facilities. (Attachment 10)
13. Appointment of Director to serve on negotiation committee for the Bishop License Agreement.
14. Water Supply Contract with the City of Driscoll. (Attachment 11)
15. Operations and Maintenance Contract – City of Driscoll. (Attachment 12)
16. Update on installation of Flow-Tronic Torpee Mag for the Driscoll Booster Station from Macaulay Controls Company. (Attachment 13)
17. Review of South Texas Water Authority Personnel Policies – Hiring of Management Personnel. (Attachment 14)
18. **Resolution 20-02.** Resolution adopting revised South Texas Water Authority Personnel Policies for Hiring of Management Personnel. (Attachment 15)
19. Appointment of members of Standing Committee for Hiring of Management Personnel.
20. Review of South Texas Water Authority Personnel Policies – Retiree Benefits. (Attachment 16)
21. Proposals for Close Interval Potential survey on Contract 1. (Attachment 17)
22. Consideration of offers made to Linebarger, Goggan, Blair & Sampson, LLP for Tax Resale properties in Nueces County. (Attachment 18)
23. **Resolution 20-03.** Resolution approving the sale of delinquent tax properties for less than the amount of taxes owed or the most recent value determined by the appraisal district, whichever is less. (Attachment 19)
24. Proposed Engagement Letter for general counsel services – Willatt & Flickinger, PLLC. (Attachment 20)

25. Adjournment.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government Code, authorizing the closed session. KL/CGS/fdl
Attachment

This meeting notice was posted on
STWA's website, www.stwa.org, and on
indoor and outdoor bulletin boards at
STWA's administrative offices,
2302 East Sage Road, Kingsville, Texas at
4:15 am on Jan. 24, 2020
Francis DeLeon
Assistant Secretary

ATTACHMENT 1

2019 Audit

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 21, 2020
Re: Fiscal Year 2019 Audit

Background:

As a governmental entity an annual audit is necessary to safeguard the Authority's funds and insure that proper record keeping and financial measures are in place. John Womack and Company has examined the Authority's files and enclosed is the Fiscal Year 2019 audit. Once the audit is approved, it is provided to South Texas Water Authority's wholesale customers, the Texas Commission on Environmental Quality, Texas State Comptroller, and rating entities.

Analysis:

The FY 2019 audit has no findings of improper financial management and proper financial controls are in place. A representative of John Womack and Company will be available at the meeting to present the details of the audit and answer any questions.

Staff Recommendation:

After review and the presentation, adopt the Fiscal Year 2019 audit by approving Resolution 20-01.

Board Action:

Determine whether to approve the Fiscal Year 2019 audit by adopting Resolution 20-01.

Summarization:

I feel certain the Womack and Company representative will thank and praise STWA staff and in particular Jo Ella Wagner, Finance Manager, and Noemi Flores, Accountant Assistant, on the job they perform keeping the Authority's financial records and operations in proper working order.

SOUTH TEXAS WATER AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

STWA

SOUTH TEXAS WATER AUTHORITY

South Texas Water Authority
Annual Financial Report
For The Year Ended September 30, 2019

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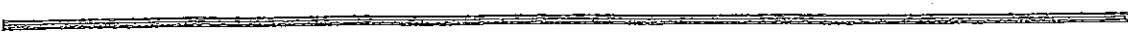
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SOUTH TEXAS WATER AUTHORITY

Financial Section

STWA

SOUTH TEXAS WATER AUTHORITY



JOHN WOMACK & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

P. O. BOX 1147
KINGSVILLE, TEXAS 78364
(361) 592-2671
FAX (361) 592-1411

Independent Auditor's Report

To the Board of Directors
South Texas Water Authority
P. O. Box 1701
Kingsville, Texas 78364

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Texas Water Authority ("the Authority") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of South Texas Water Authority as of September 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Texas Water Authority's basic financial statements.

Respectfully submitted,



John Womack & Co., P.C.
Kingsville, TX
December 6, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the South Texas Water Authority's ("the Authority") annual financial report represents our discussion and analysis of the Authority's financial performance during the Fiscal Year ended September 30, 2019. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

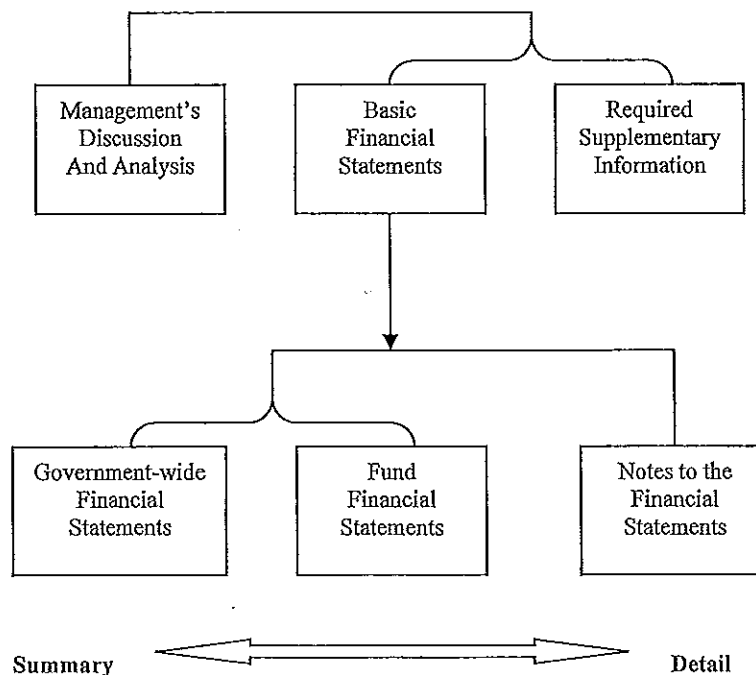
- The Authority's total net position was \$8,816,596 at September 30, 2019.
- During this year, the Authority's expenses, including depreciation, were \$255,026 less than the \$4,107,239 generated in taxes and other revenues for water related sales and management fees.
- The General Fund reported a fund balance this year of \$2,885,567.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts-*management's discussion and analysis* (this section), *the basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Authority's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Authority's operation in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

Figure A-1. Required Components of the Authority's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-2 summarizes the major features of the Authority's financial statements, including the portion of the Authority they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the Authority's Government-Wide and Fund Financial Statements		
Type of Statements	Government-Wide	Governmental Funds
Scope	Entire Authority's government (except fiduciary funds) and the Authority's component units	The activities of the Authority that are not proprietary or fiduciary
Required financial statement	*Statement of net position	*Balance Sheet
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-Wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority's net position and how they have changed. Net position -- the difference between the Authority's assets and liabilities -- are one way to measure the Authority's financial health or *position*.

- Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Authority, you need to consider additional non-financial factors such as changes in the Authority's tax base.

The financial statements of the Authority include the Governmental activities. The Authority's basic service is wholesale water. Water revenue, property taxes and management fees finance most of these activities.

Fund Financial Statements

- The *fund financial statements* focus on individual parts of the Authority, reporting the Authority's operations in greater detail than the government-wide statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- All of the funds of the Authority can be divided into two categories: governmental funds and fiduciary funds.

The Authority has two fund types:

- Governmental funds - Most of the Authority's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or difference) between them.
- Fiduciary funds – These statements provide information about the financial relationships in which the Authority acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources belong. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governments. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Net position

The Authority's combined net position were \$8,816,596 at September 30, 2019.
(See Table A-1)

Table A-1
The Authority's Net Position

	Governmental Activities		% Change
	2019	2018	
Current and other assets	\$ 4,151,075	\$ 3,774,313	9.98%
Capital and non-current assets	8,959,906	9,267,859	-3.32%
Total Assets	13,110,981	13,042,172	0.53%
Current liabilities	461,714	400,249	15.36%
Long-term liabilities	3,832,671	4,080,353	-6.07%
Total Liabilities	4,294,385	4,480,602	-4.16%
Net position			
Net Investment			
in capital assets	4,967,271	5,040,791	-1.46%
Restricted	1,292,381	1,499,926	-13.84%
Unrestricted	2,556,944	2,020,853	26.53%
Total Net Position	\$ 8,816,596	\$ 8,561,570	2.98%

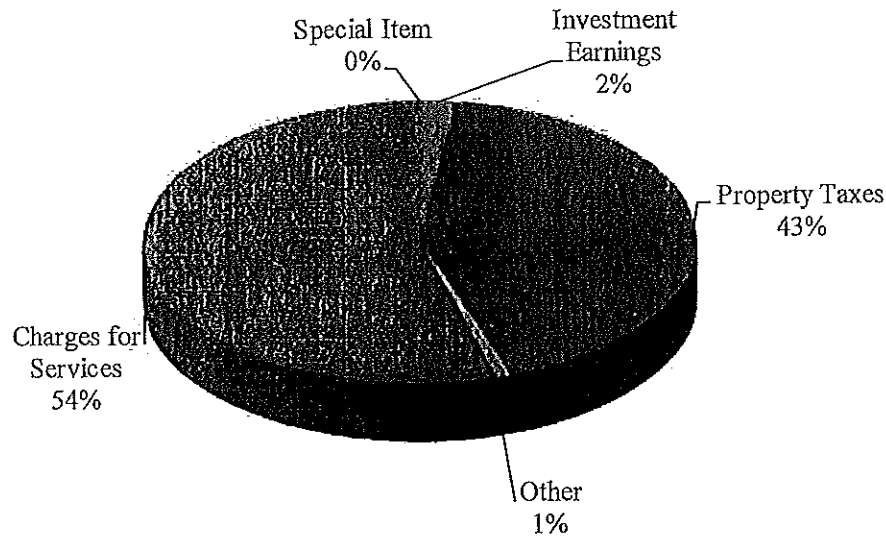
The \$2,556,944 of unrestricted net position represents resources available to fund the operations of the Authority in the next year.

Changes in balance sheet

Current and other assets increased \$376,762, or 9.98%, as a result of operations and ongoing capital projects, and capital assets decreased primarily due to current year depreciation. Current liabilities increased by \$61,465 or 15.36% due to an increase in accounts payable.

Changes in net position

The Authority's total revenues were \$4,107,239. A significant portion, 54%, of the Authority's revenue was derived from water and management service revenues. Approximately 43% was from property taxes, and the remaining 3% was generated from investment earnings and other revenues. The total expenses were \$3,852,213, of which \$1,316,013 was for purchased water costs, and that was up by 1.95% from the prior year. Payroll costs increased by \$55,234 or by 5.25% over 2018, to \$1,107,492.



Governmental Activities

- Operation and Maintenance tax rate increased slightly to \$0.067886 and the Debt Service tax rate decreased slightly to \$0.018778 per \$100 valuation. An increase in assessed valuations of \$179,850,053, or 10.2% resulted in an increase in tax revenue of \$222,861 which was 14.59% more than tax revenues in the preceding year.
- The cost of all governmental activities this year was \$3,852,213.
- However, the amount that our taxpayers paid for these activities through property taxes was \$1,750,795.
- A majority portion of the costs were paid by those who directly benefited from water service, \$2,232,997, or a 3.17% increase from last year.

Table A-2
Authority Revenues and Expenses

	<u>Governmental Activities</u>		<u>Total % Changes</u>
	<u>2019</u>	<u>2018</u>	
Revenues:			
Program Revenues:			
Charges for service	\$ 2,232,997	\$ 2,164,411	3.17%
General Revenues:			
Property taxes	1,750,795	1,527,934	14.59%
Investment earnings	88,288	53,975	63.57%
Miscellaneous	35,159	29,848	17.79%
Total Revenue	<u>4,107,239</u>	<u>3,776,168</u>	8.77%
Expenses:			
Cost of water sales	1,316,013	1,290,842	1.95%
Other operating expenses	1,808,000	1,868,556	-3.24%
Depreciation	728,200	683,596	6.52%
Total Expenses	<u>3,852,213</u>	<u>3,842,994</u>	0.24%
Increase (Decrease) in net position	255,026	(66,826)	481.63%
Beginning - net position	<u>8,561,570</u>	<u>8,628,396</u>	-0.77%
Ending - net position	<u>\$ 8,816,596</u>	<u>\$ 8,561,570</u>	2.98%

Table A-3 presents the cost of each of the Authority's largest functions as well as each function's *net cost* (total cost less fees generated by the charges for services). The net cost reflects what was funded by local tax dollars, and other income.

Table A-3
Net Cost of Selected Authority Functions

	<u>Total Cost of Services</u>		<u>% Change</u>	<u>Net Cost of Services</u>		<u>% Change</u>
	<u>2019</u>	<u>2018</u>	<u>%</u>	<u>2019</u>	<u>2018</u>	
Water Delivery	\$ 3,852,213	\$ 3,842,994	0.24%	\$ 1,619,216	\$ 1,678,583	-3.54%

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

Revenues from governmental fund types total \$4,101,331. The vast majority of revenues were generated from tax revenues, water sales and management fees.

General Fund. The South Texas Water Authority sold water to all customers at the same rate during Fiscal Year 2019. The wholesale cost of water to the customers included the cost of water from the City of Corpus Christi, which varies slightly since it is based on the number of gallons purchased, and a fixed handling charge of \$0.426386 per 1,000 gallons of water. The average charge per 1,000 gallons was \$2.95.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district, therefore, an "in Lieu of Taxes" fee is charged monthly to NCWCID #5. The monthly fee for Fiscal Year 2019 is \$776.49.

In Fiscal Year 2019, the Authority paid \$1,316,014 for the purchase of approximately 521.95 million gallons of treated water from the City of Corpus Christi and the Authority's wholesale customers paid \$1,663,644 for the delivered water, with a difference of \$347,630 from the total paid to the City of Corpus Christi. This compares to Fiscal Year 2018 when the Authority paid \$1,290,842 for the purchase of approximately 542.70 million gallons and the Authority's wholesale customers paid \$1,631,815 for a difference of \$340,973.

During FY 2017, NewGen Strategies, Inc., a rate consultant, was hired to research whether any financial risk exists for the Authority as a result of wholesale customers that do not enter into a long-term contract. The study found that there is and recommended the adoption of a premium rate for those customers. The Board adopted an Order to that effect which was effective as of December 1, 2017. The City of Bishop, the City of Driscoll and the Nueces County Water Control and Improvement District #5 pay a premium of \$0.426386 per 1,000 gallons.

South Texas Water Authority manages Nueces Water Supply Corporation and Ricardo Water Supply Corporation by management contracts. The Authority charges the Corporations for various services including operations, administration, meter readings, billing and notices, water samples, taps, extensions, and repairs. The agreement allows the Authority and Corporations to utilize the equipment and manpower needed to operate efficiently. The Authority analyzes the charges for services to the Corporations biannually to assure that the Authority is fully compensated by the Corporations.

BUDGETARY HIGHLIGHTS

General Fund. The Authority amended its budget after six months and at the end of the Fiscal Year. Even with these adjustments, actual expenditures were \$194,012 below final budget amounts. The most significant positive variance resulted from professional fees, which were \$50,785 below the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The South Texas Water Authority's investment in capital assets as of September 30, 2019 amounts to \$26,925,987, which includes land, buildings, water systems and vehicles. This amount represents a net increase, including additions and deductions, of \$286,586 compared to last year. The Authority's policy is to capitalize all individual capital items over \$5,000. Accumulated depreciation increased by \$594,539 which includes additions and deductions.

**Table A-4
Authority's Capital Assets**

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2019</u>	<u>2018</u>	
Land and easements and right of ways	\$ 1,213,517	\$ 1,213,517	0.00%
Construction in progress	171,637	13,175	1202.75%
Total capital assets not being depreciated	<u>1,385,154</u>	<u>1,226,692</u>	12.92%
Buildings	843,772	843,772	0.00%
Water system	23,840,182	23,811,290	0.12%
Machinery and equipment	462,040	450,144	2.64%
Vehicles	298,542	214,166	39.40%
Furniture and fixtures	96,297	93,337	3.17%
Total Depreciable Assets	<u>25,540,833</u>	<u>25,412,709</u>	0.50%
Totals at historical cost	26,925,987	26,639,401	1.08%
Total accumulated depreciation	<u>(17,966,081)</u>	<u>(17,371,542)</u>	3.42%
Net capital assets	<u>\$ 8,959,906</u>	<u>\$ 9,267,859</u>	-3.32%

The Authority had general obligation bonds of \$3,870,000, related premium and discount of \$122,635 and \$87,545 in long-term outstanding compensated absences at year end.

**Table A-5
Authority's Long-Term Debt**

	<u>2019</u>	<u>2018</u>	<u>Total % Change</u>
General Obligation Bonds			
Series 2013	\$ 3,870,000	\$ 4,095,000	-5.49%
Premium & Discount	122,635	132,068	-7.14%
Accrued Compensated Absences	87,545	97,856	-10.54%
Total Long-Term Debt	<u>\$ 4,080,180</u>	<u>\$ 4,324,924</u>	-5.66%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATE

General Fund

- Appraised values used for the 2019 tax year are up by \$219,650,231, or 11.30% from 2018.
- The taxes collected are for Operations and Maintenance and Debt Service, and the combined tax rate is at \$0.086911 per \$100 valuation.
- The cost per 1,000 gallons is the handling charge of \$0.426386 plus the monthly cost of water from the City of Corpus Christi except for Nueces County Water Control & Improvement District #5, which pays an additional in lieu of taxes rate of \$805.00 per month.

These indicators were taken into account when adopting the General Fund Budget for FY 2020. Budgeted revenues are \$3,791,705, an increase of \$114,242 from actual Fiscal Year 2019. The anticipated tax revenue for the Fiscal Year 2020 at a 95.30% collection rate is \$1,465,721 which will be used to cover a portion of the Authority's fixed costs such as insurance, payroll, legal, repairs, capital expenditures, appraisal district and tax assessor collector fees.

Expenditures are budgeted to decrease in capital outlay, and to increase, primarily, in payroll and professional fees.

The 2020 adopted budget indicates that South Texas Water Authority is operating under a budget with a \$328,963 ending balance. This includes \$225,350 for capital outlay for a new truck, a RWSC chlorine booster at Kingsville site, technology upgrades, a large air compressor, a truck utility bed, new chlorine and LAS scales, and separating the shared pump station facilities servicing Nueces County Water Control and Improvement District #5 and the Nueces Water Supply Corporation.

Beginning October 1, 2005, South Texas Water Authority implemented a different method of charging for water whereby the customers are billed a variable rate based on the monthly cost of water from the City of Corpus Christi, plus a handling charge, which, for fiscal year 2019, was \$.426386 per 1,000 gallons.

The City of Agua Dulce, Ricardo Water Supply Corporation and Nueces Water Supply Corporation signed 20-year contracts during Fiscal Year 2015. During FY 2017, negotiations for a long-term contract continued with the City of Kingsville, City of Bishop, City of Driscoll and the Nueces County Water Control and Improvement District #5.

These negotiations resulted in a long-term contract with the City of Kingsville with an initial 5-year term. The City of Kingsville contract stipulates that it will, beginning in 2018, purchase \$350,000 of water at the rate described above, increasing \$10,000 per year over the next five years, reaching a total of \$400,000, at the end of the initial 5 years with three (3) automatic 5-year renewals, provided neither party gives notice of termination or a desire to re-negotiate the contract provisions. In addition, a similar contract has been accepted by the City of Bishop; but, is contingent on a license agreement for the usage of the Bishop East location.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district. Therefore, an "in Lieu of Taxes" fee is charged monthly to NCWCID #5. This is calculated by multiplying NCWCID #5's taxable value, obtained from the Nueces County Appraisal District, by STWA's tax rate. The fee is divided into 12 monthly payments. The fee for fiscal year 2019 is \$776.49 per month.

Debt Service Fund

STWA also collects a Debt Service tax to pay for the \$5,110,000 in bonds that sold in May 2013. Anticipated tax revenue of \$391,085 to cover Fiscal Year 2020 principal and interest payment on the bonds will be collected.

Capital Projects Fund

On November 6, 2012, South Texas Water Authority had three bond proposals on the ballot of the General Election. Proposition #1 was for the issuance of \$1,900,000 water system improvement bonds for relocation of the Authority's regional water transmission line as a result of TXDOT's upgrade of US Hwy 77 to interstate standards and the levy of taxes in payment of the bonds. Proposition #2 was for the issuance of \$2,925,000 water system improvement bonds for storage tank and pump improvements at the Kingsville Pump Station and the levy of taxes in payment of the bonds. Proposition #3 was for the issuance of \$375,000 water system improvement bonds for installation of pumps at the Bishop pump station and facility improvements at the Bishop Westside pump station and the levy of taxes in payment of the bonds.

All three propositions passed. Proposition 3 was completed in Fiscal Year 2015 while Proposition 1 was completed in Fiscal Year 2016. Proposition 2 was completed in Fiscal Year 2017. A portion of those remaining funds were used to complete construction of the Driscoll LAS Booster Station which will enable injection of chloramines into the 42" transmission line. This project is a direct result of the TCEQ Order which requires a 0.5 mg/l chloramine residual to be maintained in all portions of STWA's waterlines. The remaining funds will be used to install anodes for Cathodic Protection on the 42" distribution line.

The Authority sold \$5,110,000 of water system improvement bonds for the above three mentioned projects.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, contact the South Texas Water Authority at (361) 592-9323.

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SOUTH TEXAS WATER AUTHORITY

Basic Financial Statements

SOUTH TEXAS WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities
ASSETS	
Assets:	
Cash and Investments	\$ 3,686,041
Receivables:	
Property Taxes	224,306
Allowance for Uncollectible Taxes	(88,107)
Service Accounts	281,647
Due from Other Governments	1,250
Inventory	19,661
Capital Assets, net	8,959,906
Other Assets	26,277
Total Assets	13,110,981
LIABILITIES AND EQUITY	
Liabilities:	
Accounts Payable	199,676
Accrued Interest Payable	14,529
Current Portion of Long-Term Liabilities:	
Bonded Debt Payable	230,000
Accumulated Unpaid Compensated Absences	17,509
Non-current Portion of Long-Term Liabilities:	
Bonded Debt Payable	3,762,635
Accumulated Unpaid Compensated Absences	70,036
Total Liabilities	4,294,385
NET POSITION:	
Net Investment in Capital Assets	4,967,271
Restricted For:	
Debt Service	279,515
Construction	1,012,866
Unrestricted	2,556,944
Total Net Position	8,816,596

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:		Charges for Services	Governmental Activities
Water Delivery	\$ 3,852,213	\$ 2,232,997	\$ (1,619,216)
Total Government Activities	<u>3,852,213</u>	<u>2,232,997</u>	<u>(1,619,216)</u>
Total Primary Government	<u>\$ 3,852,213</u>	<u>\$ 2,232,997</u>	<u>(1,619,216)</u>
General Revenues:			
Property Taxes			1,750,795
Unrestricted Investment Earnings			88,288
Miscellaneous Income			35,159
Transfers			--
Total General Revenues and Transfers			<u>1,874,242</u>
Change in Net Assets			<u>255,026</u>
Net Assets - Beginning			8,561,570
Net Assets - Ending			<u>\$ 8,816,596</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Capital Improvements Fund	Total Governmental Funds
ASSETS				
Assets:				
Cash and Investments	\$ 2,714,703	\$ 63,078	\$ 908,263	\$ 3,686,044
Receivables:				
Property Taxes	171,763	52,543	--	224,306
Allowance for Uncollectible Taxes	(76,736)	(11,371)	--	(88,107)
Service Accounts	281,647	--	--	281,647
Due from Other Governments	981	269	--	1,250
Due from Other Funds	60,997	1,514	--	62,511
Inventory	19,661	--	--	19,661
Other Assets	26,277	--	--	26,277
Total Assets	\$ 3,199,293	\$ 106,033	\$ 908,263	\$ 4,213,589
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 199,676	\$ --	\$ --	\$ 199,676
Compensated Absences	17,509	--	--	17,509
Due to Other Funds	1,514	9,287	51,710	62,511
Total Liabilities	218,699	9,287	51,710	279,696
DEFERRED INFLOWS OF RESOURCES:				
Deferred Tax Revenue	95,027	41,173	--	136,200
Total Deferred Inflows of Resources	95,027	41,173	--	136,200
FUND BALANCES:				
Restricted for Capital Projects	--	--	856,553	856,553
Restricted for Debt Service	--	55,573	--	55,573
Nonspendable - Inventory	19,661	--	--	19,661
Unassigned Fund Balance	2,865,906	--	--	2,865,906
Total Fund Balances	2,885,567	55,573	856,553	3,797,693
Total Liabilities, Deferred Inflows, and Equity	\$ 3,199,293	\$ 106,033	\$ 908,263	\$ 4,213,589

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2019

Total fund balances - governmental funds balance sheet	\$ 3,797,693
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	8,959,906
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	136,199
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,870,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(14,530)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(70,037)
Bond premiums are amortized in the SNA but not in the funds.	<u>(122,635)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 8,816,596</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Capital Improvements Fund	Total Governmental Funds
Revenue:				
Water Service Revenue	\$ 1,670,942	\$ 2,019	\$ --	\$ 1,672,961
Tax Revenue	1,365,753	379,133	--	1,744,886
Interest	60,811	5,041	22,437	88,289
Service Revenue	560,036	--	--	560,036
Other Revenue	19,921	--	--	19,921
Total revenues	<u>3,677,463</u>	<u>386,193</u>	<u>22,437</u>	<u>4,086,093</u>
Expenditures:				
Current:				
Water Service Expenditure:				
Purchased Water	1,316,013	--	--	1,316,013
Payroll Cost	1,107,492	--	--	1,107,492
Supplies and Materials	92,679	--	--	92,679
Other Operating Expenditures:				
Professional Fees	99,194	18,062	--	117,256
Supplies and Materials	180,871	--	--	180,871
Recurring Operating Cost	198,745	--	--	198,745
Debt Service & Related Costs	--	347,550	--	347,550
Miscellaneous	6,644	--	--	6,644
Capital outlay	263,933	--	156,314	420,247
Total expenditures	<u>3,265,571</u>	<u>365,612</u>	<u>156,314</u>	<u>3,787,497</u>
Excess (deficiency) of revenues (under) expenditures	411,892	20,581	(133,877)	298,596
Other financing sources (uses):				
Gain on Sale of Assets	15,238	--	--	15,238
Total other financing sources (uses)	<u>15,238</u>	<u>--</u>	<u>--</u>	<u>15,238</u>
Special item:				
Net Change in Fund Balance	427,130	20,581	(133,877)	313,834
Fund balances/equity, October 1	2,458,437	34,992	990,430	3,483,859
Fund balances/equity, September 30	<u>\$ 2,885,567</u>	<u>\$ 55,573</u>	<u>\$ 856,553</u>	<u>\$ 3,797,693</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	\$ 313,834
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	420,246
The depreciation of capital assets used in governmental activities is not reported in the funds.	(728,200)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	5,909
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	225,000
(Increase) decrease in accrued interest from beginning of period to end of period.	9,987
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>8,250</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 255,026</u>

The accompanying notes are an integral part of this statement.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies

The combined financial statements of South Texas Water Authority (the "Authority") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The South Texas Water Authority was created by H.B. 2223 of the 66th Texas Legislature, Regular Session, 1979, (the "Act") as a conservation and reclamation Authority under the provisions of Article XVI, Section 59, of the Constitution of the State of Texas. The Authority was formed to construct and operate a regional water supply system in Kleberg and Nueces Counties. The Board of Directors held its first meeting in August, 1979, and the first bond issue was sold in December of 1981. The members of the Board of Directors are appointed by the Commissioner's Courts. However, the governing body has authority to make decisions, appoint administrators and managers, significantly influence operations, and has primary accountability for fiscal matters.

The Authority's basic financial statements include the accounts of all its operations. The Authority evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on these criteria, the Authority has no component units. Additionally, the Authority is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Authority does not allocate indirect expenses in the statement of activities. Water revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the Authority and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, when applicable. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fund Financial Statements: The fund financial statements provide information about the Authority's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Currently, the Authority has no nonmajor funds.

The Authority reports the following major governmental funds:

General Fund. This is the Authority's primary operating fund. It accounts for all financial resources of the Authority except those required to be accounted for in another fund.

Debt Service Fund. The Authority accounts for revenues collected to pay interest on and retire long-term debt, including bonds, long-term mortgage notes, etc., in this fund, which is a budgeted fund.

Capital Projects Fund: The Authority accounts for proceeds from the sale of bonds, and related expenditures for capital improvements, in this fund.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, with the exception of property taxes which are fully deferred because revenues collected within sixty days after year end are considered immaterial. Revenues from local sources consist primarily of water sales and property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the Authority incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first, then unrestricted resources.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The assessed value of the roll on January 1, 2018, upon which the levy for the 2019 fiscal year was based, was \$1,944,673,017, net of exemptions.

The tax rate assessed for the year ended September 30, 2019, to finance General Fund operations was \$.067886 per \$100 valuation, and the Debt Service Fund tax rate was \$0.01870 per \$100 valuation.

Current tax collections for the year ended September 30, 2019 were 98.3% of the year-end adjusted tax levy.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the Authority is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the Authority:

	Balance 10/01/18	Current Year Levy(1)	Total Collections	Yearly Adjustments	Balance 09/30/19
Delinquent Taxes					
Receivable	\$ 205,614	\$ 1,686,132	\$ 1,716,504	\$ 49,064	\$ 224,306
Allowance for Uncollectible Taxes	(75,234)			(12,872)	(88,106)
Net Delinquent Taxes Receivable	<u>\$ 130,380</u>	<u>\$ 1,686,132</u>	<u>\$ 1,716,503</u>	<u>\$ 5,995</u>	<u>\$ 136,200</u>

(1) Year-end adjusted tax levy.

b. Inventories and Prepaid Items

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	40
Building Improvements	40
Vehicles	5
Office Equipment	10
Computer Equipment	10

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration or use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal year 2019.

d. **Receivable and Payable Balances**

The Authority believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. **Deferred Inflows and Outflows of Resources**

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. **Compensated Absences**

The Authority provides vacation time for employees at the rate of 8 hours per month up to 5 years of service at which time it increases to 10 hours per month, and over 10 years of service, a one-time longevity adjustment is made to the salary equal to 80 hours of pay divided by 2,080 hours. This compensation is for two weeks of vacation no longer given after ten years. Sick leave accumulates at the rate of 2 hours per week, and personal leave accumulates at the rate of 2 hours per month. 100% of accumulated vacation (up to 480 hours), personal, and compensatory time (up to 240 hours) is paid upon termination of employment for any reason, but accumulated unpaid sick leave is not paid upon termination.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the Authority's Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.

Assigned Fund Balance - represents amounts which the Authority intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Authority itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

j. Net Postion Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
NONE	N/A

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledged securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At September 30, 2019, the carrying amount of the Authority's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$74,862 and the bank balance was \$285,534. The Authority's cash deposits at September 30, 2019, and during the year ended September 30, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

2. Investments:

The Authority is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Authority adhered to the requirements of the Act. Additionally, investment practices of the Authority were in accordance with local policies.

The Act determines the types of investments which are allowable for the Authority. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The Authority's investments at September 30, 2019 are shown below.

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	AAAm	N/A	\$ 2,702,767
TexStar Investment Pool	AAAm	N/A	908,263
Total Investments			<u>\$ 3,611,030</u>

3. Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the Authority was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At the end of the period, the Authority was not significantly exposed to credit risk.

b. Custodial Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name.

At the end of the period, the Authority was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At the end of the period, the Authority was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At the end of the period, the Authority was not significantly exposed to interest rate risk.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At the end of the period, the Authority was not exposed to foreign currency risk.

Investment Accounting Policy

The Authority's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The Authority's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

TexSTAR

The Authority invests in the Texas Short Term Asset Reserve Program (TexSTAR), which has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR is managed by a five-member board of directors (Board). In accordance with the Public Funds Investment Act, TexSTAR maintains an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Advisory board members are appointed and serve at the will of the Board of Directors. J. P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Company (FSC) serve as co-administrators for TexSTAR under an agreement with the Board. JPMIM provides investment management services, and FSC provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. The business affairs of TexSTAR are managed by the Board in accordance with its bylaws. The bylaws set forth procedures governing the selection of, and action taken by, the Board. Board oversight of TexSTAR is maintained through various reporting requirements. TexSTAR is rated AAAM by Standard and Poor's and is not operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which generally approximates the market value of the securities. The stated objective of TexSTAR is to maintain a stable \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured.

TexPool

The Authority invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

D. Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land, Easements, & Right of Ways	\$ 1,213,517	\$ --	\$ --	\$ 1,213,517
Construction in progress	13,175	158,462	--	171,637
Total capital assets not being depreciated	<u>1,226,692</u>	<u>158,462</u>	<u>--</u>	<u>1,385,154</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	843,772	--	--	843,772
Water Systems	23,811,290	28,892	--	23,840,182
Machinery & Equipment	450,145	104,138	92,243	462,040
Autos & Trucks	214,166	113,691	29,315	298,542
Furniture & Fixtures	93,336	15,064	12,103	96,297
Total capital assets being depreciated	<u>25,412,709</u>	<u>261,785</u>	<u>133,661</u>	<u>25,540,833</u>
Less accumulated depreciation for:				
Buildings and improvements	(466,100)	(20,678)	--	(486,778)
Water Systems	(16,325,240)	(612,669)	--	(16,937,909)
Machinery & Equipment	(360,920)	(33,385)	(92,243)	(302,062)
Autos & Trucks	(162,006)	(51,703)	(29,315)	(184,394)
Furniture & Fixtures	(57,276)	(9,765)	(12,103)	(54,938)
Total accumulated depreciation	<u>(17,371,542)</u>	<u>(728,200)</u>	<u>(133,661)</u>	<u>(17,966,081)</u>
Total capital assets being depreciated, net	<u>8,041,167</u>	<u>(466,415)</u>	<u>--</u>	<u>7,574,752</u>
Governmental activities capital assets, net	<u>\$ 9,267,859</u>	<u>\$ (307,953)</u>	<u>\$ --</u>	<u>\$ 8,959,906</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2019, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Projects	\$ 51,711	Capital projects expenditures
General Fund	Debt Service Fund	9,287	Short-term loans
Debt Service Fund	General Fund	1,514	Short-term loans
	Total	<u>\$ 62,512</u>	

All amounts due are scheduled to be repaid within one year.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2. Transfers To and From Other Funds

There were no transfers to or from other funds during the year ended September 30, 2019.

F. Long-Term Obligations

The Authority has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the Authority.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2019, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds:					
Series 2013	\$ 4,095,000	\$ --	\$ 225,000	\$ 3,870,000	\$ 230,000
Premium & Discount	132,068	--	9,433	122,635	--
Compensated absences	97,856	37,776	48,087	87,545	17,508
Total governmental activities	\$ 4,324,924	\$ 37,776	\$ 282,520	\$ 4,080,180	\$ 247,508

Bonds Payable consist of the following:

\$5,110,000 General Obligation Bonds Series 2013, payable in annual installments of \$345,250 to \$346,722 including interest at 2.00% to 3.50%, for various construction projects, maturing on August 15, 2033.

	2019	2018
	\$ 3,870,000	\$ 4,095,000

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 230,000	\$ 117,850	\$ 347,850
2021	235,000	113,250	348,250
2022	240,000	108,550	348,550
2023	245,000	101,350	346,350
2024	255,000	94,000	349,000
2025-2029	1,385,000	351,200	1,736,200
2030-2034	1,280,000	113,750	1,393,750
Totals	\$ 3,870,000	\$ 999,950	\$ 4,869,950

G. Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2019, the Authority obtained general liability and property (wind storm) coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Authority pays an annual premium to TML for its insurance coverage listed above. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

coverage has its own level of reinsurance. The Authority continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Health Care Coverage

During the year ended September 30, 2019, employees of the Authority were covered by a health insurance plan (the Plan). The Authority paid average premiums of \$1,878 per month per employee and dependents to the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Authority and the licensed insurer is renewable November 1, 2019, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the United Healthcare for the year ended December 31, 2018, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

I. Commitments and Contingencies

1. Contingencies

The Authority participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

None

3. Commitments

None

J. Retirement Plan

Plan Description

All full-time employees are covered under the South Texas Water Authority Thrift Plan and Trust, a defined contribution pension plan, established October 1, 1983. As of September 30, 2019, there were 16 plan members. Eligible employees contribute 7.5% of their pre-tax earnings, and may elect to contribute up to 4.5% of their post-tax earnings (for a total of up to 12%), which are matched dollar for dollar by the Authority. The participants become 20% vested in employer contributions after two years of participation and an additional 20% for each year of service thereafter. Employees may receive their vested portion of benefits upon termination. Contributions to the plan by the Authority for the years ended September 30, 2019 and 2018 amounted to \$76,710 and \$60,160, respectively, or 10.77% and 9.8% based on payroll expense of \$729,079 and \$614,769 respectively. The Plan is administered by C&M Administrators, Inc. (formerly Carley and McCaw, Inc.). Plan provisions and contribution requirements are established and may be amended by the Authority's board of directors.

SOUTH TEXAS WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

K. Water Service Contracts

1. Wholesale Water Rates

Beginning October 1, 2005, South Texas Water Authority implemented a different method of charging for water whereby the customers are billed a variable rate based on the monthly cost of water from the City of Corpus Christi (see below) plus a handling charge, which, for fiscal year 2019, is \$.426386 per 1,000 gallons. These contracts expired on 10/01/2012. The City of Kingsville, the City of Agua Dulce, the Nueces Water Supply Corporation, and the Ricardo Water Supply Corporation have entered into twenty year contracts that are based on the rate described above. The remaining customers are currently paying monthly based on the terms of the expired contracts plus a premium fee adopted by the Board.

The City of Kingsville contract stipulates that it will, beginning in 2018, purchase \$350,000 of water at the rate described above, increasing \$10,000 per year over the next five years reaching a total of \$400,000.

Nueces County Water Control and Improvement District #5 is outside the Authority's taxing district. Therefore, an "In Lieu of Taxes" fee is charged monthly to NCWCID #5. This is calculated by multiplying NCWCID #5's taxable value, obtained from the Nueces County Appraisal District, by STWA's tax rate. The fee is divided into 12 monthly payments. The fee for fiscal year 2019 is \$776.49 per month.

2. Purchased Water Rates

In 1980, the South Texas Water Authority entered into an agreement to purchase water from the City of Corpus Christi. The purchase agreement is for a period of forty years commencing with the date on which water was first delivered to the Authority. The water rates beginning August 1, 1998, reflected treatment cost calculated on a declining block rate schedule. Beginning August 1, 2008, the treated water is no longer being calculated on a declining block schedule. The treated water is charged at a fixed rate per 1,000 gallons after the first 2,000 gallons. An additional cost for raw water is still charged using a fixed rate per 1,000 gallons.

Purchased water rates from the City of Corpus Christi are as follows:

<u>Gallons</u>	<u>Rates as of 1/1/19</u>	<u>Rates as of 1/1/18</u>
First 2,000	minimum of \$760.50	minimum of \$760.50
Over 2,000	\$1.527 per 1,000 gallons	\$1.404 per 1,000 gallons
Raw Water	\$1.013 per 1,000 gallons	\$0.974 per 1,000 gallons

L. Economic Dependency

The Authority has a very small base of seven customers that purchase water. Nueces Water Supply Corporation accounts for 33.0% of the Authority's water related revenue, the City of Kingsville accounts for 24.7% of the Authority's water related revenue, and Ricardo Water Supply Corporation account for 20.1% of the Authority's water related revenue.

STWA

SOUTH TEXAS WATER AUTHORITY



Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SOUTH TEXAS WATER AUTHORITY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Water Service Revenue	\$ 1,614,554	\$ 1,643,154	\$ 1,670,942	\$ 27,788
Tax Revenue	1,300,658	1,362,950	1,365,753	2,803
Interest	37,000	59,750	60,811	1,061
Service Revenue	588,354	544,955	560,036	15,081
Other Revenue	5,000	21,094	19,921	(1,173)
Total revenues	<u>3,545,566</u>	<u>3,631,903</u>	<u>3,677,463</u>	<u>45,560</u>
Expenditures:				
Current:				
Water Service Expenditure:				
Purchased Water	1,366,000	1,366,000	1,316,019	49,987
Payroll Cost	1,144,769	1,122,606	1,107,492	15,114
Supplies and Materials	135,000	117,350	92,679	24,671
Other Operating Expenditures:				
Professional Fees	156,065	149,979	99,194	50,785
Supplies and Materials	156,000	191,985	190,871	11,114
Recurring Operating Cost	204,899	207,519	198,745	8,774
Miscellaneous	7,500	8,500	6,644	1,856
Capital outlay	240,400	295,644	263,993	31,711
Total expenditures	<u>3,410,633</u>	<u>3,459,583</u>	<u>3,265,571</u>	<u>194,012</u>
Excess (deficiency) of revenues (under) expenditures	134,933	172,320	411,892	239,572
Other financing sources (uses):				
Gain on Sale of Assets	--	--	15,238	15,238
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>15,238</u>	<u>15,238</u>
Special Item:				
Net Change in Fund Balance	134,933	172,320	427,130	254,810
Fund balances/equity, October 1	2,458,437	2,458,437	2,458,437	--
Fund balances/equity, September 30	<u>\$ 2,593,370</u>	<u>\$ 2,630,757</u>	<u>\$ 2,885,567</u>	<u>\$ 254,810</u>

SOUTH TEXAS WATER AUTHORITY
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Water Service Revenue	\$ 2,019	\$ 2,020	\$ 2,019	\$ (1)
Tax Revenue	377,389	379,700	379,139	(567)
Interest	3,250	5,000	5,041	41
Total revenues	<u>382,658</u>	<u>386,720</u>	<u>386,199</u>	<u>(527)</u>
Expenditures:				
Other Operating Expenditures:				
Professional Fees	17,339	18,062	18,062	--
Debt Service & Related Costs	347,550	347,550	347,550	--
Total expenditures	<u>364,889</u>	<u>365,612</u>	<u>365,612</u>	<u>--</u>
Net Change in Fund Balance	17,769	21,108	20,587	(527)
Fund balances/equity, October 1	34,992	34,992	34,992	--
Fund balances/equity, September 30	<u>\$ 52,761</u>	<u>\$ 56,100</u>	<u>\$ 55,579</u>	<u>\$ (527)</u>

SOUTH TEXAS WATER AUTHORITY
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest	\$ 17,500	\$ 21,000	\$ 22,437	\$ 1,437
Total revenues	<u>17,500</u>	<u>21,000</u>	<u>22,437</u>	<u>1,437</u>
Expenditures:				
Capital outlay	939,942	171,441	156,314	15,127
Total expenditures	<u>939,942</u>	<u>171,441</u>	<u>156,314</u>	<u>15,127</u>
Net Change in Fund Balance	(922,442)	(150,441)	(133,877)	16,564
Fund balances/equity, October 1	990,430	990,430	990,430	--
Fund balances/equity, September 30	<u>\$ 67,988</u>	<u>\$ 839,989</u>	<u>\$ 856,553</u>	<u>\$ 16,564</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

STWA

SOUTH TEXAS WATER AUTHORITY

SOUTH TEXAS WATER AUTHORITY
 SCHEDULE OF RATES AND SERVICES
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. Services Provided by the District:

<input type="checkbox"/> Retail Water	<input checked="" type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads

Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

Other (specify) Management Services - Nueces and Ricardo Water Supply Corporations

2. Retail Rates Based on 5/8" Meter: Retail Rates Not Applicable

3. Retail Service Providers: This Section Not Applicable

4. Total Water Consumption (In Thousands) During the Fiscal Year:

Gallons pumped into system: 521,950,000

Gallons billed to customers: 551,299,630

5. Standby Fees: Does the District assess standby fees: Yes
 No

For the most recent full fiscal year, FYE September 30, 2019:

Operations & Maintenance:	Total Levy	\$ 1,686,132
	Total Collected	\$ 1,657,307
	Percentage Collected	\$ 98.3%

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes No

(Continued)

SOUTH TEXAS WATER AUTHORITY
 SCHEDULE OF RATES AND SERVICES (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. Anticipated sources of funds to be used for debt service payments in the district's following fiscal year:

	Amount
a. Debt Service Tax Receipts	\$ 379,462
b. Surplus Construction Funds	0
c. Water and/or Wastewater Revenue	0
d. Standby Fees	0
e. Debt Service Fund Balance To Be Used	0
f. Interest Revenues	4,250
g. Other (Describe):	
Penalty & Interest	5,500
Surcharge Fee	1,873
TOTAL ANTICIPATED FUNDS TO BE USED:	\$ 391,085

7. Location of the District:

County(ies) in which the district is located: Kleberg, Nueces

Is the District located entirely within one county? Yes
 No

Is the District located within a city? Entirely
 Partly
 Not at all

City(ies) in which district is located: Bishop, Kingsville, Driscoll, Agua Dulce

Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely
 Partly
 Not at all

ETJ's in which the district is located: Bishop, Kingsville, Driscoll, Agua Dulce, Robstown

Is the general membership of the Board appointed by an office outside the district? Yes
 No

SOUTH TEXAS WATER AUTHORITY
 SCHEDULE OF TEMPORARY INVESTMENTS
 SEPTEMBER 30, 2019

FUNDS	INTEREST RATE	MATURITY DATE	BALANCES AT END OF YEAR
<u>GENERAL FUND</u>			
Interest Bearing	0.4000%	-	\$ 22,977
Interest Bearing	0.4000%	-	24,500
Interest Bearing	0.4000%	-	<u>27,385</u>
			<u>74,862</u>
Texpool	2.3876%	-	<u>2,639,691</u>
Total General Fund			<u>2,714,553</u>
<u>CAPITAL PROJECTS FUND</u>			
TexStar	2.3883%	-	<u>908,263</u>
Total Capital Projects Fund			<u>908,263</u>
<u>DEBT SERVICE FUND</u>			
Texpool	2.3876%	-	<u>63,077</u>
Total Debt Service Fund			<u>63,077</u>
TOTAL ALL FUNDS			<u>\$ 3,685,893</u>

SOUTH TEXAS WATER AUTHORITY
ANALYSIS OF TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Maintenance & Operations and Interest & Sinking Taxes
Taxes receivable, beginning of year	\$ 205,614
Tax levy	1,686,132
Total to be accounted for	1,891,746
Tax collections	
Current year	1,657,307
Prior years	59,197
Adjustments	(49,064)
Total collections & adjustments	1,667,440
Taxes receivable, end of year	\$ 224,306

Property Valuations:	2016	2017	2018	2019
Land	\$ 312,498,576	\$ 313,915,331	\$ 277,692,844	\$ 337,684,199
Improvements	788,719,282	857,265,541	951,087,693	935,843,797
Personal Property	498,553,567	333,527,928	342,240,678	608,427,368
Minerals	83,836,984	189,406,365	193,801,749	62,717,653
Total	\$ 1,683,608,409	\$ 1,694,115,165	\$ 1,764,822,964	\$ 1,944,673,017

Tax rates per \$100 valuation

Kleberg	\$ 0.083250	\$ 0.082942	\$ 0.085170	\$ 0.086664
Nueces	\$ 0.083250	\$ 0.082942	\$ 0.085170	\$ 0.086664

Tax levy

Kleberg	867,426	866,049	924,466	988,630
Nueces	534,178	539,084	581,415	697,502
	\$ 1,401,604	\$ 1,405,133	\$ 1,505,881	\$ 1,686,132

Percent of current taxes collected
to current taxes levied

	96%	96%	95%	98%
--	-----	-----	-----	-----

Tax rates for overlapping jurisdictions. Include any taxing entities which overlap 10% or more of the district:

Taxing Jurisdiction	Tax Rate
County: Kleberg	\$ 0.781450
City: Kingsville	0.830000
School Districts: Kingsville Independent School District	1.518900
Total Authority (from above)	0.086664
Total overlapping tax rate	\$ 3.217014

SOUTH TEXAS WATER AUTHORITY
 ANALYSIS OF CHANGES IN LONG-TERM DEBT
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds, Series 2013	\$ 4,095,000	\$ -	\$ 225,000	\$ 3,870,000	\$ 230,000
Premium & Discount	132,068	-	9,433	122,635	-
Accrued Compensated Absences	<u>97,856</u>	<u>37,776</u>	<u>48,087</u>	<u>87,545</u>	<u>17,508</u>
	<u>\$ 4,324,924</u>	<u>\$ 37,776</u>	<u>\$ 282,520</u>	<u>\$ 4,080,180</u>	<u>\$ 247,508</u>

SOUTH TEXAS WATER AUTHORITY
 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
 GENERAL FUND AND DEBT SERVICE FUND
 FIVE YEARS ENDED SEPTEMBER 30, 2019

	AMOUNTS				
	2019	2018	2017	2016	2015
GENERAL FUND:					
<u>Revenues:</u>					
Water Service Revenue	\$ 1,670,942	\$ 1,638,434	\$ 1,478,609	\$ 1,476,242	\$ 1,374,075
Tax Revenue	1,365,753	1,145,244	1,048,418	1,047,783	983,226
Interest	60,811	33,061	13,841	4,985	2,042
Service Revenue	560,036	523,818	509,809	489,368	461,981
Other Revenue	19,921	29,848	7,042	31,293	6,266
Total Revenues	<u>3,677,463</u>	<u>3,370,405</u>	<u>3,057,719</u>	<u>3,049,671</u>	<u>2,827,590</u>
<u>Expenditures:</u>					
Water Service Expenditures					
Purchased Water	1,316,013	1,290,842	1,233,540	1,234,186	1,153,869
Payroll Costs	1,107,492	1,052,258	978,721	1,000,929	974,151
Supplies and Materials	92,679	145,991	131,254	193,676	134,111
Other Operating Expenditures					
Professional Fees	99,194	197,969	168,974	162,181	162,854
Supplies and Materials	180,871	158,301	122,147	143,775	157,901
Recurring Operating Costs	198,745	180,777	190,313	179,289	183,408
Miscellaneous	6,644	5,235	6,149	10,154	6,587
Capital Outlay	263,933	101,934	97,804	25,386	71,987
Total Expenditures	<u>3,265,571</u>	<u>3,133,307</u>	<u>2,928,902</u>	<u>2,949,576</u>	<u>2,844,868</u>
Excess of Revenues over Expenditures	411,892	237,098	128,817	100,095	(17,278)
<u>Other Sources (Uses):</u>	<u>15,238</u>	<u>24,257</u>	<u>0</u>	<u>0</u>	<u>610</u>
Excess of Revenues over Expenditures and Other Uses:	<u>\$ 427,130</u>	<u>\$ 261,355</u>	<u>\$ 128,817</u>	<u>\$ 100,095</u>	<u>\$ (16,668)</u>
DEBT SERVICE FUND:					
<u>Revenues:</u>					
Tax Revenue	\$ 379,133	\$ 372,631	\$ 370,875	\$ 357,181	\$ 364,679
Interest & Misc.	7,060	5,422	3,508	617	94
Total Revenues	<u>386,193</u>	<u>378,053</u>	<u>374,383</u>	<u>357,798</u>	<u>364,773</u>
<u>Expenditures:</u>					
Purchased & Contracted Services	18,062	18,801	19,226	18,709	0
Debt Service & Related Costs	347,550	346,950	346,250	345,450	349,650
Miscellaneous	0	0	0	0	0
Total Expenditures	<u>365,612</u>	<u>365,751</u>	<u>365,476</u>	<u>364,159</u>	<u>349,650</u>
Excess of Revenues over Expenditures	20,581	12,302	8,907	(6,361)	15,123
<u>Other Sources (Uses):</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Resources over Expenditures:	<u>\$ 20,581</u>	<u>\$ 12,302</u>	<u>\$ 8,907</u>	<u>\$ (6,361)</u>	<u>\$ 15,123</u>
Total Active Retail Water and/or Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

PERCENT OF FUND TOTAL REVENUES

2019	2018	2017	2016	2015
45.4%	48.6%	48.4%	48.4%	48.6%
37.1%	34.0%	34.3%	34.4%	34.8%
1.7%	1.0%	0.5%	0.2%	0.1%
15.2%	15.5%	16.7%	16.0%	16.3%
0.5%	0.9%	0.2%	1.0%	0.2%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
35.8%	38.3%	40.3%	40.5%	40.8%
30.1%	31.2%	32.0%	32.8%	34.5%
2.5%	4.3%	4.3%	6.4%	4.7%
2.7%	5.9%	5.5%	5.3%	5.8%
4.9%	4.7%	4.0%	4.7%	5.6%
5.4%	5.4%	6.2%	5.9%	6.5%
0.2%	0.2%	0.2%	0.3%	0.2%
7.2%	3.0%	3.2%	0.8%	2.5%
<u>88.8%</u>	<u>93.0%</u>	<u>95.8%</u>	<u>96.7%</u>	<u>100.6%</u>
11.2%	7.0%	4.2%	3.3%	-0.6%
<u>0.4%</u>	<u>0.7%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
<u>11.6%</u>	<u>7.8%</u>	<u>4.2%</u>	<u>3.3%</u>	<u>-0.6%</u>
98.2%	98.6%	99.1%	0.0%	0.0%
1.8%	1.4%	0.9%	0.2%	0.0%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>0.2%</u>	<u>0.0%</u>
4.7%	5.0%	0.0%	0.0%	0.0%
90.0%	91.8%	92.5%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%
<u>94.7%</u>	<u>96.7%</u>	<u>92.5%</u>	<u>0.0%</u>	<u>0.0%</u>
5.3%	3.3%	7.5%	0.2%	0.0%
<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
<u>5.3%</u>	<u>3.3%</u>	<u>2.4%</u>	<u>(1.8)%</u>	<u>0.0%</u>
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

SOUTH TEXAS WATER AUTHORITY
INSURANCE COVERAGE
SEPTEMBER 30, 2019

<u>TYPE OF COVERAGE</u>	<u>TYPE OF CORPORATION</u>	<u>POLICY CLAUSE: CO-INSURANCE</u>	<u>AMOUNT OF COVERAGE</u>	<u>INSURER'S NAME</u>
Worker's Compensation	Governmental Pool	No	Statutory	Texas Municipal League
General Liability	Governmental Pool	No	\$ 5,000,000 10,000,000 Agg.	Texas Municipal League
Automobile Liability	Governmental Pool	No	\$ 2,000,000	Texas Municipal League
Errors & Omissions Liability	Governmental Pool	No	\$ 4,000,000 Aggregate \$ 2,000,000 Per Claim	Texas Municipal League
Property Coverage	Governmental Pool	No	\$ 5,205,150	Texas Municipal League
Portable Equipment	Governmental Pool	No	\$ 72,532	Texas Municipal League
Mobile Equipment	Governmental Pool	No	\$ 328,985	Texas Municipal League
Auto Physical Damage	Governmental Pool	No	Actual Cash Value	Texas Municipal League
Board of Directors Surety Bond	Stock	No	\$ 10,000 ea.	Western Surety Company
Notary E & O	Stock	No	\$ 10,000	Western Surety Company
Employee Dishonesty	Stock	No	\$ 25,000	Western Surety Company
Employee Dishonesty (Pension Plan)	Stock	No	\$ 200,000	Western Surety Company

SOUTH TEXAS WATER AUTHORITY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019

SOUTH TEXAS WATER AUTHORITY
P.O. BOX 1701
KINGSVILLE, TEXAS 78364
(361) 592-9323

NAME AND ADDRESS	TERM OF OFFICE ELECTED & EXPIRES OR DATE HIRED	FEES	EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
BOARD MEMBERS:					
Filiberto Trevino III 1124 W. Yoakum Kingsville, TX 78363	(Appointed) 04-01-19 / 04-01-21	\$ 100.00	-0-	Director	Yes
Dr. Alberto Ruiz 1912 Kelly Kingsville, TX 78363	(Appointed) 4/1/2019 Resigned 5/28/19	\$ 70.00	-0-	Vice-President	Yes
Rudy Galvan 217 JayVee Kingsville, TX 78363	(Appointed) 04-01-19 / 04-01-21	\$ 110.00	-0-	Sec./Treas.	Yes
Kathleen Lowman 6246 FM 70 Bishop, TX 78343	(Appointed) 04-01-19 / 04-01-21	\$ 130.00	-0-	President	Yes
Lupita Perez P.O. Box 161 Kingsville, TX 78364	(Appointed) 04-01-18 / 04-01-20	\$ 110.00	-0-	Director	Yes
Steven C. Vaughn 604 East 6th Street Bishop, TX 78343	(Appointed) 04-01-18 / 04-01-20	\$ 60.00	-0-	Director	Yes
Patsy Rodgers P.O. Box 221 Agua Dulce, TX 78330	(Appointed) 04-01-18 / 04-01-20	\$ 120.00	-0-	Director	Yes
Charles Schultz 1903 W. Sage Road Kingsville, TX 78363	(Appointed) 4/1/2018 Resigned 12/31/18	\$ 20.00	-0-	Director	Yes
Jose M. Graveley 343 W. CR 2170 Kingsville, TX 78363	(Appointed) 07-30-19 / 04-01-21	\$ 40.00	-0-	Director	Yes
Brandon W. Barrera 1809 W. Sage Rd. Kingsville, TX 78363	(Appointed) 01-08-19 / 04-01-20	\$ 100.00	-0-	Vice-President	Yes

Vacancies: Place 6 - Driscoll

NOTE: NO DIRECTOR HAS ANY DIRECT BUSINESS OR FAMILY RELATIONSHIPS (AS DEFINED BY THE TEXAS WATER CODE) WITH MAJOR LANDOWNERS IN THE DISTRICT, WITH THE DISTRICT'S DEVELOPER, OR WITH ANY OF THE DISTRICT'S CONSULTANTS.

SOUTH TEXAS WATER AUTHORITY
 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 SEPTEMBER 30, 2019

NAME AND ADDRESS	TERM OF OFFICE		EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
	ELECTED & EXPIRES OR DATE HIRED	FEES			
KEY ADMINISTRATIVE PERSONNEL:					
Carola G. Serrato P. O. Box 1701 Kingsville, TX 78364	05-83	-0-	-0-	Exec. Director	Yes
Jo Ella Wagner P.O. Box 1701 Kingsville, TX 78364	08-95	-0-	-0-	Finance Manager	Yes
Frances DeLeon P.O. Box 1701 Kingsville, TX 78364	09-04	-0-	-0-	Business/Risk Manager	Yes
Armando Yruegas P.O. Box 1701 Kingsville, TX 78364	10-18	-0-	-0-	O & M Supervisor	No
Jacob Hinojosa P.O. Box 1701 Kingsville, TX 78364	10-08 Resigned 9-19	-0-	-0-	O & M Supervisor	No
INVESTMENT OFFICERS:					
Carola G. Serrato P.O. Box 1701 Kingsville, TX 78364	05-83	-0-	-0-	Exec. Director	Yes
Jo Ella Wagner P.O. Box 1701 Kingsville, TX 78364	08-95	-0-	-0-	Finance Manager	Yes
CONSULTANTS:					
HDR Engineering, Inc. 4401 West Gate Blvd., Suite 400 Austin, TX 78704	09-79	\$0	-0-	Engineers	No
John Womack & Co., P.C. Certified Public Accountants P. O. Box 1147 Kingsville, TX 78364	03-90	\$8,953	-0-	Independent Auditors	Yes
Noel Valdez McCall, Parkhurst, & Horton 700 N. St. Mary's Street, Ste 1525 San Antonio, TX 78205	09-79	\$0	-0-	Bond Counsel	No

SOUTH TEXAS WATER AUTHORITY
 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 SEPTEMBER 30, 2019

NAME AND ADDRESS	TERM OF OFFICE		FEES	EXPENSE REIMBURSEMENTS	TITLE AT YEAR END	RESIDENT OF DISTRICT?
	ELECTED & EXPIRES OR DATE HIRED					
Kleberg County P. O. Box 1457 Kingsville, TX 78364	08-81		\$24,780	-0-	Tax Collector	Yes
Nueces County Nueces Co. Courthouse Suite 301 Corpus Christi, TX 78401	08-81		\$39,307	-0-	Tax Collector	No
Kleberg Co. Appraisal District P. O. Box 1027 Kingsville, TX 78364	08-81		\$21,379	-0-	Appraiser	Yes
Nueces Co. Appraisal District 201 N. Chaparral Suite 206 Corpus Christi, TX 78401	08-81		\$7,812	-0-	Appraiser	No
Russell Corrosion Consultants, Inc. P.O. Box 197 Simpsonville, MD 21150	02-98		\$0	-0-	Engineers	No
Robert Viera LNV Engineering, Inc. 801 Navigation, STE 300 Corpus Christi, TX 78408	10-13		\$0	-0-	Engineers	No
Bill Flickinger Willatt & Flickinger, PLLC 12912 Hill Country Blvd. Suite F-232 Austin, TX 78738	03-83		\$15,482	-0-	Attorneys	No
Newgen Strategies & Solutions 1300 E. Lookout Drive, STE 100 Richardson, TX 75082	01-02		\$2,145	-0-	Rate Consultant	No
First Southwest Ann Burger Entrekin 211 E. Seventh, Suite 707 Austin, TX 78701	07-84		\$2,500	-0-	Financial Advisors	No
Walker Partners 600 Austin Avenue, STE 20 Waco, TX 76701	01-17		\$10,958	-0-	Engineers	No

STWA

SOUTH TEXAS WATER AUTHORITY

ATTACHMENT 2

Resolution 20-01

SOUTH TEXAS WATER AUTHORITY

Resolution 20-01

A RESOLUTION ACCEPTING THE FISCAL YEAR 2019 AUDIT PREPARED BY JOHN WOMACK & CO., P.C. OF KINGSVILLE, TEXAS.

WHEREAS, the South Texas Water Authority is a functioning Reclamation and Conservation District established by the Texas Legislature, and

WHEREAS, the South Texas Water Authority is required to submit an annual audit in accordance with the Financing Reporting Requirements as established by the Texas Commission on Environmental Quality, and

WHEREAS, the Authority has received and reviewed the Fiscal Year 2019 Audit.

NOW, THEREFORE, BE IT RESOLVED that the South Texas Water Authority Board of Directors accepts the audit prepared by John Womack & Co., P.C. of Kingsville, Texas, for submission to the Texas Commission on Environmental Quality.

Duly adopted this 28th day of January, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 3
Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Public Hearing Minutes
December 3, 2019

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Jose Graveley
Lupita Perez
Patsy Rodgers
Filiberto Treviño
Steven Vaughn

Board Members Absent:

None

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner

Guests Present:

Rudy Madrid, Kleberg County
Simoné Sanders, Texas GLO
Tina Butler, Texas GLO

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Public Hearing of the STWA Board of Directors to order at 5:31 p.m.

2. Petition for Addition of Certain Lands to the South Texas Water Authority.

- a. Arnoldo Barrera and Liza B. Figueroa – Cyndie Park Unit 1, Lot 20, Nueces County, Texas
- b. Robert Rodriguez – Cyndie Park Unit 1 Tract 25, Cyndie Park Unit 2, Tract 26, Nueces County, Texas
- c. Eric Giannamore and Marian Giannamore – Tract Two-H (2-H), The Ranch, Nueces County, Texas

Ms. Serrato stated that these property owners approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of a project to extend water service to the Cyndie Park area. The resolutions approving annexation will be presented at the Regular Board Meeting. Approval of the annexation petitions enables the landowners to receive service and pay in-district rates to the Nueces Water Supply Corporation, and allows the properties to become taxable.

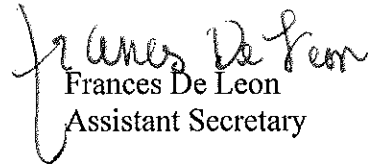
3. Public Comment.

Ms. Lowman called for public comment. No comments from the public were made.

4. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the Public Hearing at 5:34 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
December 3, 2019
Minutes

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Jose Graveley
Lupita Perez
Patsy Rodgers
Filiberto Treviño
Steven Vaughn

Board Members Absent:

None

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Armando Yruegas

Guests Present:

Rudy Madrid, Kleberg County
Simoné Sanders, Texas GLO
Tina Butler, Texas

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:40 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. Kleberg County Judge Rudy Madrid addressed the Board to voice his appreciation for the Board's work and to speak in support of the project proposed by Aqui IV and his hopes that an agreement is reached that is beneficial to Kleberg County and South Texas Water Authority. He said he has been researching Aqui IV for about six months and whether or not STWA supports the project, he appreciates the Board's consideration and hard work. He also stated that the City of Kingsville is interested in pursuing the project and is awaiting the STWA Board's decision and that Kleberg County cannot pass up on the opportunity when there is a chance to have bonds paid off and additional money added to the County's General Fund.

Ms. Serrato stated that Tony Corbett has notified her that he is not able to continue representing the Authority regarding the Aqui IV agreement due to a conflict of interest. She has been in contact with another attorney, Russell Johnson, who is on standby if needed.

Mr. Graveley made a motion to move discussion on Agenda Item 22 up next on the agenda to accommodate Judge Madrid. Mr. Barrera seconded. All voted in favor.

22. Agreement between Lago Argento Management Partners, LLC, Aqui IV Partners LLC and South Texas Water Authority for Water Resource Management and Infrastructure Investment.

Mr. Barrera made a motion to approve the agreement contingent on removal of the take or pay clause from the contract, and negotiation with Exxon. Mr. Graveley seconded the motion and stated that he believes that the clause can be removed once the deal gets moving with Exxon. Judge Madrid added that if it is not removed during negotiations, then the County will not move forward on it. Mr. Graveley stated that this is a great opportunity and the Authority stand to gain financially but Mr. Vaughn pointed out the possibility of the Authority's non-profit status being jeopardized. Mr. Graveley suggested signing the contract and then canceling if STWA's requests are not met. Ms. Serrato read a paragraph from the agreement that indicated that STWA would not be able to cancel the agreement and she said two attorneys have confirmed that this paragraph stands on its own regardless of other agreements. Mr. Vaughn agreed that this is a great opportunity for both STWA and Kleberg County, but financially, the commitment is too large for STWA. Mr. Lowman pointed out that the ability to cancel the agreement is available only to Aqui IV, not STWA.

Ms. Serrato also read a paragraph from page 13 of the agreement which stated that STWA, Kleberg County and Nueces County waive the right to assert a defense of sovereign immunity and that their commitment remains fully enforceable. At this time, Judge Madrid left and requested to be notified of the Board's decision so that he could notify the City of Kingsville.

Ms. Lowman announced that the Board would convene in Closed Session at 6:03 p.m. pursuant to Section 551.071 of the Government Code to consult with attorney Russell Johnson on an Agreement between Lago Argento Management Partners, LLC, Aqui IV Partners LLC and South Texas Water Authority for Water Resource Management and Infrastructure Investment. The Board reconvened in Open Session at 6:16 p.m. No action was taken during Closed Session.

After reconvening, the Board voted on the motion to approve the agreement contingent on removal of the take or pay clause and negotiation with Exxon. All were opposed.

Mr. Galvan made a motion to turn down the contract. Mr. Treviño seconded. All voted in favor.

3. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the October 22, 2019 Public Hearing and Regular Meeting and the November 19, 2019 Special meeting as presented. Mr. Barrera seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

The following reports were presented for the Board's consideration:

Treasurer's Report for period ending October 31, 2019

Revenue Fund Income Statement for period ending October 31, 2019

Tax Fund Income Statement for period ending October 31, 2019
Special Services Income Statement for period ending October 31, 2019
STWA Revenue Fund Balance Sheet – October 31, 2019
STWA Revenue Fund GL Account Summary Report as of October 31, 2019
STWA Debt Service Fund Income Statement for period ending October 31, 2019
STWA Debt Service Fund Balance Sheet October 31, 2019
STWA Debt Service Fund GL Account Summary Report as of October 31, 2019
STWA Capital Projects Fund Income Statement for period ending October 31, 2019
STWA Capital Projects Fund Balance Sheet – October 31, 2019
STWA Capital Projects Fund GL Account Summary Report as of October 31, 2019
Cathodic Protection Expenses Breakdown through October 31, 2019
2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor
CP Update from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Force Flow	\$ 17,134.67
• Willatt & Flickinger, Attorneys at Law	\$ 1,541.60
• Walker Partners	\$ 1,730.00
• McLean & Howard, L.L.P.	\$ 2,100.00
• Nueces County Appraisal District	\$ 2,465.00
• City of Corpus Christi	\$ 126,360.45
• Nueces County Tax Assessor-Collector	\$ 23,570.74
• Kleberg County Appraisal District	\$ 5,340.29

A motion was made by Ms. Rodgers and seconded by Mr. Galvan to approve the Treasurer's Report and payment of the bills as presented. The motion carried.

5. Approval of Annexation of Certain Lands to the South Texas Water Authority.
 - a. Arnoldo Barrera and Liza B. Figueroa – Cyndie Park Unit 1, Lot 20, Nueces County, Texas
 - b. Robert Rodriguez – Cyndie Park Unit 1 Tract 25, Cyndie Park Unit 2, Tract 26, Nueces County, Texas
 - c. Eric Giannamore and Marian Giannamore – Tract Two-H (2-H), The Ranch, Nueces County, Texas

Ms. Serrato stated that approval of Resolutions 19-73, 19-74 and 19-75 finalizes the annexation process of these properties and she recommended adoption of the resolutions.

6. **Resolution 19-73. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Arnoldo Barrera and Liza B. Figueroa – Cyndie Park Unit 1, Lot 20, Nueces County, Texas)**

7. Resolution 19-74. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Robert Rodriguez – Cyndie Park Unit 1 Tract 25, Cyndie Park Unit 2, Tract 26, Nueces County, Texas)
8. Resolution 19-75. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Eric Giannamore and Marian Giannamore – Tract Two-H (2-H), The Ranch, Nueces County, Texas)

Mr. Barrera made a motion to adopt Resolutions 19-73, 19-74 and 19-75. The motion was seconded by Mr. Treviño and passed unanimously.

9. Nueces County project for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation.

Ms. Serrato reported that Nueces County re-bid the project but bids came in higher than expected. Combined funds fall short by approximately \$145,000. She asked the Board to consider contributing between \$50,000 and \$70,000 from reserves and bonds funds. She will also request that Nueces Water Supply Corporation contribute additional funds. She added that if the project is not done, the \$615,000 in grant funds will be lost. Mr. Barrera suggested that STWA contribute funds contingent on NWSC matching the contribution. After further discussion, Mr. Barrera made a motion to authorize commitment of up to \$70,000 in funds contingent on NWSC matching the amount dollar for dollar. Mr. Galvan seconded. All voted in favor.

10. Update on Nueces County Water Control and Improvement District #5 and offered Wholesale Water Supply Contract.

Ms. Serrato reported that she had been contacted by Nueces County Water Control and Improvement District #5 Board President Alex Cavazos as a result of recent operational issues at the Banquete Pump Station. As a result of that conversation, Ms. Serrato feels it is a good time to reconsider negotiating a contract and asked for authorization to offer negotiations to the District. Mr. Treviño made a motion to offer negotiations on a water supply contract to Nueces County Water Control and Improvement District #5. Ms. Rodgers seconded. All voted in favor.

11. License Agreement with City of Bishop for Pump Station Facilities.

Ms. Serrato reported that she spoke with City Secretary Cynthia Contreras who said she would contact the Council members about meeting with STWA. She also reported that Mayor Tem Miller has requested to meet without attorneys. She will continue to check with Ms. Contreras on a meeting date. No action was taken by the Board.

12. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that the City of Driscoll has hired a new administrator and she will continue attempting to contact him. She had nothing further to report.

13. Update on installation of spray-on liner at the Driscoll Ground Storage Tank.

Ms. Serrato reported that NG Painting has completed the job and the tank has been disinfected and is back online. An inspection will be conducted in one year.

14. Update on purchase of Flow-Tronic Torpee Mag for the Driscoll Booster Station from Macaulay Controls Company.

Ms. Serrato stated Macaulay Controls should be ready to get started on installation of the Flow-Tronic Torpee Mag during the month of December. She had nothing further to report.

15. Review of South Texas Water Authority Personnel Policies – Hiring of Management Personnel.

Ms. Serrato asked for Board direction regarding a policy on hiring of management personnel. She contacted local districts and cities but found that the city managers, general manager or district managers have sole hiring authority with the exception of hiring city secretaries, city attorneys and city judges which are either hired by the council or are subject to council approval. She also contacted legal counsel Bill Flickinger who does not have any clients with this type of policy but recommended using a standing committee in the hiring process if the Board chose to have Board members involved in the hiring process. Mr. Galvan made a motion to authorize Ms. Serrato to work on a policy that implements appointment of a standing committee of less than a quorum to sit in on interviews and make recommendations to the Board, and which allows internal hiring before advertising for outside candidates. Mr. Barrera seconded. All voted in favor. Ms. Serrato agreed to work on a policy to be presented at the next meeting.

16. Resolution 19-76. Resolution adopting revised South Texas Water Authority Personnel Policies for Hiring of Management Personnel.

No action was taken by the Board.

17. Review of South Texas Water Authority Personnel Policies – Vacation Buy Back.

Ms. Serrato stated that after discussion at the previous Board meeting, she began researching a Vacation Buy Back Policy. She contacted Mr. Flickinger who advised that he had no clients with this type of policy, but voiced no objections to it. She also contacted STWA's auditors to find out how a buy back policy would affect the Authority's financial records and reporting and found that for budgeting purposes, a calculation would need to be made for the maximum possible amount to be paid out in a year's time and added to the base salary amount included in the budget. Based on a buy back of forty hours per employee, \$15,250 would need to be added to the salary line item. Staff's preference is to limit buy back to twice a year during the months of October and April with deadlines to submit requests in order to confirm the availability of hours. The buy back amount would be based on the current salary, added to employees' regular payroll deposits and subject to applicable taxes and withholding. Ms. Serrato presented a Vacation Buy Back Policy which would add Subsection 6 to Chapter III, Section A of STWA's Personnel Policy. In addition to the previous suggestions, the proposed policy adds that the

minimum request be 10 hours and a maximum of forty hours per fiscal year. Employees with less than 20 hours of accrued Annual Leave are not eligible.

18. Resolution 19-77. Resolution adopting revised South Texas Water Authority Personnel Policies for Vacation Buy Back.

Mr. Graveley made a motion to approve Resolution 19-77 adopting the revised SWTA Vacation Buy Back Policy as presented by Ms. Serrato. Mr. Galvan seconded. All voted in favor.

19. Kleberg County Appraisal District Board of Directors election and casting of votes.

Ms. Serrato presented the ballot for casting votes for the Kleberg County Appraisal District Board of Directors. She said the ballot lists five candidates for five positions. The Authority was allotted 125 votes which can be cast for one candidate or distributed among different candidates.

20. Resolution 19-78. Resolution casting the South Texas Water Authority's votes for election of Kleberg County Appraisal District Board Members.

Mr. Barrera made a motion to approve Resolution 19-78 and cast STWA's 125 votes for Al Higginbotham. Mr. Galvan seconded. All voted in favor.

21. STWA Fees and Charges -- Corporation Fee Schedule.

Ms. Serrato stated that as a result of budget shortfalls this year, an analysis of the fees charged to the corporations was conducted and she presented a proposed fee schedule. She added that the schedule was presented to the Ricardo Water Supply Corporation and their board did not offer feedback regarding the changes.

The proposed schedule includes increases in General Maintenance, Meter Reading, Water Statements, Annual Meeting Mailouts, Administration, Tap & Meter Installation, Road Bores, Line Repairs, Bee Control, After-Hour Call Outs and Weekend Residual Checks.

Mr. Galvan made a motion to approve the revised Fee Schedule. Mr. Treviño seconded. All voted in favor.

22. Agreement between Lago Argento Management Partners, LLC, Aqui IV Partners LLC and South Texas Water Authority for Water Resource Management and Infrastructure Investment.

This item was discussed earlier in the meeting.

23. Executive Director's Salary and car allowance.

Ms. Serrato stated that as she has mentioned in previous years, she is not requesting nor does she expect a raise. She would, however, like the Board to consider expanding the employee fringe benefits to include paid medical insurance for retirees. She added that she is satisfied with her

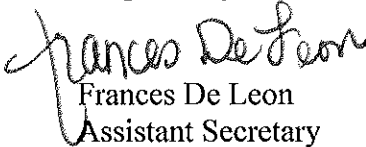
current salary and rather than receive a raise, she would like to place retiree insurance coverage on an agenda. She added that this benefit would be restricted to employees serving a certain number of years and would only be extended for a set number of years.

Ms. Lowman stated that discussion on this item would be tabled until information on retiree benefits is available for review. The Board agreed by consensus to table this item.

24. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:21 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary

ATTACHMENT 4

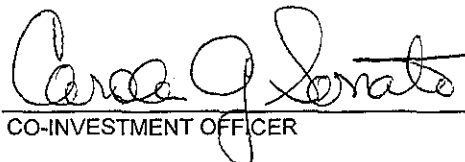
Quarterly Report/Treasurer's Report/Payment of Bills


SOUTH TEXAS WATER AUTHORITY
INVESTMENT REPORT
FOR QUARTER ENDED DECEMBER 2019

	BEGINNING	BEGINNING	TRANSFERS	REVENUES	EXPENSES	INTEREST	ENDING	ENDING
	BOOK VALUE	MARKET VALUE					BOOK VALUE	MARKET VALUE
	1-Oct-19	1-Oct-19	FOR OCTOBER, NOVEMBER, & DECEMBER				31-Dec-19	31-Dec-19
CASH ACCOUNTS								
GENERAL ACCT - PROSPERITY BANK	22,976.81	22,976.81	388,000.00	540,084.05	806,153.23	228.31	145,135.94	145,135.94
GENERAL ACCT TEXPOOL 1371300002	2,639,690.87	2,639,664.47	(625,000.00)	502,812.01	0.00	10,885.42	2,528,388.30	2,528,565.29
GENERAL ACCT TEXSTAR 1111-000	908,263.28	908,228.77	0.00	0.00	0.00	3,847.54	912,110.82	912,073.42
PAYROLL ACCT - PROSPERITY BANK	24,499.90	24,499.90	107,000.00	0.00	116,041.27	30.60	15,489.23	15,489.23
OPERATIONS ACCT - PROSPERITY BANK	27,385.30	27,385.30	130,000.00	0.00	149,372.11	45.51	8,058.70	8,058.70
DEBT SERVICE ACCT TEXPOOL 1371300008	63,076.60	63,075.97	0.00	121,367.58	0.00	457.14	184,901.32	184,914.26
TOTAL CASH ACCOUNTS	3,685,892.76	3,685,831.22	0.00	1,164,263.64	1,071,566.61	15,494.52	3,794,084.31	3,794,236.84

	AVG. MAT. 12/31/2019	OCTOBER RATE	OCTOBER EARNING	NOVEMBER RATE	NOVEMBER EARNING	DECEMBER RATE	DECEMBER EARNING	TOTALS
GENERAL ACCT - PROSPERITY BANK	immediate	0.4000%	\$43.55	0.5000%	\$82.92	0.5000%	\$101.84	\$228.31
GENERAL ACCT TEXPOOL 1371300002	35 days	1.9294%	\$4,187.47	1.6947%	\$3,354.64	1.6277%	\$3,343.31	\$10,885.42
GENERAL ACCT TEXSTAR 1111-000	22 days	1.8510%	\$1,427.86	1.6177%	\$1,209.50	1.5643%	\$1,210.18	\$3,847.54
PAYROLL ACCT - PROSPERITY BANK	immediate	0.4000%	\$9.09	0.5000%	\$8.49	0.5000%	\$13.02	\$30.60
OPERATIONS ACCT - PROSPERITY BANK	immediate	0.4000%	\$9.13	0.5000%	\$21.33	0.5000%	\$15.05	\$45.51
DEBT SERVICE ACCT TEXPOOL 1371300008	35 days	1.9294%	\$113.89	1.6947%	\$147.14	1.6277%	\$196.11	\$457.14
TOTALS			\$5,790.99		\$4,824.02		\$4,879.51	\$15,494.52

THIS REPORT IS IN COMPLIANCE WITH THE STRATEGIES AS APPROVED AND THE PUBLIC FUNDS INVESTMENT ACT.


CO-INVESTMENT OFFICER


CO-INVESTMENT OFFICER

**South Texas Water Authority
Balance Sheet
September 30, 2019**

ASSETS

Current Assets

STWA - General	\$	22,976.80	
STWA - Payroll		24,499.89	
STWA - Operations		27,385.30	
Petty Cash		150.00	
TexPool - STWA General		2,639,690.87	
Due From Capital Projects Fund		51,710.44	
Due from Debt Service Fund		490.78	
Due from D.S. -Collect Service		8,796.30	
Tax Accounts Receivable		171,762.90	
Allowance for Uncollect Taxes		(76,736.35)	
Service accts receivable		239,631.27	
Interlocal Rec-Bishop		1,314.55	
Interlocal Rec-Ricardo		8,422.34	
Interlocal Rec-Nueces		32,279.25	
Interlocal Rec. - Tax Assessor		981.09	
Inventory		19,660.50	
Prepaid Expenses		26,276.50	
Total Assets	\$		3,199,292.43

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$	182,602.33	
Salaries & Wages Payable		7,029.12	
Hospital Ins Tax Payable		1,915.01	
Withholding Taxes Payable		6,222.55	
Unemployment Comp. Pbl.		375.37	
Miscellaneous Payables		1,531.50	
Compensated Absences		17,508.91	
Deferred tax revenue		95,026.55	
Due to Debt Service Fund		1,514.25	
Total Liabilities			313,725.59

Fund Equity

Unassigned Fund Balance		2,438,776.18	
Assigned Fund Bal. - Inventory		19,660.50	
Current Earning		427,130.16	
Total Fund Equity			2,885,566.84
Total Liabilities & Fund Equity	\$		3,199,292.43

**South Texas Water Authority
 GI Account Summary Report
 As of: September 30, 2019**

<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
Current Assets					
STWA - General	248,008.31	\$ 291,171.41	\$ (516,202.92)	\$ (225,031.51)	\$ 22,976.80
STWA - Payroll	49,967.55	25,010.97	(50,478.63)	(25,467.66)	24,499.89
STWA - Operations	38,064.33	25,288.07	(35,967.10)	(10,679.03)	27,385.30
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	50,000.00	(50,000.00)	0.00	0.00
TexPool - STWA General	2,630,326.90	9,363.97	0.00	9,363.97	2,639,690.87
Due From Capital Projects Fund	47,402.58	4,307.86	0.00	4,307.86	51,710.44
Due from Debt Service Fund	471.48	19.30	0.00	19.30	490.78
Due from D.S. -Collect Service	8,796.30	0.00	0.00	0.00	8,796.30
Tax Accounts Receivable	154,713.31	17,049.59	0.00	17,049.59	171,762.90
Allowance for Uncollect Taxes	(66,653.05)	0.00	(10,083.30)	(10,083.30)	(76,736.35)
Service accts receivable	326,847.27	193,278.58	(280,494.58)	(87,216.00)	239,631.27
Interlocal Rec-Bishop	1,321.51	878.68	(885.64)	(6.96)	1,314.55
Interlocal Rec-Ricardo	3,613.07	8,422.33	(3,613.06)	4,809.27	8,422.34
Interlocal Rec-Nueces	6,561.87	32,279.24	(6,561.86)	25,717.38	32,279.25
Interlocal Rec. - Tax Assessor	1,127.29	981.09	(1,127.29)	(146.20)	981.09
Prepaid Expenses	0.00	26,276.50	0.00	26,276.50	26,276.50
Inventory	19,660.50	0.00	0.00	0.00	19,660.50
Total Assets	3,470,379.22	684,327.59	(955,414.38)	(271,086.79)	3,199,292.43
Current Liabilities					
Trade Accounts Payable	(397,653.45)	475,171.12	(260,120.00)	215,051.12	(182,602.33)
Salaries & Wages Payable	(4,980.00)	4,980.00	(7,029.12)	(2,049.12)	(7,029.12)
Hospital Ins Tax Payable	(1,402.64)	1,402.77	(1,915.14)	(512.37)	(1,915.01)
Withholding Taxes Payable	(4,762.95)	4,520.04	(5,979.64)	(1,459.60)	(6,222.55)
Emply Retire Prem Payable	0.00	14,836.54	(14,836.54)	0.00	0.00
Unemployment Comp. Pbl.	(379.92)	8.40	(3.85)	4.55	(375.37)
Miscellaneous Payables	(1,501.67)	8,877.87	(8,907.70)	(29.83)	(1,531.50)
Compensated Absences	(19,571.30)	2,062.39	0.00	2,062.39	(17,508.91)
Deferred tax revenue	(88,060.26)	0.00	(6,966.29)	(6,966.29)	(95,026.55)
Due to Debt Service Fund	(1,346.00)	0.00	(168.25)	(168.25)	(1,514.25)
Total Liabilities	(519,658.19)	511,859.13	(305,926.53)	205,932.60	(313,725.59)
Fund Equity					
Unassigned Fund Balance	(2,438,776.18)	0.00	0.00	0.00	(2,438,776.18)
Assigned Fund Bal. - Inventory	(19,660.50)	0.00	0.00	0.00	(19,660.50)
Total Fund Equity	(2,458,436.68)	0.00	0.00	0.00	(2,458,436.68)
Totals	492,284.35	\$ 1,196,186.72	\$ (1,261,340.91)	\$ (65,154.19)	\$ 427,130.16

**STWA Debt Service Fund
Balance Sheet
September 30, 2019**

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$ 63,076.60
Due from General	1,514.25
Interlocal Rec.-Tax Assessors	268.80
Taxes Receivable	52,543.25
Allowance for Uncollectibles	(11,370.61)

Total Current Assets 106,032.29

Other Assets

Total Other Assets 0.00

Total Assets \$ 106,032.29

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$ 41,172.64
Due to General Fund	9,287.09

Total Current Liabilities 50,459.73

Long-Term Liabilities

Total Long-Term Liabilities 0.00

Total Liabilities 50,459.73

Funds Equity

Fund Balance	34,991.97
Net Income	20,580.59

Total Funds Equity 55,572.56

Total Liabilities & Funds Equity \$ 106,032.29

STWA Debt Service Fund
 GI Account Summary Report
 As of: September 30, 2019

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
10400	Debt Service Acct. - TexPool	61,612.54	\$ 1,464.06	\$ 0.00	\$ 1,464.06	\$ 63,076.60
12200	Due from General	1,346.00	168.25	0.00	168.25	1,514.25
13001	Interlocal Rec.-Tax Assessor	361.88	268.80	(361.88)	(93.08)	268.80
13300	Taxes Receivable	50,811.55	1,731.70	0.00	1,731.70	52,543.25
13301	Allowance for Uncollectibles	(8,581.46)	0.00	(2,789.15)	(2,789.15)	(11,370.61)
21700	Deferred Tax Revenue	(42,230.09)	1,057.45	0.00	1,057.45	(41,172.64)
24000	Due to General Fund	(9,267.79)	0.00	(19.30)	(19.30)	(9,287.09)
39100	Fund Balance	(34,991.97)	0.00	0.00	0.00	(34,991.97)
	Totals	<u>19,060.66</u>	<u>\$ 4,690.26</u>	<u>\$ (3,170.33)</u>	<u>\$ 1,519.93</u>	<u>\$ 20,580.59</u>

**South Texas Water Authority
Balance Sheet
October 31, 2019**

ASSETS

Current Assets

STWA - General	\$	53,401.67	
STWA - Payroll		21,821.70	
STWA - Operations		53,747.67	
Petty Cash		150.00	
TexPool - STWA General		2,473,206.70	
Due From Capital Projects Fund		58,459.70	
Due from Debt Service Fund		502.12	
Due from D.S. -Collect Service		18,692.49	
Tax Accounts Receivable		171,762.90	
Allowance for Uncollect Taxes		(76,736.35)	
Service accts receivable		271,397.49	
Interlocal Rec-Bishop		1,755.27	
Interlocal Rec-Ricardo		8,632.03	
Interlocal Rec-Nueces		12,507.40	
Interlocal Rec. - Tax Assessor		42,836.31	
Inventory		19,660.50	
Prepaid Expenses		26,276.50	
Total Assets	\$		3,158,074.10

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$	205,296.43	
Salaries & Wages Payable		10,150.40	
Hospital Ins Tax Payable		1,474.27	
Withholding Taxes Payable		5,269.54	
Unemployment Comp. Pbl.		380.89	
Miscellaneous Payables		1,549.39	
Compensated Absences		17,508.91	
Deferred tax revenue		95,026.55	
Due to Debt Service Fund		1,670.34	
Total Liabilities			338,326.72

Fund Equity

Unassigned Fund Balance		2,865,906.34	
Assigned Fund Bal. - Inventory		19,660.50	
Current Earning		(65,819.46)	

Total Fund Equity **2,819,747.38**

Total Liabilities & Fund Equity **\$ 3,158,074.10**

**South Texas Water Authority
 GI Account Summary Report
 As of: October 31, 2019**

<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
Current Assets					
STWA - General	22,976.80	\$ 459,748.81	\$ (429,323.94)	\$ 30,424.87	\$ 53,401.67
STWA - Payroll	24,499.89	35,009.09	(37,687.28)	(2,678.19)	21,821.70
STWA - Operations	27,385.30	80,009.13	(53,646.76)	26,362.37	53,747.67
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	365,000.00	(365,000.00)	0.00	0.00
TexPool - STWA General	2,639,690.87	83,515.83	(250,000.00)	(166,484.17)	2,473,206.70
Due From Capital Projects Fund	51,710.44	6,749.26	0.00	6,749.26	58,459.70
Due from Debt Service Fund	490.78	11.34	0.00	11.34	502.12
Due from D.S. -Collect Service	8,796.30	9,896.19	0.00	9,896.19	18,692.49
Tax Accounts Receivable	171,762.90	0.00	0.00	0.00	171,762.90
Allowance for Uncollect Taxes	(76,736.35)	0.00	0.00	0.00	(76,736.35)
Service accts receivable	239,631.27	199,974.34	(168,208.12)	31,766.22	271,397.49
Interlocal Rec-Bishop	1,314.55	876.59	(435.87)	440.72	1,755.27
Interlocal Rec-Ricardo	8,422.34	8,632.02	(8,422.33)	209.69	8,632.03
Interlocal Rec-Nueces	32,279.25	12,507.39	(32,279.24)	(19,771.85)	12,507.40
Interlocal Rec. - Tax Assessor	981.09	42,836.31	(981.09)	41,855.22	42,836.31
Prepaid Expenses	26,276.50	0.00	0.00	0.00	26,276.50
Inventory	19,660.50	0.00	0.00	0.00	19,660.50
Total Assets	3,199,292.43	1,304,766.30	(1,345,984.63)	(41,218.33)	3,158,074.10
Current Liabilities					
Trade Accounts Payable	(182,602.33)	339,204.40	(361,898.50)	(22,694.10)	(205,296.43)
Salaries & Wages Payable	(7,029.12)	7,029.12	(10,150.40)	(3,121.28)	(10,150.40)
Hospital Ins Tax Payable	(1,915.01)	1,915.16	(1,474.42)	440.74	(1,474.27)
Withholding Taxes Payable	(6,222.55)	5,979.64	(5,026.63)	953.01	(5,269.54)
Emply Retire Prem Payable	0.00	12,972.86	(12,972.86)	0.00	0.00
Unemployment Comp. Pbl.	(375.37)	0.00	(5.52)	(5.52)	(380.89)
Miscellaneous Payables	(1,531.50)	8,588.08	(8,605.97)	(17.89)	(1,549.39)
Compensated Absences	(17,508.91)	0.00	0.00	0.00	(17,508.91)
Deferred tax revenue	(95,026.55)	0.00	0.00	0.00	(95,026.55)
Due to Debt Service Fund	(1,514.25)	0.00	(156.09)	(156.09)	(1,670.34)
Total Liabilities	(313,725.59)	375,689.26	(400,290.39)	(24,601.13)	(338,326.72)
Fund Equity					
Unassigned Fund Balance	(2,865,906.34)	0.00	0.00	0.00	(2,865,906.34)
Assigned Fund Bal. - Inventory	(19,660.50)	0.00	0.00	0.00	(19,660.50)
Total Fund Equity	(2,885,566.84)	0.00	0.00	0.00	(2,885,566.84)
Totals	0.00	\$ 1,680,455.56	\$ (1,746,275.02)	\$ (65,819.46)	\$ (65,819.46)

**STWA Debt Service Fund
Balance Sheet
October 31, 2019**

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$	82,425.50	
Due from General		1,670.34	
Interlocal Rec.-Tax Assessors		10,335.90	
Taxes Receivable		52,543.25	
Allowance for Uncollectibles		(11,370.61)	

Total Current Assets **135,604.38**

Other Assets

Total Other Assets 0.00

Total Assets \$ 135,604.38

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$	41,172.64	
Due to General Fund		19,194.62	

Total Current Liabilities **60,367.26**

Long-Term Liabilities

Total Long-Term Liabilities 0.00

Total Liabilities **60,367.26**

Funds Equity

Fund Balance		55,572.56	
Net Income		19,664.56	

Total Funds Equity 75,237.12

Total Liabilities & Funds Equity \$ 135,604.38

STWA Debt Service Fund
 Gl Account Summary Report
 As of: October 31, 2019

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
10400	Debt Service Acct. - TexPool	63,076.60	\$ 19,348.90	\$ 0.00	\$ 19,348.90	\$ 82,425.50
12200	Due from General	1,514.25	156.09	0.00	156.09	1,670.34
13001	Interlocal Rec.-Tax Assessor	268.80	10,335.90	(268.80)	10,067.10	10,335.90
13300	Taxes Receivable	52,543.25	0.00	0.00	0.00	52,543.25
13301	Allowance for Uncollectibles	(11,370.61)	0.00	0.00	0.00	(11,370.61)
21700	Deferred Tax Revenue	(41,172.64)	0.00	0.00	0.00	(41,172.64)
24000	Due to General Fund	(9,287.09)	0.00	(9,907.53)	(9,907.53)	(19,194.62)
39100	Fund Balance	(55,572.56)	0.00	0.00	0.00	(55,572.56)
	Totals	<u>0.00</u>	<u>\$ 29,840.89</u>	<u>\$ (10,176.33)</u>	<u>\$ 19,664.56</u>	<u>\$ 19,664.56</u>

SOUTH TEXAS WATER AUTHORITY
Treasurer's Report
For Period Ending November 30, 2019

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.554158 per 1000 g</u>	<u>Handling Charge @ \$0.426386/1000g</u>	<u>Incremental Increase @ \$0.426386/1000g</u>	<u>Out of District Surcharge and Pass-Thru Credit</u>	<u>Total Due</u>
Kingsville	7,490	\$19,130.64	\$3,193.63	\$0.00	-\$0.74	\$22,323.53
Bishop	9	\$22.99	\$3.84	\$3.84	\$0.00	\$30.66
Agua Dulce	2,046	\$5,225.27	\$872.30	\$0.00	\$0.00	\$6,097.57
RWSC	8,725	\$22,285.03	\$3,720.22	\$0.00	\$0.00	\$26,005.25
Driscoll	8,379	\$21,400.52	\$3,572.56	\$3,572.56	\$0.00	\$28,545.64
NCWCID #5	1,870	\$4,775.94	\$797.29	\$797.29	\$805.00	\$7,175.52
NWSC	15,254	\$38,960.95	\$6,504.06	\$0.00	\$0.00	\$45,465.01
TOTAL	43,772	\$111,801.34	\$18,663.89	\$4,373.68	\$804.26	\$135,643.18

Water Cost and Usage for Period of:

	10/31/19	to	11/30/19
City of Corpus Christi Invoice for Cost of Water Purchased:			\$136,647.45
Gallons of Water Recorded by City of Corpus Christi:			53,500,000
Gallons of Water Recorded by STWA from Customer's Master Meters:			43,772,290
Water Loss Percentage:			18.18%

Annual Usage for FY 2020

	Annual
Gallons of Water Recorded by City of Corpus Christi:	102,950,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	98,611,390
Water Loss Percentage: (year to date)	4.21%

**REVENUE FUND
INCOME STATEMENT
FOR PERIOD ENDING NOVEMBER 30, 2019**

16.39%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Water Service Revenue	111,801	251,933	1,336,941	19%	215,494	1,366,000
Handling Charge Revenue	18,664	42,047	226,930	19%	38,321	231,255
Premium Incremental Increase	4,374	8,691	20,000	43%	7,912	38,600
Surcharge - Out of District	649	1,298	7,787	17%	1,216	7,299
Interest Income	3,467	7,717	60,000	13%	7,889	59,750
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	869	2,134	12,000	18%	1,938	21,000
TOTAL REVENUES	139,825	313,819	1,663,658	19%	272,770	1,723,904
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	136,647	263,008	1,336,941	20%	186,999	1,366,000
Payroll Costs						
Salaries & Wages - Perm. Employees	34,393	63,542	338,292	19%	62,660	328,813
Salaries & Wages - Part-Time	117	236	1,729	14%	153	1,607
Overtime - NWSC	0	0	0	0%	0	0
Stand-by Pay - NWSC	0	0	0	0%	0	0
Overtime - RWSC	0	0	0	0%	0	0
Stand-by Pay - RWSC	0	0	0	0%	0	0
Overtime - STWA	1,563	3,099	21,000	15%	2,742	23,000
Stand-by Pay - STWA	100	200	1,300	15%	200	1,354
Employee Retirement Premiums	4,451	7,681	46,677	16%	7,119	60,249
Group Insurance Premium	42,157	56,737	177,763	32%	27,011	159,188
Unemployment Compensation	(3)	-1	875	0%	(29)	105
Workers' Compensation	(755)	14,173	6,250	227%	9,386	2,840
Car Allowance	500	1,000	6,000	17%	1,000	6,000
Hospital Insurance Tax	310	624	3,962	16%	591	4,533
Supplies & Materials						
Repairs & Maintenance	19,952	29,318	80,000	37%	7,621	90,000
Meter Expense	2,500	2,500	5,000	50%	2,350	2,350
Tank Repairs	45,000	45,000	50,000	0%	0	0
Major Repairs	0	0	25,000	0%	0	25,000
Other Operating Expenditures:						
Professional Fees						
Legal	10,502	14,144	30,000	47%	4,980	20,000
Auditing	2,504	2,504	9,750	26%	5,008	9,750
Engineering	0	0	12,500	0%	1,480	2,500
Management & Consulting	0	0	7,500	0%	1,085	7,500
Inspection	0	0	6,000	0%	0	2,500
Leak Detection	0	0	0	0%	0	0
Banquete Overhead Tank Demolition	0	0	35,000	0%	0	0
Consum Supplies/Materials						
Postage	(46)	77	7,500	1%	2,308	6,000
Printing/Office Supplies	1,165	2,459	30,000	8%	875	22,000
Janitorial/Site Maintenance	254	798	6,000	13%	329	6,000
Fuel/Lubricants/Repairs	5,079	7,959	30,000	27%	11,211	46,000
Chemicals/Water Samples	928	3,741	52,500	7%	9,227	48,500
Safety Equipment	0	0	1,500	0%	1,481	2,500
Small Tools	309	494	2,000	25%	263	2,500

16.39%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
Recurring Operating Costs						
Telephone/Communications	1,116	2,452	14,000	18%	3,128	24,000
Utilities	7,165	10,469	110,000	10%	10,377	94,000
D & O Liability Insurance	(43)	1,276	3,500	36%	1,164	3,500
Property Insurance	0	43,973	47,300	93%	47,292	47,292
General Liability	0	1,830	3,200	57%	1,192	3,200
Auto Insurance	0	2,443	2,225	110%	2,219	2,225
Travel/Training/Meetings	235	859	10,000	9%	346	7,000
Rental-Equipment/Uniforms	0	149	5,000	3%	456	5,000
Dues/Subscriptions/Publication	1,810	2,385	15,000	16%	1,606	20,000
Pass Through Cost	0	-	400	0%	1	50
Educational Materials	0	0	0	0%	0	0
Miscellaneous						
Miscellaneous Expenditures	1,000	1,715	7,500	23%	1,066	8,500
Total Administrative & Operations Exp.	318,912	586,843	2,549,164	23%	414,897	2,461,556
Capital Outlay						
Capital Acquisition	(16,198)	37,837	225,350	17%	44,467	278,444
Engineering	0	1,730	0	0%	0	17,200
TOTAL EXPENDITURES (w/o D.S. exp.)	302,714	626,409	2,774,514	23%	459,364	2,757,200
Excess (Deficiencies) of Revenue Over Expenditures	(162,889)	(312,591)	(1,110,856)	28%	(186,594)	(1,033,296)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	0	(1,438,319)	0%	0	(1,297,000)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	0	(1,500)	0%	0	(15,238)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(1,439,819)	0%	0	(1,312,238)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)						
	(162,889)	(312,591)	328,963		(186,594)	278,942
NET INCOME	(162,889)	(312,591)	328,963		(186,594)	278,942

**TAX FUND
INCOME STATEMENT
FOR PERIOD ENDING NOVEMBER 30, 2019**

16.39%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	95,754	210,834	1,465,721	14%	170,103	1,297,100
Delinquent Tax Revenue	2,861	7,431	30,000	25%	7,125	44,000
Penalty & Interest - Tax Accounts	804	2,321	19,000	12%	2,934	21,850
Miscellaneous	0	0	0	0%	94	94
TOTAL TAXES & INTEREST	99,419	220,586	1,514,721	15%	180,256	1,363,044
EXPENDITURES						
Tax Collector Fees	934	40,089	50,177	80%	27,779	42,431
Appraisal Districts	4,305	6,292	26,225	24%	4,187	22,867
TOTAL EXPENDITURES	5,239	46,380	76,402	61%	31,966	65,298
 Transfer to General Fund	 0	 0	 1,438,319	 0%	 0	 1,297,746
 EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	 94,180	 174,205	 0		 148,290	 0

**SPECIAL SERVICES
INCOME STATEMENT
FOR PERIOD ENDING NOVEMBER 30, 2019**

16.39%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	19,541	44,170	308,794	14%	38,316	275,384
Nueces Water Supply Corporation	25,567	53,315	304,531	18%	32,873	258,616
TOTAL REVENUES	45,108	97,485	613,325	16%	71,189	534,000
EXPENDITURES						
Personnel	26,829	53,327	328,454	16%	45,759	312,132
Overhead	20,266	42,288	284,871	15%	50,093	282,172
TOTAL EXPENDITURES	47,094	95,615	613,325	16%	95,852	594,304
 EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(1,987)	1,870	0		(24,663)	(60,304)

**South Texas Water Authority
Balance Sheet
November 30, 2019**

ASSETS

Current Assets

STWA - General	\$	242,214.48	
STWA - Payroll		54,979.84	
STWA - Operations		43,499.61	
Petty Cash		150.00	
TexPool - STWA General		2,364,247.44	
Due From Capital Projects Fund		68,513.44	
Due from Debt Service Fund		513.16	
Due from D.S.-Collect Service		19,952.66	
Tax Accounts Receivable		171,762.90	
Allowance for Uncollect Taxes		(76,736.35)	
Service accts receivable		311,680.32	
Interlocal Rec-Bishop		1,703.32	
Interlocal Rec-Ricardo		4,374.61	
Interlocal Rec-Nueces		23,089.91	
Interlocal Rec. - Tax Assessor		4,600.96	
Inventory		19,660.50	
Total Assets			\$ 3,254,206.80

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$	363,008.59	
Salaries & Wages Payable		18,827.20	
Hospital Ins Tax Payable		1,540.37	
Withholding Taxes Payable		5,382.81	
Emply Retire Prem Payable		0.04	
Unemployment Comp. Pbl.		383.89	
Miscellaneous Payables		1,651.16	
Compensated Absences		17,508.91	
Deferred tax revenue		95,026.55	
Due to Debt Service Fund		1,826.43	
Total Liabilities			505,155.95

Fund Equity

Unassigned Fund Balance		2,865,906.34	
Assigned Fund Bal. - Inventory		19,660.50	
Current Earning		(136,515.99)	
Total Fund Equity			2,749,050.85
Total Liabilities & Fund Equity			\$ 3,254,206.80

**South Texas Water Authority
 GI Account Summary Report
 As of: November 30, 2019**

<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
Current Assets					
STWA - General	53,401.67	\$ 385,879.41	\$ (197,066.60)	\$ 188,812.81	\$ 242,214.48
STWA - Payroll	21,821.70	72,008.49	(38,850.35)	33,158.14	54,979.84
STWA - Operations	53,747.67	50,921.29	(61,169.35)	(10,248.06)	43,499.61
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	372,000.00	(372,000.00)	0.00	0.00
TexPool - STWA General	2,473,206.70	141,040.74	(250,000.00)	(108,959.26)	2,364,247.44
Due From Capital Projects Fund	58,459.70	10,053.74	0.00	10,053.74	68,513.44
Due from Debt Service Fund	502.12	11.04	0.00	11.04	513.16
Due from D.S. -Collect Service	18,692.49	1,260.17	0.00	1,260.17	19,952.66
Tax Accounts Receivable	171,762.90	0.00	0.00	0.00	171,762.90
Allowance for Uncollect Taxes	(76,736.35)	0.00	0.00	0.00	(76,736.35)
Service accts receivable	271,397.49	166,426.13	(126,143.30)	40,282.83	311,680.32
Interlocal Rec-Bishop	1,755.27	826.73	(878.68)	(51.95)	1,703.32
Interlocal Rec-Ricardo	8,632.03	4,374.60	(8,632.02)	(4,257.42)	4,374.61
Interlocal Rec-Nueces	12,507.40	11,734.40	(1,151.89)	10,582.51	23,089.91
Interlocal Rec. - Tax Assessor	42,836.31	4,600.96	(42,836.31)	(38,235.35)	4,600.96
Prepaid Expenses	26,276.50	0.00	(26,276.50)	(26,276.50)	0.00
Inventory	19,660.50	0.00	0.00	0.00	19,660.50
Total Assets	3,158,074.10	1,221,137.70	(1,125,005.00)	96,132.70	3,254,206.80
Current Liabilities					
Trade Accounts Payable	(205,296.43)	129,878.46	(287,590.62)	(157,712.16)	(363,008.59)
Salaries & Wages Payable	(10,150.40)	10,150.40	(18,827.20)	(8,676.80)	(18,827.20)
Hospital Ins Tax Payable	(1,474.27)	1,474.42	(1,540.52)	(66.10)	(1,540.37)
Withholding Taxes Payable	(5,269.54)	5,026.63	(5,139.90)	(113.27)	(5,382.81)
Emply Retire Prem Payable	0.00	13,536.74	(13,536.78)	(0.04)	(0.04)
Unemployment Comp. Pbl.	(380.89)	0.00	(3.00)	(3.00)	(383.89)
Miscellaneous Payables	(1,549.39)	9,192.41	(9,294.18)	(101.77)	(1,651.16)
Compensated Absences	(17,508.91)	0.00	0.00	0.00	(17,508.91)
Deferred tax revenue	(95,026.55)	0.00	0.00	0.00	(95,026.55)
Due to Debt Service Fund	(1,670.34)	0.00	(156.09)	(156.09)	(1,826.43)
Total Liabilities	(338,326.72)	169,259.06	(336,088.29)	(166,829.23)	(505,155.95)
Fund Equity					
Unassigned Fund Balance	(2,865,906.34)	0.00	0.00	0.00	(2,865,906.34)
Assigned Fund Bal. - Inventory	(19,660.50)	0.00	0.00	0.00	(19,660.50)
Total Fund Equity	(2,885,566.84)	0.00	0.00	0.00	(2,885,566.84)
Totals	(65,819.46)	\$ 1,390,396.76	\$ (1,461,093.29)	\$ (70,696.53)	\$ (136,515.99)

**DEBT SERVICE FUND
INCOME STATEMENT
FOR PERIOD ENDING NOVEMBER 30, 2019**

16.39%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	23,033	50,724	369,962	14%	47,055	359,300
Delinquent Tax Revenue	814	2,079	9,500	22%	2,206	14,450
Penalty & Interest - Tax Accounts	213	548	5,500	10%	593	5,950
Out-of-District Surcharge	156	312	1,873	17%	337	2,020
Interest on Temporary Investments	147	261	4,250	6%	217	5,000
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL TAXES & INTEREST	24,363	53,924	391,085	14%	50,407	386,720
OTHER FINANCING SOURCES						
Excess Bond Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCE SOURCES	0	0	0		0	386,720
TOTAL REVENUE AND OTHER FINANCE SOURCES	24,363	53,924	391,085	14%	50,407	386,720
EXPENDITURES						
Fiscal Agent Fees	0	0	200	0%	0	200
Bond Interest Expense	0	0	117,850	0%	0	122,350
Bond Principal Payments	0	0	230,000	0%	0	225,000
Tax Collector Fees	225	9,643	12,070	80%	7,684	11,737
Appraisal District Fees	1,035	1,513	6,308	24%	1,158	6,325
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	1,260	11,156	366,428	3%	8,842	365,612
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	23,103	42,768	24,657		41,565	21,108

**STWA Debt Service Fund
Balance Sheet
November 30, 2019**

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$ 115,836.76
Due from General	1,826.43
Interlocal Rec.-Tax Assessors	1,142.88
Taxes Receivable	52,543.25
Allowance for Uncollectibles	(11,370.61)

Total Current Assets **159,978.71**

Other Assets

Total Other Assets **0.00**

Total Assets **\$ 159,978.71**

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$ 41,172.64
Due to General Fund	20,465.83

Total Current Liabilities **61,638.47**

Long-Term Liabilities

Total Long-Term Liabilities **0.00**

Total Liabilities **61,638.47**

Funds Equity

Fund Balance	55,572.56
Net Income	42,767.68

Total Funds Equity **98,340.24**

Total Liabilities & Funds Equity **\$ 159,978.71**

STWA Debt Service Fund
 GI Account Summary Report
 As of: November 30, 2019

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
10400	Debt Service Acct. - TexPool	82,425.50	\$ 33,411.26	\$ 0.00	\$ 33,411.26	\$ 115,836.76
12200	Due from General	1,670.34	156.09	0.00	156.09	1,826.43
13001	Interlocal Rec.-Tax Assessor	10,335.90	1,142.88	(10,335.90)	(9,193.02)	1,142.88
13300	Taxes Receivable	52,543.25	0.00	0.00	0.00	52,543.25
13301	Allowance for Uncollectibles	(11,370.61)	0.00	0.00	0.00	(11,370.61)
21700	Deferred Tax Revenue	(41,172.64)	0.00	0.00	0.00	(41,172.64)
24000	Due to General Fund	(19,194.62)	0.00	(1,271.21)	(1,271.21)	(20,465.83)
39100	Fund Balance	(55,572.56)	0.00	0.00	0.00	(55,572.56)
	Totals	<u>19,664.56</u>	<u>\$ 34,710.23</u>	<u>\$ (11,607.11)</u>	<u>\$ 23,103.12</u>	<u>\$ 42,767.68</u>

**CAPITAL PROJECTS FUND
INCOME STATEMENT
FOR PERIOD ENDING NOVEMBER 30, 2019**

16.39%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	1,210	2,638	17,000	16%	3,757	17,500
TOTAL REVENUE AND OTHER FINANCE SOURCES	1,210	2,638	17,000	16%	3,757	17,500
 EXPENDITURES						
Right of Way Acquisition	0	0	0	0%	0	7,264
Engineering Fees	0	0	20,000	0%	0	245,594
Construction Costs	0	0	200,000	0%	0	305,977
42" Line-Cathodic Protection	10,054	16,803	516,809	3%	13,150	199,395
Pipeline Condition Assessment	0	0	0	0%	0	0
Legal & Administrative Fees	0	0	0	0%	0	181,712
Cost of Bond Issuance	0	0	0	0%	0	0
Miscellaneous Fees	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	10,054	16,803	736,809	2%	13,150	939,942
 EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(8,844)	(14,165)	(719,809)		(9,393)	(922,442)

**STWA Capital Projects Fund
Balance Sheet
November 30, 2019**

ASSETS

Current Assets

TexSTAR - Construction Fund	\$ 910,900.63	
Total Current Assets		910,900.63

Property and Equipment

Total Property and Equipment		0.00
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Other Assets

Total Other Assets		0.00
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Total Assets	\$ 910,900.63	

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Due to General Fund	\$ 68,513.43	
Total Current Liabilities		68,513.43

Long-Term Liabilities

Total Long-Term Liabilities		0.00
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Total Liabilities		68,513.43
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Fund Balance

Fund Balance	856,552.85	
Net Income	(14,165.65)	
Total Fund Balance		842,387.20

Total Liabilities & Fund Balance	\$ 910,900.63	

STWA Capital Projects Fund
 GI Account Summary Report
 As of: November 30, 2019

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
11300	TexSTAR - Construction	909,691.13	\$ 1,209.50	\$ 0.00	\$ 1,209.50	\$ 910,900.63
2400	Due to General Fund	(58,459.69)	0.00	(10,053.74)	(10,053.74)	(68,513.43)
39100	Fund Balance	(856,552.85)	0.00	0.00	0.00	(856,552.85)
Totals		(5,321.41)	\$ 1,209.50	\$ (10,053.74)	\$ (8,844.24)	\$ (14,165.65)

SOUTH TEXAS WATER AUTHORITY
Treasurer's Report
For Period Ending December 31, 2019

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.556238 per 1000 g</u>	<u>Handling Charge @ \$0.426386/1000g</u>	<u>Incremental Increase @ \$0.426386/1000g</u>	<u>Out of District Surcharge and Pass-Thru Credit</u>	<u>Total Due</u>
Kingsville	6,224	\$15,910.03	\$2,653.83	\$0.00	\$0.00	\$18,563.85
Bishop	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Agua Dulce	1,917	\$4,900.95	\$817.49	\$0.00	\$0.00	\$5,718.44
RWSC	10,899	\$27,860.44	\$4,647.18	\$0.00	\$0.00	\$32,507.62
Driscoll	9,094	\$23,247.20	\$3,877.68	\$3,877.68	\$0.00	\$31,002.56
NCWCID #5	1,718	\$4,390.49	\$732.34	\$732.34	\$805.00	\$6,660.18
NWSC	14,642	\$37,429.56	\$6,243.33	\$0.00	\$0.00	\$43,672.89
TOTAL	44,495	\$113,738.66	\$18,971.85	\$4,610.03	\$805.00	\$138,125.54

Water Cost and Usage for Period of:

	11/30/19	to	12/31/19
City of Corpus Christi Invoice for Cost of Water Purchased:			\$94,197.36
Gallons of Water Recorded by City of Corpus Christi:			36,850,000
Gallons of Water Recorded by STWA from Customer's Master Meters:			44,494,550
Water Loss Percentage:			-20.75%

Annual Usage for FY 2020

	Annual
Gallons of Water Recorded by City of Corpus Christi:	139,800,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	143,105,940
Water Loss Percentage: (year to date)	-2.36%

**REVENUE FUND
INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2019**

25.00%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Water Service Revenue	113,739	365,671	1,336,941	27%	310,183	1,366,000
Handling Charge Revenue	18,972	61,018	226,930	27%	55,158	231,255
Premium Incremental Increase	4,610	13,301	20,000	67%	10,536	38,600
Surcharge - Out of District	649	1,947	7,787	25%	1,825	7,299
Interest Income	3,473	11,190	60,000	19%	12,127	59,750
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	2,005	4,139	12,000	34%	3,344	21,000
TOTAL REVENUES	143,448	457,266	1,663,658	27%	393,173	1,723,904
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	230,845	493,853	1,336,941	37%	278,716	1,366,000
Payroll Costs						
Salaries & Wages - Perm. Employees	32,233	95,775	338,292	28%	90,233	328,813
Salaries & Wages - Part-Time	122	358	1,729	21%	267	1,607
Overtime - NWSC	0	0	0	0%	0	0
Stand-by Pay - NWSC	0	0	0	0%	0	0
Overtime - RWSC	0	0	0	0%	0	0
Stand-by Pay - RWSC	0	0	0	0%	0	0
Overtime - STWA	2,399	5,497	21,000	26%	4,744	23,000
Stand-by Pay - STWA	100	300	1,300	23%	300	1,354
Employee Retirement Premiums	7,187	14,868	46,677	32%	13,633	60,249
Group Insurance Premium	12,159	68,896	177,763	39%	41,086	159,188
Unemployment Compensation	(1)	-2	875	0%	24	105
Workers' Compensation	(746)	13,428	6,250	215%	8,770	2,840
Car Allowance	500	1,500	6,000	25%	1,500	6,000
Hospital Insurance Tax	326	950	3,962	24%	899	4,533
Supplies & Materials						
Repairs & Maintenance	7,522	36,841	80,000	46%	10,993	90,000
Meter Expense	0	2,500	5,000	50%	2,350	2,350
Tank Repairs	0	45,000	50,000	0%	0	0
Major Repairs	0	0	25,000	0%	0	25,000
Other Operating Expenditures:						
Professional Fees						
Legal	2,156	16,300	30,000	54%	5,700	20,000
Auditing	6,425	8,929	9,750	92%	8,953	9,750
Engineering	0	0	12,500	0%	2,368	2,500
Management & Consulting	0	0	7,500	0%	1,085	7,500
Inspection	0	0	6,000	0%	0	2,500
Leak Detection	0	0	0	0%	0	0
Banquete Overhead Tank Demolition	0	0	35,000	0%	0	0
Consum Supplies/Materials						
Postage	(384)	(307)	7,500	-4%	2,341	6,000
Printing/Office Supplies	1,262	3,721	30,000	12%	1,377	22,000
Janitorial/Site Maintenance	911	1,709	6,000	28%	955	6,000
Fuel/Lubricants/Repairs	3,281	11,240	30,000	37%	16,701	46,000
Chemicals/Water Samples	7,510	11,251	52,500	21%	10,415	48,500
Safety Equipment	0	0	1,500	0%	1,481	2,500
Small Tools	38	532	2,000	27%	273	2,500

25.00%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
Recurring Operating Costs						
Telephone/Communications	1,072	3,524	14,000	25%	5,034	24,000
Utilities	7,993	18,462	110,000	17%	15,325	94,000
D & O Liability Insurance	0	1,276	3,500	36%	1,164	3,500
Property Insurance	0	43,973	47,300	93%	47,292	47,292
General Liability	0	1,830	3,200	57%	1,192	3,200
Auto Insurance	0	2,443	2,225	110%	2,219	2,225
Travel/Training/Meetings	895	1,754	10,000	18%	620	7,000
Rental-Equipment/Uniforms	0	149	5,000	3%	456	5,000
Dues/Subscriptions/Publication	400	2,785	15,000	19%	3,471	20,000
Pass Through Cost	0	-	400	0%	1	50
Educational Materials	0	0	0	0%	0	0
Miscellaneous						
Miscellaneous Expenditures	532	2,247	7,500	30%	2,246	8,500
Total Administrative & Operations Exp.	324,738	911,581	2,549,164	36%	584,184	2,461,556
Capital Outlay						
Capital Acquisition	50,889	88,726	225,350	39%	44,467	278,444
Engineering	3,440	5,170	0	0%	0	17,200
TOTAL EXPENDITURES (w/o D.S. exp.)	379,068	1,005,477	2,774,514	36%	628,651	2,757,200
Excess (Deficiencies) of Revenue Over Expenditures	(235,620)	(548,210)	(1,110,856)	49%	(235,478)	(1,033,296)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	0	(1,438,319)	0%	0	(1,297,000)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	0	(1,500)	0%	0	(15,238)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(1,439,819)	0%	0	(1,312,238)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)						
	(235,620)	(548,210)	328,963		(235,478)	278,942
NET INCOME	(235,620)	(548,210)	328,963		(235,478)	278,942

**TAX FUND
INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2019**

25.00%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	309,708	520,542	1,465,721	36%	443,975	1,297,100
Delinquent Tax Revenue	2,425	9,856	30,000	33%	9,883	44,000
Penalty & Interest - Tax Accounts	743	3,063	19,000	16%	4,076	21,850
Miscellaneous	0	0	0	0%	94	94
TOTAL TAXES & INTEREST	312,877	533,462	1,514,721	35%	458,028	1,363,044
EXPENDITURES						
Tax Collector Fees	1,718	41,807	50,177	83%	27,779	42,431
Appraisal Districts	0	6,292	26,225	24%	5,717	22,867
TOTAL EXPENDITURES	1,718	48,098	76,402	63%	33,496	65,298
Transfer to General Fund	0	0	1,438,319	0%	0	1,297,746
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	311,159	485,364	0		424,532	0

**SPECIAL SERVICES
INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2019**

25.00%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	24,272	68,443	308,794	22%	65,151	275,384
Nueces Water Supply Corporation	27,157	80,472	304,531	26%	56,436	258,616
TOTAL REVENUES	51,429	148,914	613,325	24%	121,587	534,000
EXPENDITURES						
Personnel	26,848	80,175	328,454	24%	69,816	312,132
Overhead	21,180	63,469	284,871	22%	75,831	282,172
TOTAL EXPENDITURES	48,028	143,644	613,325	23%	145,647	594,304
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	3,401	5,271	0		(24,060)	(60,304)

**South Texas Water Authority
Balance Sheet
December 31, 2019**

ASSETS

Current Assets

STWA - General	\$	8,488.48	
STWA - Payroll		15,489.22	
STWA - Operations		8,058.70	
Petty Cash		150.00	
TexPool - STWA General		2,528,388.30	
Due From Capital Projects Fund		78,273.64	
Due from Debt Service Fund		524.19	
Due from D.S.-Collect Service		20,365.88	
Tax Accounts Receivable		171,762.90	
Allowance for Uncollect Taxes		(76,736.35)	
Service accts receivable		302,582.69	
Interlocal Rec-Bishop		1,798.01	
Interlocal Rec-Ricardo		13,094.75	
Interlocal Rec-Nueces		23,251.62	
Interlocal Rec. - Tax Assessor		31,844.95	
Inventory		19,660.50	
Total Assets			\$ 3,146,997.48

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$	170,238.03	
Salaries & Wages Payable		25,106.40	
Hospital Ins Tax Payable		1,565.27	
Withholding Taxes Payable		5,439.31	
Unemployment Comp. Pbl.		387.02	
Miscellaneous Payables		1,752.93	
Compensated Absences		17,508.91	
Deferred tax revenue		95,026.55	
Due to Debt Service Fund		1,982.52	
Total Liabilities			319,006.94

Fund Equity

Unassigned Fund Balance		2,865,906.34	
Assigned Fund Bal. - Inventory		19,660.50	
Current Earning		(57,576.30)	
Total Fund Equity			2,827,990.54
Total Liabilities & Fund Equity			\$ 3,146,997.48

South Texas Water Authority
GI Account Summary Report
As of: December 31, 2019

<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
Current Assets					
STWA - General	242,214.48	\$ 319,684.14	\$ (553,410.14)	\$ (233,726.00)	\$ 8,488.48
STWA - Payroll	54,979.84	13.02	(39,503.64)	(39,490.62)	15,489.22
STWA - Operations	43,499.61	871.02	(36,311.93)	(35,440.91)	8,058.70
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	125,000.00	(125,000.00)	0.00	0.00
TexPool - STWA General	2,364,247.44	289,140.86	(125,000.00)	164,140.86	2,528,388.30
Due From Capital Projects Fund	68,513.44	9,760.20	0.00	9,760.20	78,273.64
Due from Debt Service Fund	513.16	11.03	0.00	11.03	524.19
Due from D.S. -Collect Service	19,952.66	413.22	0.00	413.22	20,365.88
Tax Accounts Receivable	171,762.90	0.00	0.00	0.00	171,762.90
Allowance for Uncollect Taxes	(76,736.35)	0.00	0.00	0.00	(76,736.35)
Service accts receivable	311,680.32	171,343.14	(180,440.77)	(9,097.63)	302,582.69
Interlocal Rec-Bishop	1,703.32	971.28	(876.59)	94.69	1,798.01
Interlocal Rec-Ricardo	4,374.61	8,720.14	0.00	8,720.14	13,094.75
Interlocal Rec-Nueces	23,089.91	12,569.11	(12,407.40)	161.71	23,251.62
Interlocal Rec. - Tax Assessor	4,600.96	31,844.95	(4,600.96)	27,243.99	31,844.95
Inventory	19,660.50	0.00	0.00	0.00	19,660.50
Total Assets	3,254,206.80	970,342.11	(1,077,551.43)	(107,209.32)	3,146,997.48
Current Liabilities					
Trade Accounts Payable	(363,008.59)	533,473.53	(340,702.97)	192,770.56	(170,238.03)
Salaries & Wages Payable	(18,827.20)	18,827.20	(25,106.40)	(6,279.20)	(25,106.40)
Hospital Ins Tax Payable	(1,540.37)	1,540.52	(1,565.42)	(24.90)	(1,565.27)
Withholding Taxes Payable	(5,382.81)	5,139.90	(5,196.40)	(56.50)	(5,439.31)
Emply Retire Prem Payable	(0.04)	13,720.40	(13,720.36)	0.04	0.00
Unemployment Comp. Pbl.	(383.89)	0.00	(3.13)	(3.13)	(387.02)
Miscellaneous Payables	(1,651.16)	9,238.56	(9,340.33)	(101.77)	(1,752.93)
Compensated Absences	(17,508.91)	0.00	0.00	0.00	(17,508.91)
Deferred tax revenue	(95,026.55)	0.00	0.00	0.00	(95,026.55)
Due to Debt Service Fund	(1,826.43)	0.00	(156.09)	(156.09)	(1,982.52)
Total Liabilities	(505,155.95)	581,940.11	(395,791.10)	186,149.01	(319,006.94)
Fund Equity					
Unassigned Fund Balance	(2,865,906.34)	0.00	0.00	0.00	(2,865,906.34)
Assigned Fund Bal. - Inventory	(19,660.50)	0.00	0.00	0.00	(19,660.50)
Total Fund Equity	(2,885,566.84)	0.00	0.00	0.00	(2,885,566.84)
Totals	(136,515.99)	\$ 1,552,282.22	\$ (1,473,342.53)	\$ 78,939.69	\$ (57,576.30)

**DEBT SERVICE FUND
INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2019**

25.00%

			2020	% OF 2020		
	MONTHLY	YEAR TO DATE	ADOPTED BUDGET	FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	74,497	125,221	369,962	34%	122,812	359,300
Delinquent Tax Revenue	697	2,776	9,500	29%	3,026	14,450
Penalty & Interest - Tax Accounts	203	750	5,500	14%	842	5,950
Out-of-District Surcharge	156	468	1,873	25%	505	2,020
Interest on Temporary Investments	196	457	4,250	11%	441	5,000
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL TAXES & INTEREST	75,749	129,673	391,085	33%	127,625	386,720
OTHER FINANCING SOURCES						
Excess Bond Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCE SOURCES	0	0	0		0	386,720
TOTAL REVENUE AND OTHER FINANCE SOURCES	75,749	129,673	391,085	33%	127,625	386,720
EXPENDITURES						
Fiscal Agent Fees	0	0	200	0%	0	200
Bond Interest Expense	0	0	117,850	0%	0	122,350
Bond Principal Payments	0	0	230,000	0%	0	225,000
Tax Collector Fees	413	10,056	12,070	83%	7,684	11,737
Appraisal District Fees	0	1,513	6,308	24%	1,581	6,325
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	413	11,570	366,428	3%	9,265	365,612
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	75,336	118,103	24,657		118,360	21,108

**STWA Debt Service Fund
Balance Sheet
December 31, 2019**

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$	184,901.32
Due from General		1,982.52
Interlocal Rec.-Tax Assessors		7,682.15
Taxes Receivable		52,543.25
Allowance for Uncollectibles		(11,370.61)

Total Current Assets 235,738.63

Other Assets

Total Other Assets 0.00

Total Assets \$ 235,738.63

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$	41,172.64
Due to General Fund		20,890.08

Total Current Liabilities 62,062.72

Long-Term Liabilities

Total Long-Term Liabilities 0.00

Total Liabilities 62,062.72

Funds Equity

Fund Balance		55,572.56
Net Income		118,103.35

Total Funds Equity 173,675.91

Total Liabilities & Funds Equity \$ 235,738.63

STWA Debt Service Fund
 GI Account Summary Report
 As of: December 31, 2019

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
10400	Debt Service Acct. - TexPool	115,836.76	\$ 69,064.56	\$ 0.00	\$ 69,064.56	\$ 184,901.32
12200	Due from General	1,826.43	156.09	0.00	156.09	1,982.52
13001	Interlocal Rec.-Tax Assessor	1,142.88	7,682.15	(1,142.88)	6,539.27	7,682.15
13300	Taxes Receivable	52,543.25	0.00	0.00	0.00	52,543.25
13301	Allowance for Uncollectibles	(11,370.61)	0.00	0.00	0.00	(11,370.61)
21700	Deferred Tax Revenue	(41,172.64)	0.00	0.00	0.00	(41,172.64)
24000	Due to General Fund	(20,465.83)	0.00	(424.25)	(424.25)	(20,890.08)
39100	Fund Balance	(55,572.56)	0.00	0.00	0.00	(55,572.56)
Totals		<u>42,767.68</u>	<u>\$ 76,902.80</u>	<u>\$ (1,567.13)</u>	<u>\$ 75,335.67</u>	<u>\$ 118,103.35</u>

**CAPITAL PROJECTS FUND
INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2019**

25.00%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	1,210	3,847	17,000	23%	5,774	17,500
TOTAL REVENUE AND OTHER FINANCE SOURCES	1,210	3,847	17,000	23%	5,774	17,500
 EXPENDITURES						
Right of Way Acquisition	0	0	0	0%	0	7,264
Engineering Fees	0	0	20,000	0%	0	245,594
Construction Costs	0	0	200,000	0%	0	305,977
42" Line-Cathodic Protection	9,760	26,563	516,809	5%	17,997	199,395
Pipeline Condition Assessment	0	0	0	0%	0	0
Legal & Administrative Fees	0	0	0	0%	0	181,712
Cost of Bond Issuance	0	0	0	0%	0	0
Miscellaneous Fees	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	9,760	26,563	736,809	4%	17,997	939,942
 EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(8,551)	(22,716)	(719,809)		(12,223)	(922,442)

**STWA Capital Projects Fund
Balance Sheet
December 31, 2019**

ASSETS

Current Assets

TexSTAR - Construction Fund	\$ 912,110.81	
Total Current Assets		912,110.81

Property and Equipment

Total Property and Equipment		0.00
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Other Assets

Total Other Assets		0.00
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Total Assets	\$ 912,110.81	

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Due to General Fund	\$ 78,273.63	
Total Current Liabilities		78,273.63

Long-Term Liabilities

Total Long-Term Liabilities		0.00
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Total Liabilities		78,273.63
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Fund Balance

Fund Balance	856,552.85	
Net Income	(22,715.67)	
Total Fund Balance		833,837.18

Total Liabilities & Fund Balance	\$ 912,110.81	

STWA Capital Projects Fund
 GI Account Summary Report
 As of: December 31, 2019

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
11300	TexSTAR - Construction	910,900.63	\$ 1,210.18	\$ 0.00	\$ 1,210.18	\$ 912,110.81
2400	Due to General Fund	(68,513.43)	0.00	(9,760.20)	(9,760.20)	(78,273.63)
39100	Fund Balance	(856,552.85)	0.00	0.00	0.00	(856,552.85)
Totals		<u>(14,165.65)</u>	<u>\$ 1,210.18</u>	<u>\$ (9,760.20)</u>	<u>\$ (8,550.02)</u>	<u>\$ (22,715.67)</u>

**CATHODIC PROTECTION
FY2020**

	Payroll	Materials	Total
October 2019	\$5,959.01	\$790.25	\$6,749.26 Due from Capital Projects Fund
November 2019	\$9,935.44	\$118.30	\$10,053.74 Due from Capital Projects Fund
December 2019	\$9,657.00	\$103.20	\$9,760.20 Due from Capital Projects Fund
January 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
February 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
March 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
April 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
May 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
June 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
July 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
August 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
September 2020	\$0.00	\$0.00	\$0.00 Due from Capital Projects Fund
Totals	\$25,551.45	\$1,011.75	\$26,563.20

Payroll Costs - CP Tech #2

	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	Year to Date Total
Payroll	\$2,546.64	\$2,958.40	\$2,958.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,463.44
Medicare	\$36.93	\$42.90	\$42.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$122.73
Retirement	\$254.66	\$295.84	\$295.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$846.34
Worker's Comp	\$93.90	\$109.08	\$109.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$312.06
Texas Workforce Health	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LTD/ADD/Life	\$410.55	\$959.15	\$959.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,328.85
	\$12.67	\$41.47	\$41.47	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$95.61
Total	\$3,355.35	\$4,406.84	\$4,406.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$12,169.04

**CATHODIC PROTECTION
MATERIALS**

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	10/1/18			Beginning Balance			
52101	Repairs & Maint-42" line	10/15/18	6296006	PJ	FERGUSON ENTERPRISES, INC #61 - MASTIC	277.50		
52101	Repairs & Maint-42" line	10/19/18	9940219042	PJ	W. W. Grainger, Inc. - AIR CHISEL SCALER, MULTIMETER	730.26		
52101	Repairs & Maint-42" line	10/23/18	121102	PJ	CITIBANK CORPORATE CARD - Wire dispenser, wire, electrode, Cu-Sulfate	441.35		
52101	Repairs & Maint-42" line	10/23/18	9943313024	PJ	W. W. Grainger, Inc. - chisel	11.07		
52101	Repairs & Maint-42" line	10/26/18	608959	PJ	CITIBANK CORPORATE CARD - Harbor Freight Tools CP	46.38		
52101	Repairs & Maint-42" line	10/26/18	S100193768.001	PJ	CORPUS CHRISTI ELECT. CO - Splice kit, wire, tape etc.	407.55		
52101	Repairs & Maint-42" line				Current Period Change	1,914.11		1,914.11
		10/31/18			Ending Balance			1,914.11

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	11/1/18			Beginning Balance			
52101	Repairs & Maint-42" line	11/5/18	S100195733.001	PJ	CORPUS CHRISTI ELECT. CO - Fuse- CP Rectifiers	152.20		
52101	Repairs & Maint-42" line	11/6/18	8536808	PJ	CITIBANK CORPORATE CARD - CP Supplies- Tools and Accessories	370.02		
52101	Repairs & Maint-42" line	11/7/18	9958831282	PJ	W. W. Grainger, Inc. - Canvas Cover	164.69		
52101	Repairs & Maint-42" line	11/8/18	10650443	PJ	McCOY'S BUILDING SUPPLY CENTER - CP Supplies	15.48		
52101	Repairs & Maint-42" line	11/9/18	2786209	PJ	LOWE'S BUSINESS ACCOUNT - shoval, tarp straps, ratchet bag, ladder	272.54		
52101	Repairs & Maint-42" line	11/16/18	6380664	PJ	LOWE'S BUSINESS ACCOUNT - Test leads	15.19		
52101	Repairs & Maint-42" line	11/19/18	10650786	PJ	McCOY'S BUILDING SUPPLY CENTER - Fogger and screws-	18.32		
52101	Repairs & Maint-42" line	11/28/18	05435	PJ	LOWE'S BUSINESS ACCOUNT - Cord Storage and Plastic Clamps CP	9.85		
	Thompson Pipe Grinders	11/16/18				1,083.60		
	Corrpro Companies	11/26/18				466.98		
	Repairs & Maint-42" line				Current Period Change	2,568.87		2,568.87
		11/30/18			Ending Balance			4,482.98

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	12/1/18			Beginning Balance			
52101	Repairs & Maint-42" line	12/6/18	05402	PJ	LOWE'S BUSINESS ACCOUNT - CP - Tools	50.27		
52101	Repairs & Maint-42" line	12/10/18	0592-303691	PJ	O'REILLY AUTO SUPPLY - Filter Wrench -CP use	11.99		
52101	Repairs & Maint-42" line	12/21/18	0592-305470	PJ	O'REILLY AUTO SUPPLY - track hoe items	47.99		
52101	Repairs & Maint-42" line	12/27/18	06328	PJ	LOWE'S BUSINESS ACCOUNT - CP TOOLS	20.87		
52101	Repairs & Maint-42" line				Current Period Change	131.12		131.12
		12/31/18			Ending Balance			4,614.10

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	1/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	1/2/19	010105	PJ	CITIBANK CORPORATE CARD - Kubota L3901 Tractor with loader Rental	525.00		
52101	Repairs & Maint-42" line	1/11/19	01-11-19	PJ	Petty Cash - CP - CC Electronics - clips	31.00		
52101	Repairs & Maint-42" line	1/15/19	05141	PJ	LOWE'S BUSINESS ACCOUNT - CP washer bolts Nuts, and tool box	74.97		
52101	Repairs & Maint-42" line	1/21/19	0592-309884	PJ	O'REILLY AUTO SUPPLY - Adapter- CP	14.99		
52101	Repairs & Maint-42" line	1/21/19	02779	PJ	LOWE'S BUSINESS ACCOUNT - TOOL BAGS MATERIALS	95.03		
52101	Repairs & Maint-42" line	1/23/19	87290634	PJ	PRAXAIR DISTRIBUTION INC - Welder's helmet	239.95		
52101	Repairs & Maint-42" line	1/24/19	35767	PJ	CITIBANK CORPORATE CARD - tools- bolts, gang blank cover	62.55		
52101	Repairs & Maint-42" line	1/28/19	0592-311134	PJ	O'REILLY AUTO SUPPLY - Battery charger	35.98		
52101	Repairs & Maint-42" line				Current Period Change	1,079.47		1,079.47
		1/31/19			Ending Balance			5,693.57

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
		2/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	2/1/19	S100202542	PJ	CORPUS CHRISTI ELECT. CO - cathodic wire	351.00		
52101	Repairs & Maint-42" line	2/1/19	10653727	PJ	McCOY'S BUILDING SUPPLY CENTER - Masonry cement type S, marking spray	20.03		
52101	Repairs & Maint-42" line	2/26/19	10654249	PJ	McCOY'S BUILDING SUPPLY CENTER - winged wire nuts	10.56		
52101	Repairs & Maint-42" line				Current Period Change	381.59		381.59
		2/28/19			Ending Balance			6,075.16

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	3/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	3/1/19	544566 RI	PJ	CORRPRO COMPANIES, INC. - Test Stations Actual pipe with Electrical	422.11		
52101	Repairs & Maint-42" line	3/5/19	140654437	PJ	McCOY'S BUILDING SUPPLY CENTER - CP Sand	19.65		
52101	Repairs & Maint-42" line	3/5/19	10654440	PJ	McCOY'S BUILDING SUPPLY CENTER - Cement CP	28.49		
52101	Repairs & Maint-42" line	3/8/19	S100205273.001	PJ	CORPUS CHRISTI ELECT. CO - Splice kit	215.00		
52101	Repairs & Maint-42" line	3/12/19	544855	PJ	TRACTOR SUPPLY CREDIT PLAN - Flux Coat Bronze-Brazing Rod not for welding but for	16.99		
52101	Repairs & Maint-42" line	3/18/19	10654840	PJ	McCOY'S BUILDING SUPPLY CENTER - CP Test Stations, Treated pine	54.20		
52101	Repairs & Maint-42" line	3/19/19	06515	PJ	LOWE'S BUSINESS ACCOUNT - Wire connectors- CP Test Stations	17.82		
52101	Repairs & Maint-42" line	3/19/19	03192019	PJ	W. W. Grainger, Inc. - silicone sealant	4.08		
52101	Repairs & Maint-42" line	3/19/19	1346616682	PJ	W. W. Grainger, Inc. - Color reflector 3" (50)	86.50		
52101	Repairs & Maint-42" line	3/20/19	10654907	PJ	McCOY'S BUILDING SUPPLY CENTER - screws/bolts ? CP	8.67		
52101	Repairs & Maint-42" line	3/20/19	S100207104.001	PJ	CORPUS CHRISTI ELECT. CO - CP Test Stations- straps / bolts	124.98		
52101	Repairs & Maint-42" line	3/28/19	2800094	PJ	LOWE'S BUSINESS ACCOUNT - test stations self tap screws and lumber	91.09		
52101	Repairs & Maint-42" line	3/29/19	547823 RI	PJ	CORRPRO COMPANIES, INC. - Cott Big Fink - Test Stations Actual piping for the Test Stati	1,148.86		
52101	Repairs & Maint-42" line				Current Period Change			2,238.44
		3/31/19			Ending Balance			8,313.60

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	4/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	4/8/19	9139710363	PJ	W. W. Grainger, Inc. - Color reflectors for Test Stations	69.20		
52101	Repairs & Maint-42" line	4/9/19	88728715	PJ	PRAXAIR DISTRIBUTION INC - Welding Rods CP-50pounds	170.00		
52101	Repairs & Maint-42" line	4/9/19	S100208710.001	PJ	CORPUS CHRISTI ELECT. CO - Test Stations materials	98.85		
52101	Repairs & Maint-42" line	4/30/19	CD990014924	PJ	THOMPSON PIPE GROUP-PRESSURE - Bonding clips (200)	1,023.47		
11900	Corrpro Companies	4/16/19	549948 RI	PJ	CORRPRO COMPANIES, INC. - 500 Anodes	42,625.00		
52101	Repairs & Maint-42" line				Current Period Change			43,986.52
		4/30/19			Ending Balance			52,300.12
52101	Repairs & Maint-42" line	5/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	5/1/19	01905	PJ	LOWE'S BUSINESS ACCOUNT - cement and hex bolts	17.75		
52101	Repairs & Maint-42" line	5/3/19	557677	PJ	TRACTOR SUPPLY CREDIT PLAN - Brazing Rod	16.99		
52101	Repairs & Maint-42" line	5/17/19	62089	PJ	CITIBANK CORPORATE CARD - 2 55# Rapid Set Mortar	32.80		
52101	Repairs & Maint-42" line	5/17/19	S100212436.001	PJ	CORPUS CHRISTI ELECT. CO - #10 Stranded blue wire (500 ft)	97.50		
52101	Repairs & Maint-42" line	5/31/19	108998	PJ	CITIBANK CORPORATE CARD - Concrete mix, electric tape	87.24		
52101	Repairs & Maint-42" line				Current Period Change	252.28		252.28
		5/31/19			Ending Balance			52,552.40

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	6/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	6/4/19	06042019	PJ	CITIBANK CORPORATE CARD - dealer electric- splice kits	38.00		
52101	Repairs & Maint-42" line	6/10/19	S100213843.001	PJ	CORPUS CHRISTI ELECT. CO - Wire connectors	247.40		
52101	Repairs & Maint-42" line	6/12/19	9203409322	PJ	W. W. Grainger, Inc. - Reflective strips	5.58		
52101	Repairs & Maint-42" line	6/14/19	06142019	PJ	CITIBANK CORPORATE CARD - Rapid set concrete mix	25.60		
52101	Repairs & Maint-42" line	6/18/19	10657956	PJ	McCOY'S BUILDING SUPPLY CENTER - Rustpre Spray Black	5.16		
52101	Repairs & Maint-42" line	6/25/19	06669	PJ	LOWE'S BUSINESS ACCOUNT - Test Stations	21.21		
52101	Repairs & Maint-42" line	6/27/19	10658272	PJ	McCOY'S BUILDING SUPPLY CENTER - Screws for test stations	17.34		
52101	Repairs & Maint-42" line				Current Period Change	360.29		360.29
52101	Repairs & Maint-42" line	6/30/19			Ending Balance			52,912.69
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	7/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	7/8/19	10658503	PJ	McCOY'S BUILDING SUPPLY CENTER - Black enamel paint for ARV	34.12		
52101	Repairs & Maint-42" line	7/15/19	S100217420.001	PJ	CORPUS CHRISTI ELECT. CO - nylon wire 500 foot roll	92.50		
52101	Repairs & Maint-42" line	7/19/19	071502	PJ	CITIBANK CORPORATE CARD - Home Depot- Wire connectors	18.84		
52101	Repairs & Maint-42" line	7/26/19	1299912 PT3312010	PJ	HOSE of SOUTH TEXAS - Wormgear clamps for ARV openings	86.38		
52101	Repairs & Maint-42" line	7/29/19	076287	PJ	CITIBANK CORPORATE CARD - 3 - 60lbs bags Rapid Set Concrete Mix	38.40		
52101	Repairs & Maint-42" line				Current Period Change	270.24		270.24
52101	Repairs & Maint-42" line	7/31/19			Ending Balance			53,182.93
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	8/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	8/13/19	10659794	PJ	McCOY'S BUILDING SUPPLY CENTER - Flat washers, hex nuts	18.31		
52101	Repairs & Maint-42" line	8/30/19	34187	PJ	CITIBANK CORPORATE CARD - Rapid set concrete mix & screws	45.16		
52101	Repairs & Maint-42" line				Current Period Change	63.47		63.47
52101	Repairs & Maint-42" line	8/31/19			Ending Balance			53,246.40
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	9/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	9/3/19	183238	PJ	CORRPRO COMPANIES, INC. - Test station	710.00		
52101	Repairs & Maint-42" line	9/3/19	183238	PJ	CORRPRO COMPANIES, INC. - Added 5 more	160.00		
52101	Repairs & Maint-42" line	9/5/19	S100222186-001	PJ	CORPUS CHRISTI ELECT. CO - 100 sure splice kits	215.00		
52101	Repairs & Maint-42" line	9/6/19	4610558	PJ	CITIBANK CORPORATE CARD - water proof wire connectors	18.84		
52101	Repairs & Maint-42" line				Current Period Change	1,103.84		1,103.84
52101	Repairs & Maint-42" line	9/30/19			Ending Balance			54,350.24
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	10/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	10/23/19	10662350	PJ	McCOY'S BUILDING SUPPLY CENTER - Treated Pine- CP Posts for test stations	37.31		
52101	Repairs & Maint-42" line	10/23/19	S100227212.001	PJ	CORPUS CHRISTI ELECT. CO - Split Bolts (20) Brass Wire connector for test stations	30.16		
52101	Repairs & Maint-42" line	10/30/19	9340303925	PJ	W. W. Grainger, Inc. - Erosion Control Blanket- 42" line	722.78		
52101	Repairs & Maint-42" line				Current Period Change	790.25		790.25
52101	Repairs & Maint-42" line	10/31/19			Ending Balance			55,140.49

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	11/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	11/11/19	597440	PJ	TRACTOR SUPPLY CREDIT PLAN - Brazing Rod- CP	16.99		
52101	Repairs & Maint-42" line	11/12/19	201613	PJ	TRACTOR SUPPLY CREDIT PLAN - Brazing rods-CP	15.99		
52101	Repairs & Maint-42" line	11/15/19	10663167	PJ	McCOY'S BUILDING SUPPLY CENTER - Safety Yellow Paint	34.12		
52101	Repairs & Maint-42" line	11/25/19	11252019	PJ	CITIBANK CORPORATE CARD - Rapid set cement-CP	51.20		
52101	Repairs & Maint-42" line	11/30/19		GENJ	DUE FROM CAPITAL PROJECTS			118.30
52101	Repairs & Maint-42" line				Current Period Change	118.30		118.30
		11/30/19			Ending Balance			

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	12/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	12/10/19	064860	PJ	CITIBANK CORPORATE CARD - home depot Concrete mix-	28.25		
52101	Repairs & Maint-42" line	12/18/19	9389895815	PJ	W. W. Grainger, Inc. - Test Stations- Color reflector	42.80		
52101	Repairs & Maint-42" line	12/23/19	01675	PJ	LOWE'S BUSINESS ACCOUNT - Treated lumberCP Stations	32.15		
52101	Repairs & Maint-42" line	12/31/19		GENJ	DUE FROM CAPITAL PROJECTS			103.20
52101	Repairs & Maint-42" line				Current Period Change	103.20		103.20
		12/31/19			Ending Balance			

**SOUTH TEXAS WATER AUTHORITY
2012 BOND ELECTION**

Cost of Bond Issuance:	\$107,386.40	
Proposition #1: REGIONAL WATERLINE	\$1,900,000.00	36.54%
Proposition #2: KINGSVILLE PUMP STATION	\$2,925,000.00	56.25%
Proposition #3: BISHOP FACILITY	<u>\$375,000.00</u>	<u>7.21%</u>
TOTAL BOND PROCEEDS:	\$5,307,386.40	100.00%

Cost of Bond Issuance		
Financial Advisory Fee (First Southwest)	\$30,385.00	
Computer Structure Fee (for bidding securities)	\$6,000.00	
Bond Counsel - Leroy Grawunder (MP&H)	\$39,000.00	
Attorney General - State Fees and Review	\$5,110.00	
Standard & Poor's - Rating Agency	\$11,000.00	
Paying Agent - Bank processing bonds/paid semi annually	\$200.00	
Document Preparation/Printing	\$5,000.00	
Miscellaneous	\$1,973.90	
Accrued Interest - use to make first Debt Payment	<u>\$8,717.50</u>	
TOTAL Cost of Bond Issuance	\$107,386.40	

Proposition #1: REGIONAL WATERLINE

36.54%

	Engineer Estimate	Contract Amount	Amount Expended	Amount Remaining
TOTAL PROPOSITION #1:	\$1,900,000.00			\$1,900,000.00
Engineering: HDR		\$209,300.00	\$209,300.00	\$1,690,700.00
Construction: Lewis Construction		\$1,035,100.00	\$1,035,100.00	
Change Order #1		\$4,320.85	\$0.00	
Change Order #2		\$30,815.17	\$30,815.17	
Change Order #3		-\$5,100.00	-\$5,100.00	
Change Order #4		\$13,954.16	\$13,954.16	
		<u>\$1,079,090.18</u>	<u>\$1,074,769.33</u>	
ROW Acquisition:		<u>\$57,436.31</u>	<u>\$57,436.31</u>	
		\$1,136,526.49	\$1,132,205.64	
Verizon Wireless - Prepay			\$4,688.46	
Verizon Wireless - Additional amount due			\$911.04	
J. V. Oilfield			<u>\$3,528.80</u>	
			\$1,141,333.94	\$549,366.06
HDR Pipeline Condition Assessment		\$105,900.00	\$100,605.00	\$448,761.06
HDR LAS Booster -Driscoll		\$71,100.00	\$31,998.00	\$416,763.06
LAS Booster - Construction		\$369,000.00	\$369,000.00	
Change Order #1		\$45,586.84	\$45,586.84	
Change Order #2		\$1,705.00	\$1,705.00	
Change Order #3		<u>\$10,650.00</u>	<u>\$10,650.00</u>	
		\$426,941.84	\$426,941.84	-\$10,178.78
Rock Engineering			\$1,051.00	
Rock Engineering			\$201.00	
Rock Engineering			<u>\$2,026.00</u>	
			\$3,278.00	-\$13,456.78
Non-Construction Related Costs:		<u>\$22,650.42</u>	<u>\$20,031.42</u>	
TOTAL Proposition #1	\$1,900,000.00	\$1,763,118.75	\$1,933,488.20	-\$33,488.20

Proposition #2: KINGSVILLE PUMP STATION

56.25%

	Engineer Estimate	Contract Amount	Amount Expended	Amount Remaining
TOTAL PROPOSITION #2	\$2,925,000.00			
Construction Related Costs:	\$2,242,000.00			\$2,242,000.00
PreLoad - 1 million gallon ground storage tank		\$1,319,700.00		
Change Order #1		-\$4,802.06		
Change Order - Liquidated Damages		<u>-\$66,295.39</u>		
Ground Storage Tank - PreLoad		\$1,248,602.55 *	\$1,206,897.95	
Final - Payment #8 - Liquidated damages			<u>\$41,704.60</u>	
			\$1,248,602.55	
Mission Automated - additional work on mixing system (not a subcontractor of PreLoad)			\$1,750.00	
Rock Engineering - Soil samples			<u>\$1,521.50</u>	
			\$1,251,874.05	
Liquidated Damages				
Liquidated Damages - HDR Eng.		\$48,000.00		
Mission Automated		\$11,854.14		
Reimburse STWA-water/employee overtime		<u>\$6,441.25</u>		
Total Liquidated Damages		\$66,295.39		
Total Construction cost of Ground Storage Tank			\$1,318,169.44	\$923,830.56
ACP - New Kingsville Pumps		\$295,000.00	\$295,000.00	
Change Order #1		\$12,310.75	\$12,310.75	
Odessa Pumps		<u>\$20,162.00</u>	<u>\$20,162.00</u>	
		\$327,472.75	\$327,472.75	\$596,357.81
D & H United Fueling Solutions - Generator		\$123,586.38	\$123,586.39	
				\$472,771.42
Engineering Costs:	\$560,500.00			\$560,500.00
HDR Engineering - GST*		\$234,800.00	\$234,800.00	
HDR Engineering - Kingsville Pumps		\$91,600.00	\$91,600.00	
LNV - Generator		\$30,000.00	<u>\$30,000.00</u>	
			\$356,400.00	\$204,100.00
Non-Construction Related Costs:	\$122,500.00	\$0.00	\$30,836.54	\$91,663.46
TOTAL Proposition #2	\$2,925,000.00		\$2,086,898.23	\$768,534.88

Proposition #3: BISHOP FACILITY

7.21%

	Engineer Estimate	Contract Amount	Amount Expended	Amount Remaining
Construction Related Costs:	\$277,100.00			\$277,100.00
Mercer - Bishop West Pumps		\$109,900.00	\$109,900.00	
Change Order: Change Order #1 - Paint Building		\$3,996.50	\$3,996.50	
Change to WYE		\$3,700.00	\$3,700.00	
		\$117,596.50	\$117,596.50	\$159,503.50
Engineering Costs:	\$69,300.00			
LNV Engineering		\$52,200.00	\$52,200.00	\$17,100.00
Non-Construction Related Costs:	\$28,600.00		\$3,952.55	\$24,647.45
				\$201,250.95

TOTAL	\$936,297.63
INTEREST EARNINGS	\$69,605.33
BALANCE	\$1,005,902.96
CATHODIC PROTECTION	\$176,435.18
REMAINING BOND FUNDS	\$829,467.78

INV DATE	VENDOR	INV #	DESCRIPTION	STATUS	AMOUNT
11/30/2019	McLean & Howard LLP	35469	Aqui IV Water Supply	pending	\$12,090.00
12/5/2019	Kevin Kieschnick-Nueces Tax Assess.	57	November per parcel fees	pending	\$1,158.81
12/9/2019	Macaulay Controls Company	19862	Torpee-Mag Insertion Flow	pending	\$14,000.00
12/9/2019	City of Corpus Christi	3015573	November water	paid	\$136,647.45
12/25/2019	John Womack & Co. PC	13914	FY2019 Audit	pending	\$6,425.00
12/31/2019	Walker Partners	17988	RWSC Disinfection Imp.	pending	\$3,440.00
1/8/2020	City of Corpus Christi	3132375	December water	paid	\$94,197.36
1/8/2020	McGinnis Lochridge	234424	Aqui IV Water Supply	pending	\$2,427.50
1/14/2020	Kevin Kieschnick-Nueces Tax Assess.	85	December per parcel fees	pending	\$2,131.11
					\$272,517.23

RECEIVED

DEC 06 2019

McLean & Howard, L.L.P.

901 S. Mopac Expressway
Building 2, Suite 225
Austin, TX 78746

SOUTH TEXAS WATER AUTHORITY

Ph: 512-328-2008

Fax: 512-328-2409

South Texas Water Authority
P. O. Box 1701
Kingsville, TX 78364

November 30, 2019

Attention: Carola Serrato

File #: 2753-001

Inv #: 35469

RE: Aqui IV Water Supply Contract

POSTED

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
Nov-01-19	Conference with General Manager regarding meeting and contract matters.	0.40	120.00	ASC
Nov-05-19	Conference with General Manager regarding contract matters.	0.60	180.00	ASC
Nov-06-19	Review revised draft Water Purchase Agreement. Review contracts in preparation for meeting. Listen to Aqui IV presentation. Participate in subsequent conferences with General Manager.	4.60	1,380.00	ASC
Nov-12-19	Review proposed revisions to Water Supply Contract. Correspond with Executive Director regarding same.	1.10	330.00	ASC
Nov-13-19	Conference with Executive Director regarding Water Supply Contract matters.	0.70	210.00	ASC
Nov-19-19	Review most recent contract and related correspondence in preparation for Board of Directors' meeting. Travel to and from, and participate in, Board of Directors' meeting.	10.60	3,180.00	ASC
Nov-20-19	Prepare draft correspondence relating to proposed water supply contract and transaction. Conference with Executive Director regarding same. Revise same.	1.20	360.00	ASC

Nov-21-19	Conference with Executive Director. Review draft meeting agenda. Identify and furnish Attorney General opinion.	0.50	150.00	ASC
Nov-22-19	Conference with Executive Director regarding meeting and contract issues. Review background contracts.	0.70	210.00	ASC
Nov-26-19	Prepare for, travel to and from, and participate in meeting with Board of Directors and Klebert County Commissioners Court.	10.70	3,210.00	ASC
Nov-27-19	Participate in multiple conferences with Executive Director regarding contract matters. Prepare Memorandum regarding same. Conference with Aqui IV representatives regarding same.	2.20	660.00	ASC

Totals	33.30	<u>\$9,990.00</u>
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Total Fees, Disbursements	<u>\$9,990.00</u>
----------------------------------	-------------------

Previous Balance	\$2,100.00
------------------	------------

Previous Payments	\$0.00
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Balance Due Now	<u>\$12,090.00</u>
------------------------	--------------------



Kevin Kieschnick

Nueces County Tax Assessor-Collector
901 Leopard St. Suite 301
Corpus Christi, TX 78401

RECEIVED

DEC 09 2019

SOUTH TEXAS WATER AUTHORITY

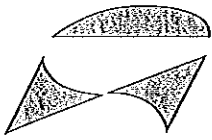
Invoice

Date	Invoice #
12/5/2019	57

Bill To
South Texas Water District C/O Jo Ella Wagner P.O. Box 1701 Kingsville, TX 78363

Item	Description	Quantity	Rate	Terms
				Due on receipt
				Amount
Collection Fee	Ad Valorem Tax Collection Fee November 2019	1,019	1.1372	1,158.81
			Total	\$1,158.81

Please Make Checks Payable To:
NUECES COUNTY TAX ASSESSOR-COLLECTOR



**MACAULAY
CONTROLS
COMPANY**

P. O. Box 890231
Houston, TX 77289-0231
(281) 282-0100

Invoice

Date	Invoice #
12/9/2019	19862

Bill To
South Texas Water Authority PO BOX 1701 Kingsville, TX 78364

Ship To
South Texas Water Authority 2302 E. Sage Road Kingsville, Tx 78363
RECEIVED DEC 11 2019
SOUTH TEXAS WATER AUTHORITY

Purchase Order Number	Terms	Rep	Ship Date	Ship Via	Order #
12702	Net 30	BJL	12/6/2019	Best Way	7016
Item Number	Description	Qty	Unit Price	Total	
PA11	PA11-2-A-20-020, Flow-Tronic Torpee-Mag Insertion Flow Meter, 42", DC power, 30 m cable sensor	1.00	14,000.00	14,000.00T	

POSTED

TERMS: ALL OPEN ACCOUNTS OVER 30 DAYS, WHICH ARE PAST DUE WILL BE CHARGED 1.5% ON PAST DUE BALANCE PER MONTH (18% PER ANNUM)
WE ARE CURRENTLY ACCEPTING MASTERCARD AND VISA.

Subtotal	\$14,000.00
Sales Tax (0.0%)	\$0.00
Total	\$14,000.00



**CITY OF
CORPUS
CHRISTI**

Monthly Statement of Utility Services
City of Corpus Christi
P.O. Box 9257 • Corpus Christi, TX 78469-9257
(361) 826-CITY • www.cctexas.com

Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Statement Date: 12/9/2019
Due Date: 12/30/2019
Page: Page 1 of 2

SERVICE INFORMATION

Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Service Address: 0 END DR WTR5 RAW
Account Type: PA
Invoice Number: 3015573

QUESTIONS ABOUT YOUR BILL?

Customer Call Center
Monday - Friday:
7:00am - 6:00pm
(361) 826-CITY(2489)
WWW.CCTEXAS.COM

IMPORTANT MESSAGES

Winter Quarter Averaging

- Wastewater Winter Quarter Averaging is returning!
- Residential averages will be calculated based on three consecutive billing cycles starting in December.
- Your new wastewater charge begins by June 2020.
- This charge will remain the same amount each month until a new Winter Quarter Average is calculated next year.

Water Rate Change

- New water rates go into effect January 1, 2020
- New water rates will be applied to your water consumption beginning on January 1, 2020
- Learn more about rate changes at:
www.cctexas.com/waterrates

ACCOUNT SUMMARY

PREVIOUS BALANCE	\$126,360.45
PAST DUE LATE FEE	\$6,318.02
BALANCE FORWARD DUE NOW	\$132,678.47
NEW CHARGES	
WATER	\$82,451.95
RWCA \$1.013/TGAL	\$54,195.50
TOTAL WATER	\$136,647.45
NEW CHARGES DUE BY 12/30/2019:	\$136,647.45
DELINQUENT BALANCE DUE NOW	\$132,678.47
AMOUNT DUE	\$269,325.92

PLEASE ALLOW 5 BUSINESS DAYS BEFORE DUE DATE TO ENSURE PROPER CREDIT.

APPROVED FOR PAYMENT
APPROVED FOR PAYMENT
RECEIVED
DATE PAID 12/19/2019 DEC 13 2019
TOTAL \$ 5511 SOUTH TEXAS WATER AUTHORITY
DUES 136,647.45
POSTED

KEEP TOP PORTION FOR YOUR RECORDS AND RETURN BOTTOM STUB WITH YOUR PAYMENT



**CITY OF
CORPUS
CHRISTI**

Monthly Statement of Utility Services
City of Corpus Christi
P.O. Box 9257 • Corpus Christi, TX 78469-9257
(361) 828-CITY • www.cctexas.com

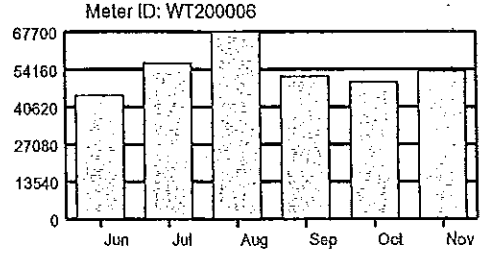
Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Statement Date: 12/9/2019
Due Date: 12/30/2019
Page: Page 2 of 2

METER INFORMATION

SERVICE PERIOD: 10/31/2019 - 11/30/2019 31 days

Meter ID	Service Type	Current Read	Previous Read	Consumption 11/30/2019
WT200006	WA	5074600	5021100	53500

CONSUMPTION HISTORY



12/10/2019 10:00 AM

John Womack & Co., P.C.
205 South 10th Street
Kingsville, Texas 78363
Phone (361)592-2671

RECEIVED

JAN 02 2020

SOUTH TEXAS WATER AUTHORITY

South Texas Water Authority
P. O. Box 1701
Kingsville, Texas 78364

Invoice#:13914
Date:12/25/2019

Billing for financial audit services for the year ended

September 30, 2019 \$ 6,425.00

Total Balance Due \$ 6,425.00

POSTED

PLEASE DETACH HERE AND RETURN WITH PAYMENT

Date: 12/25/19

Invoice#:13914

South Texas Water Authority

John Womack & Co., P.C.
205 South 10th Street
Kingsville, Texas 78363

Balance Due:\$6,425.00
Amount Enclosed:_____

Invoice

Walker Partners
 engineers ★ surveyors
 823 Washington Avenue, Suite 100
 Waco, TX 76701
 Phone:(254) 714-1402 / Fax:(254) 714-0402
 www.walkerpartners.com
 TBPE No. 8053 | TBPLS No. 10032500

RECEIVED
 JAN 17 2020
 SOUTH TEXAS WATER AUTHORITY

Carola Serrato
 South Texas Water Authority
 P. O. Box 1701
 Kingsville, TX 78364

December 31, 2019
 Invoice No: 0300750.00 - 17988

Total This Invoice \$3,440.00

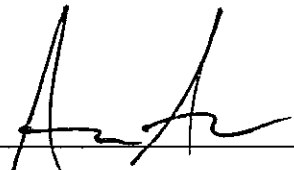
Project Manager: Aaron D. Archer, P.E.
 Project 0300750.00 South Texas Water Authority - RWSC Disinfection Improvements
Engineering/Surveying Services through December 31, 2019

Phase 00000 Lump Sum Fee

Billing Phase	Lump Sum Fee	% Comp.	Earned	Prior Amount	Current Amount
40 Final Design	17,200.00	80.00	13,760.00	10,320.00	3,440.00
Total Fee	17,200.00		13,760.00	10,320.00	3,440.00
Total					3,440.00
Sub-total					\$3,440.00
Total this Invoice					\$3,440.00

Billings to Date

	Current	Prior	Total	Received	A/R Balance
Lump Sum Fee	3,440.00	10,320.00	13,760.00		
Totals	3,440.00	10,320.00	13,760.00	10,320.00	3,440.00

Authorized By:  Date: 1/14/20
 Aaron D. Archer, P.E.

POSTED



**CITY OF
CORPUS
CHRISTI**

Monthly Statement of Utility Services
City of Corpus Christi
P.O. Box 9257 • Corpus Christi, TX 78469-9257
(361) 826-CITY • www.cctexas.com

Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Statement Date: 1/8/2020
Due Date: 1/29/2020
Page: Page 1 of 2

SERVICE INFORMATION

Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Service Address: 0 END DR WTR5 RAW
Account Type: PA
Invoice Number: 3132375

QUESTIONS ABOUT YOUR BILL?

Customer Call Center
Monday - Friday:
7:00am - 6:00pm
(361) 826-CITY(2489)
WWW.CCTEXAS.COM

IMPORTANT MESSAGES

Winter Quarter Averaging

- Wastewater Winter Quarter Averaging is returning!
- Residential averages will be calculated based on three consecutive billing cycles starting in December.
- Your new wastewater charge begins by June 2020.
- This charge will remain the same amount each month until a new Winter Quarter Average is calculated next year.

Water Rate Change

- New water rates go into effect January 1, 2020
- New water rates will be applied to your water consumption beginning on January 1, 2020
- Learn more about rate changes at:
www.cctexas.com/waterrates

ACCOUNT SUMMARY

PREVIOUS BALANCE	\$269,325.92
TOTAL PAID SINCE LAST BILL	-\$399,655.35
PAST DUE LATE FEE	\$315.90
BALANCE FORWARD	-\$130,013.53
NEW CHARGES	
WATER	\$56,868.31
RWCA \$1.013/TGAL	\$37,329.05
TOTAL WATER	\$94,197.36
NEW CHARGES DUE BY 1/29/2020:	\$94,197.36
BALANCE FORWARD	-\$130,013.53
AMOUNT DUE	-\$35,816.17

PLEASE ALLOW 5 BUSINESS DAYS BEFORE DUE DATE TO ENSURE PROPER CREDIT.

KEEP TOP PORTION FOR YOUR RECORDS AND RETURN BOTTOM STUB WITH YOUR PAYMENT.



**CITY OF
CORPUS
CHRISTI**

P.O. Box 9257 • Corpus Christi, TX 78469-9257
(361) 826-CITY • www.cctexas.com



Service Address: 0 END DR WTR5 RAW
Cycle-Route #: 01-60

Account Number	Due Date	Amount Due
20004093	1/29/2020	-\$35,816.17

CREDIT BALANCE - DO NOT PAY

AMOUNT ENCLOSED \$

MAKE CHECKS PAYABLE TO: CITY OF CORPUS CHRISTI

When making payment in person, please bring this stub.

Working to Serve YOU Better

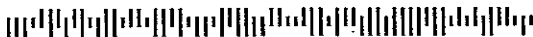
RECEIVED

JAN 13 2020



6777 SOUTH TX WATER AUTH
P O BOX 1701
KINGSVILLE TX 78364-1701

CITY OF CORPUS CHRISTI
PO BOX 659880
SAN ANTONIO TX 78265-9143



200040930000000009



**CITY OF
CORPUS
CHRISTI**

Monthly Statement of Utility Services
City of Corpus Christi
P.O. Box 8257 • Corpus Christi, TX 78468-8257
(361) 826-CITY • www.cctexas.com

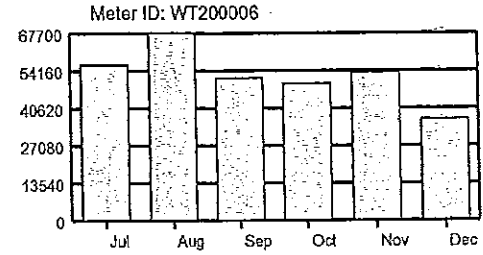
Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Statement Date: 1/8/2020
Due Date: 1/29/2020
Page: Page 2 of 2

METER INFORMATION

SERVICE PERIOD: 11/30/2019 - 12/31/2019 32 days

Meter ID	Service Type	Current Read	Previous Read	Consumption 12/31/2019
WT200006	WA	5111450	5074600	36850

CONSUMPTION HISTORY



Moving or Discontinuing your Services?
To stop or change utility services, please call Customer Call Center
(361) 826-CITY (2489)

PLEASE HELP US TO SERVE YOU BETTER

- DO NOT SEND CASH
- Sign your check or money order
- Write account number on your check
- Enclose your stub with your check
- No Staples, No Paper Clips
- Thank you for your assistance

OPTIONS AVAILABLE TO PAY YOUR BILL

- Mail payment along with stub in return envelope provided.
- Bank Draft available via Dynamic Portal at www.cctexas.com.
- Online Payment - Register via Dynamic Portal at www.cctexas.com available 24/7.
- By phone 24/7 with a credit or debit card at 361-235-0751.

AUTHORIZED PAY STATIONS

All local HEB locations
Please allow 2 business days before due date to ensure proper credit.

MCGINNIS LOCHRIDGE

600 CONGRESS AVENUE, SUITE 2100, AUSTIN, TX 78701

(512) 495-6000 TAX ID: 74-1196349

INVOICE

Date:
01/08/20

To:
South Texas Water Authority
PO Box 1701
Kingsville, TX 78364

Re:
Matter: Aqui IV Partners, LLP
Invoice No: 234424
Client No: 0856499
Matter No: 206580
Billing Atty: Russell Johnson
Bill Through Date: 12/31/19

POSTED

For:
Fees, expenses, and other charges described in this invoice:

Fees:	\$2,427.50
Expenses and Other Charges:	\$0.00
Total Fees, Expenses, and Other Charges This Invoice:	\$2,427.50
<i>Unpaid Prior Invoices:</i>	<i>\$0.00</i>
Amount Due:	\$2,427.50

Amount Due Is Payable On Receipt

We accept electronic payments. To use this payment arrangement, please contact our accounting department at 512-495-6095.

FEEES

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
12/03/19	RSJ	Communicate with attorney for client concerning water proposal from Aqui IV, review proposed contract documents and analysis, discuss with General Manager, prepare for and participate in Board discussion of proposed water purchase agreement.	5.00	\$400.00	\$2,000.00
12/04/19	RSJ	Communicate with General Manager concerning follow-up to Board decision, review correspondence.	.60	\$400.00	\$240.00
12/04/19	MNE	Review memoranda and other file materials. Discuss with Mr. R. Johnson.	.50	\$375.00	\$187.50
	Total				\$2,427.50

FEEES SUMMARY

<u>Timekeeper</u>	<u>Initials</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Manuel N. Escobar	MNE	Partner	.50	\$375.00	\$187.50
Russell Johnson	RSJ	Partner	5.60	\$400.00	\$2,240.00
	Total				\$2,427.50



Kevin Kieschnick

Nueces County Tax Assessor-Collector JAN 20 2020
901 Leopard St. Suite 301
Corpus Christi, TX 78401

SOUTH TEXAS WATER AUTHORITY

RECEIVED

Invoice

Date	Invoice #
1/14/2020	85

Bill To
South Texas Water District C/O Jo Ella Wagner P.O. Box 1701 Kingsville, TX 78363

Item	Description	Quantity	Rate	Terms
				Due on receipt
Amount				
Collection Fee	Ad Valorem Tax Collection Fee December 2019	1,874	1.1372	2,131.11

POSTED

Please Make Checks Payable To:
NUECES COUNTY TAX ASSESSOR-COLLECTOR

Total	\$2,131.11
--------------	------------

ANTICIPATED (BUDGETED) vs. ACTUAL WATER RATE CHARGED

	ANTICIPATED (BUDGETED) CHARGES			ACTUAL CHARGES			Difference:
	Handling Charge	CC Cost	Total	Handling Charge	CC Cost	Total	Actual vs. Budgeted
Oct-19	\$0.426386	\$2.5121	\$2.9384	\$0.426386	\$2.555317	\$2.981703	\$0.0433
Nov-19	\$0.426386	\$2.5138	\$2.9402	\$0.426386	\$2.554158	\$2.980544	\$0.0404
Dec-19	\$0.426386	\$2.5138	\$2.9402	\$0.426386	\$2.556238	\$2.982624	\$0.0425
Jan-20	\$0.426386	\$2.5129	\$2.9393	\$0.426386		\$0.426386	-\$2.5129
Feb-20	\$0.426386	\$2.5150	\$2.9414	\$0.426386		\$0.426386	-\$2.5150
Mar-20	\$0.426386	\$2.5136	\$2.9400	\$0.426386		\$0.426386	-\$2.5136
Apr-20	\$0.426386	\$2.5125	\$2.9389	\$0.426386		\$0.426386	-\$2.5125
May-20	\$0.426386	\$2.5112	\$2.9376	\$0.426386		\$0.426386	-\$2.5112
Jun-20	\$0.426386	\$2.5114	\$2.9378	\$0.426386		\$0.426386	-\$2.5114
Jul-20	\$0.426386	\$2.5093	\$2.9357	\$0.426386		\$0.426386	-\$2.5093
Aug-20	\$0.426386	\$2.5090	\$2.9354	\$0.426386		\$0.426386	-\$2.5090
Sep-20	\$0.426386	\$2.5119	\$2.9383	\$0.426386		\$0.426386	-\$2.5119
Avg Cost	\$0.426386	\$2.5122	\$2.9386	\$0.426386	\$2.555238	\$2.981624	\$0.0430

ANTICIPATED (BUDGETED) vs. ACTUAL WATER USAGE

All Customers				NWSC			
	Budgeted	Actual	Difference		Budgeted	Actual	Difference
Oct-19	44,241,872	54,839,100	10,597,228	Oct-19	13,220,800	17,207,800	3,987,000
Nov-19	40,165,086	43,777,290	3,612,204	Nov-19	11,455,292	15,253,930	3,798,638
Dec-19	40,212,944	44,494,550	4,281,606	Dec-19	11,299,836	14,642,440	3,342,604
Jan-20	42,192,793	0		Jan-20	12,402,376	0	
Feb-20	37,798,943	0		Feb-20	10,849,410	0	
Mar-20	40,508,306	0		Mar-20	11,286,497	0	
Apr-20	43,190,410	0		Apr-20	12,003,275	0	
May-20	46,585,418	0		May-20	13,296,415	0	
Jun-20	45,968,404	0		Jun-20	13,519,859	0	
Jul-20	52,906,104	0		Jul-20	15,632,031	0	
Aug-20	53,749,789	0		Aug-20	15,461,993	0	
Sep-20	44,697,161	0		Sep-20	13,174,630	0	
TOTAL	532,217,229	143,110,940	18,491,038	TOTAL	153,602,414	47,104,170	11,128,242

Kingsville				RWSC			
	Budgeted	Actual	Difference		Budgeted	Actual	Difference
Oct-19	10,776,817	13,835,000	3,058,183	Oct-19	8,551,800	11,362,000	2,810,200
Nov-19	10,776,817	7,495,000	-3,281,817	Nov-19	7,482,800	8,725,000	1,242,200
Dec-19	10,776,817	6,224,000	-4,552,817	Dec-19	7,281,800	10,899,000	3,617,200
Jan-20	10,776,817	0		Jan-20	7,296,200	0	
Feb-20	10,776,817	0		Feb-20	6,255,400	0	
Mar-20	10,776,817	0		Mar-20	7,209,400	0	
Apr-20	10,776,817	0		Apr-20	8,252,600	0	
May-20	10,776,817	0		May-20	9,251,800	0	
Jun-20	10,776,817	0		Jun-20	8,843,400	0	
Jul-20	10,776,817	0		Jul-20	10,368,600	0	
Aug-20	10,776,817	0		Aug-20	10,938,400	0	
Sep-20	10,776,817	0		Sep-20	8,315,400	0	
TOTAL	129,321,803	27,554,000	-4,776,451	TOTAL	100,047,600	30,986,000	7,669,600

Bishop	Budgeted	Actual	Difference
Oct-19	4,416,600	0	-4,416,600
Nov-19	3,662,800	9,000	-3,653,800
Dec-19	4,149,200	0	-4,149,200
Jan-20	4,625,600	0	
Feb-20	3,455,800	0	
Mar-20	4,296,467	0	
Apr-20	4,551,022	0	
May-20	5,093,200	0	
Jun-20	4,722,400	0	
Jul-20	6,904,600	0	
Aug-20	7,831,400	0	
Sep-20	4,834,000	0	
TOTAL	58,543,089	9,000	-12,219,600

Banquete	Budgeted	Actual	Difference
Oct-19	2,121,510	2,031,690	-89,820
Nov-19	1,995,956	1,869,870	-126,086
Dec-19	1,989,710	1,717,560	-272,150
Jan-20	2,048,162	0	
Feb-20	1,926,684	0	
Mar-20	1,962,482	0	
Apr-20	2,069,200	0	
May-20	2,212,568	0	
Jun-20	2,124,968	0	
Jul-20	2,479,966	0	
Aug-20	2,450,114	0	
Sep-20	2,079,898	0	
TOTAL	25,461,218	5,619,120	-488,056

Driscoll	Budgeted	Actual	Difference
Oct-19	2,919,411	8,094,200	5,174,789
Nov-19	2,869,385	8,378,700	5,509,315
Dec-19	2,769,269	9,094,300	6,325,031
Jan-20	3,074,800	0	
Feb-20	2,760,460	0	
Mar-20	3,023,180	0	
Apr-20	3,200,040	0	
May-20	3,487,060	0	
Jun-20	3,405,680	0	
Jul-20	4,054,280	0	
Aug-20	3,746,993	0	
Sep-20	3,327,520	0	
TOTAL	38,638,079	25,567,200	17,009,135

Agua Dulce	Budgeted	Actual	Difference
Oct-19	2,234,934	2,308,410	73,476
Nov-19	1,922,036	2,045,790	123,754
Dec-19	1,946,312	1,917,250	-29,062
Jan-20	1,968,838	0	
Feb-20	1,774,372	0	
Mar-20	1,953,463	0	
Apr-20	2,337,456	0	
May-20	2,467,558	0	
Jun-20	2,575,280	0	
Jul-20	2,689,810	0	
Aug-20	2,544,072	0	
Sep-20	2,188,896	0	
TOTAL	26,603,027	6,271,450	168,168

Kingsville Bell Chart Values

	Target	Actual	Difference
	Volume	Volume	
Oct-19	12,523,440	13,835,000	1,311,560
Nov-19	7,389,359	7,495,000	105,641
Dec-19	5,905,073	6,224,000	318,927
Jan-20	4,650,000	0	
Feb-20	6,784,078	0	
Mar-20	8,352,855	0	
Apr-20	10,965,223	0	
May-20	12,570,213	0	
Jun-20	14,329,855	0	
Jul-20	15,813,135	0	
Aug-20	16,015,817	0	
Sep-20	13,952,654	0	
TOTAL	129,251,702	27,554,000	1,736,128

Net Revenue per Thousand (1,000) Gallons

Kingsville	Actual	Net Rev	Per 1000g	NWSC	Actual	Net Rev	Per 1000g
Oct-19	13,835,000	\$4,601.27	\$0.3326	Oct-19	17,207,800	\$5,489.66	\$0.3190
Nov-19	7,495,000	\$1,837.51	\$0.2452	Nov-19	15,253,930	\$5,493.63	\$0.3601
Dec-19	0	\$0.00	#DIV/0!	Dec-19	0	\$0.00	#DIV/0!
Jan-20	0	\$0.00	#DIV/0!	Jan-20	0	\$0.00	#DIV/0!
Feb-20	0	\$0.00	#DIV/0!	Feb-20	0	\$0.00	#DIV/0!
Mar-20	0	\$0.00	#DIV/0!	Mar-20	0	\$0.00	#DIV/0!
Apr-20	0	\$0.00	#DIV/0!	Apr-20	0	\$0.00	#DIV/0!
May-20	0	\$0.00	#DIV/0!	May-20	0	\$0.00	#DIV/0!
Jun-20	0	\$0.00	#DIV/0!	Jun-20	0	\$0.00	#DIV/0!
Jul-20	0	\$0.00	#DIV/0!	Jul-20	0	\$0.00	#DIV/0!
Aug-20	0	\$0.00	#DIV/0!	Aug-20	0	\$0.00	#DIV/0!
Sep-20	0	\$0.00	#DIV/0!	Sep-20	0	\$0.00	#DIV/0!
TOTAL	21,330,000	\$6,438.78	\$0.3019	TOTAL	32,461,730	\$10,983.29	\$0.3383

Bishop	Actual	Net Rev	Per 1000g	RWSC	Actual	Net Rev	Per 1000g
Oct-19	0	-\$982.02	#DIV/0!	Oct-19	11,362,000	\$3,147.60	\$0.2770
Nov-19	9,000	-\$943.15	-\$104.7944	Nov-19	8,725,000	\$1,998.17	\$0.2290
Dec-19	0	\$0.00	#DIV/0!	Dec-19	0	\$0.00	#DIV/0!
Jan-20	0	\$0.00	#DIV/0!	Jan-20	0	\$0.00	#DIV/0!
Feb-20	0	\$0.00	#DIV/0!	Feb-20	0	\$0.00	#DIV/0!
Mar-20	0	\$0.00	#DIV/0!	Mar-20	0	\$0.00	#DIV/0!
Apr-20	0	\$0.00	#DIV/0!	Apr-20	0	\$0.00	#DIV/0!
May-20	0	\$0.00	#DIV/0!	May-20	0	\$0.00	#DIV/0!
Jun-20	0	\$0.00	#DIV/0!	Jun-20	0	\$0.00	#DIV/0!
Jul-20	0	\$0.00	#DIV/0!	Jul-20	0	\$0.00	#DIV/0!
Aug-20	0	\$0.00	#DIV/0!	Aug-20	0	\$0.00	#DIV/0!
Sep-20	0	\$0.00	#DIV/0!	Sep-20	0	\$0.00	#DIV/0!
TOTAL	9,000	-\$1,925.17	-\$213.9078	TOTAL	20,087,000	\$5,145.77	\$0.2562

Driscoll	Actual	Net Rev	Per 1000g	Banquete	Actual	Net Rev	Per 1000g
Oct-19	8,094,200	\$2,570.91	\$0.3176	Oct-19	2,031,690	\$503.43	\$0.2478
Nov-19	8,378,700	\$2,616.82	\$0.3123	Nov-19	1,869,870	\$537.63	\$0.2875
Dec-19	0	\$0.00	#DIV/0!	Dec-19	0	\$0.00	#DIV/0!
Jan-20	0	\$0.00	#DIV/0!	Jan-20	0	\$0.00	#DIV/0!
Feb-20	0	\$0.00	#DIV/0!	Feb-20	0	\$0.00	#DIV/0!
Mar-20	0	\$0.00	#DIV/0!	Mar-20	0	\$0.00	#DIV/0!
Apr-20	0	\$0.00	#DIV/0!	Apr-20	0	\$0.00	#DIV/0!
May-20	0	\$0.00	#DIV/0!	May-20	0	\$0.00	#DIV/0!
Jun-20	0	\$0.00	#DIV/0!	Jun-20	0	\$0.00	#DIV/0!
Jul-20	0	\$0.00	#DIV/0!	Jul-20	0	\$0.00	#DIV/0!
Aug-20	0	\$0.00	#DIV/0!	Aug-20	0	\$0.00	#DIV/0!
Sep-20	0	\$0.00	#DIV/0!	Sep-20	0	\$0.00	#DIV/0!
TOTAL	16,472,900	\$5,187.73	\$0.3149	TOTAL	3,901,560	\$1,041.06	\$0.2668

Agua Dulce	Actual	Net Rev	Per 1000g	All Customers	Actual	Net Rev	Per 1000g
Oct-19	2,308,410	\$572.10	\$0.2478	Oct-19	54,839,100	\$15,902.95	\$0.2900
Nov-19	2,045,790	\$576.49	\$0.2818	Nov-19	43,777,290	\$12,117.10	\$0.2768
Dec-19	0	\$0.00	#DIV/0!	Dec-19	0	\$0.00	#DIV/0!
Jan-20	0	\$0.00	#DIV/0!	Jan-20	0	\$0.00	#DIV/0!
Feb-20	0	\$0.00	#DIV/0!	Feb-20	0	\$0.00	#DIV/0!
Mar-20	0	\$0.00	#DIV/0!	Mar-20	0	\$0.00	#DIV/0!
Apr-20	0	\$0.00	#DIV/0!	Apr-20	0	\$0.00	#DIV/0!
May-20	0	\$0.00	#DIV/0!	May-20	0	\$0.00	#DIV/0!
Jun-20	0	\$0.00	#DIV/0!	Jun-20	0	\$0.00	#DIV/0!
Jul-20	0	\$0.00	#DIV/0!	Jul-20	0	\$0.00	#DIV/0!
Aug-20	0	\$0.00	#DIV/0!	Aug-20	0	\$0.00	#DIV/0!
Sep-20	0	\$0.00	#DIV/0!	Sep-20	0	\$0.00	#DIV/0!
TOTAL	4,354,200	\$1,148.59	\$0.2638	TOTAL	98,616,390	\$28,020.05	\$0.2841

INTER-OFFICE MEMO

TO: Carola G. Serrato, Executive Director
FROM: Armando Yruegas, O&M Supervisor
DATE: January 24, 2020
RE: Maintenance & Technical Report

During the week of November 25, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Mowed pump stations.
- Delivered chlorine to pump stations.
- Replaced barbed wire and signs at Kingsville yard.

During the week of December 2, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- H & V did repairs on mini trackhoe.
- Haul Truck and Trailer inspected.
- Flushed 42" line by creek.
- Unit #2 had an oil change.
- Soil samples for 42' transmission line.
- Repairs on Unit #4

During the week of December 9, 2019 the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.

- Replaced light bulbs at pump stations.
- Jimmy Mayorga and Victor Gutierrez went to Harlingen for a CSI class.
- Replaced hose from diesel tank at Agua Dulce.
- Performed Line locates.
- Replaced UPS at Sablatura Park.
- Received LAS drums.

During the week of December 16, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Flushed 42" line by creek.
- Replaced switch for pump # 1 at Banquete.

During the week of December 23, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Trimmed trees along the fence at Kingsville.
- Delivered chlorine to pump stations.
- Delivered LAS to pump stations.
- Hauled off brush and pallets to landfill.
- Installed chlorinators at pump stations.

During the week of December 30, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Replaced solenoid on Central's chlorinators.
- Unit #4 cooling system was worked on.
- Delivered 1-ton chlorine to Driscoll Booster Station.

- Performed Line locates.

During the week of January 6, 2020 the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Mowed Kingsville yard.
- Flushed 42" line by creek.
- Repaired front end on Unit # 2.

During these weeks Bac-T samples were collected to comply with TCEQ requirements. All samples returned "not found."

To: Carola G. Serrato, Executive Director

From: Oscar Ortegon, CP Technician

Date: January 22, 2020

Re: CP Update

As of January 22, 2020, 540 anodes on 446 joints on the 42" water line have been installed as compared to November's report which listed 480 anodes on 403 joints. We have replaced 47 old test stations with new ones. We have completed 52,300 feet in Contract 1.

After completing Contract 1 on December 18, 2019, we started Contract 2 on January 7, 2020. As of today, 50 anodes on 48 joints on Contract 2 have been installed. We have replaced 2 old test stations with new ones. We have completed 2,548 feet of 51,511 feet in Contract 2.

We have been checking both rectifiers, which are connected to the 42" on 1st Street in Bishop and CR 4. Both are working properly. These 2 rectifiers cover 21,122 feet of cathodic protection on Contract 1, which extends from FM 70 to the Nueces/Kleberg County line.

We have been installing reflective plates on test stations posts that we bought from Mueller Metals. This provides better visibility of test stations.

Since Contract 1 has been completed it is ready to conduct a C.I.S test in the middle of February or the beginning of March to check the continuity on the 42" water main.

ATTACHMENT 5

Banquete Pump Station Project

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 21, 2020
Re: Update on Banquete Pump Station (PS) to Serve the Nueces Water Supply Corporation (NWSC)

Background:

As the Board is aware, the Nueces County Commissioners Court awarded the bid for the construction of a new Banquete Pump Station to JS Haren, the low bidder. I have been in communication with Robert Viera, LNV, and he has reported that the Nueces County Purchasing Department has received all of the necessary signed documents. As of today, the Purchasing Department has not scheduled a pre-construction conference. The notice to proceed will be delivered to JS Haren at that meeting. I anticipate receiving notice of that meeting in the near future.

Analysis:

This is an update only. Staff will provide information as it becomes available.

Staff Recommendation:

Keep the Board updated on this project.

Board Action:

Provide feedback to staff.

Summarization:

The Nueces Water Supply Corporation's customer base continues to grow at a steady rate. Field personnel recently completed the installation of waterlines to service a new 19-lot subdivision that will receive service from the Banquete Pump Station. Staff remains of the opinion that this new station will serve multiple purposes for STWA, NWSC as well as resolving concerns of the Banquete Water District (NCWCID #5).

ATTACHMENT 6

Update – NCWC&ID #5

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 22, 2020
Re: Update on Nueces County Water Control and Improvement District #5 (NCWC&ID #5)

Background:

Enclosed please find the most recent email correspondence with the NCWC&ID #5 (Banquete) office. As of today, a response to my email has not been received. The Banquete office is closed from the 21st of the month to the first of the following month. Staff attempted to confirm whether a meeting of the Banquete Water District Board was scheduled for today. However, there was not a meeting notice posted at their office. As reported in a recent weekly update, Anavi King, Office Manager, indicated that the next meeting was likely to occur on February 12th.

Analysis:

My email requested that the following four (4) items be placed on the NCWC&ID#5's agenda. I have been in communication with legal counsel regarding the unpaid invoices. An invoice for October's usage, S19-164 in the amount of \$7,729.18 has been paid. However, the invoices for usage in August, September and November have not been paid. Those invoices total \$24,955.87. An invoice for December's usage was sent about a week ago as well.

1. Wholesale Water Supply Contract,
2. Construction of New Banquete Pump Station,
3. Existing Nueces Water Supply Corporation Pumps, and
4. Invoices S19-131, S19-145, and S19-177.

From time to time, STWA wholesale customers are in arrears on their wholesale invoices. Typically, the customer will get behind by a month or two and then get current. However, since the Banquete District does not have a contract, legal counsel recommends and staff agrees that additional action may be necessary.

Staff Recommendation:

Staff will continue to contact the Banquete Water District, including attending their board meeting on February 12th. Staff believes the STWA Board's position on the matter should be delivered during their next meeting.

Board Action:

Provide feedback to staff and legal counsel.

Summarization:

As decided by the STWA Board, the NCWC&ID #5 is being served on a day-to-day basis. However, this does not relieve the Banquete Water District from its financial obligations. Should the Board determine that additional action is necessary and demand for payment made, legal counsel's assistance and sufficient notice will be needed.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Friday, January 17, 2020 9:50 AM
To: NCWCID#5 (ncwcid5@aol.com)
Cc: 'Alex Cavazos'
Subject: Upcoming NCWCID #5 Board meeting

Good Morning Anavi,

As a follow-up to our conversation this week, please let me know about the Board's next meeting. You indicated that the meeting on Wednesday, Jan 22nd would likely not occur and the next meeting was probably on February 12th. I would appreciate being placed on the agenda in either case. There are several subjects that I believe warrant discussing:

1. Wholesale Water Supply Contract,
2. Construction of New Banquete Pump Station,
3. Existing Nueces Water Supply Corporation Pumps, and
4. Invoices S19-131, S19-145, and S19-177.

Please let me know if you need any additional information.

Have a good weekend,

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

ATTACHMENT 7

Flushing of 42" Waterline

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 24, 2020
Re: Flushing – 42” waterline

Background:

As reported in a weekly update, in order to comply with TCEQ residual requirements, water was flushed into the creek north of the Kingsville Pump Station during November, December and January.

Analysis:

Due to the different times of day when the master meters are read as opposed to the different times of day when MOVs open and a wholesale customer takes water, the overall daily loss will fluctuate from a loss to a gain from one day to the next. As such when staff examined the daily meter readings for the days the valve in the creek was opened, the calculated volumes are based on more than just the single day:

November 19th - This calculation was complicated possibly by a leak on a waterline that the City of Bishop stated delivers water to the Bishop West Pump Station. That leak was fixed on November 20th. It appears that approximately 1,750,000 gallons were flushed.

December 3rd through December 4th – The calculation including a negative reading immediately after the valve was closed indicates that approximately another 1,750,000 gallons were flushed.

December 17th and 18th – The readings show a loss of about 400,000 gallons for the two (2) days; however, they are followed immediately by negative readings.

January 5th and January 6th – The readings indicate a loss of about 425,000 gallons between the two (2) days.

The total for these four (4) time frames is 4,325,000 gallons. The cost of water from the City of Corpus Christi in November was \$2.554158/1000g and in December it was \$2.556238/1000g. The cost of water for January will not be received until around February 10th; however, it should be very close to those values based on the City’s adopted rates. Based on an average of \$2.555/1000g, staff estimates that the flushing cost STWA approximately \$11,050.

The City of Kingsville has been asked to take a uniform amount of water each day. The daily amount of water taken by NWSC at the Bishop East Station is based on demand as is the RWSC volume.

Staff Recommendation:

This is a report only. However, staff will remain in communication with the City of Kingsville. I believe a discussion regarding the City of Bishop is in order as part of other agenda items.

Board Action:

Provide feedback to staff.

Summarization:

I have discussed this matter with legal counsel. He will be available by phone during the meeting.

ATTACHMENT 8

Chloramine Booster Station – Kingsville/Ricardo

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 23, 2020
Re: Kingsville – Ricardo Water Supply Corporation – Transfer of Chloramine injection points

Background:

About a year ago the TCEQ TOPS team provided technical and field assistance with regards to residuals and disinfection by-products for STWA, NWSC and RWSC. At that time, TCEQ representatives noted that the RWSC's 12" waterline would likely require boosting at the tie-in to STWA's 42" line located at the Kingsville site. Originally, staff thought that the chloramination system boosting the residual upstream of the Kingsville ground storage tank (GST) could be used to boost the water going into the 1 MG GST and the 12" line. Staff thought if the lines needed to be relocated from the Kingsville Meter Run (MR) to the RWSC line or MR that could be easily performed by STWA field personnel. This was intended to be a simple project as compared to the construction of a separate boosting station dedicated to the RWSC line.

Analysis:

The TCEQ TOPS representative was asked if the current system could be used for both entities and whether the project would require a set of plans submitted by a licensed engineer for TCEQ approval. The response was that the chloramination system could be used only for one entity and an engineer would need to submit plans for TCEQ approval. On May 28, 2019, the Board approved hiring Walker Partners to submit plans to the TCEQ for a project to transfer the chlorine/LAS injections from the Kingsville MR to the RWSC waterline. The Walker Partners engineering service agreement is for \$17,200. The plans were submitted to the TCEQ at the end of October 2019 and approved by the TCEQ in late December 2019. See attached letter.

With regards to the actual construction project, staff has reported since the RWSC waterline feeds three (3) downstream stations, the MR valve is not a Motor Operated Valve (MOV) that opens and closes as demand calls for more water. Rather, the MOV's are located at the three pump stations and the valve at the MR located at the Kingsville site remains open at all times. This is different from the Kingsville MR with an MOV that opens when the level of the Kingsville GST falls below a set point. In order to avoid over-injecting chemicals or creating slugs of highly chloraminated water, a flow sensor will be installed.

There are controls needed to ensure that the sensor operates as intended and Walker Partners reached out to Mercer Controls (Mercer) regarding this aspect of the project. As a result, Mercer has provided a quote for just under \$59,000 to perform the work. Mr. Mercer has followed up with the enclosed email. The cost budgeted for this project is \$15,000. As you can see from our email exchange, Mr. Mercer is suggesting that there are ways to save on cost and I am broaching the subject of STWA performing some of the tasks.

Staff Recommendation:

Authorize staff to work with Mr. Mercer on a project that will save STWA funds and remain in compliance with the approved TCEQ plans.

Board Action:

Determine whether to authorize staff to work with Mr. Mercer on this project.

Summarization:

This project is necessary to avoid compliance issues with the TCEQ.

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



PWS_1370035_CO_20191227_Plan Ltr

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 27, 2019

Mr. Aaron D. Archer, P.E.
Walker Partners, LLC.
804 Las Cimas Parkway, Suite 150
Austin, TX 78746

Re: South Texas Water Authority - Public Water System ID No. 1370035
Proposed Ricardo Disinfection Improvements
Engineer Contact Telephone: (512) 382-0021
Plan Review Log No. P-10302019-172
Kleberg County, Texas

CN: 600638589; RN: 102683323

Dear Mr. Archer:

On October 30, 2019, the Texas Commission on Environmental Quality (TCEQ) received planning material with your letter dated October 29, 2019 for the proposed Ricardo disinfection improvements. Based on our review of the information submitted, the project generally meets the minimum requirements of Title 30 Texas Administrative Code (TAC) Chapter 290 - Rules and Regulations for Public Water Systems and is approved for construction.

The submittal consisted of 4 sheets of engineering drawings and technical specifications. The approved project consists of:

- Relocation of existing chlorine and liquid ammonium sulfate injection points;
- Replace existing panel with new Jesco C7700 gas control panel;
- Reinstallation of chlorine residual analyzer equipment; and,
- Related piping, fittings, valves, and appurtenances.

This approval is for the construction of the above listed items only. Any wastewater components contained in this design were not considered.

The South Texas Water Authority public water supply system provides water treatment.

The project is located at 111 East Sage Road, City of Kingsville, Kleberg County, Texas.

An appointed engineer must notify the TCEQ's Region 14 Office in Corpus Christi at (361) 825-3100 when construction will start. Please keep in mind that upon completion of the water works project, the engineer or owner will notify the commission's Water Supply Division, in writing, as to its completion and attest to the fact that the completed work is substantially in accordance with the plans and change orders on file with the commission as required in 30 TAC §290.39(h)(3).

Mr. Aaron D. Archer, P.E.
Page 2
December 27, 2019

Please refer to the Plan Review Team's Log No. P-10302019-172 in all correspondence for this project.

Please complete a copy of the most current Public Water System Plan Review Submittal form for any future submittals to TCEQ. Every blank on the form must be completed to minimize any delays in the review of your project. The document is available on TCEQ's website at the address shown below. You can also download the most current plan submittal checklists and forms from the same address.

<https://www.tceq.texas.gov/drinkingwater/udpubs.html>

For future reference, you can review part of the Plan Review Team's database to see if we have received your project. This is available on TCEQ's website at the following address:

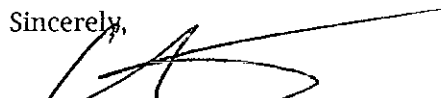
<https://www.tceq.texas.gov/drinkingwater/planrev.html/#status>

You can download the latest revision of 30 TAC Chapter 290 - Rules and Regulations for Public Water Systems from this site.

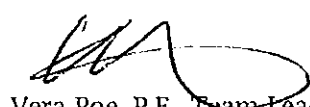
If you have any questions concerning this letter or need further assistance, please contact Mr. Craig A. Stowell, P.E. at (512) 239-4633 or by email at craig.stowell@tceq.texas.gov or by correspondence at the following address:

Plan Review Team, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087

Sincerely,



Craig A. Stowell, P.E.
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

Fcd 
Vera Poe, P.E., Team Leader
Plan Review Team
Plan and Technical Review Section
Water Supply Division
Texas Commission on Environmental Quality

VP/CAS/db

cc: South Texas Water Authority, Attn: Ms. Kathleen Lowman, President, P.O. Box 1701,
Kingsville, TX 78364-1701

Mr. Aaron D. Archer, P.E.
Page 3
December 27, 2019

bcc: TCEQ Central Records PWS File 1370035 (South Texas Water Authority/P-10302019-172)
TCEQ Region No. 14 Office - Corpus Christi
TCEQ PWSINVEN, MC-155

mcserrato@stwa.org

From: Adrian Garza <a.garza@mercercontrols.com>
Sent: Monday, January 20, 2020 1:46 PM
To: fmiller@walkerpartners.com
Cc: mcserrato@stwa.org; s gabrysch; MERCERCONTROLS
Subject: South Texas Water Authority - Quote for Kingsville Water Plant Chemical System Improvements
Attachments: M.jpg; South Texas Water Authority - Chemical System Improvements.pdf

Hello,

Attached is the quote for the South Texas Water Authority - Kingsville Water Plant Chemical System Improvements.

Thank you,

Adrian Garza

Adrian Garza

Electrical Engineer EIT
a.garza@mercercontrols.com



Since 1992

MERCER CONTROLS, INC.

Physical Address: 804 Apollo Drive
Billing Address: PO Box 777
Edna, TX 77957

(361) 782-7168 -Office
(361) 782-7706 -Fax



MERCER CONTROLS, INC.

P. O. Box 777 / 804 APOLLO DRIVE

EDNA, TEXAS 77957

PH: (361) 782-7168 FAX: (361) 782-7706

S.A. Mercer, P.E.

(361) 782-5678

www.MERCERCONTROLS.com

January 20, 2020

To: South Texas Water Authority
c/o: Walker Partners
Attn: Frank Miller

Project – Chemical System Improvements

Mercer Controls proposes to furnish the following improvements to the chemical system at the Kingsville Water Plant.

1. Furnish and install new meter head on the Ricardo meter with electronic signal for rate of flow.
2. Install conduit from Ricardo meter to chlorine supply building.
3. Install manhole for injection point and sample tap.
4. Install second sample tap as shown on plans.
5. Install injection quill on Ricardo line for chlorine injection and manhole for LAS injection.
6. Install 1" PVC line from chlorine building to new injection quill near Ricardo meter.
7. Install 1" PVC line from LAS building to new quill in injection manhole.
8. Furnish and install 2 new vacuum regulators in chlorine building, with vent system, automatic switchover, and automatic feed valve.
9. Reconnect existing chlorine residual analyzer.
10. Provide for automatic feed rate control of chlorine gas and LAS. Utilize a touch-screen similar to the method of control recently installed in Driscoll. Utilize flow meter signal from new meter head to pace chemical feed rates.

Price Complete, \$58,725.

Respectfully Submitted,

MERCER CONTROLS, INC.

S. A. Mercer, President

SAM/ag

Cc: South Texas Water Authority
Attn: Carola G. Serrato

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Thursday, January 23, 2020 8:55 AM
To: 'mercerccontrols@aol.com'
Cc: 's.gabrysch@mercerccontrols.com'; 'a.garza@mercerccontrols.com'; Armando Yruegas; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: RE: Kingsville Plant Work

Mr. Mercer,

Your timing is appropriate. I was planning to work on the memo to the STWA Board today that will be included in the agenda packet for next week's Board meeting on Tuesday, Jan 28. Staff has reviewed your proposal and we were also wondering if some of the work could be performed by STWA staff, such as running the conduit and pvc lines. It would be great to go over the details as you suggested.

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: mercerccontrols@aol.com <mercerccontrols@aol.com>
Sent: Wednesday, January 22, 2020 5:40 PM
To: mcserrato@stwa.org
Cc: s.gabrysch@mercerccontrols.com; a.garza@mercerccontrols.com
Subject: Kingsville Plant Work

Carola:

Adrian has sent to you and to Walker Partners a proposal for the disinfection system work to benefit the delivery to Ricardo.

There are some items on the project that seem to be a bit of overkill. I would be glad to sit down with you and perhaps your engineer and go over some suggestions that could save you some money.

MERCER CONTROLS INC./Sherrel Mercer, Pres.

ATTACHMENT 9

Water Supply Contract – City of Bishop

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 22, 2020
Re: City of Bishop - Revised Wholesale Water Supply Contract

Background:

Approximately a year ago, the City approved the Wholesale Water Supply Contract but tabled action on the License Agreement. Based on legal counsel's advice, STWA execution of the Wholesale Water Supply Contract is contingent on the License Agreement being executed by the City.

Analysis:

Efforts have been made to meet with the City and negotiate the License Agreement. I have attended several City Council meetings pertaining to the Agreement. The Agreement is the subject of another agenda item and possible progress may occur during a meeting between the City's and STWA's committees on Monday, January 27th. However, another agenda item to consider pertains to the recent flushing of water from the 42" waterline in order to maintain the required 0.50 mg/l chloramine residual.

Staff Recommendation:

Staff has made arrangements for the Board to discuss the Wholesale Water Supply Contract and the License Agreement with legal counsel by telephone. As such, a closed session can occur on this matter. Staff recommends discussing the Board's options regarding these subjects with legal counsel.

Board Action:

Provide feedback to staff and legal counsel, whether in closed or open session.

Summarization:

The lack of progress on negotiating a License Agreement has impacted another important milestone, namely executing a Wholesale Water Supply Contract with the City. As staff has mentioned on numerous occasions, I believe STWA has made good faith efforts to negotiate all its contracts. Nonetheless, other actions may be necessary to resolve these issues.

ATTACHMENT 10

License Agreement – City of Bishop

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 22, 2020
Re: City of Bishop/STWA License Agreement – Bishop East Pump Station
Appointment of Committee Member to Replace Steve Vaughn

Background:

As the Board is aware, a STWA committee and a Bishop Council committee were appointed to negotiate the License Agreement. The STWA committee members appointed in August are Board President Kathleen Lowman, Board Vice-President Brandon Barrera, and Board Secretary-Treasurer Rudy Galvan. Past Board Member Steve Vaughn was also appointed as a committee member. Mr. Vaughn's replacement on the STWA Board has not been appointed by the Nueces Commissioners Court.

Mayor Tem Miller, Councilman Bill Boswell, and Councilman Albert Guajardo were selected by the City as their committee members. Since the beginning of December, City Secretary Cynthia Contreras has been contacted several times by telephone and email regarding meeting dates. Enclosed are recent emails. Today, the City requested a meeting on Monday, January 27th at 4 p.m. STWA's committee members were contacted and the day/time works with their schedules. More information should be available the following day after Monday's meeting.

Analysis:

Staff has discussed the matter with Bill Flickinger, legal counsel, and any suggestions to reach an agreement on this matter. Additional details should be available to discuss with the Board, including the possibility of going into closed session on the matter.

Staff Recommendation:

Continue to communicate with City representatives in order to negotiate an Agreement.

Board Action:

Provide feedback to staff and legal counsel.

Summarization:

I continue to believe that STWA is acting in good faith to negotiate this Agreement and thus the Water Supply Contract with the City.

From: mcserrato@stwa.org
Sent: Wednesday, January 22, 2020 12:43 PM
To: Kathleen Lowman; Brandon Barrera (brandon.barrera2015@yahoo.com); 'Rudy Galvan'
Subject: Bishop License Agreement - Analysis
Attachments: Bishop License Agreement GB and BF latest versions with BF Analysis 01222020.pdf

Ms. Lowman, Mr. Barrera and Mr. Galvan,

Attached is a file with three (3) items:

Page 1 – Is an email from Bill Flickinger with 11 items describing concerns associated with Gerald Benadum’s redline version of the License Agreement.

Pages 2 – 11 – Is Mr. Benadum’s redline version. I have noted each of Bill’s 11 items as handwritten notes.

Pages 12 – 21 – Is Bill’s/STWA’s response to Mr. Benadum’s version. Again, Bill’s 11 items are identified as handwritten notes.

As before, Item 4 pertaining to waiving our rights is a major concern.

Item 5, could also be considered major since STWA would be agreeing to an undefined term. We have asked for the City to define or explain with no response.

Item 7, I believe this should be resolved by clarifying the current CCN boundaries and the CCN process.

Item 8 may generate considerable discussion. The City may have something in mind regarding an “apparently abandoned.” We believe deleting that phrase and describing the conditions to define abandoning the property should suffice.

Item 9, this is about possible additional fees to pay the City – but only if it becomes a situation of removing property and failing to do so.

Item 10, this will likely be the item with the most discussion. For an underground facility, an easement should be appropriate – not a license agreement that is subject to termination and/or renewal and more fees.

Please let me know if you need additional information.

Carola

mcgserrato@stwa.org

From: mcgserrato@stwa.org
Sent: Wednesday, January 22, 2020 10:17 AM
To: Cynthia Contreras (cynthia.contreras@cityofbishoptx.com); Albert Guajardo (albert.guajardo@cityofbishoptx.com); Bill Boswell (bill.boswell@cityofbishoptx.com); Janie Dominguez (janie.dominguez@cityofbishoptx.com); Kabrina Lawrence (kabrina.lawrence@cityofbishoptx.com); Nathan Garza (nathan.garza@cityofbishoptx.com); Tem Miller (tem.miller@cityofbishoptx.com); Brandon Barrera (brandon.barrera2015@yahoo.com); 'Filiberto Trevino' (ftrevinoiii@gmail.com); Jose Graveley (pipe-man@juno.com); 'Kathleen Lowman'; Lupita Perez (lupitap1414@gmail.com); 'Patsy Rodgers'; 'Rudy Galvan'; 'Steven C. Vaughn'
Cc: Bill Flickinger; Jo Ella Wagner; Frances Rosales
Subject: FW: Committees on License Agreement - Meeting Dates - STWA Board Meeting Jan 28

Bishop City Council and City Administrator Contreras:

I received a call from Cynthia this morning notifying STWA about a meeting date/time of January 27th at 4pm. The STWA committee members, Kathleen Lowman, Brandon Barrera, and Rudy Galvan are available. We look forward to meeting with the Bishop committee members at City Hall.

I will follow-up with a call to Cynthia.

Have a good day,
Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: mcgserrato@stwa.org <mcgserrato@stwa.org>
Sent: Tuesday, January 21, 2020 2:41 PM
To: Tem Miller (tem.miller@cityofbishoptx.com) <tem.miller@cityofbishoptx.com>; Albert Guajardo (albert.guajardo@cityofbishoptx.com) <albert.guajardo@cityofbishoptx.com>; Nathan Garza (nathan.garza@cityofbishoptx.com) <nathan.garza@cityofbishoptx.com>; Bill Boswell (bill.boswell@cityofbishoptx.com) <bill.boswell@cityofbishoptx.com>; Janie Dominguez (janie.dominguez@cityofbishoptx.com) <janie.dominguez@cityofbishoptx.com>; Kabrina Lawrence (kabrina.lawrence@cityofbishoptx.com) <kabrina.lawrence@cityofbishoptx.com>; Cynthia Contreras (cynthia.contreras@cityofbishoptx.com) <cynthia.contreras@cityofbishoptx.com>
Cc: Bill Flickinger <bflickinger@wfaustin.com>; Brandon Barrera (brandon.barrera2015@yahoo.com) <brandon.barrera2015@yahoo.com>; 'Filiberto Trevino' (ftrevinoiii@gmail.com) <ftrevinoiii@gmail.com>; Jose Graveley (pipe-man@juno.com) <pipe-man@juno.com>; 'Kathleen Lowman' <klowman126@aol.com>; Lupita Perez (lupitap1414@gmail.com) <lupitap1414@gmail.com>; 'Patsy Rodgers' <rnorpat2@gmail.com>; 'Rudy Galvan' <rudybodyman@yahoo.com>; 'Steven C. Vaughn' <scvenv@aol.com>; Armando Yruegas <ayruegas@stwa.org>; 'Dony Cantu' (dcantu@stwa.org) <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jo Ella Wagner'

<jwagner@stwa.org>

Subject: Committees on License Agreement - Meeting Dates - STWA Board Meeting Jan 28

Bishop City Council and City Administrator Contreras:

I am following up on my latest telephone conversation this morning with Ms. Contreras regarding meeting dates for the committees appointed to discuss the License Agreement.

Ms. Contreras indicated that there were not any dates for the committee members to consider.

Please let me know if it would facilitate the matter if STWA committee members offered dates and times for the Bishop Committee members to review. You will recall that attorneys will not participate; hopefully, this will make the selection simpler.

The STWA Board is scheduled to meet on Tuesday, January 28, 2020 at 5:30 pm. The License Agreement will be an agenda item.

Sincerely,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Friday, January 10, 2020 2:01 PM
To: Cynthia Contreras (cynthia.contreras@cityofbishoptx.com)
Cc: Bill Flickinger; Brandon Barrera (brandon.barrera2015@yahoo.com); 'Filiberto Trevino (ftrevinoiii@gmail.com)'; Jose Graveley (pipe-man@juno.com); 'Kathleen Lowman'; Lupita Perez (lupitap1414@gmail.com); 'Patsy Rodgers'; 'Rudy Galvan'; 'Steven C. Vaughn'; Armando Yruegas; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jo Ella Wagner'; Albert Guajardo (albert.guajardo@cityofbishoptx.com); Bill Boswell (bill.boswell@cityofbishoptx.com); Janie Dominguez (janie.dominguez@cityofbishoptx.com); Kabrina Lawrence (kabrina.lawrence@cityofbishoptx.com); Nathan Garza (nathan.garza@cityofbishoptx.com); Tem Miller (tem.miller@cityofbishoptx.com)
Subject: FW: Meeting Dates - License Agreement

Good Afternoon Cynthia,

Just a quick follow-up to our telephone conversation last week and my voice mail message today – you thought you would be visiting with Mayor Miller this week about meeting dates for the committee members in order to discuss the License Agreement. As Mayor Miller had requested, the meeting would be without legal counsel present.

Please let me know if there are any meeting dates to poll committee members on. The STWA Board is meeting on Tuesday, January 28th this month and the agenda packet should be complete by Thursday, January 23rd.

Have a Good Weekend,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Thursday, November 21, 2019 11:57 AM
To: Cynthia Contreras (cynthia.contreras@cityofbishoptx.com) <cynthia.contreras@cityofbishoptx.com>
Cc: Bill Flickinger <bflickinger@wfaustin.com>; Jo Ella Wagner <jwagner@stwa.org>; Frances Rosales <fvrosales@stwa.org>; Brandon Barrera (brandon.barrera2015@yahoo.com) <brandon.barrera2015@yahoo.com>; 'Filiberto Trevino (ftrevinoiii@gmail.com)' <ftrevinoiii@gmail.com>; Jose Graveley (pipe-man@juno.com) <pipe-man@juno.com>; 'Kathleen Lowman' <klowman126@aol.com>; Lupita Perez (lupitap1414@gmail.com) <lupitap1414@gmail.com>; 'Patsy Rodgers' <rnorpat2@gmail.com>; 'Rudy Galvan' <rudybodyman@yahoo.com>; 'Steven C. Vaughn' <scvenv@aol.com>
Subject: Meeting Dates - License Agreement

Good Morning Cynthia,

Just a quick follow-up on last night's Council meeting. As I suggested last night and in response to Mayor Miller's question about the committees meeting without the attendance of attorneys, this certainly possible.

Of course with the upcoming holidays, selecting a meeting date may prove more difficult. However, is it possible for you to poll your committee members and provide some dates for STWA committee members to consider?

I should add that I wait for the end of the year to take my vacation. I am scheduled to be off from Dec 18 through the remainder of the year. I am definitely out of town from Dec 18th through Dec 23rd. But, if necessary, I can come in the week of December 28th.

Thanks,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

ATTACHMENT 11

Water Supply Contract – City of Driscoll

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 23, 2020
Re: City of Driscoll – 20-Year Wholesale Water Supply Contract

Background:

Last month, the Board reviewed the authorized letter sent to Driscoll Mayor Mark Gonzalez in which staff expressed the Board's desire to finalize the contract. Last month, I also reported my communication with city employee, Dina Garcia and the Council's decision to hire a new City Administrator, Roland Ramos. Mr. Ramos is working for the City of Driscoll on a weekend and after hour basis. He is employed full-time as the City of Alice's Finance Director. Enclosed are follow-up emails to Mr. Ramos which resulted in a meeting with him and Mayor Gonzalez on Monday, January 20th.

During our meeting, we reviewed the modification to the contract whereby the City of Driscoll has the same term as STWA's other wholesale contracts, namely four terms of five years for a total of 20 years. The method of charging a pass-through cost of the City of Corpus Christi's water and adding a handling charge of about 43 cents was also reviewed. The subject of the incremental fee (premium) was also discussed. I believe the City would like to eliminate the incremental fee from their charges. There was a discussion about the City's current rates as compared to STWA's wholesale rate.

As before, concern was expressed that the City would be unable to afford any large, unexpected repairs or replacements. In addition, there was a discussion about a lack of City man-power to address any upsets in day-to-day operations. I indicated that information had been provided on the types of previous expenses attributed to the Driscoll Pump Station, a copy of which was provided to Mr. Ramos. I added that the City could enter into a separate Operations and Maintenance Agreement, which is the subject of another agenda item. It was clarified that the City would accept title to the facilities even though STWA would continue to provide services under the Operations and Maintenance Agreement for a separate fee.

Analysis:

In my opinion, Mayor Gonzalez expressed a desire to get the wholesale contract signed. Although Mayor Gonzalez may be ready to enter into a wholesale water supply contract, formal action will need to be taken by the entire Council with two out of three voting to approve the contract.

Staff Recommendation:

Staff recommends sending a letter to the City indicating that the STWA Board has approved the modified contract and is prepared to authorize execution of the contract by resolution at the next STWA Board meeting on February 25th.

Board Action:

Determine whether to authorize staff to send a letter providing notice that the final draft contract has been approved.

Summarization:

The offered Driscoll contract now contains the same provisions as STWA's other wholesale contracts. As such, staff has no recommendations on any possible modifications that could be offered.

mcserrato@stwa.org

From: Roland Ramos <rrosamos@cityofdriscoll.com>
Sent: Wednesday, January 22, 2020 10:16 PM
To: mcserrato@stwa.org; Mark Gonzalez
Cc: Frances Rosales; Jo Ella Wagner
Subject: Re: Driscoll Readings - 2015 to 2019

Thank you Carola for providing us with the readings. I will compare them to our billings and get back to you asap.

Thanks,
Roland

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Monday, January 20, 2020 3:42 PM
To: Roland Ramos <rrosamos@cityofdriscoll.com>; Mark Gonzalez <mgonzalez@cityofdriscoll.com>
Cc: Frances Rosales <fvrosales@stwa.org>; Jo Ella Wagner <jwagner@stwa.org>
Subject: FW: Driscoll Readings - 2015 to 2019

Mayor Gonzalez and Mr. Ramos,

Attached are meter readings for January 2015 through December 2019. Please let us know if you need any other information.

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: Frances Rosales - De Leon <fvrosales@stwa.org>
Sent: Monday, January 20, 2020 3:37 PM
To: Carola G. Serrato <mcserrato@stwa.org>
Subject: Driscoll Readings - 2015 to 2019

Attached are the 2015 to 2019 readings for Driscoll.

Frances De Leon
South Texas Water Authority
361-592-9323 ext 115

mcserrato@stwa.org

From: Roland Ramos <rramos@cityofdriscoll.com>
Sent: Wednesday, January 15, 2020 1:40 PM
To: mcserrato@stwa.org
Cc: Driscoll City Secretary; Mark Gonzalez
Subject: Re: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Sounds good, thanks!

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Wednesday, January 15, 2020 1:14 PM
To: Roland Ramos <rramos@cityofdriscoll.com>
Cc: Driscoll City Secretary <citysecretary@cityofdriscoll.com>; Mark Gonzalez <mgonzalez@cityofdriscoll.com>
Subject: RE: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

I will bring copies of the latest documents shared with the Council. Please let me know if there is anything else you need.

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: Roland Ramos <rramos@cityofdriscoll.com>
Sent: Wednesday, January 15, 2020 12:52 PM
To: mcserrato@stwa.org
Cc: Driscoll City Secretary <citysecretary@cityofdriscoll.com>; Mark Gonzalez <mgonzalez@cityofdriscoll.com>
Subject: Re: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Yes ma'am, at City Hall. See you then!

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Wednesday, January 15, 2020 9:26 AM
To: Roland Ramos <rramos@cityofdriscoll.com>
Cc: Driscoll City Secretary <citysecretary@cityofdriscoll.com>; Mark Gonzalez <mgonzalez@cityofdriscoll.com>
Subject: RE: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Yes, that will work. At City Hall?

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority

PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: Roland Ramos <rrosamos@cityofdriscoll.com>
Sent: Wednesday, January 15, 2020 7:04 AM
To: mcserrato@stwa.org
Cc: Driscoll City Secretary <citysecretary@cityofdriscoll.com>; Mark Gonzalez <mgonzalez@cityofdriscoll.com>
Subject: Re: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Good morning Carola,

Are you available for a meeting on Monday, January 20, at 10 am?

Thanks,
Roland

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Thursday, January 9, 2020 8:33 AM
To: Roland Ramos <rrosamos@cityofdriscoll.com>
Cc: Driscoll City Secretary <citysecretary@cityofdriscoll.com>
Subject: FW: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Roland,

Just a quick follow-up on setting a meeting date. Also, there is a matter with regards to payment of invoices that I would like to discuss.

Have a good day,
Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Friday, January 3, 2020 4:31 PM
To: 'Roland Ramos' <rrosamos@cityofdriscoll.com>
Subject: RE: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Roland,

I returned from my vacation yesterday and I believe things are caught up. So, I thought perhaps it would be possible to arrange a meeting sometime in the next couple of weeks. At this time, my schedule is open with the exception of the

STWA Board meeting on Tuesday, January 28th at 5:30 p.m. We didn't discuss this before, however, is the City wanting to include legal counsel during these meetings? Previously, I had suggested including attorneys in order to facilitate the process; but, if the City would prefer meeting without legal counsel during the initial meetings that is fine, too.

I look forward to meeting with you and the Mayor.

Have a good weekend,

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

From: Roland Ramos <rrosamos@cityofdriscoll.com>
Sent: Saturday, December 14, 2019 12:15 PM
To: Carola Serrato <mcserrato@stwa.org>
Subject: Re: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

The Mayor can't meet on Monday or Tuesdays due to his work schedule. I understand the holidays are approaching us quickly. Let's plan on meeting after the New Year.

Happy Holidays to you and your family!

Thanks,
Roland

From: Carola Serrato <mcserrato@stwa.org>
Sent: Saturday, December 14, 2019 12:12 PM
To: Roland Ramos <rrosamos@cityofdriscoll.com>
Subject: Re: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Sorry to say that day doesn't work I begin my vacation that day and have already booked out of town accommodations. I am on vacation until after the new year. I am available the afternoons on this coming Monday or Tuesday.

My schedule after the new year should be open.

If we don't get to meet this coming week, best wishes for a wonderful and safe holiday season.

Carola

Sent from my iPhone

On Dec 14, 2019, at 12:02 PM, Roland Ramos <rrosamos@cityofdriscoll.com> wrote:

Hi Ms. Serrato,

I appreciate you reaching out to me. I understand your concerns and would like to schedule a visit with you and Mayor Gonzalez to address them. If the Mayor's schedule permits, please let me know if you are available on Wednesday, December 18 at 4pm.

Thanks,
Roland L. Ramos

From: mcgserrato@stwa.org <mcgserrato@stwa.org>
Sent: Thursday, December 12, 2019 2:24 PM
To: Roland Ramos <rramos@cityofdriscoll.com>
Subject: City of Driscoll - South Texas Water Authority - Wholesale Water Supply Contract

Good Afternoon Mr. Ramos:

I am writing as a follow-up to a telephone message left for you last month. I had hoped we could discuss the wholesale water supply contract that South Texas Water Authority (STWA) offered the City of Driscoll some time ago.

Prior to the end of October, I appeared before the City Council regarding the contract and responded to several questions from Council. Following those meetings and with the STWA Board's authorization, a slightly revised contract was sent to Mayor Gonzalez at the end of October.

Although the STWA Board is aware of the City's unexpected changes in the composition of the Council, the STWA Board is of the opinion that this matter warrants addressing. As I am sure you are aware, the TCEQ requires the City as the purchaser to have a contract for purchase of its water supply. In addition, as I am sure you are also aware, the City is paying an incremental fee to STWA since it has not entered into a long-term contract.

For quite some time, STWA has been requesting that the City enter into negotiations pertaining to this contract. Correspondence regarding the lack of a contract and the incremental fee has been sent to the City. In addition, correspondence has included requests to meet with City representatives as well as with legal counsel. STWA's attorney, Bill Flickinger, has been in contact with the City's attorney, Mr. Morris. However, to date, no meetings have been arranged.

I would very much appreciate the opportunity to review the contract and answer any questions you may have.

Sincerely,

Carola G. Serrato

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
361-592-9323 x112

ATTACHMENT 12

Operations and Maintenance Contract – City of Driscoll

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 24, 2020
Re: City of Driscoll – Operations and Maintenance Contract

Background:

As reported in the memo pertaining to the City of Driscoll's wholesale water supply contract, I met with Driscoll Mayor Mark Gonzalez and the new part-time City Administrator, Roland Ramos on Monday, January 20th. In addition to reviewing the wholesale contract, there was a discussion about the City accepting title to the pump station facilities that provide Driscoll's residents with service. As before, City representatives expressed a concern about the cost of unexpected repairs or replacements. The Mayor and Mr. Ramos also indicated that they did not have enough field personnel to cover operations. I indicated that previously a separate Operations and Maintenance Agreement had been provided which would allow the City to accept title to the facilities but pay a separate fee for STWA to continue providing the current types of services.

Analysis:

Bill Flickinger, Willatt and Flickinger, was contacted to review the offered O&M Agreement to ensure that there were not any updates needed. He advised that the agreement should be appropriate to utilize in negotiating with the City. Mayor Gonzalez and Mr. Ramos requested that the STWA Board propose a rate for the services.

Staff has reviewed the City's allocated expenses for Fiscal Years 2011 through 2019. These allocations are based on (1) expenses that can be attributed 100% to the City, such as the repair or replacement of a pump or motor that services the City only, (2) expenses for facilities that are utilized by both the City and the Nueces Water Supply Corporation (NWSC) such as the recent tank liner and are prorated based on the amount of water delivered to each entity, (3) chemical expenses that are also based on a percentage calculated on the volume of water delivered to each entity and (4) costs shared by all wholesale customers to keep the Authority's regional system in operation – also allocated on a prorated basis. What is not included in the costs are electric charges and employee salaries/time and overhead.

Below is a summary of allocation records from FY 2011 to FY 2019:

Fiscal Year	Costs Allocated*	Volume Purchased
2011	\$4,261.91	34,415,700
2012	\$6,388.15	29,726,450
2013	\$6,613.94	30,170,300
2014	\$4,554.48	25,057,900
2015	\$9,474.54	29,110,330
2016	\$6,779.51	29,869,803
2017	\$14,563.47	31,359,609
2018	\$17,981.96	34,510,679
2019	\$8,537.91	38,177,679
Totals	\$79,155.87	282,398,450
	Cost per 1000g	28.03 cents

Staff Recommendation:

Consider staff's calculated per thousand-gallon charge of \$0.2803 and determine whether to offer that figure as a preliminary figure in the Agreement. Another option is for the Board to utilize the services of a consultant such as NewGen to examine the data and recommend a fee.

Board Action:

Determine whether staff's per thousand-gallon calculation of \$0.2803 should be offered as a preliminary fee for negotiations of the O&M Agreement.

Summarization:

The City of Driscoll would be the first entity to enter into this type of Agreement should their Council determine that this option is in the City's best interest. It is possible that the Banquete Water District (NCWCID#5) would be interested in this type of Agreement as well.

ATTACHMENT 13

Driscoll Booster Station – Flow-Tronic Torpee Mag

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 21, 2020
Re: Macaulay Controls Company (Macaulay) – FlowTronic Torpee Mag

Background:

As reported in a recent Weekly Update, the FlowTronic Torpee Mag has been installed by Macaulay. The installation occurred in mid-January rather than mid-December as previously anticipated. At this time, Armando Yruegas, O&M Supervisor, has been in contact with Sherrel Mercer, Mercer Controls, in order for the system to be placed back in automatic operations. Mr. Mercer has indicated that he will be in touch with Mr. Glen Goode, one of the Macaulay reps that worked on the recent installation.

Analysis:

Staff hopes to have more information to share on the new magmeter by the Board meeting. Recently, the amount of water flowing south of Driscoll has been as low as 249,000 gpd. With these low flows, maintaining a chloramine residual at or above 0.50 mg/l has been a challenge and has required flushing water into the creek north of the Kingsville Pump Station – see agenda item on this subject.

Staff Recommendation:

Keep the Board updated on this project.

Board Action:

Provide feedback to staff.

Summarization:

In the last memo on this subject, staff reported that cooler temperatures can help by slowing down the dissipation of the residual. Thus far, “winter” seems to be delayed with a local meteorologist reporting that temperatures were 20 degrees above the average for this time of year. Another factor is the City of Bishop not purchasing water, which is discussed in more detail in the agenda memo on the City’s Water License Agreement.

ATTACHMENT 14

STWA Personnel Policies
Hiring of Management Personnel

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 21, 2020
Re: Review of STWA Personnel Policies - Hiring of Management Personnel

Background:

During the last Board meeting, Board members provided guidance regarding a policy for the hiring of Management Personnel. Attached is a copy of the pertinent portion of Chapter I, General, Section C, Statement of Personnel Policy. The section has been redlined to show deleted language in strike-out font and added language is underlined.

Analysis:

The first paragraph has been modified pertaining to the Executive Director's authority by deleting the clause "and has full authority to carry out". The paragraph retains the statement that the Executive Director is responsible for the assembly and maintenance of a staff. Furthermore, the first sentence of the second paragraph states that the Executive Director has full authority to hire non-management employees.

The second paragraph has been expanded to address the process by which management personnel is hired. Three positions are identified as management, Finance Manager, Business/Risk Manager, and O&M Supervisor. The paragraph calls for the creation of a Management Selection Standing Committee consisting of the Board President, Board Vice-President, Board Secretary/Treasurer, the Executive Director and another Board Member selected by the Board.

The paragraph continues by describing the role and process by which the committee will operate as a *recommendation* committee. However, staff is asking for Board guidance on how to address instances when the full Board does not approve the committee's recommendation.

Finally, the draft language addresses advertising of the position and consideration of the position being filled from within prior to opening the position to the public.

Staff Recommendation:

Consider the draft policy including the manner in which to resolve a committee recommendation failing to receive full Board approval.

Board Action:

Determine what changes are necessary in the draft policy. Determine whether to adopt Resolution 20-02.

Summarization:

One of my main concerns as noted previously is the small number of staff and the importance each STWA employee performs in keeping operations running smoothly. You will note that the draft policy includes the authority of the Executive Director to appoint an interim manager.

CHAPTER I

GENERAL

C. Statement of Personnel Policy

2. Vacancies shall be filled on the basis of merit, whether by promotion or by initial appointment. Selection shall be made of the best qualified persons in terms of experience, skills, training, education and aptitude. Internal organizational lines shall not be barriers for promotion consideration. Where qualifications are essentially equal, preferential consideration shall be given to STWA employees. The Executive Director is responsible for, ~~and has full authority to carry out,~~ the assembly and maintenance of a staff in sufficient numbers and qualifications to meet the STWA's statutory and programmatic responsibility.

The Executive Director has the full authority to hire non-management employees. In the case of the O&M Supervisor, Finance Manager and Business/Risk Manager, the Executive Director is authorized to appoint an interim manager until which time the STWA Board confirms the recommendation of the Management Selection Standing Committee. The Management Selection Standing Committee shall be composed of five (5) voting members as follows, the Board President, the Board Vice-President, the Board Secretary Treasurer, a Board member appointed by the Board and the Executive Director. The Management Selection Standing Committee shall participate in the interviewing of the candidates and make a recommendation to the full Board for their confirmation. Advertising for the position will occur after the vacancy has been posted in-house and the Management Selection Standing Committee has determined that a promotion from within staff is not recommended. Failure of the Board to confirm the Management Selection Standing Committee's recommendation shall be resolved by [direction on this item is needed from the Board].

ATTACHMENT 15

Resolution 20-02

SOUTH TEXAS WATER AUTHORITY

Resolution 20-02

RESOLUTION AMENDING THE PERSONNEL POLICIES OF THE SOUTH TEXAS
WATER AUTHORITY – HIRING OF MANAGEMENT PERSONNEL.

WHEREAS, the South Texas Water Authority has adopted Personnel Policies as
guidelines for the Authority, and

WHEREAS, it is advisable and necessary to amend these policies from time to time to
facilitate the operations of the Authority.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South
Texas Water Authority approves the attached amendments to the Personnel Policies.

Duly adopted this 28th day of January, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 16

STWA Personnel Policies
Retiree Benefits

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 21, 2020
Re: Review of STWA Personnel Policies – Medical Insurance Benefits - Retirees

Background:

A number of STWA employees have dedicated numerous years of service to South Texas Water Authority. Prior to the retirement of the Receptionist/Clerk, one-third (5 out of 15) of full-time employees had more than 20 years of service. Three current (3) employees have more than 25 years of service. Five (5) current employees have at least 15 years of service. I requested that the Board allow me to research retiree medical insurance as a means of rewarding dedicated employees and an incentive for employee retention.

Analysis:

Gregg Kronenberger, attorney at law, was contacted regarding the matter. Mr. Kronenberger was recommended several years ago by the late Mike Willatt, Willatt and Flickinger, regarding a labor law issue. Mr. Kronenberger and I discussed the possible benefit in terms of limiting the Authority's financial exposure by defining a qualifying retiree based on a minimum number of consecutive years of full-time service and employee age within a set number of years/months of qualifying for Medicare. In addition, we discussed limiting the financial responsibility by setting the maximum amount of time the benefit would be provided.

Mr. Kronenberger advised to discuss the matter with the Authority's insurance agent of record. Phil Esquivel and Erica Scramuzza were contacted and following their confirmation with the Authority's current medical insurance provider (Blue Cross/Blue Shield), advised that coverage could be available for a maximum period of nine (9) months. Since the Authority has fewer than 20 employees and COBRA, the federal law, does not apply, the time period is set by the Texas Continuation law. Mr. Esquivel indicated if a longer time frame is considered that coverage could be provided by securing private insurance directly.

Finally, Mr. Kronenberger indicated that he believes it would be a relatively simple task to write a policy to provide the coverage. However, he recommended and was authorized to check on any conflicts with ERISA (Employee Retirement Income Security Act of 1974), which is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry.

Staff Recommendation:

Consider whether to continue researching the possibility of offering a retiree medical insurance benefit for a maximum period for retirees with a set number of consecutive years working full-time.

Board Action:

Provide feedback to staff and determine whether to authorize the Executive Director to continue researching a possible medical insurance benefit for qualified retirees.

Summarization:

It is no secret that medical insurance coverage – or lack of – is a major concern all across the USA. It is also no secret that the insurance costs as well as medical expenses (doctor visits, medication, tests, procedures) are increasing. This is the first time, however, that this subject has been broached by staff in the thirty-seven (37) years of the Authority's operations.

Termination – COBRA & State Continuation

The primary coverage continuation rights and options that are available to a person who is no longer eligible for group HMO coverage are **COBRA** and **State Continuation**.

COBRA: This is a federal law that applies to employers with 20 or more employees. If your employer is subject to COBRA and you are laid off, your employer is required to give you a written notice that explains your COBRA rights. You must decide whether to continue your health care coverage and notify your former employer of your decision to continue your coverage within 60 days of receiving written notice of your COBRA rights from your former employer. Under COBRA, you and your family have the right to remain on whatever health plan your former employer has for up to 18 months. You must continue paying the full premium, which includes both your former employer's share and your share plus a 2 percent administrative fee.

STATE CONTINUATION: If you are not eligible for COBRA or if you have exhausted your COBRA coverage, Texas law provides you with coverage continuation rights. Under Texas state continuation, you and your family may remain covered under your former employer's health plan for up to nine months if you are not eligible for COBRA. If you have exhausted your COBRA coverage, you may continue coverage for six additional months following any period of coverage continuation under COBRA. You must pay the full premium for any continued coverage. State continuation applies only to group health benefit plans issued by insurance companies and HMOs that are subject to the Texas Insurance Code. State continuation does not apply to employer self-funded (ERISA) health care plans, which are exempt from state insurance laws.

Your state continuation rights are discussed in the Texas Department of Insurance's (TDI) consumer publication, *Your Health Care Coverage*. You may ask for printed copies by calling TDI toll-free at **1-800-599-7467**. You may also call TDI's Consumer Help Line at **1-800-252-3439** to obtain information about Texas state continuation requirements.

ATTACHMENT 17

Proposals for Close Interval Potential Survey – Contract 1

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 22, 2020
Re: Cathodic Protection Services – Quotes: EN Engineering and Corrpro Services

Background:

The last time the Board considered quotes associated with cathodic protection services from outside vendors was in June of 2017. At that time, the Board approved three (3) contracts with Russell Corrosion Consultants, LLC (Russell) for examining Section 0-5000 of the 42" line, replacing two (2) rectifiers and researching whether there was any pipeline interference from seven (7) adjacent companies' facilities. The Board may recall that these items were recommended projects from an HDR assessment report.

All of those projects were completed and the result was a recommendation for STWA to begin installing sacrificial anodes on every joint as an improvement to the original project in which an anode was installed on every other joint. The original project also involved installing either bonding wires or clips to connect one joint to the next. Approximately a year ago, employees were hired and equipment purchased to begin this work. As reported in CP memos, progress has been made with the latest report stating that Contract 1 is now complete.

Analysis:

At this time, in order to determine whether the installed anodes and bonding wires/clips have made a discernable difference, staff is recommending that a close interval survey be conducted. The enclosed quotes also include providing GPS data. Two (2) quotes have been obtained, one from EN Engineering (previously Russell Corrosion) and Corrpro. Staff has worked with both firms.

During FY 2020 budget development, quotes were requested from both companies. The EN Engineering quote has been modified as a result of requesting the same services as proposed by Corrpro. The budgeted amount for these services is \$20,000. The quotes, in particular the Standard Terms and Conditions, were provided to Bill Flickinger for his review. There were a few areas that he advised would need to be modified; however, he does not suggest that he develop a separate contract. Rather, he agrees with staff that the Board should determine whether they are interested in having the work done and then proceed with agreeing to the terms by working with the selected company to modify their terms and conditions.

Staff Recommendations:

Utilize the service of Corrpro to perform a close interval survey with GPS data in the amount of \$9,345.20 contingent on modifying the terms that legal counsel has identified as either unacceptable according to Texas law or create unwanted liability.

Board Action:

Determine whether to utilize the services of Corrpro.

Summarization:

Staff is pleased with the progress of the CP crew. It should be noted, however, that the installation of additional anodes will produce test results that typically improve as time goes by and this type of testing is necessary to ensure that the work is making a difference.

December 13, 2019

Attention: Armando Yruegas
South Texas Water Authority
PH 361-445-5109
ayruegas@stwa.org

Reference: **Proposal for performing approximately 9.9 miles of Interrupted Close Interval Potential survey on Contract 1 near Kingsville, TX.**

Dear Yruegas,

Corrpro is pleased to submit this proposal to conduct an Interrupted Close Interval Potential Survey with integrated sub-meter GPS on the pipeline listed below:

- Contract 1 – 9.9 miles

Corrpro will provide all personnel, equipment, materials, and transportation required to conduct the Close Interval Surveys with sub-meter GPS using the below pricing:

1. Pricing Summary

The following table summarizes Corrpro's proposed pricing:

Mob/De-Mob	\$1.70/Mile
Interrupted Close Interval Survey (3-Man Crew)	\$2,850.00/Day

Estimate CIS with Integrated sub-meter GPS:

Mob/Demob - 468 Miles @ \$1.70/Mile	\$795.60
On/Off CIS – 3 Days @ \$2,850.00	\$8,550.00

Total Project Estimate \$9,345.20

All Day Rates are based on 10 hour days. The CIS Survey for this pipeline is based on a T&M rate. The 3 days to complete the survey is a good faith estimate based on our experience surveying similar piping systems. It would be Corrpro's goal to complete the CIS in 3 days, however there is a chance the survey could take longer due to unforeseen delays beyond our control.

Corrpro Companies Inc. typically operates 28-30 complete, experienced Close Interval Survey crews. All personnel are Operator Qualified by NCCER and Veriforce. Survey crews are equipped with a complete set of all necessary survey equipment and a complete set of backup equipment to insure minimal down due to equipment problems. Below is a partial list of our survey equipment inventory:

- 80+ Field Survey Computers
- 325 GPS Synchronized- 100 amp Current Interrupters
- 50 Radio Detection RD4000 & Vivax ProLoc Pipe Locators
- 50 Sub-meter GPS units

2. Fees will include the following:

- A. Complete survey crew with experienced leader familiar with the demands of the particular survey. The crew will be equipped with vehicles, voltmeters, pipe locators, test and computer equipment, chaining devices, current Interrupters (15 interrupters) and wire necessary to complete the survey. The mileage does not include the cost of any special transportation requirements such as marsh buggies, air boats or all-terrain vehicles (ATV).
- B. The measurement of on/off close interval survey data, plus testing and recording of all rectifier outputs, foreign line bond currents and potentials, and test span IR drop with near ground (NG) and far ground (FG) will be conducted.
- C. Preparation of field survey plots for daily review by the South Texas Water Authority (Company) inspector. All field plots will be emailed daily in PDF format. The review will serve to certify the validity of the graphic potential data and support retest or auxiliary corrosion testing.
- D. Close Interval Surveys and GPS data will be presented in electronic format compatible with the Company format.
- E. Hard copy reports meeting Company format.

3. GPS Survey

The purpose is to accurately locate the pipeline, acquire Global Position Survey (GPS) as required at specified intervals along the length of the pipeline. GPS co-ordinates will be taken at all pipeline features including the following locations:

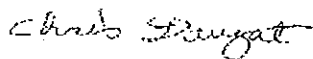
- Under typical right-of-way conditions every 100 feet.
- At all pipeline bends
- Compressor Stations, Fences, Station Isolation Valves, Pig Traps, Gate Valves
- Pipeline Junctions
- Mainline Isolation Valve
- Road Crossings
- Two Lane roads and Three Lane roads- at the center line of the road and pipeline
- Divided Highways at the ROW fence and center line of median
- Waterway Crossings At the edge of all water crossings
- Major bodies of water at each edge
- Minor bodies of water at the center if feasible or each edge
- Foreign Utility Crossings
- At the edge of each foreign pipeline crossing right-of-way
- Valve Sites
- Rectifiers and Test Stations
- Line Markers
- Fence Lines man-made and natural
- At the edge and center of all canal or ditch crossings
- GPS coordinates are to be surveyed by means of a standard (WAAS) or sub-meter accuracy Global Positioning System as required.

4. Prices are based on the following assumptions:

- A. The work week will consist of daylight hours, seven days per week.
- B. The prices quoted are based on the assumption that the pipeline right of way is clear and walkable to allow the survey crews to survey at a normal pace of approximately 1 mile per 45 min.
- C. Company will obtain the right of ingress and egress for all properties necessary for the completion of the survey. If the right of ingress and egress has not been obtained upon arrival of the crews, a decision between Company and Corrpro will be made on whether to reschedule the survey or put the crews on standby. If Company elects to reschedule the survey, the price of \$1.70 per mile would apply.
- D. That sufficient soil electrolyte exists to survey at a normal pace. However, should soil condition prevent the survey from progressing at a normal walking pace, the survey will be rescheduled when conditions are favorable to obtaining quality CIS data. Mob/Demob charges, if applicable, will also apply.
- E. Company will provide personnel familiar with the pipeline to be surveyed as well as drawings, latest annual survey with precise station numbers of test stations, valves, etc., and information, which clearly defines the pipeline right-of-way and current sources that need to be interrupted.
- F. Should standby time occur through no fault of Corrpro, a rate of \$1,425.00/day will be charged.
- G. Terms: Net 30 days with approved credit.
- H. Taxes, if applicable, are not included.

Thank you for considering Corrpro to assist you with this project. Please review Corrpro's Standard Terms and Conditions attached to this document. If you find Corrpro's Standard Terms and Conditions and the pricing listed above acceptable, please sign and complete the form below and return the original to my attention. If you have any questions, please contact Chris Dauzat at (713) 460-6000, or via email at cdauzat@aeglon.com.

Sincerely,



Chris Dauzat
Operations Manager – Pipeline Services
Office: 713.351.0259
Cell: 713.628.8817
Cdauzat@aeglon.com

CLIENT APPROVAL (Complete below):

Authorized Signature

Typed or Printed Name

CORRPRO COMPANIES, INC. STANDARD TERMS AND CONDITIONS

The following terms and conditions ("T&Cs") apply to the proposed sale of equipment, supplies, products or materials ("Goods") or the proposed furnishing of labor, with or without the supply of Goods ("Services"), by Corpro Companies, Inc. ("Corpro"), all as further described in the Proposal or Invoice attached hereto ("Sales Document"), to the buyer named in the Sales Document ("Buyer").

1. **Scope of Agreement; Acceptance.** Unless expressly provided otherwise in a writing signed by Buyer and Corpro (including a master or other written agreement between Corpro and Buyer signed by an authorized representative of Corpro prior to the date of the Sales Document), these T&Cs and any other documents expressly identified in the Sales Document as a contract document shall be considered contract documents (collectively, the "Agreement"). Any terms that add to or contradict the terms of this Agreement are not valid. A definite expression of acceptance of this Sales Document by Buyer that contains terms that are additional to or different from the terms of the Agreement will form a contract solely on the Agreement, and the additional or different terms shall not become a part of the Agreement, whether or not they would materially alter the Agreement. Neither course of prior dealings nor usage of trade shall be relevant to supplement or explain any provision of the Agreement. This Agreement becomes a valid and binding obligation of Corpro and Buyer on the earlier of: (a) Corpro's receipt of this Sales Document signed by Buyer; (b) Buyer delivering a purchase order or a purchase order number to Corpro for the Goods or Services described in the Proposal; (c) Buyer's receipt and acceptance of the Goods or Services, (d) Buyer's payment for the Goods or Services described in the Sales Document, or (e) any other written indication by Buyer of its acceptance of this Sales Document.

2. **Delivery; Risk of Loss.** All shipping dates of Goods and performance dates of Services stated in the Proposal are approximate and not a guarantee of a particular date of shipment or performance. Unless stated otherwise in the Agreement, delivery of Goods shall be EXW (Incoterms 2010) at Corpro's facility stated in the Sales Document. At Buyer's option, Corpro will ship Goods to Buyer at the shipping address stated in the Agreement by any commercially reasonable means, provided that Corpro has the option of selecting the particular route and carrier for shipment of the Goods to Buyer, unless specified by Buyer. Buyer shall bear all risk of loss or damage in transit. All freight, insurance, tariffs, freight forwarding, customs, cartage and other transportation or incidental charges shall be borne by Buyer. Corpro reserves the right to deliver Goods or perform Services in installments, all such installments to be separately invoiced and paid for when due, without regard to subsequent deliveries. Delay in delivery of any installment shall not relieve Buyer's obligations to accept remaining deliveries.

3. **Inspection and Acceptance.** Immediately on Buyer's receipt of any Goods shipped or Services performed, Buyer shall inspect the same and shall notify Corpro in writing of any claims for shortages or non-conformance (including defective and damaged Goods or Services). Buyer shall hold any non-conforming Goods for Corpro's written instructions concerning disposition. Failure to give written notice of any non-conforming Goods or Services within 10 days after the earlier to occur of receipt of Goods or performance of Services, express oral or written acceptance of the Goods or Services, or payment for the Goods or Services, shall conclusively (a) establish Buyer's acceptance of the Goods or Services, (b) release Corpro from any and all liability therefor, and (c) waive Buyer's right to seek damages or other remedies for any non-conforming Goods or Services subject to Section 8 below. Buyer shall bear the expenses of inspection under all circumstances.

4. **Payment Terms.** Terms of sale are net 30 days from date of invoice, unless otherwise stated in the Agreement. Time is of the essence with respect to all payments. Any amount not received by Corpro when due shall bear interest at the rate of 1½% per month (18% annually), or the maximum rate of interest that applicable law allows, whichever is less, until fully paid, including any interest due. Buyer agrees to pay all costs of collection resulting from any default by Buyer of this Agreement. Amounts due to Corpro under this Agreement are not subject to offset, deduction or back charges by Buyer. Unless stated otherwise in the Agreement, the prices stated in the Agreement and all payments due to Corpro from Buyer shall be in the lawful currency of the U.S. If, at any time prior to shipment or performance (either complete or partial), Buyer does not meet Corpro's credit approval or Corpro, in its sole discretion, deems Buyer's financial condition to be unsatisfactory, Corpro may either (a) delay or postpone delivery of Goods or performance of Services, (b) cancel the Agreement, or (c)

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request payment in full or other security satisfactory to Corpro from Buyer prior to shipment of the Goods or performance of the Services.

5. **Taxes; Permits and Fees; Laws.** Unless expressly stated otherwise in the Agreement the purchase price for the Goods furnished or Services performed by Corpro excludes all governmental or brokerage taxes, duties, customs, fees, charges or assessments (collectively, "Taxes"). If applicable, Buyer must provide Corpro with documentation acceptable to Corpro of any exemptions claimed from Taxes prior to invoicing. In the event Corpro is required to pay any Taxes not previously paid to Corpro, Buyer shall reimburse Corpro. Except to the extent assumed by Corpro in writing, Buyer shall secure and pay for all permits and fees necessary for delivery and installation of the Goods or performance of the Services. It is Buyer's duty to ascertain that the Goods or Services proposed by Corpro are and their subsequent installation and use is in accordance with applicable laws, ordinances and building codes. Corpro shall not be responsible for compliance of the Goods or Services to such laws, ordinances and building codes, but shall, to the extent reasonably possible, promptly notify Buyer of any discrepancies brought to Corpro's attention.

6. **Specifications.** Buyer warrants that any documents, drawings, designs or specifications furnished to Corpro by Buyer or any party acting on behalf of, or under direction from, Buyer (collectively, "Specifications") are complete, accurate and may be reasonably relied on by Corpro. Corpro shall have no liability for errors, omissions or inconsistencies in any Specifications. In the event the Agreement contains submittal requirements pertaining to the Goods or Services, Corpro agrees to submit in a timely fashion to Buyer for review and approval any shop drawings, samples, product data, manufacturers' literature or similar submittals as Buyer may reasonably request. Buyer shall be responsible for review and approval of submittals with reasonable promptness to avoid causing delay.

7. **Change Orders.** Changes to the quantity, Specifications, scope of supply or performance, delivery schedule, period of performance, shipping instructions or any other material term of the Agreement, may only be made by Buyer and Corpro executing a written change order ("Change Order"). Any Change Order shall state the parties' agreement on (a) change in the material term of the Agreement, and (b) an adjustment to the purchase price or the date of shipment or period of performance, as applicable. Both parties agree that, unless a Change Order is agreed in writing and signed by authorized representatives of both parties, the Agreement shall not be changed or modified in any manner. In addition, Corpro has the right to suspend performance during the period while the change is being evaluated and negotiated. In the event Buyer has communicated proposed changes to Corpro, Corpro, at its sole discretion, shall either (i) accept the Change Order, (ii) reject the Change Order and continue performance under the existing Agreement, or (iii) cancel the Agreement. In the event that Corpro elects (ii) above, Buyer shall have the option to cancel the Agreement.

8. **Warranties.** "Warranty Period" means (a) for Services and Goods installed as part of the Services, the one (1) year period beginning the date the applicable Services are substantially completed; and (b) for Goods not installed as part of any Services, the 90 day period beginning with the date of shipment from Corpro. The providing of warranty service does not extend or restart a new Warranty Period. Corpro warrants that; for the duration of the Warranty Period and subject to the other limitations in this Agreement, each Service has been performed in accordance with applicable specifications and procedures for such Service, and, if applicable, Goods will be free from defect in materials and workmanship. Corpro's obligation to honor its warranty on defective Goods is in all cases limited to, at Corpro's sole option, repair or replacement of the defective Good or component thereof, or providing a cash refund or credit equivalent to the decreased value of the defective Good. Corpro's obligation to honor its warranty on defective Services is in all cases limited to, at Corpro's sole option, re-performing such Service(s), performing additional Service(s), or providing a refund or credit equivalent to the decreased value of the Service(s). Notwithstanding anything in this Agreement to the contrary, Corpro's warranty liability shall in no event exceed the amount paid for the original defective Service or Good. Any claim not received by Corpro within the applicable Warranty Period shall be conclusively deemed waived by claimant. Corpro has the option to verify, with its own representatives, the nature and extent of the alleged defect. Corpro shall have no obligation to provide warranty service and shall have no liability with respect to defective Services or Goods if the Goods, materials,

This is subject to Statutory provisions as a government entity
B.F. can provide substitute language if selected.

systems of which they are a part, or structures they are intended to protect from corrosion have: (a) been modified, altered, relocated (in the case of cathodic protection systems), used for other than intended purposes, or otherwise changed without Corpro's written consent; (b) been damaged or abused; (c) not been operated or maintained in accordance with design specifications, instructions, operations and maintenance documents, or reasonable business practices; or (d) in the case of Goods or Services, not been paid for in full.

9. Warranty Limitations. The Goods warranty applies only to (a) Goods manufactured solely by Corpro, and (b) components of cathodic protection systems installed as part of the Services. Except as stated in the preceding sentence, Corpro does not warrant products manufactured or supplied by other parties, and Buyer shall be entitled to rely on the warranties, if any, only to the extent extended to Buyer by such other parties. Corpro shall not be liable for any expense incurred by Buyer in order to remedy any warranted defect. Corpro's obligation to honor its warranty on defective Corpro Services is in all cases limited to, at Corpro's sole option: 1) re-performing such Corpro Service, 2) performing additional Corpro Service, or 3) providing a refund or credit equivalent to the decreased value of the Corpro Service. Corpro's obligation to honor its warranty on defective Corpro Products is in all cases limited to, at Corpro's sole option: 1) repair or replacement of the defective Corpro Product or component thereof, or 2) providing a cash refund or credit equivalent to the decreased value of the Corpro Products. Replaced Corpro Products shall become the property of Corpro, if Corpro so elects. Corpro shall not be liable for any expense incurred by Buyer in order to remedy any warranted defect. ALL WARRANTIES ARE IN LIEU OF AND CORPRO DISCLAIMS ANY AND ALL OTHER WARRANTIES, CONDITIONS, AND LIABILITIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. BUYER EXPRESSLY AGREES THAT THIS WARRANTY SHALL SERVE AS BUYER'S SOLE AND EXCLUSIVE REMEDY WITH RESPECT TO THE GOODS AND SERVICES. IN NO EVENT WILL CORPRO BE LIABLE TO BUYER, ITS AFFILIATES, SUCCESSORS, ASSIGNS OR TRANSFEREES OR TO ANY THIRD PARTY (BY VIRTUE OF CONTRACT, TORT (INCLUDING NEGLIGENCE), WARRANTY, STRICT LIABILITY OR OTHERWISE) FOR ANY LOST USE, REVENUES OR PROFITS, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE OR SPECIAL DAMAGES ARISING OUT OF OR IN ANY WAY RELATED TO THE GOODS OR SERVICES, ACTS OR OMISSIONS IN CONNECTION WITH ANY AGREEMENT RELATED TO THESE WARRANTIES, OR GOODS, MATERIALS, OR SERVICES PROVIDED BY CORPRO UNLESS EXPRESSLY AND EXPLICITLY PROVIDED FOR IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF CORPRO OR AS OTHERWISE REQUIRED BY LAW. THESE WARRANTIES SHALL EXTEND ONLY TO THE FIRST PURCHASER OF GOODS OR SERVICES FROM CORPRO AND SHALL NOT BE ASSIGNED OR TRANSFERRED.

10. Reliance on Buyer's Representations. Corpro shall be entitled to rely on representations made by or on behalf of Buyer that all conditions necessary for the proper installation or performance of Corpro Products, systems, materials, components and Corpro Services have been satisfied, except to the extent Corpro is specifically contracted to make such determination. Corpro shall have no liability for any and all claims, losses, and causes of action arising out of, resulting from, or in any way attributable to failure of Buyer to satisfy such conditions, Buyer's failure to advise of existing site conditions affecting the work (including, but not limited to, the location of subsurface or concealed structures, systems or components thereof), or the use or operations of products, materials, or systems subsequent to any transfer to any third party. Corpro makes no representations or warranties with respect to, and disclaims liability arising out of, products or services sold by Buyer.

11. Technical Assistance. At Buyer's request, Corpro may, in its discretion, furnish technical assistance and information with respect to Corpro's products. CORPRO MAKES NO WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, WITH RESPECT TO TECHNICAL ASSISTANCE OR INFORMATION PROVIDED BY CORPRO OR ITS PERSONNEL. ANY SUGGESTIONS BY CORPRO REGARDING USE, SELECTION, APPLICATION OR SUITABILITY OF PRODUCTS SHALL NOT BE CONSTRUED AS AN EXPRESS WARRANTY UNLESS SPECIFICALLY DESIGNATED AS SUCH IN A WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF CORPRO.

STOA can't commit due to
Open Records. BF can add sentence
if selected.

12. Confidentiality. All information, including quotations, specifications, drawings, prints, schematics, and any other engineering, technical or pricing data or information submitted by Corpro to Buyer related to any order for Goods or Services are the confidential and proprietary information of Corpro. Buyer and its employees, agents or other parties for whom Buyer is responsible may not disclose Corpro's confidential and proprietary information to any third parties, or use Corpro's confidential and proprietary information for its own account or that of any third party, except in the performance of this Agreement.

13. Force Majeure. If Corpro is delayed at any time by the acts or omissions of Buyer, Change Orders, or any Force Majeure, then the period of performance of Services shall be extended, the delivery of Goods rescheduled and the price equitably adjusted to reflect the effects of delay on Corpro's costs. "Force Majeure" means circumstances beyond Corpro's reasonable control, including acts of God, acts of public enemies, wars, other hostilities, blockades, insurrections, riots, epidemics, quarantine restrictions, floods, unavailability of components or supplies, lightning, fire, storms, earthquakes, arrests, civil disturbances, acts of any governmental or local authority, and any other acts and causes, not within Corpro's control, which by the exercise of due diligence and reasonable commercial effort, Corpro shall not have been able to foresee, avoid or overcome. If Corpro is unable for any reason to supply the total demands for Goods specified in the Agreement, Corpro may allocate its viable supply among any or all purchasers on such basis as Corpro may deem fair and practical, without liability for any failure of performance which may result therefrom.

14. Default; Cancellation. If Buyer fails to perform any of its obligations under this Agreement, including failure to make payments as provided in this Agreement or otherwise, or if Buyer fails to give prompt assurances of future performance when requested by Corpro, then Corpro may, on 5 days' written notice to Buyer, declare Buyer to be in default and Corpro may suspend or terminate performance of its obligations under this Agreement without liability and retain all rights and remedies Corpro may possess at law, in equity or as provided in these T&Cs. In addition to the remedies above, to the extent that (a) Corpro declares a default under this Section 14, or (b) if the order is cancelled for any reason other than default by Corpro, Buyer agrees to pay Corpro for any (i) Services performed and Goods installed or delivered to date of termination, (ii) Goods ordered which cannot be cancelled, and (iii) all costs associated with demobilizing equipment and personnel. All costs recovered shall include overhead and/or profit on costs.

15. Hazardous Material. Corpro is not responsible for the discovery of any hazardous material at the site where Services are to be performed. In the event Corpro discovers hazardous material, Corpro will promptly notify Buyer. Corpro is not obligated to commence or continue work until all hazardous material discovered at the place of performance has been removed, remediated, or determined to be harmless. If Corpro incurs additional costs or is delayed due to the presence or remediation of hazardous material, Corpro is entitled to an equitable adjustment in both the Agreement's price and the time for performance. In no event shall Corpro be liable to Buyer or any third party for any hazardous material existing at the place of performance, or brought onto said premises by any third party. Hazardous material includes any substance or material identified currently or in the future as hazardous under applicable laws, or any other substance or material that may be considered hazardous or otherwise subject to statutory or regulatory requirement governing handling, disposal, or cleanup.

16. Release of Liability for Buried Pipelines. If necessary for the performance of Services, Corpro will contact the appropriate jurisdictional authority to identify and locate any buried public utilities at least 72 hours prior to commencing work on site. Corpro will also attempt to locate any buried metallic piping prior to commencing work on the site. Buyer will provide Corpro with accurate, dimensioned, reliable site piping and utility plans ("as-built site drawings") which depict, at a minimum, the precise location of all underground storage tanks and all below ground fuel, vent, air, water, or natural gas piping and electrical/instrumentation conduits (collectively "below-ground hazards") at least 3 days in advance of the date Corpro is to commence work at the site. If Buyer fails to provide as-built site drawings, or if any as-built site drawings provided by Buyer are inaccurate or fail to identify the location of all below-ground hazards, Buyer agrees that Corpro will not be liable to Buyer for any damages, liabilities or claims arising from damage to any below-ground hazard or a release of petroleum products or other hazardous material, in the course of Corpro's performance of the Services, including any such damages caused by

Should not be a problem
based on type of survey work.

the negligence of Corpro or its employees. In addition, Buyer will indemnify and hold Corpro harmless from any such damages, liabilities or claims made by third parties, including governmental agencies.

17. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, BUYER AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS CORPRO AND ITS DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS FROM AND AGAINST ANY AND ALL LIABILITY, LOSSES, COSTS (INCLUDING COSTS OF LITIGATION OR OTHER DISPUTE RESOLUTION AND ATTORNEYS' FEES), CLAIMS AND CAUSES OF ACTION IN FAVOR OF ANY AND ALL PERSONS ARISING OUT OF, RESULTING FROM, OR IN ANY WAY ATTRIBUTABLE TO THE NEGLIGENT ACT OR ACTION, OMISSION OR FAILURE TO ACT ON THE PART OF BUYER OR ITS DIRECTORS, OFFICERS, EMPLOYEES, SUBCONTRACTORS, AGENTS OR ANY OTHER PARTY FOR WHOSE ACTS OR OMISSIONS ANY OF THEM MAY BE LIABLE. TO THE FULLEST EXTENT PERMITTED BY LAW, BUYER FURTHER AGREES THAT WHERE OTHER CONSULTANTS OR CONTRACTORS ARE EMPLOYED IN THE WORK, BUYER WILL NOT HOLD CORPRO RESPONSIBLE FOR ANY LOSS, DAMAGE OR INJURY CAUSED BY ANY FAULT OR NEGLIGENCE OF SUCH OTHER CONSULTANTS OR CONTRACTORS FOR RECOVERY FROM THEM, OR ANY OF THEM, FOR ANY SUCH DAMAGE OR INJURY.

18. Insurance. Corpro shall maintain the following insurance policies and limits: commercial general liability insurance with limits of \$2,000,000 per occurrence/\$4,000,000 per-project aggregate, automobile liability with combined single limits of \$2,000,000 per occurrence, workers' compensation/employer's liability with limits of \$1,000,000/\$1,000,000/\$1,000,000, contractor's pollution liability with \$5,000,000 per pollution event and professional liability with \$5,000,000 limits. Such insurance shall be subject to the coverage provisions, limitations of liability, and other terms and conditions contained in the applicable policies. Customer Group shall be named as additional insured under all policies except for worker's compensation and professional liability. Customer shall be granted waiver of subrogation rights under all policies. Upon written request Corpro will provide to Customer a certificate evidencing such insurance.

19. Limitation of Liability. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, CONTRACTOR AGREES THAT ANY RECOURSE AGAINST SUBCONTRACTOR UNDER THIS AGREEMENT OR RELATED TO SUBCONTRACTOR'S WORK HEREUNDER, INCLUDING BUT NOT LIMITED ANY INDEMNITY OR WARRANTY OBLIGATIONS, SHALL BE STRICTLY LIMITED TO THE AMOUNT PAID TO SUBCONTRACTOR UNDER THIS AGREEMENT. IN NO EVENT SHALL CORPRO OR ITS AFFILIATES BE LIABLE TO BUYER, ITS AFFILIATES, SUCCESSORS, ASSIGNS, VENDEES OR TRANSFEREES, OR TO ANY THIRD PARTY, FOR ANY ECONOMIC LOSS, LOST PROFITS OR BUSINESS OPPORTUNITIES, PHYSICAL HARM, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES, EVEN IF CORPRO HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, ARISING OUT OF, RESULTING FROM OR RELATING IN ANY WAY TO THIS AGREEMENT OR ACTS OR OMISSIONS OF CORPRO IN CONNECTION THEREWITH.

20. Governing Law; Dispute Resolution. The validity, construction and interpretation of this Agreement shall be governed by the laws of the State of Texas (USA), excluding any conflicts of laws principles which would direct application of the substantive law of another jurisdiction. Any and all disputes, claims or controversies arising out of or relating to this Agreement, or the breach thereof, shall be finally settled in the district court for the Southern District of Texas or the Harris County District Court, both located in Houston, Texas. Each party agrees to personal jurisdiction in these courts. In any litigation proceeding pursuant to this Agreement, the prevailing party shall recover from the other party all reasonable attorneys' fees, and other expenses in connection with such proceeding. Neither the UNCITRAL Convention on Agreements for the International Sale of Goods nor UNIDROIT Principles of International Commercial Contracts (last version published as of the date of this Agreement) shall apply to the validity, construction and performance of this Agreement.

21. Export Compliance. Corpro's products, programs, and services are subject to U.S. export laws, rules, treaties, regulations, and international agreements (collectively, "Export Laws"). Buyer assumes the responsibility of abiding by the Export Laws along with applicable foreign laws when transferring, selling, importing, exporting, re-exporting, deemed exporting, diverting, or otherwise disposing of Goods or Services. By purchasing the Goods and/or

07/2016

Services, Buyer represents it is not in a sanctioned country nor is Buyer an individual or an entity whose purchase of the Goods or Services is restricted by the Export Laws.

22. Order of Precedence; Notice. If there is a conflict between the contract documents included in this Agreement, unless specified otherwise, the terms of the documents will control in the following order: (a) master or other written agreement between Corpro and Buyer signed by an authorized representative of Corpro prior to the date of the Sales Document; (b) terms stated on the face of the Sales Document; (c) these T&Cs; and (e) any other contract documents. All notices and communications required by this Agreement shall be delivered, in writing, to the Corpro address stated on the Sales Document.

23. Interpretation. Corpro and Buyer acknowledge this Agreement, including the Sales Document, these T&Cs, and the other contract documents, represents the entire agreement and understanding between the parties, incorporating all prior negotiations and understandings relating to the subject matter of this Agreement, whether written or oral. This Agreement shall be construed neither against nor in favor of either party, but shall be construed in a neutral manner. The failure of Corpro to insist on strict performance of this Agreement shall not constitute a waiver of, or estoppel against, asserting the right to require such performance in the future, nor shall a waiver or estoppel in any one instance constitute a waiver or estoppel with respect to a later breach of a similar nature or otherwise. All rights and remedies under this Agreement are cumulative and are in addition to any other rights and remedies Corpro may have at law or in equity. Unless the context of this Agreement clearly requires otherwise, "including" is not limiting and "or" has the inclusive meaning represented by the phrase "and/or." If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby. The section headings are for convenience only; they form no part of the terms and conditions and shall not affect their interpretation. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and assigns; however, Buyer may not assign this Agreement without the prior written consent of Corpro.

- This should be
deleted according
to B.F.

- This is probably
OK according to
B.F.

Schedule of Rates & Services

Corrosion Engineering Services

Effective January 1, 2019 to December 31, 2019

Notes:

1. The above hourly rates include salary, payroll burdens, other overheads and fee. These rates do not include state or local gross receipts, sales, use or other forms of special business or occupation taxes not generally levied by most states. Costs associated with such taxes will be charged at actual cost.
2. Above rates are valid through December 31, 2019 after which they are subject to an annual adjustment based on inflation and changes in the labor market.
3. Overtime approved by the client will be charged at a rate of 1.5 times the regular hourly rate for non-exempt employees for time worked over 40 hours per week, weekends and holidays. Exempt employees will be charged at the hourly rate for all hours worked.
4. Travel time shall be invoiced portal to portal at the above rates.
5. Payment of invoices is due and payable within thirty (30) days of receipt of invoice. Invoices not paid within 45 days are subject to a 1.5% per month interest charge.
6. Corrosion Engineering software will be charged at the below rates in addition to the Personnel Hourly Rate as shown in the Table on Page 1.

Software	Hourly Rate
<ul style="list-style-type: none"> • 102001 - PRCI – AC Predictive and Mitigation Techniques • 102003 - Cathodic Protection Data Management/Pipeline Compliance (CPDM/PCS) Database System • 102004 - RSTRENG/Technical Tool Box • 102005 - SES – Right-of-Way Pro (AC and DC Mitigation Modeling) • 102006 – SES – Multi-Fields (DC Attenuation Modeling) 	<p>\$10/Each</p> <p>\$50/Each</p>

7. Soil Testing and Laboratory Rates will be charged at the below rates:

Soil Testing and Laboratory Rates	Per Sample Rate
Soil Sample Testing (Test Series – 102101):	
<ul style="list-style-type: none"> • pH – ASTM G-51 • Chloride Content – ASTM D-512 • Sulfate Content – ASTM D-516 • Resistivity – ASTM G-57 • Redox – AWWA C-105 	\$160/Series
Microbiological Influenced Testing (Kit – 102102):	
<ul style="list-style-type: none"> • Aerobic Acid Producing Bacteria (5 bottle-green) • Anaerobic Acid Producing Bacteria (5 bottle-blue) • General Anaerobic Bacteria (5 bottle-gold) • Sulfate-reducing Bacteria (5 bottle-silver) 	\$100/Kit

Schedule of Rates & Services

Corrosion Engineering Services

Effective January 1, 2019 to December 31, 2019

Note: unless superseded by a controlled "chain-of-custody" or "custody-of-transfer" process, test specimen(s), (e.g. pipe or soil samples), will be disposed of ten (10) calendar days after testing and assessment completion. Client must provide prior notification if the sample is required to be returned or held.

8. Equipment rates for field corrosion measurement and data acquisition will be charged in addition to above rates for personnel.

Equipment	Daily Rate
Standard Field Equipment Bundle (102201): Multi-meter, reference electrode, basic hand tools, wire reels, test leads, clips and shunts.	\$15/Bundle
<ul style="list-style-type: none"> • 102202 - Coating Holiday Detector Low Voltage • 102203 - Digital Data Logging Equipment • 102204 - Pipeline Locator with Depth Discrimination • 102205 - Personnel Gas Monitoring (Safety) Equipment • 102206 - Ultrasound (conventional handheld) • Handheld Data Collector (Allegro/MC Miller or equivalent) • 102301 - Geo-Position Synchronous Interrupter • 102302 - Portable Power Supply • 102203 - Dye Penetrant Test Equipment • 102401 - Coating Holiday Detector High Voltage • 102402 - Direct Assessment Dig Kit • 102403 - Pipeline Current Mapping (PCM) with A-Frame • 102501 - Trimble Pro XRS-GPS Pathfinder or equivalent • 102502 - Ultrasound (B-Scan Graphical) • 102503 - SwitchMode 50V-50A Portable Test Rectifier • 102601 - Methane /Propane Leak Detection Equipment • 102602 - Seikowave 3D Wall Loss Scanner/Software • 102603 - AG1 - MiniSting R1 - Electrical Resistivity Meter • 102604 - RD, Stray Current Mapper Kit 	<p>\$15/Each</p> <p>\$30/Each</p> <p>\$50/Each</p> <p>\$60/Each</p> <p>\$75/Each</p>

9. Please contact COMPANY for additional information or to establish project specific rates negotiated outside the scope of this document.

Reimbursable Expenses

Reimbursable Expenses are in addition to compensation for basic and additional services and include those expenses incurred by COMPANY in the interest of the project, as identified by the following clauses:

1. **Automobile Mileage** - Automobile mileage shall be reimbursed at the standard IRS rate for actual miles traveled in the performance of services. Automobile reimbursement will be adjusted in accordance with IRS guidelines.
2. **Reproduction Services** which includes duplicating and plotting, will be charged at the rates shown below:

January 16, 2020

South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
Attention: Ms. Carola G. Serrato
Executive Director

*This is updated
quote, Cost increase.*

Reference: Proposal 2019-P191330 Interrupted Close Interval Survey of Contract 1

Dear Ms. Serrato

*Terms & Conditions
are the same.*

Project Summary

South Texas Water Authority requests a proposal from EN Engineering (ENE) to conduct an Interrupted Close Interval Survey (CIS) on approximately ten (10) miles of the 42-inch Water Transmission Pipeline Contract 1. Contract No. 1 – Pipe Manufactured by Gifford Hill America (GHA), Inc. The total length of the alignment is approximately 51,272 linear feet (LF). The alignment spans from Sage Road at the STWA Pump Station and storage facilities, STA 0+00, northeast to just north of County Road 16 along US Hwy 77, STA 523+00.

Description of Work

The following items are requested.

1. Perform Interrupted Close Interval Survey (CIS)
2. Summarize and Prepare Survey Reports

Execution Plan

1. STWA will provided data requested by ENE including but not limited to CP facility locations, historical CIS data, Maps and alignment sheets, etc.
 - a. ENE will be provided requested information at least two (2) week prior to beginning surveys to allow for proper review and preparation.
2. STWA will obtain all required permits and make appropriate one call and landowner notifications.
3. STWA will coordinate Traffic Control if necessary
4. ENE will deploy a three (3) person crew to the location to perform the requested surveys.
 - a. Equipment to include:
 - i. CIS survey equipment
 - ii. GPS
 - iii. Locator
 - iv. Basic CP tools

- v. Two (2) Current Interrupters
- 5. Upon arrival the ENE crew will:
 - a. Review and become familiar with the line segment
 - i. Work with STWA on any specific safety or field requirements
 - b. Install interrupters in the two rectifiers and verify interruption.
 - c. Interrupted Close Interval Survey (CIS):
 - i. During the CIS survey, ENE will collect GPS readings.
 - ii. GPS readings will be collected at all above grade features and approximately 100' intervals such as;
 - 1. Valves
 - 2. Test stations
 - 3. Bends
 - 4. Fences, road crossings, creek crossings etc.
 - iii. Close-interval survey readings will typically be obtained at a maximum of five (5) foot intervals, and as close to the top of pipe as possible. If off-set readings are required, then area of survey will be noted in the data.
- 6. Deliverables:
 - a. ENE will provide written documentation including:
 - i. Survey Data
 - a. Data will be tabulated in excel format.
 - b. Data will be tabulated in graphical format.
 - ii. Survey Reports including:
 - a. Weather conditions under which the surveys were conducted.
 - b. Finding, observations and recommendations

Project Schedule

Work will commence on a date that is mutually agreeable between STWA and ENE. Currently that schedule is for March, April 2020. The duration of field work is expected to be one week.

Project Pricing

ENE proposes to perform the On CIS activities on a **T&M NTE** basis.

ENE's **NTE** cost for this work is as follows:

Project Management	\$ 405.00
Mob/Demob	\$ 2,024.00

Contract 1 Interrupted CIS	\$ 6,412.00
Data analysis & Report	\$ 8,158.00
Expenses (travel & equipment)	\$ 3,500.00
Total NTE	\$20,499.00

Increase of
\$ 3799⁰⁰

T&M Rates are per the attached ENE 2020 Rate Sheet (Attached)

Project cost estimate is subject to change if any of the listed project assumptions change. ENE will provide a written change order for any change in scope or cost assumption. This change order document will:

- need to be approved by the Client and returned to ENE prior to proceeding with the scope change in work; or
- The Client will provide an additional purchase order to cover the identified scope change and costs prior to ENE proceeding with the work.

Project Work will be scheduled upon the receipt of a signed Purchase Order/Contract referencing this proposal.

Proposal Clarifications

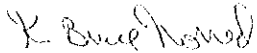
1. Any work or services performed under this proposal will be performed by ENE under the terms and conditions of a mutually agreeable contract between STWA and EN Engineering that includes the clarifications and/or revisions in this proposal. All sections and portions of this proposal are an integral part of this proposal.
2. This proposal is based upon the project description and scope specifically described in this proposal.
3. ENE personnel will be instructed on any specific safety issues including appropriate clothing and PPE equipment necessary to complete this project to meet client requirements.
4. ENE qualifies our employees using the NCCER (National Center for Construction Education and Research) program as developed by the API (American Petroleum Institute) and tracks employee qualifications in ISNetworld. If necessary, company-specific qualification training can be provided prior to project start.
5. Project proposal assumes:
 - a. STWA will perform all landowner notifications and obtain required landowner permissions.
 - b. STWA is responsible for obtaining Permits.
 - c. 10 hour work days for the survey crew.
 - d. Surveys may be performed on Saturdays and Sundays.
 - e. Pipelines and associated equipment will be operating under normal operating conditions at the time of survey. ENE will not perform field verification of the

effective operation of electrical isolation devices, test stations, rectifiers, remote interrupters, etc. ENE will not perform troubleshooting of equipment or the interruption plan, repair, or replacement of any pipeline or corrosion equipment associated with the execution of the survey.

- f. The right-of-way is clear and passable for any field activities.
 - i. ENE will not provide for any clearing of the right of way, or coordination for the same.
 - ii. ENE assumes that lumber, materials, construction equipment, vehicles, or other obstacles will be removed from the survey path prior to commencing the surveys.
 - iii. The ROW is conducive to electrical CP surveys and is traversable
 - iv. No drilling of paved surfaces is required.
 - g. Survey progress is not impeded by landowners/tenants, or other parties.
 - h. ENE is granted timely access to STWA and foreign facilities (including fenced facilities and rectifier and bond locations).
 - i. If vegetation is present, the vegetation will be moved so the reference electrode will be in direct contact with the soil or the reference electrode will be pushed through the vegetation in order for the reference electrode to be in direct contact with the soil. ENE will not excavate, physically relocate, transplant, or remove any vegetation as part the survey.
 - j. Costs associated with the need for any railroad permitting, coordination, personnel needs, such as flagmen, or other railroad specific costs, are not included in this proposal.
 - k. Surveys will not be performed across major rivers, railroads or Tollways. If these areas are required to be surveyed, the costs associated with the work will be billed at T&M rates.
6. Use of GPS equipment or GPS systems involves the risk of loss of satellite signal or coverage in certain areas or at certain times. A strong and/or usable signal is required for obtaining accurate and usable GPS coordinate information. Satellite coverage, availability, or outages are beyond the control of ENE; therefore in the event that a satellite signal or service cannot be obtained, ENE will continue the survey without the GPS information.
7. Face-to-face meetings to review reports, data, etc. are not included in project pricing.
8. ENE reserves the right to inform STWA if Difficult or Very Difficult Terrain is encountered in the course of the survey work that impacts the expected survey productivity.

I wish to thank you for the opportunity to provide this proposal. If you have any questions, please call me at 346.772.2092

Sincerely,



K. Bruce Norred
Project Manager

Attachment:

- 2020 Corrosion Rate Schedule ENE

Schedule of Rates & Services

Integrity, Corrosion and Consulting Services
Effective January 1, 2020 to December 31, 2020

Personnel or Service Description	Hourly Rate
Principal Consultant	\$235
Chief Metallurgist/Principal Metallurgical Consultant	\$235
Sr. Project Manager/Sr. Technical Consultant	\$195
Project Manager/Sr. Technical Lead	\$170
Technical Lead	\$160
Consulting Engineer/Specialist III	\$150
Sr. Corrosion Engineer	\$142
Consulting Engineer/Specialist II	\$142
Corrosion Engineer	\$132
Consulting Engineer/Specialist I	\$121
Associate Consulting Engineer/Specialist III	\$112
Associate Consulting Engineer/Specialist II	\$102
Associate Corrosion Engineer	\$102
Sr. Corrosion Technician	\$93
Associate Consulting Engineer/Specialist I	\$90
Corrosion Technician	\$80
GIS and Data Services	
Analytical Solution Analyst	\$138
Analytical Solution Developer	\$128
Sr. Data/GIS Analyst	\$103
Data/GIS Analyst	\$93
Sr. Data/GIS Technician	\$78
Data/GIS Technician	\$63
Data/GIS Associate	\$51
Support Services	
Project Controls Engineer	\$115
Designer	\$88
Drafter/Sr. Drafter	\$77
Project Assistant/Administrative Assistant/Project Controls Specialist	\$65

Schedule of Rates & Services

Integrity, Corrosion and Consulting Services

Effective January 1, 2020 to December 31, 2020

Notes:

1. The above hourly rates include salary, payroll burdens, other overheads and fee. These rates do not include state or local gross receipts, sales, use or other forms of special business or occupation taxes not generally levied by most states. Costs associated with such taxes will be charged at actual cost.
2. Above rates are valid through December 31, 2020 after which they are subject to an annual adjustment based on inflation and changes in the labor market.
3. Overtime approved by the client will be charged at a rate of 1.5 times the regular hourly rate for non-exempt employees (senior drafter, drafter, senior administrative assistant, and administrative assistant) for time worked over 40 hours per week, weekends and holidays. Exempt employees will be charged at the hourly rate for all hours worked.
4. Travel time shall be invoiced portal to portal at the above rates.
5. An invoice will be submitted at the end of each month based on the work completed that month. Payment for the amount invoiced is due and payable within thirty (30) days following receipt of EN Engineering invoice. Invoices not paid within 45 days are subject to a 1.5% per month interest charge.
6. EN Engineering (ENE) reserves the right to charge a flat rate of \$96.00/hour to complete and/or provide operator qualification and/or safety plan and drug compliance documentation for programs that are outside of those currently subscribed to by ENE.
7. Please contact EN Engineering for additional information or to establish project specific rates negotiated outside of scope of this document.
8. Computer drafting work will be charged at the above rates for the operator plus an hourly rate for the equipment of \$15.00 per hour.
9. Software will be charged at the below rates in addition to above rates for personnel:

Modified {

Added {

Prev #9

Added

Software	Hourly Rate
<ul style="list-style-type: none"> • PRCI – AC Predictive and Mitigation Techniques • Cathodic Protection Data Management/Pipeline Compliance (CPDM/PCS) Database System • RSTRENG/Technical Tool Box 	\$10/Each
<ul style="list-style-type: none"> • Pipe Stress Analysis – Caesar II • Hydraulic /Surge Modeling (Synergi, Pipe Flow, Natasha, HYSYS, AFT) • Electrical Analysis Software (ETap, EZ Power or SKM) • Aspen Suite (Process Simulation HYSIS and other modules) 	\$30/Each
<ul style="list-style-type: none"> • SES – Right-of-Way Pro (AC and DC Mitigation Modeling) • SES – Multi-Fields (DC Attenuation Modeling) 	\$50/Each

Expanded

Prev #8

10. Equipment rates for field corrosion measurement and data acquisition will be charged in addition to above rates for personnel.

Schedule of Rates & Services

Integrity, Corrosion and Consulting Services
 Effective January 1, 2020 to December 31, 2020

Equipment	Daily Rate
Standard Field Equipment Bundle (102201):	
Multi-meter, reference electrode, basic hand tools, wire reels, test leads, clips and shunts.	\$15/Bundle
<ul style="list-style-type: none"> • 102202 - Coating Holiday Detector Low Voltage • 102203 - Digital Data Logging Equipment • 102204 - Pipeline Locator with Depth Discrimination • 102205 - Personnel Gas Monitoring (Safety) Equipment • 102206 - Ultrasound (conventional handheld) • Handheld Data Collector (Allegro/MC Miller or equivalent) 	\$15/Each
<ul style="list-style-type: none"> • 102301 - Geo-Position Synchronous Interrupter • 102302 - Portable Power Supply • 102203 - Dye Penetrant Test Equipment 	\$30/Each
<ul style="list-style-type: none"> • 102401 - Coating Holiday Detector High Voltage • 102402 - Direct Assessment Dig Kit • 102403 - Pipeline Current Mapping (PCM) with A-Frame 	\$50/Each
<ul style="list-style-type: none"> • 102501 - Trimble Pro XRS-GPS Pathfinder or equivalent • 102502 - Ultrasound (B-Scan Graphical) • 102503 - SwitchMode 50V-50A Portable Test Rectifier 	\$60/Each
<ul style="list-style-type: none"> • 102601 - Methane /Propane Leak Detection Equipment • 102602 - Seikowave 3D Wall Loss Scanner/Software • 102603 - AG1 - MiniSting R1 - Electrical Resistivity Meter • 102604 - RD, Stray Current Mapper Kit 	\$75/Each

11. Soil Testing and Laboratory Rates will be charged at the below rates:

Prev #7

Soil Testing and Laboratory Rates	Per Sample Rate
Soil Sample Testing (Test Series - 102101):	
<ul style="list-style-type: none"> • pH - ASTM G-51 • Chloride Content - ASTM D-512 • Sulfate Content - ASTM D-516 • Resistivity - ASTM G-57 • Redox - AWWA C-105 	\$160/Series
Microbiological Influenced Testing (Kit - 102102):	
<ul style="list-style-type: none"> • Aerobic Acid Producing Bacteria (5 bottle-green) • Anaerobic Acid Producing Bacteria (5 bottle-blue) • General Anaerobic Bacteria (5 bottle-gold) • Sulfate-reducing Bacteria (5 bottle-silver) 	\$100/Kit

Note: unless superseded by a controlled "chain-of-custody" or "custody-of-transfer" process, test specimen(s), (e.g. pipe or soil samples), will be disposed of ten (10) calendar days after testing and assessment completion. Client must provide prior notification if the sample is required to be returned or held.

Reimbursable Expenses

Reimbursable Expenses are in addition to compensation for basic and additional services and include those expenses incurred by COMPANY in the interest of the project, as identified by the following clauses:

Schedule of Rates & Services

Integrity, Corrosion and Consulting Services

Effective January 1, 2020 to December 31, 2020

1. **Automobile Mileage** - Automobile mileage shall be reimbursed at the standard IRS rate for actual miles traveled in the performance of services. Automobile reimbursement will be adjusted in accordance with IRS guidelines.

Added

2. **Expenses of Additional Insurance** coverage limits, including professional liability insurance, requested by Company in excess of that normally carried by EN Engineering or EN Engineering's consultants.
3. **Reproduction Services** which includes duplicating and plotting, will be charged at the rates shown below:

Reproduction Services	Color	B&W
Plotting (Per ft ²)	1.00	0.20
Duplicating 8½x11 /ea.	0.40	0.10
Duplicating 11x17 /ea.	0.80	0.20
Third-party services	Cost plus 10%	Cost plus 10%

4. **Direct costs** incurred in performing the engineering services will be charged at actual cost. Such direct costs include but are not limited to the following:

modified
prev. a & b

- a. Expenses in connection with authorized out-of-town travel charge shall include but not be limited to: airfares, automobile rental, lodging, meals, taxi fares, public transportation and parking.
- b. Expense of postage, courier and messenger services, and handling drawings, specifications and other documents, in connection with the project.
- c. Expenses of maps, records, abstract fees, permit fees, supplies etc.

added

- d. Personal Protective Equipment (PPE) or other safety equipment that is specified as required by the company.

5. **Indirect costs** incurred related to the performing the engineering services will be charged at actual cost plus 10%. Such indirect costs shall include but not be limited to the following:

- a. Expenses for special services or supplies applicable to the project, such as outside technical consultants, outside laboratory expenses, and other identifiable costs.
- b. Expenses to provide services supplied by a subcontractor or third party consultant such as field survey services, environmental permitting services, land and right-of-way acquisition services, construction inspection services using a third party subcontractor, or third party geotechnical services.
- c. Expenses for special equipment that includes, but is not limited to: computer time rental, computer software and hardware, reference materials, tools, testing equipment, cameras, video gear, etc. which has been authorized by client for rental, lease, or purchase authorized by client for rental, lease, or purchase.

May 30, 2019

South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
Attention: Ms. Carola G. Serrato
Executive Director

This is original quote -
now updated.

Reference: Proposal 2019-P191330 Interrupted Close Interval Survey of Contract 1

Dear Ms. Serrato

In reference to the above proposal I would like to clarify with you as to why this is being delivered as EN Engineering LLC and not as Russell Corrosion Consultants, LLC.

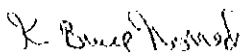
- In February 2014 – EN Engineering, LLC (ENE), successfully acquired Russell Corrosion Consultants, LLC (RCC) and to this day continues to be a wholly owned entity of EN Engineering.
 - Richard Grant, the former owner, continued to operate this entity (RCC) until roughly September 2016 at which time David Schramm assumed responsibility for the business unit. Jenny Hudson is now responsible for the Corrosion Control business unit.
- Russell Corrosion Consultants, LLC continues to be registered as an engineering firm in Texas. EN Engineering, LLC, is registered in all fifty (50) States and we are beginning to consolidate Clients and projects, formally under RCC, under EN Engineering, LLC where the opportunity presents itself.

It is our hope that, with the proposal for 2019 Interrupted Close Interval Survey of Contract 1, we could initiate dialog with you towards this purpose.

We understand that this may require some additional information from ENE to STWA to get projects moved over, so please don't hesitate to let us know what is required.

If you have any questions, please let us know because we are here to serve you.

Sincerely,



K. Bruce Norred
Project Manager
346.772.2092 (O)
307.389.7479 (C)
bnorred@enengineering.com

May 30, 2019

South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364
Attention: Ms. Carola G. Serrato
Executive Director

Reference: Proposal 2019-P191330 Interrupted Close Interval Survey of Contract 1

Dear. Ms. Serrato

Project Summary

South Texas Water Authority requests a proposal from EN Engineering (ENE) to conduct an Interrupted Close Interval Survey (CIS) on approximately ten (10) miles of the 42-inch Water Transmission Pipeline Contract 1. Contract No. 1 – Pipe Manufactured by Gifford Hill America (GHA), Inc. The total length of the alignment is approximately 51,272 linear feet (LF). The alignment spans from Sage Road at the STWA Pump Station and storage facilities, STA 0+00, northeast to just north of County Road 16 along US Hwy 77, STA 523+00.

Description of Work

The following items are requested.

1. Perform Interrupted Close Interval Survey (CIS)
2. Summarize and Prepare Survey Reports

Execution Plan

1. STWA will provided data requested by ENE including but not limited to CP facility locations, historical CIS data, Maps and alignment sheets, etc.
 - a. ENE will be provided requested information at least two (2) week prior to beginning surveys to allow for proper review and preparation.
2. STWA will obtain all required permits and make appropriate one call and landowner notifications.
3. STWA will coordinate Traffic Control if necessary
4. ENE will deploy a two (2) person crew to the location to perform the requested surveys.
 - a. Equipment to include:
 - i. CIS survey equipment
 - ii. GPS
 - iii. Locator
 - iv. Basic CP tools

- v. Two (2) Current Interrupters
- 5. Upon arrival the ENE crew will:
 - a. Review and become familiar with the line segment
 - i. Work with STWA on any specific safety or field requirements
 - b. Install interrupters in the two rectifiers and verify interruption.
 - c. Interrupted Close Interval Survey (CIS):
 - i. During the CIS survey, ENE will collect GPS readings.
 - ii. GPS readings will be collected at above grade features and approximately 100' intervals
 - iii. Close-interval survey readings will typically be obtained at a maximum of five (5) foot intervals.
- 6. Deliverables:
 - a. ENE will provide written documentation including:
 - i. Survey Data
 - a. Data will be tabulated in excel format.
 - b. Data will be tabulated in graphical format.
 - ii. Survey Reports including:
 - a. Weather conditions under which the surveys were conducted.
 - b. Finding, observations and recommendations

Project Schedule

Work will commence on a date that is mutually agreeable between STWA and ENE. Currently that schedule is for November or December 2019. The duration of field work is expected to be less than one week.

Project Pricing

ENE proposes to perform the On CIS activities on a **T&M NTE** basis.

ENE's **NTE** cost for this work is as follows:

Project Management	\$ 400.00
Mob/Demob	\$ 1,400.00
Contract 1 Interrupted CIS	\$ 3,000.00
Data analysis & Report	\$ 9,400.00
Expenses (travel & equipment)	\$ 2,500.00
Total NTE	\$16,700.00

Cost is
now
\$20,499.00

T&M Rates are per the attached ENE 2019 Rate Sheet (Attached)

Project cost estimate is subject to change if any of the listed project assumptions change. ENE will provide a written change order for any change in scope or cost assumption. This change order document will:

- need to be approved by the Client and returned to ENE prior to proceeding with the scope change in work; or
- The Client will provide an additional purchase order to cover the identified scope change and costs prior to ENE proceeding with the work.

Project Work will be scheduled upon the receipt of a signed Purchase Order/Contract referencing this proposal.

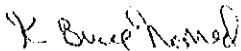
Proposal Clarifications

1. Any work or services performed under this proposal will be performed by ENE under the terms and conditions of a mutually agreeable contract between STWA and EN Engineering that includes the clarifications and/or revisions in this proposal. All sections and portions of this proposal are an integral part of this proposal.
2. This proposal is based upon the project description and scope specifically described in this proposal.
3. ENE personnel will be instructed on any specific safety issues including appropriate clothing and PPE equipment necessary to complete this project to meet client requirements.
4. ENE qualifies our employees using the NCCER (National Center for Construction Education and Research) program as developed by the API (American Petroleum Institute) and tracks employee qualifications in ISNetworld. If necessary, company-specific qualification training can be provided prior to project start.
5. Project proposal assumes:
 - a. STWA will perform all landowner notifications and obtain required landowner permissions.
 - b. STWA is responsible for obtaining Permits.
 - c. 10 hour work days for the survey crew.
 - d. Surveys may be performed on Saturdays and Sundays.
 - e. Pipelines and associated equipment will be operating under normal operating conditions at the time of survey. ENE will not perform field verification of the effective operation of electrical isolation devices, test stations, rectifiers, remote interrupters, etc. ENE will not perform troubleshooting of equipment or the interruption plan, repair, or replacement of any pipeline or corrosion equipment associated with the execution of the survey.
 - f. The right-of-way is clear and passable for any field activities.
 - i. ENE will not provide for any clearing of the right of way, or coordination for the same.

- ii. ENE assumes that lumber, materials, construction equipment, vehicles, or other obstacles will be removed from the survey path prior to commencing the surveys.
 - iii. The ROW is conducive to electrical CP surveys and is traversable
 - iv. No drilling of paved surfaces is required.
 - g. Survey progress is not impeded by landowners/tenants, or other parties.
 - h. ENE is granted timely access to STWA and foreign facilities (including fenced facilities and rectifier and bond locations).
 - i. If vegetation is present, the vegetation will be moved so the reference electrode will be in direct contact with the soil or the reference electrode will be pushed through the vegetation in order for the reference electrode to be in direct contact with the soil. ENE will not excavate, physically relocate, transplant, or remove any vegetation as part the survey.
 - j. Costs associated with the need for any railroad permitting, coordination, personnel needs, such as flagmen, or other railroad specific costs, are not included in this proposal.
 - k. Surveys will not be performed across major rivers, railroads or Tollways. If these areas are required to be surveyed, the costs associated with the work will be billed at T&M rates.
6. Use of GPS equipment or GPS systems involves the risk of loss of satellite signal or coverage in certain areas or at certain times. A strong and/or usable signal is required for obtaining accurate and usable GPS coordinate information. Satellite coverage, availability, or outages are beyond the control of ENE; therefore in the event that a satellite signal or service cannot be obtained, ENE will continue the survey without the GPS information.
 7. Face-to-face meetings to review reports, data, etc. are not included in project pricing.
 8. ENE reserves the right to inform STWA if Difficult or Very Difficult Terrain is encountered in the course of the survey work that impacts the expected survey productivity.

I wish to thank you for the opportunity to provide this proposal. If you have any questions, please call me at 346.772.2092

Sincerely,



K. Bruce Norred
Project Manager

Attachment:

- 2019 Corrosion Rate Schedule ENE
- PL 102CO1_TermsConditions V1

Schedule of Rates & Services

Corrosion Engineering Services
Effective January 1, 2019 to December 31, 2019

Personnel or Service Description	Hourly Rate
Chief Metallurgist/Principal Metallurgical Consultant	\$ 225
Corrosion Practice Area Lead	\$ 215
Corrosion Sr. Project Manager	\$ 178
Corrosion Project Manager	\$ 158
Corrosion Technical Lead	\$ 155
Sr. Corrosion Engineer / Sr. Project Engineer / Lead	\$ 138
Corrosion Engineer / Project Engineer / Lead	\$ 128
Associate Corrosion Engineer / Lead	\$ 100
Sr. Corrosion Technician	\$ 90
Corrosion Technician	\$ 77
GIS and Drafting Services	
GIS Specialist	\$111
Sr. GIS Analyst	\$100
GIS Analyst	\$ 90
Sr. GIS Technician	\$ 76
Corrosion Control Designer (CAD) / Sr. Drafter	\$ 75
GIS Technician	\$ 61
GIS Associate	\$ 49
Support Services	
Project Controls Specialist	\$ 75
Project Assistant/ Administrative Assistant	\$ 65

Schedule of Rates & Services

Corrosion Engineering Services
Effective January 1, 2019 to December 31, 2019

Reproduction Services	Color	B&W
Plotting (Per ft ²)	1.00	0.20
Duplicating 8½x11 /ea.	0.40	0.10
Duplicating 11x17 /ea.	0.80	0.20
Third-party services	Cost plus 10%	Cost plus 10%

3. **Direct costs** incurred in performing the engineering services will be charged at **actual cost**. Such direct costs include but are not limited to the following:
 - a. Expenses in connection with long distance communications, faxes, and cellular telephone charges associated with the project.
 - b. Expenses in connection with authorized out-of-town travel charge shall include but not be limited to: airfares, automobile rental, lodging, meals, taxi fares, public transportation and parking.
 - c. Expense of postage, courier and messenger services, and handling drawings, specifications and other documents, in connection with the project.
 - d. Expenses of maps, records, abstract fees, permit fees, supplies etc.
4. **Indirect costs** incurred related to the performing the engineering services will be charged at actual cost plus 10%. Such indirect costs shall include but not be limited to the following:
 - a. Expenses for special services or supplies applicable to the project, such as outside technical consultants, outside laboratory expenses, and other identifiable costs.
 - b. Expenses to provide services supplied by a subcontractor or third party consultant such as field survey services, environmental permitting services, land and right-of-way acquisition services, construction inspection services using a third party subcontractor, or third party geotechnical services.
 - c. Expenses for special equipment that includes, but is not limited to: computer time rental, computer software and hardware, reference materials, tools, testing equipment, cameras, video gear, etc. which has been authorized by client for rental, lease, or purchase.

EN Engineering, L.L.C.

TERMS AND CONDITIONS OF SERVICES (10/MAY/2017)

INSURANCE

B.F. note

1. These Terms and Conditions of Services are an integral part of the Proposal dated 05/30/2019 between EN Engineering, LLC ("ENE") and South Texas Water Authority (the "Client").
2. This Proposal is valid for thirty (30) days from the date set forth at the top of the Proposal. Upon execution of this Proposal by Client, Client shall be bound by the Proposal and all of these Terms and Conditions of Service (collectively the "Agreement"). Any additions, deletions, or changes to the Proposal or these Terms and Conditions of Services shall be in writing and executed by both parties.
 - (a) The services described in the Proposal constitute the Scope of Services that ENE agrees to provide to Client under this Agreement.
 - (b) Unless otherwise expressly agreed in the Proposal, the fees and charges for any task or project included within the Scope of Services (each, a "Project") are estimates only of the time and effort required to complete that Project.
 - (c) If, during ENE's performance of the Scope of Services, the Client requests, in writing, a change in the Scope of Services ("Change of Service"), such Change in Service and method of compensation shall be agreed to in writing prior to ENE being obligated to undertake such Change in Service. If ENE performs such Change in Service and this Subparagraph (c) has not been complied with, ENE shall be compensated at its then prevailing hourly rates.
 - (d) The Scope of Services is set forth in the Proposal. The Scope of Services shall not be altered without the written consent of both ENE and the Client. In the event that the parties consent to alter the Scope of Services, the fees and charges for the Scope of Services as set forth in this Agreement shall be adjusted in accordance with Subparagraph (c) of this Paragraph 3.
 - (e) ENE will be permitted by the Client to proceed with each Project included within the Scope of Services at such time as is contemplated in the Proposal without delay or interruption.
 - (f) To the extent reasonably required by ENE to perform the Scope of Services, the Client, at the Client's expense, shall provide full, complete and correct information, including a program of objectives, constraints and criteria, a legal description and current certified land survey of any property with respect to which the Scope of Services are performed, soil boring and other relevant test, inspections and reports.
3. ENE may suggest that consultants, such as surveyors, soils engineers, environmental engineers or acoustical engineers be utilized. If so, their services agreement shall be with the Client and they shall be paid by the Client even if EN Engineering, as Client's agent, procures their services on behalf of the Client.
4. If required under the Proposal, ENE shall visit work sites to become generally familiar with the progress and quality of work being performed on behalf of Client by contractors retained by Client (each a "Contractor") and to determine, in general, if the work is proceeding in accordance with any plans, drawings and specifications that were prepared by ENE as a part of the Scope of Services ("Drawings and Specifications"). ENE shall not be required to make exhaustive or continuous checks of the quality or quantity of such work. ENE shall in no event have control or charge of any such work and shall not be responsible or liable to Client for construction means, methods, techniques, sequences or procedures, or for safety precautions or the acts or omissions of Contractors or any other persons performing work or for their failure to perform.
 5. If required under the Proposal, ENE shall review Contractor's submittals. Review of submittals, however, is not for the purpose of determining the accuracy and completeness of details, for ascertaining the correctness of calculations, for determining the appropriateness of quantities, for determining the appropriateness of the means, methods or procedures to be utilized or to ascertain the performance of equipment or systems, all of which remain the exclusive responsibility of the Contractor.
 6. ENE shall not be responsible for the verification of subsurface conditions or for the condition of existing structures.
 7. Estimates of probable construction cost prepared by ENE represent its best judgment as a design professional and are supplied for the general guidance of the Client. ENE does not guarantee, warrant or represent that any such estimates will not vary from a Contractor's bids or actual costs to the Client.
 8. The standard of care for all services furnished by ENE under this Agreement will be the care and skill ordinarily used by members of ENE's profession practicing under similar circumstances at the same time and in the same locality. ENE MAKES NO WARRANTIES, EXPRESS OR IMPLIED, UNDER THIS AGREEMENT OR OTHERWISE, IN CONNECTION WITH ENE'S SCOPE OF SERVICES INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR OTHERWISE.
 - (a) ENE's Drawings and Specifications shall conform to all laws, regulations, codes and ordinances ("Laws") as such requirements are interpreted by governmental authorities at the time ENE submits the Drawings and Specifications for permit review, but ENE shall not be responsible for preparing Drawings and Specifications conforming to Laws relating to the investigation, detection, abatement, replacement, discharge, installation or removal of asbestos or any other toxic or hazardous material.
 - (b) Neither ENE nor Client shall be liable to the other or their contractors and consultants for any special, indirect or consequential damages of any nature.
 - (c) Notwithstanding any provision of this Agreement to the contrary, the Client may recover from ENE on account of any negligent act, error or omission on the part of, or breach of any implied or express terms of this Agreement by, ENE, its agents, officers, members, partners, employees, directors, consultants, or independent contractors (the "Covered Entities") which arise or is in any way related to any services performed hereunder on any Project, only that amount equal to the total compensation payable to ENE under the Agreement for services on such Project.
 - (d) In no event shall the Covered Entities be liable in an amount greater than such total compensation payable to ENE under the Agreement for services on such Project for any type of damages or costs that are or could be awarded to the Client by any court.

Since no language on insurance - can't agree to these. Would need to negotiate to agree on accepting amount based on limits of insurance.

Same as
Corpro
&
Statutory
Provisions
Would
need to
discuss,

10. ENE shall, as soon as possible after the end of each month, deliver to Client a separate, month-end invoice ("Invoice") showing the amount due from Client for the Services performed by ENE under this Agreement and expenses incurred by ENE in furtherance of this Agreement that are reimbursable pursuant to the terms of this Agreement ("Reimbursable Expenses"). Within thirty (30) calendar days after the date of ENE's Invoice, Client shall make payment to ENE. Invoices not paid within 45 of issue are subject to a 1.5% per month interest charge.

(a) Client's failure to question any invoice within six (6) months after such Invoice or sworn statement is transmitted to Client shall be conclusive evidence that such invoice is correct and that ENE is entitled to full payment for all sums set forth in such Invoice.

(b) If, through no fault of ENE, ENE's services are not completed within any time schedule for performance of such services set forth in this Agreement (each, a "Time for Performance") or if ENE's services are suspended one or more times for a total of three (3) months, any services performed after the applicable Time of Performance or after such suspension shall be considered a Change in Service.

(c) No deductions shall be made from ENE's compensation except where ENE is held legally liable.

11. Because, notwithstanding the exercise of due care and skill, no set of drawings and specifications are without omission or inconsistency, the Client agrees that ENE shall not be liable for an omission or inconsistency which causes an increase in the cost of construction to the extent that such costs would have been incurred had the inconsistency not existed or the omitted feature, system or equipment been a part of the contract of any Contractor performing work.

12. ENE, its principals, employees, agents or consultants shall perform no services relating to the investigation, detection, abatement, replacement, discharge, or removal of any toxic or hazardous contaminants or materials ("Hazardous Materials"). The Client acknowledges that ENE has no professional liability (errors and omissions) or other insurance for claims arising out of the performance or failure to perform professional services related to the investigation, detection, abatement, replacement, discharge or removal of products, materials or processes containing asbestos or any other Hazardous Materials. Accordingly, the Client hereby agrees to bring no claim for negligence, breach of contract, contribution, indemnity or any other claim against ENE, its principals, employees, agents and consultants for losses, costs, expenses or damages which the Client may incur arising from the existence of Hazardous Materials at any work site.

(a) This Agreement may be terminated by either party upon seven (7) days written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating termination.

(b) Either party shall have the right to terminate this Agreement for convenience upon thirty (30) days written notice to the other party.

(c) In the event this Agreement is terminated, ENE shall be compensated for all services performed to the termination date, including reimbursable expenses and other costs directly attributable to the termination but for which ENE is not otherwise compensated.

14. Any delays in or failure of performance by Client (other than payment of monetary obligations) or ENE shall not constitute default hereunder if, and to the extent, such delays or failures of performance are caused by occurrences beyond the control of Client or ENE.

15. In the event any provision of this Agreement is held to be invalid and unenforceable, the remaining provisions shall be valid and binding upon the parties. One or more waivers by either party of any provision, term, condition or covenant of this Agreement shall not be construed by the non-waiving party to be a waiver of such provision, term, condition or covenant in the event of a subsequent breach by the non-waiving party.

16. This Agreement shall be binding upon the parties and their respective successors, assigns and personal representatives. Neither party shall assign its interest in this Agreement without the written consent of the other.

17. This Agreement constitutes the entire integrated Agreement between the Client and ENE, and supersedes all prior negotiations, representations, or agreements, whether written or oral except as are specifically incorporated into this Agreement by reference in the Proposal. In the event of a conflict between any provision in these Terms and Conditions of Service and any other provision of this Agreement including without limitation any provisions of documents incorporated into this Agreement by reference, the provisions of these Terms and Conditions of Service shall be deemed to govern. This Agreement may not be amended except by written instrument signed by both the Client and ENE.

18. This Agreement shall be governed by the laws of the State of Illinois.

Acceptance of Terms and Conditions:

En Engineering, LLC

_____(Name)

_____(Signature)

_____(Title)

_____(Date)

South Texas Water Authority

_____(Name)

_____(Signature)

_____(Title)

_____(Date)

Would
need to
be
Texas.

ATTACHMENT 18

Property Tax Sale

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 21, 2020
Re: Tax Sale—Struck Off Properties, Nueces County

Background:

The last time the Board considered action on this type of matter was in June of 2018. South Texas Water Authority has once again been contacted by our delinquent tax attorney firm, Linebarger, Goggan, Blair, and Sampson, LLP (LGBS, LLP), about accepting offers on struck off properties for an amount less than the taxes owed. Enclosed is the letter from Marvin Leary, LGBS, LLP Area Manager, notifying STWA of those specific offers with details on each property.

Analysis:

As in the past, the highest bids will not recoup the outstanding taxes owed. However, the properties will be placed back on the tax rolls to begin generating tax revenue. As outlined in Mr. Leary's letter, STWA will be paid \$976.54 in taxes. A value based on the current assessment of \$182,490 will be placed on the rolls. At STWA's current tax rate, this would generate about \$150 in I&S and M&O taxes combined.

Staff Recommendation:

Approve the Resolution 20-03 for the sale of the eight (8) properties for an amount less than the taxes owed.

Board Action:

Determine whether to adopt Resolution 20-03.

Summarization:

As before, staff believes the long-term benefit of approving these sales outweighs the low initial tax payment with the hope that the new property owners will stay current on their tax payments and be good stewards through proper care of and improvements to these properties.

LINEBARGER GOGGAN BLAIR & SAMPSON, LLP

ATTORNEYS AT LAW

500 N. Shoreline Blvd.

Suite 1111 (78401-0357)

P. O. Box 2991

Corpus Christi, TX 78403-2991

(361) 888-6898

(361) 888-4405 - FAX

January 16, 2020

Mrs. Carola Serrato
Executive Director
South Texas Water Authority
Post Office Box 1701
Kingsville, Texas 78364-1701

Re: Consideration of offers made for Tax Resale properties

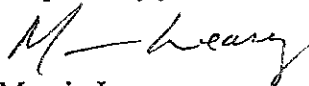
Dear Carola,

As you are aware, our firm represents the South Texas Water Authority in the collection of delinquent property taxes. As part of our overall effort to collect delinquent taxes for all our clients in Nueces County, we regularly post properties for tax sale on a monthly basis. At the sale, if nobody willing to offer the minimum opening bid amount, the property is "Struck Off" to the Nueces County taxing entities for the amount due against it. A Sheriff's Tax Deed is filed in the name of Nueces County, as Trustee for all of the taxing entities owed taxes on the property. We then continue to try to sell these struck off properties, and when we receive a purchase offer, we bring it forward to the taxing entities for their consideration and action, in accordance with the Texas Property Tax Code.

Enclosed please find bid analyses and maps on eight tax resale properties for which we have received purchase offers. We respectfully request that you place these offers on your Board of Directors agenda for consideration and action at their January meeting. If the Board approves the offers as submitted, STWA will receive at least \$976.54 in delinquent taxes from the sale proceeds, and restore as much as \$182,490.00 in taxable property value to your active tax rolls.

Your courtesy and cooperation in expediting this request is greatly appreciated. Should you have questions regarding any of the above, please contact me at your convenience.

Respectfully yours,



Marvin Leary
Area Manager

Enclosures: Bid analyses and map for 8 tax resale properties

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-1362-H; Nueces County vs Mary Vasquez
Tax ID# & Legal: 0696-0014-0110; Lot 11, Block 14, Bishop Original Townsite
Property Location: 108 E. Main St. - Bishop

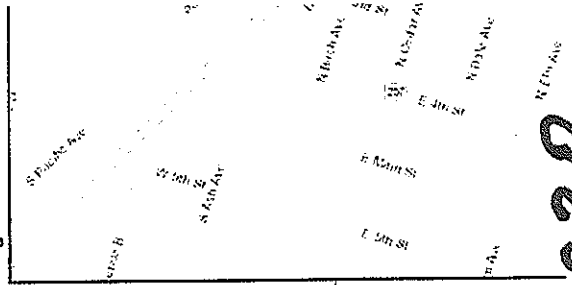
Date of Sale: February 3, 3015
Amount Due All Entities: 1,807.46
Amount of Offer: 2,500.00
Cost of Sale: 390.23
Current Value: 4,375.00
% of Total Due: 138.32%
% of Current Value: 57.14%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	351.81	410.65
City of Bishop	513.56	599.46
Bishop Consolidated Independent School District	901.27	1,052.01
South Texas Water Authority	40.82	47.65

A VACANT LOT, 25 FT X 165 FT, LOCATED ON MAIN ST. IN DOWNTOWN BISHOP.

THIS LOT IS NEXT DOOR TO KINGDOM LIFE CHURCH.

THE PROSPECTIVE PURCHASER IS KINGDOM LIFE CHURCH OF BISHOP.



2038



ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2013DCV-0840-G; Nueces County vs Augustine Alcantara
Tax ID# & Legal: 9377-0063-0180; Lot 18, Block 63, West End Addition to Bishop
Property Location: 608 W Third St. (Rear) - Bishop

Date of Sale: August 2, 2018
Amount Due All Entities: 19,399.86
Amount of Offer: 5,000.00
Cost of Sale: 2,071.50
Current Value: 13,701.00
% of Total Due: 25.77%
% of Current Value: 36.49%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	3,789.46	572.04
City of Bishop	5,393.68	814.20
Bishop Consolidated Independent School District	9,730.69	1,468.89
South Texas Water Authority	486.03	73.37

A DILAPIDATED HOUSE ON A 50 FOOT BY 75 FOOT LOT, FACING THE ALLEY BETWEEN W THIRD ST., AND W FOURTH ST. IN BISHOP.

HE HOUSE IS IN VERY POOR CONDITION.

THE PROSPECTIVE PURCHASER IS R2 INVESTMENTS, LLC OF MANOR, TEXAS.

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2014DCV-3948-F; Nueces County vs Nicolas Garcia
Tax ID# & Legal: 2154-0047-0060; Lot 6, Block 47, Driscoll Townsite

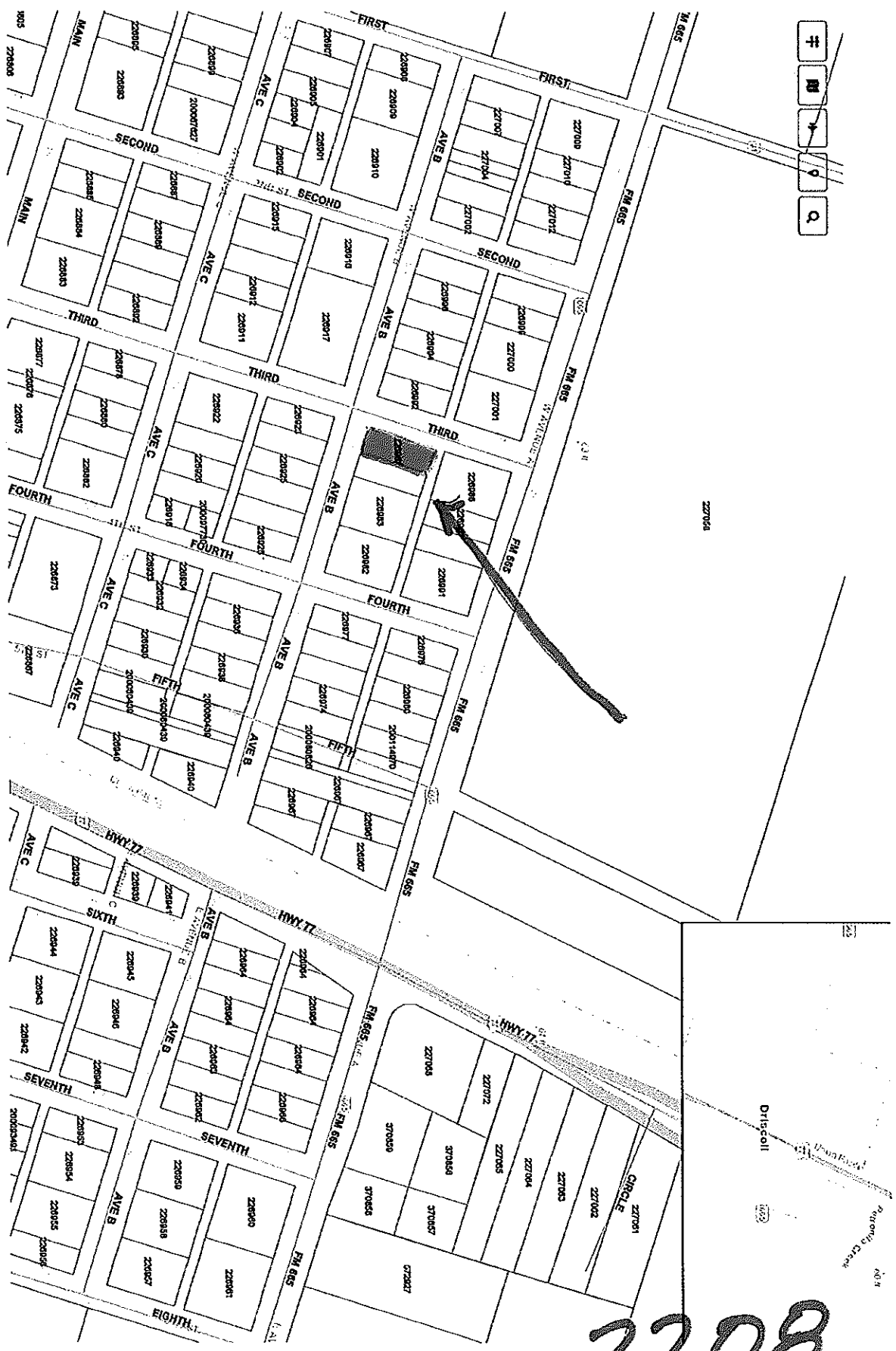
Property Location: 212 W. Bowie St. - Driscoll

Date of Sale: June 6, 2017
Amount Due All Entities: 3,901.18
Amount of Offer: 2,000.00
Cost of Sale: 1,651.50
Current Value: 4,900.00
% of Total Due: 51.27%
% of Current Value: 40.82%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	788.30	70.42
City of Driscoll	1,192.40	106.52
Driscoll Independent School District	1,829.11	163.40
South Texas Water Authority	91.37	8.16

A VACANT RESIDENTIAL LOT, 50 FT X 140 FT, LOCATED AT THE NE CORNER OF W. BOWIE AND THIRD ST. IN DRISCOLL.

THE PROSPECTIVE PURCHASER IS JUAN GARCIA OF DRISCOLL.



2208

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2014DCV-5356-F; Nueces County vs Ray Herro
Tax ID# & Legal: 6489-0074-2001; 1.08 acres, more or less, out of Tract 1, Block 'B', Lost Creek, an unrecorded subdivision
Property Location: 4945 Alice Rd. - Robstown

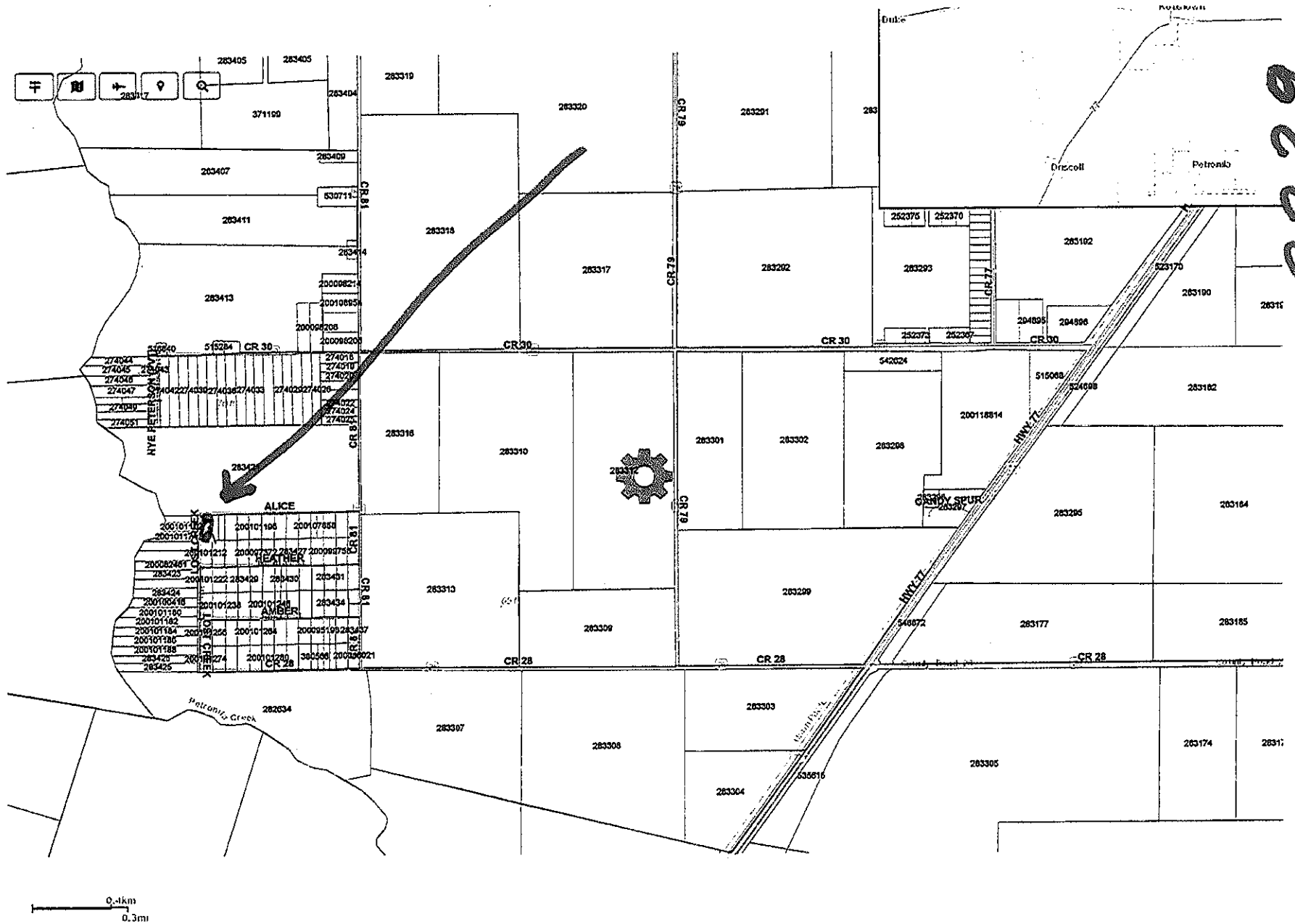
Date of Sale: March 6, 2018
Amount Due All Entities: 10,996.80
Amount of Offer: 4,100.00
Cost of Sale: 2,102.50
Current Value: 5,940.00
% of Total Due: 37.28%
% of Current Value: 69.02%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	3,767.65	684.37
Driscoll Independent School District	6,842.76	1,242.94
South Texas Water Authority	386.39	70.19

1.08 ACRE LOT IN A RURAL COLONIA TYPE SUBDIVISION, LOCATED OFF OF COUNTY RD 81 BETWEEN ROBSTOWN AND DRISCOLL.

THE LOT IS BRUSHY AND UNDEVELOPED.

THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS.



2239

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2016DCV-5538-C; Nueces County vs Patricia Slater
Tax ID# & Legal: 0043-0010-0030; Lots 3 and 4, Block 10, Agua Dulce Townsite
Property Location: 305 N Pearle Ave. - Agua Dulce

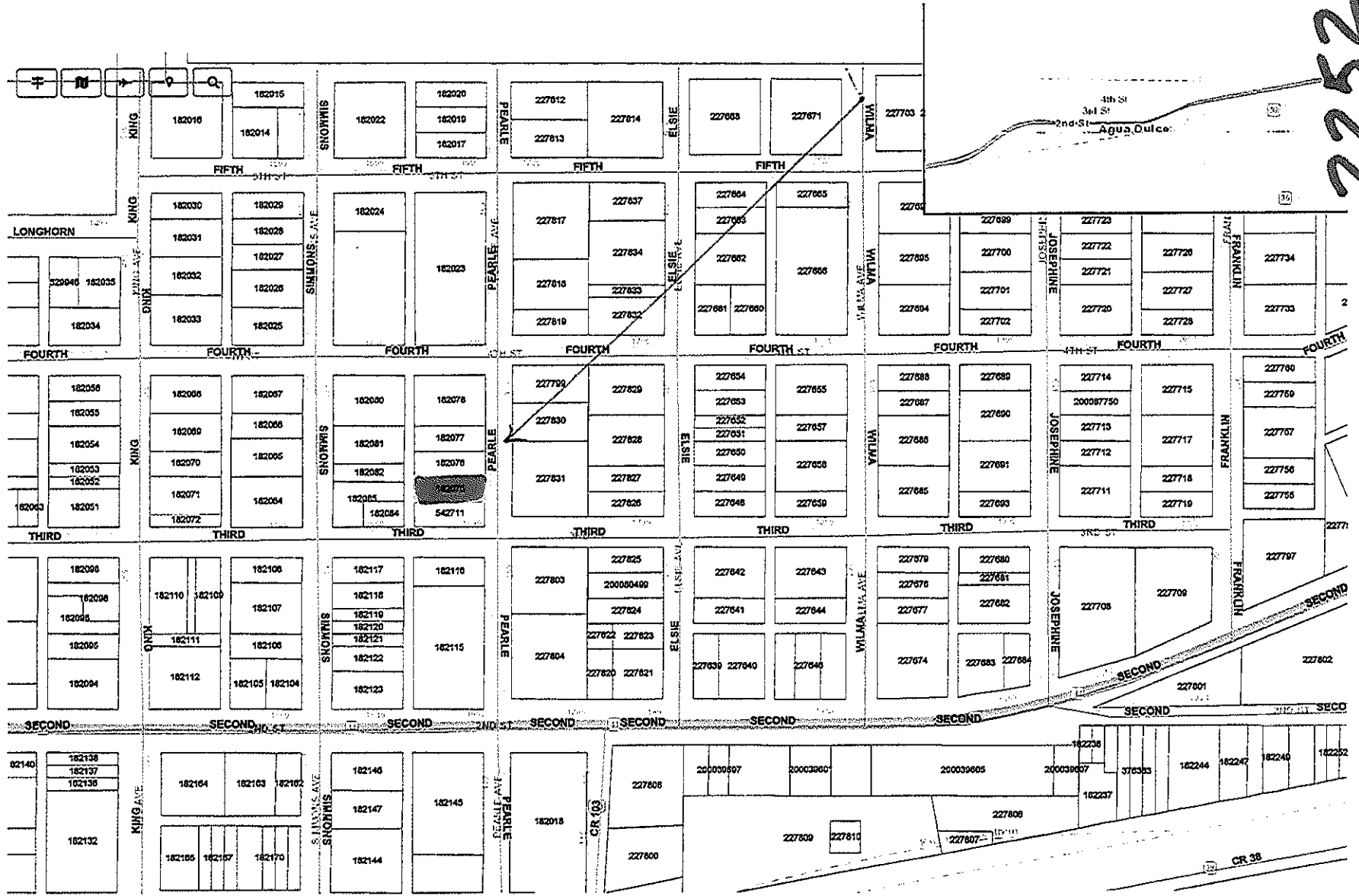
Date of Sale: August 7, 2018
Amount Due All Entities: 14,217.23
Amount of Offer: 8,000.00
Cost of Sale: 1,893.50
Current Value: 56,140.00
% of Total Due: 56.27%
% of Current Value: 14.25%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	2,745.77	1,179.35
City of Agua Dulce	2,857.41	1,227.30
Agua Dulce Independent School District	8,125.94	3,490.21
South Texas Water Authority	488.11	209.65

A ONE STORY HOUSE (960 SQ. FT) WITH DETACHED GARAGE, BOTH IN POOR CONDITION, ON A 50 FT X 140 LOT IN AGUA DULCE. THE HOUSE AND GARAGE BOTH NEED EXTENSIVE REPAIRS THROUGHOUT, OR DEMOLITION.

THE PROSPECTIVE PURCHASER IS KENDALL RILEY OF AGUA DULCE

2252



ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2013DCV-0831-H; Nueces County vs Jason Burkett
Tax ID# & Legal: 0696-0040-0120; The East 1/2 of Lot 11 and all of Lot 12, Block 40, Original Townsite of Bishop
Property Location: 410 E. Third St. - Bishop

Date of Sale: June 4, 2019
Amount Due All Entities: 26,461.03
Amount of Offer: 10,000.00
Cost of Sale: 3,152.50
Current Value: 24,372.00
% of Total Due: 37.79%
% of Current Value: 41.03%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	5,209.98	1,348.22
City of Bishop	7,266.79	1,880.48
Bishop Consolidated Independent School District	13,321.35	3,447.26
South Texas Water Authority	662.91	171.55

A DILAPIDATE HOUSE ON A 75 FOOT BY 165 FOOT LOT ON E. THIRD ST. IN BISHOP. THE HOUSE IS IN POOR CONDITION BUT THE LOCATION IS GOOD. THE PROSPECTIVE BUYER OWNS THE PROPERTY NEXT DOOR TO THIS ONE.

THE PROSPECTIVE PURCHASER IS EZEQUIEL GUTIERREZ OF BISHOP.



ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-1316-H; Nueces County vs Jesus Ortega
Tax ID# & Legal: 2154-0043-0010; Lots 1 and 2, Block 43, Original
 Townsite of Driscoll
Property Location: 323 E Avenue B - Driscoll

Date of Sale: September 3, 2019
Amount Due All Entities: 12,211.78
Amount of Offer: 5,000.00
Cost of Sale: 3,519.40
Current Value: 9,240.00
% of Total Due: 40.94%
% of Current Value: 54.11%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	2,651.63	321.49
City of Driscoll	4,639.94	562.56
Driscoll Independent School District	4,606.24	558.48
South Texas Water Authority	313.97	38.07

A VACANT LOT, 100 FT. BY 140 FT., ON THE EAST SIDE OF DRISCOLL, NEAR FM 665.

THE PROSPECTIVE PURCHASER IS EDGAR RIVERA OF DRISCOLL.

2286



ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2014DCV-5750-A; Nueces County vs O. G. Harris
Tax ID# & Legal: 2212-0002-0000; Block B, East Side No. 4 Addition to the City of Agua Dulce
Property Location: 2407 Fifth St. - Agua Dulce

Date of Sale: October 1, 2019
Amount Due All Entities: 21,387.37
Amount of Offer: 13,000.00
Cost of Sale: 2,402.50
Current Value: 63,822.00
% of Total Due: 60.78%
% of Current Value: 20.37%

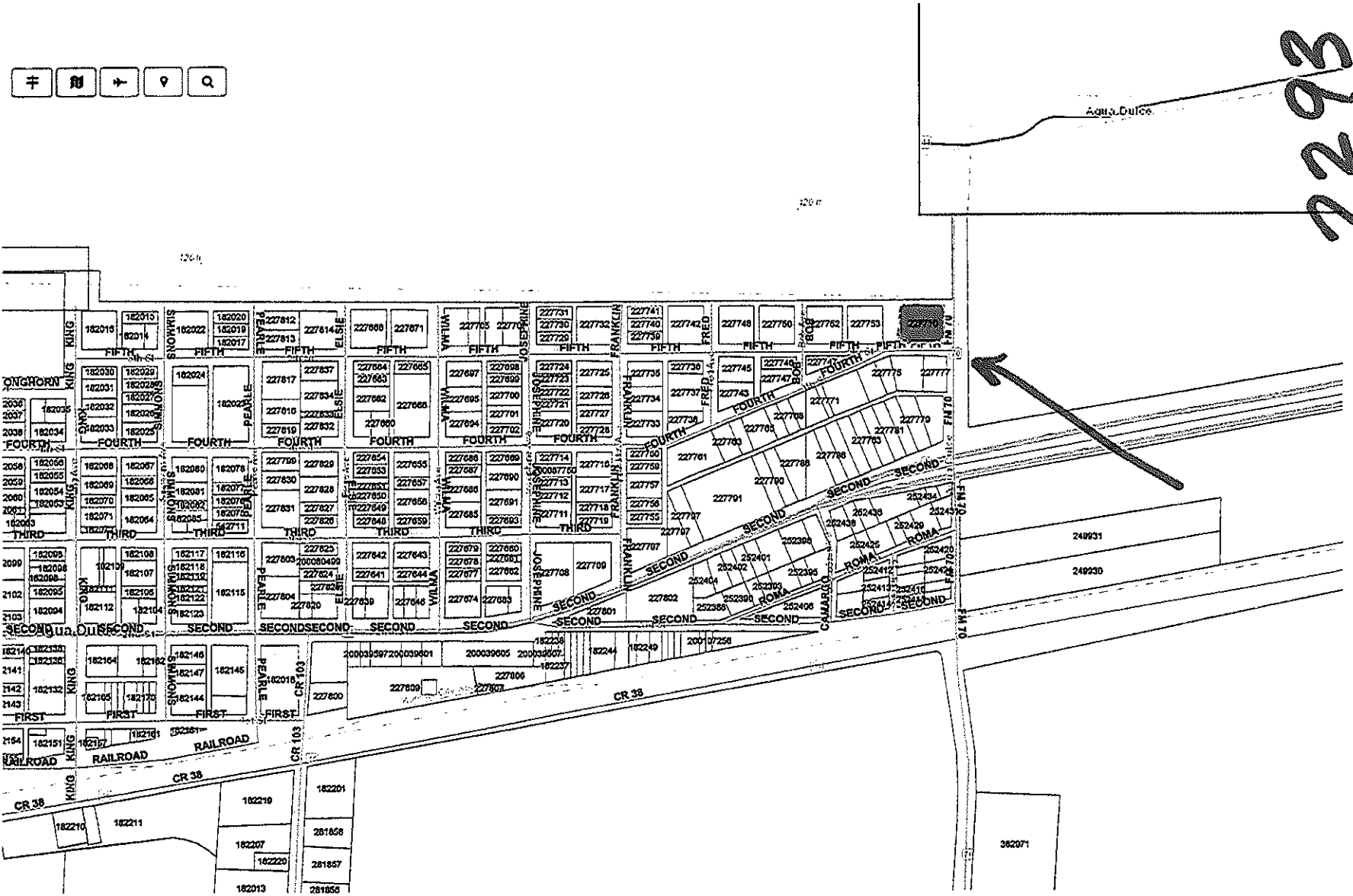
Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	4,107.38	2,035.22
City of Agua Dulce	4,235.73	2,098.82
Agua Dulce Independent School District	12,321.96	6,105.56
South Texas Water Authority	722.30	357.90

A ONE STORY HOUSE (1,500 SQ. FT. PER NCAD) ON A 150 FT X 170 FT LOT AT THE CORNER OF FIFTH ST AND FM 70 IN AGUA DULCE. THE HOUSE IS IN POOR CONDITION AND NEEDS EXTENSIVE REPAIRS THROUGHOUT.

THE PROSPECTIVE PURCHASER IS ADAM J. GONZALEZ OF AGUA DULCE



2293



ATTACHMENT 19

Resolution 20-03

SOUTH TEXAS WATER AUTHORITY

Resolution 20-03

RESOLUTION APPROVING THE SALE OF DELINQUENT TAX PROPERTIES
FOR LESS THAN THE AMOUNT OF TAXES OWED.

WHEREAS, on March 11, 1991 the Authority passed Resolution 91-04 approving the sale of delinquent tax properties for less than the amount of taxes owed or the most recent value placed on the property by the appraisal district, whichever is less.

WHEREAS, the Authority's tax attorneys have previously recommended that on a regular basis, perhaps quarterly, the properties could be offered by all taxing entities for resale at 50% of the amount owed or the adjudged value, whichever is less, and

WHEREAS, a bid has been received for the following properties in the Authority's District in Nueces County, Texas for an amount less than the taxes owed:

Suit Number & Style: 2011DCV-1362-H; Nueces County vs. Mary Vasquez
Tax ID # & Legal: 0696-0014-0110; Lot 11, Block 14, Bishop Original Townsite
Property Location: 108 E. Main St. – Bishop
Amount due all entities: \$1,807.46; Current Value: \$4,375.00; Amount of Bid: \$2,500.00

Suit Number & Style: 2013DCV-0840-G; Nueces County vs. Augustine Alcantara
Tax ID # & Legal: 9377-0063-0180; Lot 18, Block 63, West End Addition to Bishop
Property Location: 608 W. Third St. (Rear) – Bishop
Amount due all entities: \$19,399.86; Current Value: \$13,701.00; Amount of Bid: \$5,000.00

Suit Number & Style: 2014DCV-3948-F; Nueces County vs. Nicolas Garcia
Tax ID # & Legal: 2154-0047-0060; Lot 6, Block 47, Driscoll Townsite
Property Location: 212 W. Bowie St. – Driscoll
Amount due all entities: \$3,901.18; Current Value: \$4,900.00; Amount of Bid: \$2,000.00

Suit Number & Style: 2014DCV-5356-F; Nueces County vs. Ray Herro
Tax ID # & Legal: 6489-0074-2001; 1.08 acres, more or less, out of Tract 1, Block 'B', Lost Creek, an unrecorded subdivision
Property Location: 4945 Alice Rd. – Robstown
Amount due all entities: \$10,996.80; Current Value: \$5,940.00; Amount of Bid: \$4,100.00

Suit Number & Style: 2016DCV-5538-C; Nueces County vs. Patricia Slater
Tax ID # & Legal: 0043-0010-0030; Lots 3 and 4, Block 10, Agua Dulce Townsite
Property Location: 305 N. Pearle Ave. – Agua Dulce
Amount due all entities: \$14,217.23; Current Value: \$56,140.00; Amount of Bid: \$8,000.00

Suit Number & Style: 2013DCV-0831-H; Nueces County vs. Jason Burkett
Tax ID # & Legal: 0696-0040-0120; The East ½ of Lot 11 and all of Lot 12, Block 40, Original Townsite of Bishop
Property Location: 410 E. Third St. – Bishop
Amount due all entities: \$26,461.03; Current Value: \$24,372.00; Amount of Bid: \$10,000.00

Suit Number & Style: 2011DCV-1316-H; Nueces County vs. Jesus Ortega
Tax ID # & Legal: 2154-0043-0010; Lots 1 and 2, Block 43, Original Townsite of Driscoll
Property Location: 323 E. Avenue B – Driscoll
Amount due all entities: \$12,211.78; Current Value: \$9,240.00; Amount of Bid: \$5,000.00

Suit Number & Style: 2014DCV-5750-A; Nueces County vs. O. G. Harris
Tax ID # & Legal: 2212-0002-0000; Block B, East Side No. 4 Addition to the City of Agua
Dulce
Property Location: 2407 Fifth St. – Agua Dulce
Amount due all entities: \$21,387.37; Current Value: \$63,822.00; Amount of Bid: \$13,000.00

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority approves the sale of the above listed properties.

Duly adopted this 28th day of January, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 20

Engagement Letter – Willatt & Flickinger, PLLC

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: January 22, 2020
Re: Legal Services – Engagement Letter – Willatt and Flickinger, PLLC, Attorneys at Law

Background:

Enclosed please find an email from Bill Flickinger regarding general counsel services. The email notifies STWA that the cost of legal services will be increasing as of May 2020. In addition, the email states that the current fees have been in place for more than eleven (11) years. Mr. Flickinger requests that the Board approve an engagement letter (attached) to formally secure his firm's services.

Analysis:

South Texas Water Authority first began its association with Mike Willatt over thirty-five years ago. About 25 years ago, Bill Flickinger became Mr. Willatt's partner.

Staff Recommendation:

Approve the enclosed engagement letter for legal counsel services with Willatt and Flickinger.

Board Action:

Determine whether to approve the enclosed engagement letter for legal counsel services with Willatt and Flickinger.

Summarization:

Staff believes the long history of utilizing this legal firm is the best endorsement as to the satisfaction with their service.

mcgserrato@stwa.org

From: Allison Nix <anix@wfaustin.com> on behalf of Bill Flickinger
<bflickinger@wfaustin.com>
Sent: Tuesday, January 21, 2020 10:05 AM
To: Carola G. Serrato (mcgserrato@stwa.org)
Cc: Bill Flickinger
Subject: STWA - Willatt & Flickinger, PLLC - General Counsel Engagement Letter
Attachments: STWA Engagement Letter.pdf

Dear Carola:

I am attaching a proposed engagement letter for general counsel services for STWA which indicates an increase in our fees effective May 1, 2020. The letter also updates our current law firm entity and address.

Our current fees are \$300 per hour for attorneys and \$95 per hour for legal assistants, and we have been charging those same rates for over 11 years. I have decided that a fee increase at this time is appropriate to bring our rates in line with those charged to similar clients. The fee increase described in the attached (\$325 per hour for attorneys and \$115 per hour for legal assistants) will be effective on all work performed on and after May 1, 2020.

I would appreciate your taking our engagement letter to your Board within the next couple of months for consideration and approval. Please contact me with any questions. Thank you.

Very truly yours,

Bill Flickinger

Willatt & Flickinger, PLLC
Attorneys at Law
12912 Hill Country Blvd., Ste. F-232
Austin, Texas 78738

Phone: (512) 476-6604
Facsimile: (512) 469-9148

Email: bflickinger@wfaustin.com

CONFIDENTIALITY NOTICE: This email transmission (and/or the attachments which accompany it) may contain confidential information belonging to the sender which is protected by the attorney-client privilege. The information is intended only for the use of the intended recipient. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. Any unauthorized interception of this transmission is illegal under the law. If you have received this transmission in error, please promptly notify the sender by reply email, and then destroy all copies of the transmission. Thank you.

WILLATT & FLICKINGER, PLLC
ATTORNEYS AT LAW

12912 HILL COUNTRY BLVD., SUITE F-232 • AUSTIN, TEXAS 78738 • (512) 476-6604 • FAX (512) 469-9148

January 21, 2020

Board of Directors
South Texas Water Authority

Dear Directors:

This letter, when accepted by you, will evidence your approval of our agreement to perform legal services as general counsel for South Texas Water Authority (the "Authority"). This agreement replaces all prior agreements between the Authority and our firm effective as of May 1, 2020.

Our services as general counsel will be billed at the hourly rates we normally charge to other clients of our firm for similar work, as those rates may change from time to time. Effective May 1, 2020, we will charge our current rates for attorneys which is \$325.00 per hour and legal assistants which is \$115.00 per hour. In addition to our hourly fees, you agree to reimburse our firm for photocopies and actual out-of-pocket expenditures on your behalf, such as court fees, filing fees, travel and other similar expenditures, all of which will be subject to your approval as to reasonableness. We will bill the Authority on a monthly basis.

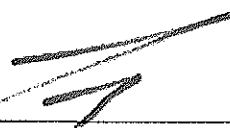
This Agreement may be terminated by you or our firm at any time although you agree to pay our firm for services and expenses through the date of termination.

Please indicate acceptance of the terms of this Agreement and our engagement as general counsel by taking the appropriate formal action and signing this Agreement at the place indicated below.

Respectfully,

WILLATT & FLICKINGER, PLLC

By: _____


Bill Flickinger
Managing Member

Board of Directors
South Texas Water Authority
January 21, 2020
Page 2

APPROVED AND ACCEPTED by the Board of Directors of South Texas Water Authority
on the _____ day of _____, 2020.

SOUTH TEXAS WATER AUTHORITY

By: _____
Name: _____
Board President

ATTEST:

By: _____
Name: _____
Board Secretary

[SEAL]