

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: February 18, 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, February 25, 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. New Board members' oaths of office.
4. Approval of Minutes. (Attachment 1)
5. Treasurer's Report/Payment of Bills. (Attachment 2)
6. 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 3)
7. Update on Nueces County Water Control and Improvement District #5 and offered Wholesale Water Supply Contract. (Attachment 4)
8. Update on installation of Flow-Tronic Torpee Mag for the Driscoll Booster Station. (Attachment 5)

9. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline.
 - Revised quote from Mercer Controls (Attachment 6)
10. License Agreement with City of Bishop for Pump Station Facilities. (Attachment 7)
11. Water Supply Contract with the City of Driscoll. (Attachment 8)
12. **Resolution 20-04.** Resolution authorizing execution of a 20-year Water Supply Contract between South Texas Water Authority and the City of Driscoll. (Attachment 9)
13. Operations and Maintenance Contract – City of Driscoll. (Attachment 10)
14. Review of South Texas Water Authority Personnel Policies – Retiree Benefits. (Attachment 11)
15. Review of South Texas Water Authority Personnel Policies Appendix I – Job Descriptions. (Attachment 12)
16. **Resolution 20-05.** Resolution adopting the revised South Texas Water Authority Personnel Policies Appendix I – Job Descriptions. (Attachment 13)
17. **Resolution 20-06.** Resolution of appreciation for Mr. Steven C. Vaughn for his dedicated service as a director of the South Texas Water Authority from 2011 – 2019. (Attachment 14)
18. TCAP Strategic Hedging Program. (Attachment 15)
 - Professional Services Agreement – TCAP
 - Commercial Electric Service Agreement – GEXA Energy
19. **Resolution 20-07.** Resolution adopting TCAP’s Professional Services Agreement and GEXA Energy’s Commercial Electric Service Agreement for power to be provided on and after January 1, 2023. (Attachment 16)
20. NEC Power Factor/Demand Charge and quote from C.C. Electric for Variable Frequency Drive Controllers and Motors at Central Pump Station. (Attachment 17)
21. Consideration of offers made to Linebarger, Goggan, Blair & Sampson, LLP for Tax Resale properties in Nueces County. (Attachment 18)
22. **Resolution 20-08.** 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)
23. Update on Corrpro Close Interval Potential Survey on Contract 1. (Attachment 20)

24. 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
3:30 am/pm on Feb 21, 2020
frances DeLeon
Assistant Secretary

ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
January 28, 2020
Minutes

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Jose Graveley
Lupita Perez
Patsy Rodgers

Board Members Absent:

Filiberto Treviño

Staff Present:

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

Guests Present:

Luke Womack, John Womack &
Co., P.C.
Margaret Kelley, John Womack &
Co., P.C.
Marvin Leary – Linebarger, Goggan,
Blair and Sampson, LLP

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No Comments were made

3. Proposed Fiscal Year 2019 Audit.

Mr. Luke Womack, John Womack & Co., P.C., introduced Ms. Margaret Kelley who then reviewed the Fiscal Year 2019 Audit with the Board and reported that all records were in order and the Authority's financial position remains very stable. She added that there was nothing negative to report and thanked staff for their work.

4. Resolution 20-01. Resolution accepting the Fiscal Year 2019 Audit prepared by John Womack & Co., P.C. of Kingsville, Texas.

Ms. Rodgers made a motion to approve Resolution 20-01. Ms. Perez seconded the motion. All voted in favor.

The order of the agenda was changed to accommodate the guest, Mr. Marvin Leary.

22. Consideration of offers made to Linebarger, Goggan, Blair & Sampson, LLP for Tax Resale properties in Nueces County.

Mr. Marvin Leary of Linebarger, Goggan, Blair & Sampson, LLP introduced himself to the Board and presented bid analyses and maps on eight struck off properties for which offers have been received. The offers have already been approved by the other taxing entities. If the offers are approved by the Board, 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 STWA's active tax rolls.

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.

A motion was made by Mr. Barrera and seconded by Ms. Rodgers to adopt Resolution 20-03 approving the offers made to Linebarger, Goggan, Blair & Sampson, LLP. All voted in favor with the exception of Mr. Galvan who abstained.

5. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the December 3, 2019 Public Hearing and Regular Meeting as presented. Ms. Perez seconded. The motion passed by unanimous vote.

6. Quarterly Report/Treasurer's Report/Payment of Bills.

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

STWA Investment Report for Quarter ended December 2019
Previously approved reports updated to reflect entries resulting from the FY 2019 Audit:
STWA Revenue Fund Balance Sheet – September 30, 2019
STWA Revenue Fund GL Account Summary Report as of September 30, 2019
STWA Debt Service Fund Balance Sheet September 30, 2019
STWA Debt Service Fund GL Account Summary Report as of September 30, 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 Balance Sheet October 31, 2019
STWA Debt Service Fund GL Account Summary Report as of October 31, 2019
Treasurer's Report for period ending November 30, 2019
Revenue Fund Income Statement for period ending November 30, 2019
Tax Fund Income Statement for period ending November 30, 2019
Special Services Income Statement for period ending November 30, 2019
STWA Revenue Fund Balance Sheet – November 30, 2019
STWA Revenue Fund GL Account Summary Report as of November 30, 2019
STWA Debt Service Fund Income Statement for period ending November 30, 2019
STWA Debt Service Fund Balance Sheet November 30, 2019
STWA Debt Service Fund GL Account Summary Report as of November 30, 2019
STWA Capital Projects Fund Income Statement for period ending November 30, 2019

STWA Capital Projects Fund Balance Sheet – November 30, 2019
STWA Capital Projects Fund GL Account Summary Report as of November 30, 2019
Treasurer’s Report for period ending December 31, 2019
Revenue Fund Income Statement for period ending December 31, 2019
Tax Fund Income Statement for period ending December 31, 2019
Special Services Income Statement for period ending December 31, 2019
STWA Revenue Fund Balance Sheet – December 31, 2019
STWA Revenue Fund GL Account Summary Report as of December 31, 2019
STWA Debt Service Fund Income Statement for period ending December 31, 2019
STWA Debt Service Fund Balance Sheet December 31, 2019
STWA Debt Service Fund GL Account Summary Report as of December 31, 2019
STWA Capital Projects Fund Income Statement for period ending December 31, 2019
STWA Capital Projects Fund Balance Sheet – December 31, 2019
STWA Capital Projects Fund GL Account Summary Report as of December 31, 2019
FY 2020 Cathodic Protection Expenses Breakdown through December, 2019
2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor
CP Update from CP Technician

The following outstanding invoices were presented for Board approval:

• McLean & Howard, LLP	\$ 12,090.00
• Kevin Kieschnick-Nueces Tax Assessor	\$ 1,158.81
• Mccauley Controls Company	\$ 14,000.00
• City of Corpus Christi	\$ 136,647.45
• John Womack & Co., PC	\$ 6,425.00
• Walker Partners	\$ 3,440.00
• City of Corpus Christi	\$ 94,197.36
• McGinnis Lochridge	\$ 2,427.50
• Kevin Kieschnick-Nueces Tax Assessor	\$ 2,131.11

Ms. Wagner pointed out that the City of Corpus Christi’s invoice included a past due late fee of \$6,318.02. She has been in contact with City personnel about having the fee waived. She explained that the invoice is usually paid late in the month after being approved for payment by the Board. Unfortunately, the bill was inadvertently paid twice resulting in a credit on the account, but the credit is less than the late fee charge. Ms. Wagner reported that she intends to contact someone else about removing the fee. The Board agreed that the City’s invoice should be paid upon receipt and then presented at the next Board meeting. A motion was made by Mr. Galvan and seconded by Ms. Perez to approve the Quarterly Report, Treasurer’s Report and payment of the bills as presented. The motion carried.

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.

Ms. Serrato reported that Nueces County awarded the bid for construction of the Banquete Pump Station project to JS Haren. JS Haren has selected Mercer Controls as the subcontractor for work on the controls. She also reported that Nueces Water Supply Corporation will need to purchase a storage building for the Corporation's inventory since the building currently used will become the Banquete Pump Station. She had nothing further to report.

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

Ms. Serrato stated that the Nueces County Water Control and Improvement District #5 Board will meet on January 29th and she plans to attend the meeting to discuss the Wholesale Water Supply Contract, Construction of the new Banquete Pump Station, the existing NWSC pumps, and outstanding water usage invoices. She added that all but one of the past due invoices have been paid. She stated that she would keep the Board updated on the progress.

9. Flushing of 42" waterline.

Ms. Serrato reported that there has not been a sufficient amount of water flowing through the 42" waterline and maintaining an adequate residual has been challenging. Flushing of the line was needed during November, December and January in order to remain in compliance with the TCEQ residual requirements. Ms. Serrato estimated that about 4,325,000 gallons of water were flushed during that time period at a cost of approximately \$11,050. She stressed the importance of the City of Bishop resuming water purchases in order to move the water through the waterline and added that there would be more discussion regarding the City of Bishop under other items on the agenda.

10. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline.

Ms. Serrato reported that the plans prepared by Walker Partners for the transfer of chlorine and LAS injections from the Kingsville meter run to the RWSC waterline have been approved by TCEQ. Walker Partners has reached out to Mercer Controls regarding work on the project. Mercer has submitted a quote for \$59,000 but Mr. Mercer feels that there may be some options for saving on the cost. Ms. Serrato stated that Mercer will provide a revised quote to be presented at the next meeting.

11. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that this item is up for discussion in case the Board wants to consider executing the contract in order to for Bishop to purchase water and in order to increase the flow of water in the 42" waterline and increase the chlorine residual. She stated that Bill Flickinger is available by phone to discuss the Water Supply Contract and the License Agreement in closed session. The Board felt there was no need to go in to closed session. Ms. Lowman commented

that if the Water Supply Contract is signed, the City might never agree to the License Agreement. Ms. Serrato commented that Mr. Flickinger still advises that the Board not execute the Contract until the License Agreement is executed. No action was taken by the Board.

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

Ms. Serrato reported that the committee met on January 27th and will meet again in another month to continue negotiations on the License Agreement for the Bishop Pump Station facilities. She provided the draft notes from the meeting for the Board's review and stated that Mr. Flickinger suggested providing the City representatives a copy of the notes to see if the City disputes any of the items listed. If the City agrees with the notes then only four items will remain to be settled. Mr. Galvan made a motion to authorize sending the draft notes to the City of Bishop's committee. Ms. Rodgers seconded. All voted in favor.

13. Appointment of Director to serve on negotiation committee for the Bishop License Agreement.

Ms. Serrato explained that due to Mr. Steven Vaughn's resignation from the Board, an alternate is needed to serve on the negotiation committee for the Bishop License Agreement. Mr. Gravely volunteered to serve and the Board agreed by consensus to appoint him as an alternate.

14. Water Supply Contract with the City of Driscoll.

Ms. Serrato reported that she met with Driscoll Mayor Mark Gonzalez and City Administrator Roland Ramos on January 20th. At that time, Mayor Gonzalez gave the impression that the City was ready to sign a contract but there was concern about large expenses and he showed interest in a contract for operations and maintenance. She suggested sending a letter to the City providing the Water Supply Contract and explaining that this is contract approved by the Board and that the Board is prepared to authorize execution of the contract at the next Board meeting. Ms. Rodgers made a motion to send 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 February 25, 2020 Board meeting. Mr. Graveley seconded the motion. All voted in favor.

15. Operations and Maintenance Contract – City of Driscoll.

Ms. Serrato presented an analysis of the City of Driscoll's allocated expenses for Fiscal Years 2011 through 2019 which reflected a calculated cost per thousand-gallon charge of \$0.2803. She recommended offering this information to the City and offering this figure as a preliminary fee for negotiating an agreement. Mr. Graveley made a motion to offer this calculated cost of \$0.2803 per thousand gallons to the City of Driscoll as a preliminary fee for negotiation of an Operations and Maintenance Contract. Ms. Perez seconded and the motion passed by unanimous vote.

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

Ms. Serrato reported that Macaulay Controls has installed the Flow-Tronic Torpee Mag. O&M Supervisor Armando Yruegas has been in contact with Mercer Controls regarding returning the system to automatic operation. Mercer Controls is also working with Macaulay Controls to see if any other changes are necessary.

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

Ms. Serrato presented a modified paragraph from the STWA Personnel Policies pertaining to hiring of management personnel. Chapter I, General, Section C – Statement of Personnel Policy was updated to reflect changes requested by the Board at a previous meeting. The changes include appointment of a standing committee of less than a quorum to sit in on interviews and make recommendations to the Board. Ms. Serrato read the proposed policy aloud and asked for direction on how to address instances when the full Board does not approve the committee's recommendation. After review of the policy, the Board requested that the last sentence should read that the recommendation of the committee shall be adopted by the Board.

18. Resolution 20-02. Resolution adopting revised South Texas Water Authority Personnel Policies for Hiring of Management Personnel.

Mr. Galvan made a motion to approve Resolution 20-02 approving the revised STWA Personnel Policies for Hiring of Management Personnel with the change that the recommendation of the standing committee shall be adopted by the Board. Ms. Rodgers seconded the motion. All voted in favor.

19. Appointment of members of Standing Committee for Hiring of Management Personnel.

Ms. Serrato stated that the Standing Committee for Hiring of Management Personnel will include the Executive Director, the officers of the Board and one additional Board member. Mr. Graveley volunteered to serve on the Standing Committee. There were no other nominations. The Board agreed by consensus to appoint Mr. Graveley to the Standing Committee for Hiring of Management Personnel.

20. Review of South Texas Water Authority Personnel Policies – Retiree Benefits.

Ms. Serrato stated that after discussion at the previous Board meeting, she began researching medical insurance coverage for retirees. Because of State Continuation regulations, coverage for former employees is limited to nine months. She discussed the matter with attorney Gregg Kronenberger. Under his advice she also contacted Phil Esquivel and Erica Scramuzza, STWA's agent of record, who confirmed the nine-month limitation with the current carrier, Blue Cross Blue Shield of Texas. Mr. Esquivel added that if a longer period is being considered, coverage could be provided by securing private insurance directly. Mr. Kronenberger also mentioned that he believes it would be relatively simple to write a policy to provide the coverage and recommended defining the length of time for the coverage. Ms. Serrato said she would continue

researching a retiree medical insurance benefit. At the Board's request she agreed to also ask about including returning employees and eligibility based on consecutive versus cumulative employment. She will provide more information at the next meeting. No action was taken.

21. Proposals for Close Interval Potential Survey on Contract 1.

Ms. Serrato reported that Cathodic Protection work on Contract 1 has been completed and a close interval survey needs to be conducted to determine whether the installed anodes and bonding wires and clips have made a difference. She presented two quotes for the recommended survey. She explained that Mr. Flickinger reviewed the quotes including the Standard Terms and Conditions. Mr. Flickinger found that a few areas would need modification but suggested that the Board determine if they are interested in having the work done and working with the selected company to modify their Terms and Conditions. The first quote is from EN Engineering in the amount of \$20,499 and the other was submitted by Corpro in the amount of \$9,345.20. Ms. Rodgers made a motion to select Corpro contingent on satisfactory modifications to the Terms and Conditions. Ms. Perez seconded. All voted in favor.


24. Proposed Engagement Letter for general counsel services – Willatt & Flickinger, PLLC.

The Board reviewed an email from Bill Flickinger, Willatt & Flickinger, notifying STWA of an increase in legal services effective May 2020 and offering an engagement letter to formally secure Willatt & Flickinger's services. The rates increased from \$300 per hour to \$325 per hour for attorneys and from \$95 per hour to \$115 per hour for legal assistants. Mr. Galvan made a motion to approve the engagement letter for legal counsel services with Willatt & Flickinger. Mr. Graveley seconded and all voted in favor.

25. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:23 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary

ATTACHMENT 2

Report/Treasurer's Report/Payment of Bills

SOUTH TEXAS WATER AUTHORITY
Treasurer's Report
For Period Ending January 31, 2020

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.517187 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	4,672	\$11,760.30	\$1,992.08	\$0.00	\$0.00	\$13,752.37
Bishop	5	\$12.59	\$2.13	\$2.13	\$0.00	\$16.85
Agua Dulce	1,822	\$4,586.94	\$776.98	\$0.00	\$0.00	\$5,363.93
RWSC	7,504	\$18,888.97	\$3,199.60	\$0.00	\$0.00	\$22,088.57
Driscoll	4,578	\$11,523.73	\$1,952.00	\$1,952.00	\$0.00	\$15,427.73
NCWCID #5	1,607	\$4,046.35	\$685.41	\$685.41	\$805.00	\$6,222.18
NWSC	15,532	\$39,097.48	\$6,622.72	\$0.00	\$0.00	\$45,720.19
TOTAL	35,721	\$89,916.36	\$15,230.92	\$2,639.55	\$805.00	\$108,591.82

Water Cost and Usage for Period of:

	12/31/19	to	01/31/20
City of Corpus Christi Invoice for Cost of Water Purchased:			\$91,751.47
Gallons of Water Recorded by City of Corpus Christi:			36,450,000
Gallons of Water Recorded by STWA from Customer's Master Meters:			35,720,968
Water Loss Percentage:			2.00%

Annual Usage for FY 2020

	Annual
Gallons of Water Recorded by City of Corpus Christi:	176,250,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	178,826,908
Water Loss Percentage: (year to date)	-1.46%

**REVENUE FUND
INCOME STATEMENT
FOR PERIOD ENDING JANUARY 31, 2020**

33.33%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Water Service Revenue	89,916	455,588	1,336,941	34%	400,008	1,366,000
Handling Charge Revenue	15,231	76,249	226,930	34%	70,097	231,255
Premium Incremental Increase	2,640	15,941	20,000	80%	12,902	38,600
Surcharge - Out of District	649	2,596	7,787	33%	2,433	7,299
Interest Income	3,553	14,743	60,000	25%	17,106	59,750
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	1,120	5,259	12,000	44%	4,476	21,000
TOTAL REVENUES	113,109	570,375	1,663,658	34%	507,022	1,723,904
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	(44,896)	448,957	1,336,941	34%	360,118	1,366,000
Payroll Costs						
Salaries & Wages - Perm. Employees	23,783	119,557	338,292	35%	110,162	328,813
Salaries & Wages - Part-Time	42	401	1,729	23%	372	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	3,135	8,632	21,000	41%	6,149	23,000
Stand-by Pay - STWA	150	450	1,300	35%	400	1,354
Employee Retirement Premiums	6,513	21,382	46,677	46%	16,309	60,249
Group Insurance Premium	12,717	81,613	177,763	46%	54,858	159,188
Unemployment Compensation	42	40	875	5%	45	105
Workers' Compensation	(1,081)	12,346	6,250	198%	7,894	2,840
Car Allowance	500	2,000	6,000	33%	2,000	6,000
Hospital Insurance Tax	547	1,497	3,962	38%	1,020	4,533
Supplies & Materials						
Repairs & Maintenance	9,145	45,985	80,000	57%	28,324	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	1,963	18,263	30,000	61%	8,263	20,000
Auditing	525	9,454	9,750	97%	9,503	9,750
Engineering	0	0	12,500	0%	2,368	2,500
Management & Consulting	0	0	7,500	0%	1,085	7,500
Inspection	1,900	1,900	6,000	32%	1,900	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	1,237	931	7,500	12%	4,581	6,000
Printing/Office Supplies	3,141	6,862	30,000	23%	6,557	22,000
Janitorial/Site Maintenance	204	1,912	6,000	32%	1,154	6,000
Fuel/Lubricants/Repairs	2,621	13,861	30,000	46%	19,510	46,000
Chemicals/Water Samples	2,995	14,246	52,500	27%	10,892	48,500
Safety Equipment	0	0	1,500	0%	1,481	2,500
Small Tools	0	532	2,000	27%	494	2,500

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 ADOPTED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
Recurring Operating Costs						
Telephone/Communications	1,233	4,757	14,000	34%	6,665	24,000
Utilities	7,560	26,022	110,000	24%	23,768	94,000
D & O Liability Insurance	0	1,276	3,500	36%	1,214	3,500
Property Insurance	0	43,973	47,300	93%	47,292	47,292
General Liability	0	1,830	3,200	57%	1,919	3,200
Auto Insurance	0	2,443	2,225	110%	2,219	2,225
Travel/Training/Meetings	215	1,970	10,000	20%	1,068	7,000
Rental-Equipment/Uniforms	101	250	5,000	5%	856	5,000
Dues/Subscriptions/Publication	1,313	4,098	15,000	27%	5,667	20,000
Pass Through Cost	0	-	400	0%	1	50
Educational Materials	0	0	0	0%	0	0
Miscellaneous						
Miscellaneous Expenditures	1,068	3,315	7,500	44%	3,156	8,500
Total Administrative & Operations Exp.	36,674	948,254	2,549,164	37%	751,614	2,461,556
Capital Outlay						
Capital Acquisition	2,500	91,226	225,350	40%	95,417	278,444
Engineering	2,580	7,750	0	0%	0	17,200
TOTAL EXPENDITURES (w/o D.S. exp.)	41,754	1,047,230	2,774,514	38%	847,031	2,757,200
Excess (Deficiencies) of Revenue Over Expenditures	71,356	(476,855)	(1,110,856)	43%	(340,009)	(1,033,296)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	(952,675)	(952,675)	(1,438,319)	66%	(424,533)	(1,297,000)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	0	(1,500)	0%	0	(15,238)
TOTAL OTHER FINANCING SOURCES (USES)	(952,675)	(952,675)	(1,439,819)	66%	(424,533)	(1,312,238)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)						
	1,024,031	475,820	328,963		84,524	278,942
NET INCOME	1,024,031	475,820	328,963		84,524	278,942

**TAX FUND
INCOME STATEMENT
FOR PERIOD ENDING JANUARY 31, 2020**

33.33%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	465,349	985,891	1,465,721	67%	925,542	1,297,100
Delinquent Tax Revenue	3,534	13,391	30,000	45%	12,084	44,000
Penalty & Interest - Tax Accounts	1,470	4,533	19,000	24%	6,119	21,850
Miscellaneous	0	0	0	0%	94	94
TOTAL TAXES & INTEREST	470,353	1,003,815	1,514,721	66%	943,839	1,363,044
EXPENDITURES						
Tax Collector Fees	3,042	44,848	50,177	89%	42,430	42,431
Appraisal Districts	0	6,292	26,225	24%	5,717	22,867
TOTAL EXPENDITURES	3,042	51,140	76,402	67%	48,147	65,298
 Transfer to General Fund	 952,675	 952,675	 1,438,319	 66%	 424,533	 1,297,746
 EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	 (485,364)	 (0)	 0		 471,159	 0

**SPECIAL SERVICES
INCOME STATEMENT
FOR PERIOD ENDING JANUARY 31, 2020**

33.33%

	MONTHLY	YEAR TO DATE	2020 ADOPTED BUDGET	% OF 2020 FINAL BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	20,387	88,830	308,794	29%	88,704	275,384
Nueces Water Supply Corporation	22,928	103,399	304,531	34%	79,175	258,616
TOTAL REVENUES	43,314	192,229	613,325	31%	167,879	534,000
EXPENDITURES						
Personnel	37,265	117,440	328,454	36%	102,919	312,132
Overhead	24,244	87,713	284,871	31%	100,073	282,172
TOTAL EXPENDITURES	61,510	205,153	613,325	33%	202,992	594,304
 EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(18,195)	(12,924)	0		(35,113)	(60,304)

**South Texas Water Authority
Balance Sheet
January 31, 2020**

ASSETS

Current Assets

STWA - General	\$	90,686.97	
STWA - Payroll		25,169.47	
STWA - Operations		17,824.41	
Petty Cash		150.00	
TexPool - STWA General		2,838,848.87	
Due From Capital Projects Fund		92,750.64	
Due from Debt Service Fund		535.50	
Due from D.S. -Collect Service		21,097.51	
Tax Accounts Receivable		171,762.90	
Allowance for Uncollect Taxes		(76,736.35)	
Service accts receivable		274,641.35	
Interlocal Rec-Bishop		1,896.84	
Interlocal Rec-Ricardo		3,261.01	
Interlocal Rec-Nueces		5,606.56	
Interlocal Rec. - Tax Assessor		70,397.36	
Inventory		19,660.50	
Total Assets			\$ 3,557,553.54

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$	75,821.88	
Salaries & Wages Payable		5,302.72	
Hospital Ins Tax Payable		2,388.64	
Withholding Taxes Payable		7,830.36	
Unemployment Comp. Pbl.		464.09	
Miscellaneous Payables		2,609.74	
Compensated Absences		17,508.91	
Deferred tax revenue		95,026.55	
Due to Debt Service Fund		2,138.61	
Total Liabilities			209,091.50

Fund Equity

Unassigned Fund Balance		2,865,906.34	
Assigned Fund Bal. - Inventory		19,660.50	
Current Earning		462,895.20	
Total Fund Equity			3,348,462.04
Total Liabilities & Fund Equity			\$ 3,557,553.54

**South Texas Water Authority
 GI Account Summary Report
 As of: January 31, 2020**

<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	8,488.48	\$ 334,043.26	\$ (251,844.77)	\$ 82,198.49	\$ 90,686.97
STWA - Payroll	15,489.22	70,010.62	(60,330.37)	9,680.25	25,169.47
STWA - Operations	8,058.70	70,059.34	(60,293.63)	9,765.71	17,824.41
Petty Cash	150.00	0.00	0.00	0.00	150.00
TexPool - STWA General	2,528,388.30	435,460.57	(125,000.00)	310,460.57	2,838,848.87
Due From Capital Projects Fund	78,273.64	14,477.00	0.00	14,477.00	92,750.64
Due from Debt Service Fund	524.19	11.31	0.00	11.31	535.50
Due from D.S. -Collect Service	20,365.88	731.63	0.00	731.63	21,097.51
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	302,582.69	143,874.02	(171,815.36)	(27,941.34)	274,641.35
Interlocal Rec-Bishop	1,798.01	925.56	(826.73)	98.83	1,896.84
Interlocal Rec-Ricardo	13,094.75	3,261.00	(13,094.74)	(9,833.74)	3,261.01
Interlocal Rec-Nueces	23,251.62	5,606.55	(23,251.61)	(17,645.06)	5,606.56
Interlocal Rec. - Tax Assessor	31,844.95	70,397.36	(31,844.95)	38,552.41	70,397.36
Inventory	19,660.50	0.00	0.00	0.00	19,660.50
Total Assets	3,146,997.48	1,148,858.22	(738,302.16)	410,556.06	3,557,553.54
Current Liabilities					
Trade Accounts Payable	(170,238.03)	213,040.32	(118,624.17)	94,416.15	(75,821.88)
Salaries & Wages Payable	(25,106.40)	25,106.40	(5,302.72)	19,803.68	(5,302.72)
Hospital Ins Tax Payable	(1,565.27)	1,565.47	(2,388.84)	(823.37)	(2,388.64)
Withholding Taxes Payable	(5,439.31)	5,196.40	(7,587.45)	(2,391.05)	(7,830.36)
Empty Retire Prem Payable	0.00	21,227.90	(21,227.90)	0.00	0.00
Unemployment Comp. Pbl.	(387.02)	11.65	(88.72)	(77.07)	(464.09)
Miscellaneous Payables	(1,752.93)	13,093.61	(13,950.42)	(856.81)	(2,609.74)
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	(1,982.52)	0.00	(156.09)	(156.09)	(2,138.61)
Total Liabilities	(319,006.94)	279,241.75	(169,326.31)	109,915.44	(209,091.50)
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	(57,576.30)	\$ 1,428,099.97	\$ (907,628.47)	\$ 520,471.50	\$ 462,895.20

**DEBT SERVICE FUND
INCOME STATEMENT
FOR PERIOD ENDING JANUARY 31, 2020**

33.33%

		2020	% OF 2020		2019	2019
	MONTHLY	YEAR TO	ADOPTED	FINAL	YEAR TO	FINAL
		DATE	BUDGET	BUDGET	DATE	BUDGET
REVENUES						
Ad-Valorem - Current	111,936	237,157	369,962	64%	256,021	359,300
Delinquent Tax Revenue	1,004	3,780	9,500	40%	3,687	14,450
Penalty & Interest - Tax Accounts	362	1,113	5,500	20%	1,368	5,950
Out-of-District Surcharge	156	624	1,873	33%	673	2,020
Interest on Temporary Investments	304	762	4,250	18%	857	5,000
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL TAXES & INTEREST	113,762	243,435	391,085	62%	262,606	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	113,762	243,435	391,085	62%	262,606	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	732	10,788	12,070	89%	11,737	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	732	12,301	366,428	3%	13,318	365,612
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	113,031	231,134	24,657		249,288	21,108

**STWA Debt Service Fund
Balance Sheet
January 31, 2020**

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$ 289,244.78
Due from General	2,138.61
Interlocal Rec.-Tax Assessors	16,956.35
Taxes Receivable	52,543.25
Allowance for Uncollectibles	(11,370.61)

Total Current Assets 349,512.38

Other Assets

Total Other Assets 0.00

Total Assets \$ 349,512.38

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$ 41,172.64
Due to General Fund	21,633.02

Total Current Liabilities 62,805.66

Long-Term Liabilities

Total Long-Term Liabilities 0.00

Total Liabilities 62,805.66

Funds Equity

Fund Balance	55,572.56
Net Income	231,134.16

Total Funds Equity 286,706.72

Total Liabilities & Funds Equity \$ 349,512.38

STWA Debt Service Fund
 GI Account Summary Report
 As of: January 31, 2020

<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	184,901.32	\$ 104,343.46	\$ 0.00	\$ 104,343.46	\$ 289,244.78
12200	Due from General	1,982.52	156.09	0.00	156.09	2,138.61
13001	Interlocal Rec.-Tax Assessor	7,682.15	16,956.35	(7,682.15)	9,274.20	16,956.35
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	(20,890.08)	0.00	(742.94)	(742.94)	(21,633.02)
39100	Fund Balance	(55,572.56)	0.00	0.00	0.00	(55,572.56)
Totals		<u>118,103.35</u>	<u>\$ 121,455.90</u>	<u>\$ (8,425.09)</u>	<u>\$ 113,030.81</u>	<u>\$ 231,134.16</u>

**CAPITAL PROJECTS FUND
INCOME STATEMENT
FOR PERIOD ENDING JANUARY 31, 2020**

33.33%

	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	1,202	5,049	17,000	30%	7,864	17,500
TOTAL REVENUE AND OTHER FINANCE SOURCES	1,202	5,049	17,000	30%	7,864	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	13,425	39,988	516,809	8%	27,233	199,395
Pipeline Condition Assessment	1,052	1,052	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	14,477	41,040	736,809	6%	27,233	939,942
 EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(13,275)	(35,991)	(719,809)		(19,369)	(922,442)

**STWA Capital Projects Fund
Balance Sheet
January 31, 2020**

ASSETS

Current Assets

TexSTAR - Construction Fund	\$ 913,312.58	
Total Current Assets		913,312.58

Property and Equipment

Total Property and Equipment		0.00
------------------------------	--	------

Other Assets

Total Other Assets		0.00
--------------------	--	------

Total Assets	\$ 913,312.58	
--------------	---------------	--

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Due to General Fund	\$ 92,750.63	
Total Current Liabilities		92,750.63

Long-Term Liabilities

Total Long-Term Liabilities		0.00
-----------------------------	--	------

Total Liabilities		92,750.63
-------------------	--	-----------

Fund Balance

Fund Balance	856,552.85	
Net Income	(35,990.90)	
Total Fund Balance		820,561.95

Total Liabilities & Fund Balance	\$ 913,312.58	
----------------------------------	---------------	--

STWA Capital Projects Fund
 GI Account Summary Report
 As of: January 31, 2020

<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	912,110.81	\$ 1,201.77	\$ 0.00	\$ 1,201.77	\$ 913,312.58
2400	Due to General Fund	(78,273.63)	0.00	(14,477.00)	(14,477.00)	(92,750.63)
39100	Fund Balance	(856,552.85)	0.00	0.00	0.00	(856,552.85)
	Totals	<u>(22,715.67)</u>	<u>\$ 1,201.77</u>	<u>\$ (14,477.00)</u>	<u>\$ (13,275.23)</u>	<u>\$ (35,990.90)</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	\$13,424.98	\$1,052.02	\$14,477.00 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	\$38,976.43	\$2,063.77	\$41,040.20

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	\$4,437.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,901.04
Medicare	\$36.93	\$42.90	\$42.90	\$64.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$187.08
Retirement	\$254.66	\$295.84	\$295.84	\$443.76	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,290.10
Worker's Comp	\$93.90	\$109.08	\$109.08	\$163.62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$475.68
Texas Workforce	\$0.00	\$0.00	\$0.00	\$4.43	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.43
Health	\$410.55	\$959.15	\$959.15	\$959.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,288.00
LTD/ADD/Life	\$12.67	\$41.47	\$41.47	\$41.47	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$137.08
Total	\$3,355.35	\$4,406.84	\$4,406.84	\$6,114.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$18,283.42

**CATHODIC PROTECTION
MATERIALS**

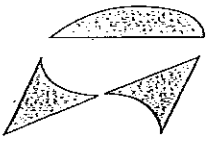
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	10/1/18			Beginning Balance			
52101	Repairs & Maint-42" line	10/15/18	6296006	PJ	FERGUSON ENTERPRISES, INC #61 - MASTIC	277.50		
52101	Repairs & Maint-42" line	10/19/18	9940219042	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		
	Corpro 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	2/11/19	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
		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	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. - Test Stations Actual piping for the Test Stations	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
		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
		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
		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
		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
		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
		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
		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				Current Period Change	118.30		118.30
		11/30/19			Ending Balance			55,258.79
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				Current Period Change	103.20		103.20
		12/31/19			Ending Balance			55,361.99
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	1/1/20			Beginning Balance			
52101	Repairs & Maint-42" line	1/6/20	2347171	PJ	LOWE'S BUSINESS ACCOUNT - Wire twist, conn yellow	2.93		
52101	Repairs & Maint-42" line	1/6/20	01062020	PJ	CITIBANK CORPORATE CARD - RAPID SET CONCRETE MIX	38.40		
52101	Repairs & Maint-42" line	1/13/20	97721	PJ	CITIBANK CORPORATE CARD - RAPID SET CONCRETE MIX	38.40		
52101	Repairs & Maint-42" line	1/16/20	CD99003691	PJ	THOMPSON PIPE GROUP-PRESSURE - Bonding clips 200	800.00		
52101	Repairs & Maint-42" line	1/20/20	614274	PJ	TRACTOR SUPPLY CREDIT PLAN - Brazin Rods for Anodes	31.98		
52101	Repairs & Maint-42" line	1/21/20	24034	PJ	CITIBANK CORPORATE CARD - Home Depot-Rapid set cement	128.00		
52101	Repairs & Maint-42" line	1/22/20	02334	PJ	LOWE'S BUSINESS ACCOUNT - self drill screws	12.31		
52101	Repairs & Maint-42" line				Current Period Change	1,052.02		1,052.02
		1/31/20			Ending Balance			56,414.01

INV DATE	VENDOR	INV #	DESCRIPTION	STATUS	AMOUNT
1/31/2020	Macaulay Controls Company	19971	Torpee-Mag Insertion Flow	pending	\$2,500.00
1/31/2020	Walker Partners	18125	RWSC Disinfection Imp.	pending	\$2,580.00
1/31/2020	Willatt & Flickinger		January legal	pending	\$1,963.20
2/7/2020	City of Corpus Christi		January water	paid	\$49,301.38
2/12/2020	Kevin Kieschnick-Nueces Tax Assess.	113	January per parcel fee	pending	<u>\$3,773.23</u>
					\$60,117.81



**MACAULAY
CONTROLS
COMPANY**

P. O. Box 890281
Houston, TX 77289-0231
(281) 282-0100

RECEIVED

FEB 06 2020

Invoice

Date	Invoice #
1/31/2020	19971

SOUTH TEXAS WATER AUTHORITY

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

Ship To
South Texas Water Auth. 2302 E. Sage Road Kingsville, Tx 78363

Purchase Order Number	Terms	Rep	Ship Date	Ship Via	Order #
12702	Net 30	BJL	1/21/2020	Our Truck	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	0.00	14,000.00	0.00T	
Start-up Glenn	Start-up Glenn	1.00	2,500.00	2,500.00T	

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	\$2,500.00
Sales Tax (0.0%)	\$0.00
Total	\$2,500.00

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

FEB 20 2020

SOUTH TEXAS WATER AUTHORITY

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

January 31, 2020
Invoice No:

0300750.00 - 18125

Total This Invoice **\$2,580.00**

Project Manager: Aaron D. Archer, P.E.

Project 0300750.00 South Texas Water Authority - RWSC Disinfection Improvements

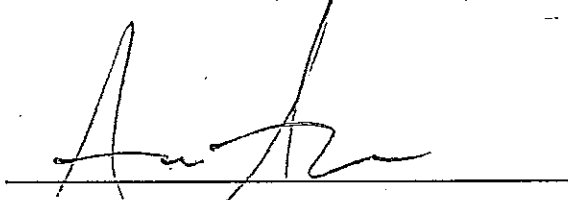
Engineering/Surveying Services through January 28, 2020

Phase	00000	Lump Sum Fee				
Billing Phase		Lump Sum Fee	% Comp.	Earned	Prior Amount	Current Amount
40 Final Design		17,200.00	95.00	16,340.00	13,760.00	2,580.00
Total Fee		17,200.00		16,340.00	13,760.00	2,580.00
		Total				2,580.00
				Sub-total		\$2,580.00
				Total this Invoice		<u>\$2,580.00</u>

Billings to Date

	Current	Prior	Total	Received	A/R Balance
Lump Sum Fee	2,580.00	13,760.00	16,340.00		
Totals	2,580.00	13,760.00	16,340.00	13,760.00	2,580.00

Authorized By:


Aaron D. Archer, P.E.

Date:

2/14/20

POSTED

WILLATT & FLICKINGER, PLLC
ATTORNEYS AT LAW

12912 HILL COUNTRY BLVD., SUITE F-232 • AUSTIN, TEXAS 78738 • (512) 476-6604 • FAX (512) 469-9148

January 31, 2020

Ms. Carola Serrato
Executive Director
South Texas Water Authority
P.O. Box 1701
Kingsville, Texas 78364-170

POSTED

FOR PROFESSIONAL SERVICES RENDERED since the date of last billing:

GENERAL

BILL FLICKINGER

- 01/03/20 Emails with Carola Serrato on draft letter to Banquette Water District on pending improvements and need to resume contract negotiations. (0.4 Hours).
- 01/17/20 Continue review of CorrPro proposal and EN Engineering, LLC proposal. (0.9 Hours). Email to Carola Serrato on same. (0.2 Hours). Telephone conference with Carola Serrato on same. (0.3 Hours). Telephone conference with Carola Serrato on next Banquette District meeting. (0.2 Hours).
- 01/20/20 Telephone conference with Carola Serrato on meeting with Driscoll representatives on Water Supply Contract and on status of City of Bishop License Agreement. (0.3 Hours).
- 01/21/20 Receive and review email from Carola Serrato on status of negotiations with City of Bishop regarding license agreement. (0.2 Hours). Telephone conference with Carola Serrato on same. (0.2 Hours).
- 01/22/20 Review various emails on scheduling of meeting with City of Bishop representatives on License Agreement. (0.2 Hours). Telephone conference with Carola Serrato on current draft of proposed License Agreement with City of Bishop. (0.3 Hours).
- 01/23/20 Review draft agenda sent by Carola Serrato and send email to her on same. (0.2 Hours).
- 01/27/20 Telephone conference with Carola Serrato and Committee on meeting with City of Bishop representatives. (0.2 Hours).

January 31, 2020

Page 2

- 01/28/20 Telephone conference with Carola Serrato on yesterday's committee meeting with the City of Bishop representatives on proposed license agreement. (0.2 Hours).
- 01/29/20 Receive and review email from Carola Serrato to City of Bishop Committee on status of negotiations on license agreement. (0.2 Hours). Receive, review and respond to email from Carola Serrato with draft letter to City of Driscoll on status of negotiations on wholesale water supply contract. (0.3 Hours).
- 01/30/20 Email to Carola Serrato with clean version of Wholesale Water Contract with the City of Driscoll. (0.3 Hours). Review and revise current draft of operations and maintenance agreement with City of Driscoll and proposed bill of sale. (0.4 Hours). Telephone conference with Carola Serrato on same. (0.2 Hours). Telephone conference with Carola Serrato on proposed license agreement with the City of Bishop. (0.2 Hours).
- 01/31/20 Receive, review and respond to email from Carola Serrato on draft letter to City of Driscoll on operations and maintenance contract. (0.2 Hours). Review emails from Carola Serrato on revisions to CorrPro proposal and begin drafting provisions in response to same. (0.7 Hours).

Attorney BF: 6.3 Hours

ALLISON NIX

- 01/27/20 File Eminent Domain Report with the Comptroller. (0.3 Hours).

Legal Assistant AN: 0.3 Hours

SARAH WATTS

- 01/09/20 Telephone conference with auditor to confirm there are no updates to report since last correspondence. (0.2 Hours).

Legal Assistant SW: 0.2 Hours

Attorney BF: 6.3 Hours @ \$300.00 per hour	\$1,890.00
Attorney MM: 0 Hours @ \$300.00 per hour	
Legal Assistant AN: 0.3 Hours @ \$95.00 per hour	\$28.50
Legal Assistant SW: 0.2 Hours @ \$95.00 per hour	\$19.00

January 31, 2020

Page 3

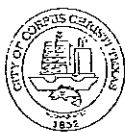
CLIENT EXPENSES

66 Photocopies @ \$0.20 each \$13.20

25 Color Photocopies @ \$0.50 each \$12.50

Total Client Expenses \$25.70

TOTAL AMOUNT DUE \$1,963.20



**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: 2/7/2020
Due Date: 2/28/2020
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: 3224931

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.

The Great Texas Warrant Roundup

- Beginning February 29, 2020
- Save time, resolve your case online.
- For payments visit: www.cctexas.com/payfines
- Contact: mcmill@cctexas.com
- Or call: 361-826-2500

Pa. 2/19/2020

ACCOUNT SUMMARY

PREVIOUS BALANCE	-\$35,816.17
PAST DUE LATE FEE	-\$6,633.92
BALANCE FORWARD	-\$42,450.09
NEW CHARGES	
WATER	\$54,135.07
RWCA \$1.032/TGAL	\$37,616.40
TOTAL WATER	\$91,751.47
NEW CHARGES DUE BY 2/28/2020:	\$91,751.47
BALANCE FORWARD	-\$42,450.09
AMOUNT DUE	\$49,301.38

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	2/28/2020	\$49,301.38

If payment is received after the due date, a five percent penalty will be assessed.

AMOUNT ENCLOSED \$

MAKE CHECKS PAYABLE TO: CITY OF CORPUS CHRISTI

When making payment in person, please bring this stub.

Working to Serve YOU Better.



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

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



200040930049301388



**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

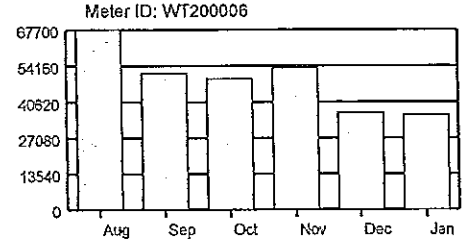
Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Statement Date: 2/7/2020
Due Date: 2/28/2020
Page: Page 2 of 2

METER INFORMATION

SERVICE PERIOD: 12/31/2019 - 1/31/2020 32 days

Meter ID	Service Type	Current Read	Previous Read	Consumption 1/31/2020
WT200006	WA	5147900	5111450	36450

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 361-885-0751.

AUTHORIZED PAY STATIONS

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



Kevin Kieschnick

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

RECEIVED

FEB 14 2020

SOUTH TEXAS WATER AUTHORITY

Invoice

Date	Invoice #
2/12/2020	113

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 January 2020	3,318	1.1372	3,773.23
POSTED				

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

Total	\$3,773.23
--------------	------------

**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		-\$66,295.39		
Ground Storage Tank - PreLoad		\$1,248,602.55 *	\$1,206,897.95	
Final - Payment #8 - Liquidated damages			\$41,704.60	
			\$1,248,602.55	
Mission Automated - additional work on mixing system (not a subcontractor of PreLoad)			\$1,750.00	
Rock Engineering - Soil samples			\$1,521.50	
			\$1,251,874.05	
Liquidated Damages				
Liquidated Damages - HDR Eng.		\$48,000.00		
Mission Automated		\$11,854.14		
Reimburse STWA-water/employee overtime		\$6,441.25		
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	\$70,807.10
BALANCE	\$190,912.18
CATHODIC PROTECTION	\$190,912.18
REMAINING BOND FUNDS	\$816,192.55

ANTICIPATED (BUDGETED) vs. ACTUAL WATER RATE CHARGED

	ANTICIPATED (BUDGETED) CHARGES			ACTUAL CHARGES			Difference: Actual vs. Budgeted
	Handling Charge	CC Cost	Total	Handling Charge	CC Cost	Total	
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	\$2.517187	\$2.943573	\$0.0043
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	\$2.545725	\$2.972111	\$0.0335

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	35,720,968	-6,471,825	Jan-20	12,402,376	15,532,210	3,129,834
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	178,831,908	12,019,213	TOTAL	153,602,414	62,636,380	14,258,076

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	4,672,000	-6,104,817	Jan-20	7,296,200	7,504,000	207,800
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	32,226,000	-10,881,268	TOTAL	100,047,600	38,490,000	7,877,400

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	5,000	-4,620,600
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	14,000	-16,840,200

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	1,607,490	-440,672
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	7,226,610	-928,728

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	4,578,018	1,503,218
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	30,145,218	18,512,353

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	1,822,250	-146,588
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	8,093,700	21,580

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	4,672,000	22,000
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	32,226,000	1,758,128

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	6,224,000	\$1,486.29	\$0.2388	Dec-19	14,642,440	\$4,511.27	\$0.3081
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	27,554,000	\$7,925.07	\$0.2876	TOTAL	47,104,170	\$15,494.56	\$0.3289

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	-\$1,073.97	#DIV/0!	Dec-19	10,899,000	\$2,909.89	\$0.2670
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	-\$2,999.14	-\$333.2378	TOTAL	30,986,000	\$8,055.66	\$0.2600

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	9,094,300	\$2,842.74	\$0.3126	Dec-19	1,717,560	\$375.54	\$0.2186
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	25,567,200	\$8,030.47	\$0.3141	TOTAL	5,619,120	\$1,416.60	\$0.2521

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	1,917,250	\$400.79	\$0.2090	Dec-19	44,494,550	\$11,452.55	\$0.2574
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	6,271,450	\$1,549.38	\$0.2471	TOTAL	143,110,940	\$39,472.60	\$0.2758

INTER-OFFICE MEMO

TO: Carola G. Serrato, Executive Director
FROM: Armando Yruegas, O&M Supervisor
DATE: February 19, 2020
RE: Maintenance & Technical Report

During the week of January 13, 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.
- Replaced lights at pump stations.
- Macaulay Controls installed new flow meter on the 42" transmission line at Driscoll.
- Replaced light fixture at Agua Dulce Pump Station.

During the week of January 20, 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 pump stations.
- Repaired Bishop East MOV- shorted wires.
- Replaced Driscoll Master Meter.
- Replaced chlorine bottles in Ricardo.
- TCEQ Inspection.
- Delivered LAS to Pump Stations.

During the week of January 27, 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.

- Flushed Bishop West transmission line.
- Repairs on Unit #7 main rear seal on transmission and oil pan gasket.
- Yearly inspections for storage tanks to comply with TCEQ requirements.
- NPE repaired loose track on mini excavator.
- Repaired rusted area on Kingsville Meter Run.
- Delivered chlorine bottles to pump stations.

During the week of February 3, 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.
- Moody Bros. repaired chlorine injector and replaced tubing at Driscoll Booster Station.
- Placed 42" transmission line chlorination system on automatic.
- Repaired CL17-working properly.
- Spray washed exterior chlorine and LAS buildings at Kingsville and Ricardo Pump Stations.

During the week of February 10, 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.
- Checked CL17 analyzers at pump stations.
- Repaired tire on track hoe.
- Replaced oil pressure hose on Kingsville emergency generator.
- Pressure washed chlorine and LAS buildings at Driscoll, Central, Banquete, Agua Dulce and Sablatura Park.

To: Carola G. Serrato, Executive Director

From: Oscar Ortegon, CP Technician

Date: February 20, 2020

Re: CP Update

Since starting Contact 2 on January 7, 2020, 128 anodes on 109 joints have been installed as of today. We have replaced 11 old test stations with new ones as compared to 4 replacements last month. Compared to January's report with 78 anodes on 61 joints, an additional 50 anodes on 48 joints have been covered. Last month's footage was 2,548 LF. We have completed 6,148 feet out 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.

A C.I.S test was conducted by Corrpro services on February 19, 2020 and completed on February 20, 2020. We are waiting on our report to check the continuity on the 42" water main.

ATTACHMENT 3

Banquete Pump Station Project

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 19, 2020
Re: Update on Banquete Pump Station (PS) to Serve the Nueces Water Supply Corporation (NWSC)

Background:

Last month, staff reported that the Nueces County Commissioners Court awarded the bid for the construction of a new Banquete Pump Station to JS Haren and the Nueces County Purchasing Department had received all of the necessary signed documents; but, a pre-construction conference had not been scheduled. Today, Robert Viera, LNV, indicated that the Texas Water Development Board is reviewing all pertinent documents and, once approved, the pre-construction meeting will be scheduled. He anticipates it will be held at the beginning of March.

Meanwhile, as reported in a weekly update, field personnel have ordered a portable building on behalf of the Nueces Water Supply Corporation as a replacement storage facility since the existing building will be used as a pump station. The caliche base has been delivered to the Kingsville site.

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:

Staff is excited about the construction of this project. On a personal note, it is one of three items remaining on my major event items.

ATTACHMENT 4

Update – NCWC&ID #5

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 21, 2020
Re: Nueces County Water Control and Improvement District #5 (NCWC&ID #5) Wholesale Water Supply Contract and Operations and Maintenance Contract

Background:

Enclosed please find the most recent email correspondence with the NCWC&ID #5 (Banquete) office. In recent weekly updates, staff has reported that Banquete Water District Board meetings have been postponed due to a lack of quorums. However, their board met last night and discussed four (4) items listed in my previous email, namely the Wholesale Water Supply Contract, construction of the new Banquete Pump Station which is a Nueces County – Texas Water Development Board grant project, the need to make arrangements for the existing pumps owned by the Nueces Water Supply Corporation and past due invoices.

Analysis:

With regards to the Wholesale Water Supply Contract, the enclosed email outlines several contract sections that would need to be revised as a result of the new pump station construction. In addition, since the Maintenance and Operations Contract is an exhibit to the contract, I explained that STWA has been tracking allocated costs to Wholesale Customers and took files of those breakdowns from 2011 to January 2020. Regarding the existing NWSC-owned pumps, I indicated that STWA would need to negotiate purchase of the pumps from the NWSC on behalf of the Banquete Water District; however, that matter goes back to the absence of a Water Supply Contract. Finally, it was reported that several invoices had been paid with the exception of one past due month and the current bill.

Discussion on these subjects took about an hour. Details on the new pump station, including demolition of the elevated storage tank and the facilities that would be built to continue servicing the Banquete Water District were reviewed. Several times the path of water service entering and leaving the existing and new pump station were discussed once the new station is built including (1) how the invoices will be calculated and (2) which pass through arrangements would remain in place. Again, the matter returned to the need for a contract.

Board President Alex Cavazos indicated that the District wants to move forward with negotiating a contract. The District is interested in the same type of Maintenance and Operations Contract as the City of Driscoll. I indicated that the STWA Board had authorized staff to provide Driscoll with a proposed M&O fee for negotiation purposes based on a staff analysis and the same request could be made for the Banquete Water District. The Banquete Board agreed to begin that process.

Staff Recommendation:

Begin working with legal counsel on modifications to the offered Wholesale Water Supply Contract based on (1) the construction of the new pump station and elimination of any language pertaining to joint ownership or sharing of facilities and (2) including the same term language of four (4) five-year terms.

In addition, below is that same type of analysis as that calculated recently for the City of Driscoll.

Fiscal Year	Costs Allocated*	Volume Purchased	Annual
2011	\$12,703.03	33,635,172	\$0.3777
2012	\$22,256.54	27,941,870	\$0.7965
2013	\$13,160.92	28,036,260	\$0.4694
2014	\$9,369.70	26,950,330	\$0.3477
2015	\$21,373.81	26,081,990	\$0.8195
2016	\$10,501.96	25,391,860	\$0.4136
2017	\$10,646.93	23,738,120	\$0.4485
2018	\$10,074.93	25,143,790	\$0.4007
2019	\$9,543.39	23,929,630	\$0.3988
Totals	\$119,631.21	240,849,022	
	Cost per 1000g	\$0.4965	

Staff recommends authorizing a letter similar to that sent to the City of Driscoll with \$0.4965 as a beginning negotiation figure.

Finally, staff recommends beginning discussions with the Nueces Water Supply Corporation on the transfer of title to the existing pumps once the new pump station is complete.

Board Action:

Determine whether to authorize staff to:

- Work with legal counsel on modifications to the offered Wholesale Water Supply Contract based on (1) the construction of the new pump station and elimination of any language pertaining to joint ownership or sharing of facilities and (2) including the same term language of four (4) five-year terms,
- Send a letter similar to that sent to the City of Driscoll with a cost per thousand gallons of \$0.4965 as a beginning negotiation figure, and
- Begin discussions with the Nueces Water Supply Corporation on the transfer of title to the existing pumps once the new pump station is complete.

Summarization:

Staff was pleased with the discussion during the Banquete Water Board meeting and the Banquete Water Board is truly prepared to begin negotiations on a Wholesale Water Supply Contract and Maintenance and Operations Contract.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Friday, February 14, 2020 9:41 AM
To: NCWCID#5 (ncwcid5@aol.com)
Cc: Bill Flickinger; Armando Yruegas; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: NCWCID #5 Board Meeting and STWA Offered Contract
Attachments: Banquete Letter and Water Supply Contract Mar 2015.pdf

Good Morning Anavi,

Per our conversation this morning, attached is the wholesale water supply contract offered to NCWCID#5 in March of 2015 as well as correspondence from 2014.

As mentioned in my recent emails, a construction project should begin soon that will result in two (2) separate pump stations – one to service NCWCID #5 and the other to service NWSC. As such, the attached contract will need to be modified to eliminate reference to sharing of facilities and owning facilities on a prorated basis.

In addition, recently the STWA Board offered a contract to the City of Driscoll that is based on four (4) five-year terms for a total of 20 years. I anticipate the STWA Board would be willing to consider that for the NCWCID#5.

Also, the STWA Board authorized staff to provide information to the City of Driscoll regarding a fee in the event the City decides to have STWA continue to operate and maintain the facilities on behalf of the City. This is done by contract and becomes a part of the wholesale water supply contract as an exhibit.

Please let me know if you need any additional information. I look forward to meeting with the NCWCID#5 next Wednesday, February 19th.

I hope you and your family have a good weekend and you feel better soon.

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: Tuesday, January 28, 2020 1:43 PM
To: 'ncwcid5@aol.com'
Subject: RE: Upcoming NCWCID #5 Board meeting

Anavi,

What time is the meeting?

Carola

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

From: ncwcid5@aol.com <ncwcid5@aol.com>
Sent: Tuesday, January 28, 2020 12:17 PM
To: mcserrato@stwa.org
Subject: Re: Upcoming NCWCID #5 Board meeting

Thank you!

Anavi King
Office Manager
Nueces County WCID #5
361-387-7612
Fax: 361-387-4144

In a message dated 1/27/2020 1:58:07 PM Central Standard Time, mcserrato@stwa.org writes:

Yes, that will work.

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701
Kingsville, Texas 78364

361-592-9323 x112

From: ncwcid5@aol.com <ncwcid5@aol.com>
Sent: Monday, January 27, 2020 12:15 PM
To: mcserrato@stwa.org
Cc: ac@beecroftconstruction.com
Subject: Re: Upcoming NCWCID #5 Board meeting

Hello,

As of right now, we will have a meeting this Wednesday, the 29th. Would you be able to make it?

Anavi King

Office Manager

Nueces County WCID #5

361-387-7612

Fax: 361-387-4144

In a message dated 1/17/2020 9:49:04 AM Central Standard Time, mcserrato@stwa.org writes:

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

March 9, 2015

Mr. Alex Cavazos, Board President
Nueces County Water Control & Improvement District #5
P.O. Box 157
Banquete, Texas 78339

Re: Wholesale Water Supply Contract between NCWC&ID #5 and South Texas Water Authority, including Bills of Sale, Transfer of Title and Operation & Maintenance Exhibits

Dear Mr. Cavazos:

Enclosed is a Wholesale Water Supply Contract offered by the South Texas Water Authority (STWA). This contract has been modified from the contract offered to your District in January of 2014. The term of the contract is for *twenty (20) years* rather than being based on STWA having a contract with the City of Corpus Christi. This change was made for two reasons. First, the STWA Board has determined that it is willing to provide a long term contract with a *minimum* twenty-year term. Second, this change addresses a concern voiced by Mr. Gerald Benadum, attorney for a number of STWA's wholesale customers, that the contract could potentially be in perpetuity if based on STWA having a contract with the City of Corpus Christi.

The enclosed contract *no longer contains the provision allowing for a mid-year change* in STWA's handling charge. Additionally, the contract includes an agreement that STWA believes may address a concern previously expressed by the District's board, in particular whether there will be unexpected and costly invoices for any repairs to the Banquete Pump Station. The Contract for Operation and Maintenance of Facilities *provides for the District to continue paying those costs on a monthly basis.*

As before, the Authority is proposing that the Nueces Water Supply Corporation (NWSC), which also utilizes facilities at the Banquete Pump Station, and the District provide divided interest to each other through the Bills of Sale and Transfer of Title. Both entities would have a divided interest in the elevated tower owned by STWA. Both entities would have a divided interest in the ground storage tanks owned by the District. And, by having a divided interest in the pumps owned by NWSC, the District will not be served "under direct pressure" as defined by the TCEQ. This will eliminate the District having to acquire a water supply contract from the NWSC. When the TCEQ conducts its periodic investigations, it will examine the pump station's capacity based on combining the number of NWSC connections with the number of District connections.

As an update, the following are some important facts related to each of STWA's wholesale customers:

- On March 2, 2015 the NWSC Board approved the Bills of Sale, Transfer of Title and Operations and Maintenance Agreements. As such, that Corporation has agreed to pay its fair share of the six (6) stations that provide their service: Agua Dulce, Banquete, Bishop East, Central, Driscoll, and Sablatura Park.
- In January of 2015, the City of Agua Dulce entered into a 20-year contract with STWA.
- The City of Bishop owns its own Bishop West Pump Station and, therefore, already pays the cost of service downstream of STWA's meter.
- The Ricardo Water Supply Corporation also owns its three (3) pump stations and pays the cost of service downstream of the master meters.
- The NWSC Board and STWA Board have agreed to a joint project at the Driscoll Pump Station to separate the pump facilities, which will address the TCEQ's "under direct pressure" rule. The engineering plans are complete and are currently being reviewed by the TCEQ.
- The City of Kingsville entered into a one-year contract with STWA. The contract calls for the City taking water on a daily basis in order to test the effects as related to TCEQ's enforcement action against STWA in connection with the dissipation of the disinfection residual at the end of the 42" transmission line.
- STWA continues to press the TCEQ to approve the engineering plans for the construction of three (3) smaller pumps and a smaller ground storage tank at the Kingsville PS. STWA believes these facilities will be instrumental in addressing the residual problem at the end of the 42" line. Prior to issuing the bonds to fund this project, the City of Kingsville Council formally agreed to accept the project facilities based on the TCEQ's "under direct pressure" rule interpretation. See the attached City minutes from June, 25, 2012.

In conclusion and on behalf of the STWA Board, we look forward to working with the District and entering into a contract which will meet the District's needs and satisfy TCEQ requirements.

Sincerely,

Carola G. Serrato
Executive Director

CGS//

Enclosures

cc: NCWC&ID #5 Board
STWA Board
Mike Willatt, Willatt & Flickinger

See pg 8

JUNE 25, 2012

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, JUNE 25, 2012 IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS, CITY HALL/200 EAST KLEBERG AVENUE AT 6:00 P.M.

CITY COMMISSION PRESENT

Al Garcia, Mayor Pro-tem
Noel Pena, Commissioner
Arturo Pecos, Commissioner
Dianne Leubert, Commissioner

CITY COMMISSION ABSENT

Sam R Fugate, Mayor

CITY STAFF PRESENT

Vincent J Capelli, City Manager
Edna S Lopez, City Secretary
Courtney Alvarez, City Attorney
Robert Rodriguez, Library Director
Naim Khan, City Engineer/Public Works Director
Mark Rushing, Finance Director
Roel Carrion, Interim Fire Chief
Bill Donnell, Asst Public Works Director
Diana Medina, Collections Supervisor
Gary Fuseller, Landfill Supervisor
Willie Vera, Task Force Commander
Mike Kellam, Director of Development Services
Caron Vela, Accounting Manager
Yolanda Cadena, Health Director
Joe Casillas, Water Production Supervisor
Diana Gonzales, Human Resource Director
Arturo Perez, Garage Supervisor
Marco Jimenez, Water Supervisor

I. Preliminary Proceedings.

OPEN MEETING

Mayor Pro-tem Garcia called the meeting to order in the Commission Chambers at 6:00 P.M., and announced quorum as present with only Mayor Fugate and Commissioner Pecos absent.

CONVENE INTO REPORTS FROM COMMISSION & STAFF – ITEM III- PRESENTATION BY HDR ENGINEERING REGARDING STORM WATER RATE STUDY.

Mr. Grady Reed, HDR representative reported on a storm water management study. He explained the Historical Overview of Storm water Management, Increasing Storm water Challenges facing Communities, Questions that must be Answered to guide the Process, Storm Water Rate and Fee Structures, Kingsville Storm water Data Development, Kingsville Storm water Rate Model, Phase II – Implementation Support and Future Schedule.

throughout the City and they are in good shape and it is being reflected on the City's books, more and more.

Commissioner Garcia asked about the reconciliation. Mr. Womack replied Mr. Rushing is aware this has to be caught up, the problem is that it is very time consuming and the City has open doors and this takes a lot of concentration and effort because you are dealing with numbers but it has to be done.

Commissioner Pecos made a motion to approve, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Garcia, Pena, Leubert, Pecos voting "FOR". Fugate "ABSENT".

6. Consider response to STWA on facilities at the Kingsville Pump Station. (City Engineer/Public Works Director).

Mr. Khan stated SWTA has currently one- 5 million gallon tank and three - 5000 gallon per minute pumps. They are proposing to replace the pump and the tank. They would like to replace the 5 million gallon tank to a 1 million gallon tank, and three-5000 gpm to three -1,500 gpm pumps. STWA is looking at the City for two things, (1) the downsizing and after the downsizing of these facilities the City's position to own the title of these facilities. City Staff's recommendation for downsizing the tank size is, it can be downsized and the City can still be able to meet contractual obligation. For the three pumps to be downsized, they can do that but not now, until the city has our own elevated storage tank to be built at the end of 2013 or 2014. As for the ownership, Staff believes that STWA can own the tank and the pump and they can own the pump until TCEQ tells the City that they are providing the water under direct pressure.

Commissioner Leubert made a motion to accept Staff's recommendation, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Pena, Pecos, Leubert voting "FOR". Fugate "ABSENT".

7. Consider introduction of an ordinance amending the Fiscal Year 2011-2012 Budget for the Police Department State Forfeiture Fund for the purchase of computer hardware software for the Crimes Software Program. (Finance Director).

Mr. Rushing stated this budget amendment would assist with the conversion to the CRIME software and that the increase with Corpus Christi was significant.

Chief Torres stated his department was notified that the increase for the maintenance contract was increasing from \$15,000 per year to \$95,497.57 per year and he is not getting the service they deserve. The Crime software package through the Sam Houston State University is a good deal and the cost is zero dollars. The maintenance agreement is \$45,000 with a savings of \$50,497.57 per year. As for the infrastructure, they have been working on it but things are still needed. Chief Torres stated data storage is important so all video is stored in this software.

INTRODUCTION ONLY

8. Consider introduction of an ordinance amending the Fiscal Year 2011-2012 Budget for the CO Series 2011- General Fund Capital Projects for the Fire Department expenses of remodeling and upgrading Fire Station 2. (Finance Director).

Mr. Rushing stated this is a budget amendment for \$100,000 to work on Station No. 2. City Manager Capell stated Firefighter James Creek will be here at the next meeting to further explain. Interim Fire Chief Roel Carrion explained they are looking at adding to

Carola Serrato

From: Mike Willatt <mwillatt@wfaustin.com>
Sent: Thursday, March 05, 2015 12:59 PM
To: 'Carola G. Serrato'
Subject: Banquete
Attachments: Water Supply Contract.pdf

Carola,

The latest version of the Banquete contract on our computers was January 7, 2014. This matches up to the version you sent with your letter of January 13, 2014. Attached is that contract with the provision for a mid-year rate adjustment deleted, on page 6, and the term of the contract on page 9 being changed to 20 years.

Please note that Exhibit "A," the schematic of the delivery system, is not attached.

Please review this contract and consider whether you should approach Banquete again.

Mike Willatt
Willatt & Flickinger
Attorneys at Law
2001 North Lamar
Austin, Texas 78705
Ph: (512) 476-6604
Fx: (512) 469-9148
mwillatt@wfaustin.com

CONFIDENTIALITY NOTICE: This e-mail transmission (and/or the attachments accompanying 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 e-mail, and then destroy all copies of the transmission.

WATER SUPPLY CONTRACT

THE STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This Contract is by and between the South Texas Water Authority, a governmental agency, conservation and reclamation District and body politic and corporate, having been created under Chapter 436 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas, all pursuant to Article XVI, Section 59 of the Texas Constitution (hereinafter called the "Authority") and Nueces County Water Control and Improvement District No. 5, a water control and improvement district created and functioning under Article XVI, Section 59 of the Texas Constitution as well as Chapters 49 and 54 of the Texas Water Code (hereinafter called the "Wholesale Customer"), and is as follows.

RECITALS

WHEREAS, the Authority owns a water transmission line extending from the City of Corpus Christi O.N. Stevens Water Treatment Plant to the Authority's customers; and

WHEREAS, the Authority has entered into that certain Water Supply Agreement by and between the Authority and the City of Corpus Christi dated October 14, 1980, pursuant to which the Authority purchases water for resale to its customers; and

WHEREAS, the Authority is willing to sell, and the Wholesale Customer is willing to buy, water available to the Authority from the City of Corpus Christi.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the Authority and the Wholesale Customer agree as follows:

SECTION 1. DEFINITIONS. Terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

(A) "Maintenance and Operations Tax" shall mean those ad valorem taxes levied by the Authority in accordance with Chapter 49 of the Texas Water Code as authorized by the election of August 11, 2001.

(B) "Corpus Christi Water Supply Agreement" shall mean the Water Supply Agreement by and between the Authority and the City of Corpus Christi dated October 14, 1980.

SECTION 2. QUANTITY. The Authority agrees to sell and deliver to Wholesale Customer at the delivery points hereinafter specified, and Wholesale Customer agrees to purchase and take at said delivery points, all water required by Wholesale Customer during the period of this agreement for

its own use and for distribution to all customers served by Wholesale Customer's water distribution system at a maximum authorized daily purchase rate which, together with the actual production capacity of the Wholesale Customer's system, is at least 0.6 gallon per minute per connection in the Wholesale Customer's water distribution system. The word "connection" as used in this paragraph shall have the same meaning as in Texas Administrative Code Title 30, Part 1, Chapter 290, Subchapter D, Section 290.38(14) in an amount up to 0.6 gpm per connection.

The Authority will use its best efforts to remain in the position to furnish water sufficient for the reasonable demands of Wholesale Customer, but its obligations shall be limited to the quantity of water available to it under its contract with the City of Corpus Christi. If the Authority determines that it is not able to furnish the Wholesale Customer with the foregoing amount of water, the Wholesale Customer shall be authorized to obtain water in an amount equal to that which the Authority cannot provide from any other source.

SECTION 3. QUALITY. The water which will be delivered to the Wholesale Customer by the Authority will be as received from the City of Corpus Christi. The Authority may add additional disinfection. The Wholesale Customer has satisfied itself that this water will be suited for its needs.

SECTION 4. POINTS OF DELIVERY, TITLE, CONVEYANCE OF FACILITIES, OPERATION AND MAINTENANCE OF FACILITIES, AND MEASUREMENT OF AMOUNT OF WATER DELIVERED TO WHOLESAL CUSTOMER. Attached hereto as Exhibit "A" is a schematic diagram involving the transfer of water from the Authority to the Wholesale Customer's distribution system. The Point of Delivery of the water by the Authority to the Wholesale Customer shall be the outlet of the Authority's meter located immediately before the water enters the 100,000 gallon ground storage tank and 40,000 gallon ground storage tank, which are owned by Wholesale Customer, shown on Exhibit "A" attached hereto, and any other points of delivery mutually agreed upon by the Wholesale Customer and the Authority. The Wholesale Customer shall provide and maintain a clean air gap between the Authority's system and the Wholesale Customer's distribution system at the Point of Delivery shown on Exhibit "A," and any other points of delivery mutually agreed upon by the Wholesale Customer and the Authority. The volume of water that is billed to the Wholesale Customer shall be the amount of water delivered through the foregoing Point of Delivery minus the amount of water delivered by the Authority through that Point of Delivery that is delivered to Nueces Water Supply Corporation, as shown in Exhibit "A" attached to this Agreement.

Title to all water supplied hereunder shall remain in the Authority to the Point of Delivery, and upon passing through the Authority's meter or meters installed at the specified Point of Delivery such title to the water shall pass to the Wholesale Customer. Each of the parties hereto shall be responsible for and agrees to save and hold the other party harmless from all claims, demands and causes of action which may be asserted by anyone on account of the transportation, delivery and disposal of said water while title remains in such party.

The Texas Commission on Environmental Quality (the "TCEQ") has contended that some of the Authority's Wholesale Customers have been served "under direct pressure," thereby triggering TCEQ Rule 290.45(f)(5), which provides as follows:

"For systems which purchase water under direct pressure, the maximum hourly purchase authorized by the contract plus the actual service pump capacity of the system must be at least 2.0 gpm per connection or provide at least 1,000 gpm and be able to meet peak hourly demands, whichever is less."

The TCEQ staff has prepared a report on what arrangements can be made to avoid being deemed to serve any Wholesale Customer under direct pressure. A copy of that report, entitled "ENCLOSURES," is attached hereto as Exhibit "B."

Contemporaneously herewith, the Authority will execute a bill of sale substantially in the same form as that attached hereto as Exhibit "C," thereby conveying to the Wholesale Customer a divided interest for its exclusive use in the Authority's 50,000-gallon elevated storage facility shown on Exhibit "A," which divided interest shall be prorated on the number of connections served by the Wholesale Customer from that 50,000-gallon elevated storage facility, and the total number of connections served from that 50,000-gallon elevated storage facility, on October 1 of each year.

Wholesale Customer and Nueces Water Supply Corporation, approximately contemporaneously herewith, execute bills of sale substantially in the same form as those attached here to as Exhibits "D" and "E" thereby conveying to each other the following divided interests for each system's exclusive use prorated on the number of connections served by each on October 1 of each year:

a. Nueces County WCID No. 5's 100,000 gallon ground storage tank and 40,000 gallon ground storage tank shown on Exhibit "A" attached hereto;

b. Nueces Water Supply Corporation's three service pumps shown on Exhibit "A" attached hereto; and

Contemporaneously herewith, the Authority and the Wholesale Customer will execute a Contract for Operation and Maintenance of Facilities substantially in the form of that attached hereto as Exhibit "F."

Wholesale Customer agrees that the interconnection between its distribution system and the distribution system of Nueces Water Supply Corporation will remain open so that the two water systems will operate as a single pressure plane, as allowed by TCEQ rules.

SECTION 5. MEASURING EQUIPMENT.

(A) Authority shall furnish, install, operate and maintain at its own expense the necessary metering equipment of standard type for measuring properly the quantity of water delivered under this agreement. Such metering equipment shall be located on the Authority's supply main at a location already designated by Authority. Such meter or meters and other equipment so installed shall remain the property of Authority. The reading, calibration and adjustment of the meter equipment shall be done only by the employees or agents of the Authority. However, the Wholesale Customer shall have access to such metering equipment at all reasonable times. For the purpose of this Agreement, the original record or reading of the main meter shall be the journal or other record book of the Authority in its office in which the records of the employees or agents of the Authority who take the reading are or may be transcribed. Upon written request of Wholesale Customer, the Authority will give the Wholesale Customer a copy of such journal or record book, or permit the representative designated by Wholesale Customer Council resolution to have access to the same in the office of the Authority during reasonable business hours.

(B) Not more than once in each calendar year, on a date as near the end of the Authority's fiscal year as practical, the Authority shall calibrate its main meter or meters and present to the Wholesale Customer accuracy certification. This calibration shall be performed in the presence of a representative of Wholesale Customer, and the parties shall jointly observe any adjustments which are made to the meter in case any adjustments shall be necessary, and if the check meter hereinafter provided for has been installed, the same shall also be calibrated in the presence of a representative of the Wholesale Customer and the parties shall jointly observe any adjustments which are made to the meter in case any adjustments shall be necessary. The Authority shall give Wholesale Customer notice of the time when any such calibration is to be made. If a representative of Wholesale Customer is not present at the time set, the Authority may proceed with calibration and adjustment in the absence of any representative of the Wholesale Customer.

(C) If either party at any time observes a variation between a main delivery meter and the check meter, if any such check meter shall be installed, such party will promptly notify the other party, and the meters shall then be adjusted to accuracy. Each party shall give the other party forty-eight (48) hours notice of the time of any test of meter so that the other party may conveniently have a representative present.

(D) If, upon any test, the percentage of inaccuracy of metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event farther back than a period of six (6) months. If, for any reason, the main meter is out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered, through the period such meter is out of service or out of repair, shall be estimated and agreed upon by the parties thereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any

check meter if the same has been installed and is accurately registering. Otherwise, the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of error is ascertainable by calibration tests or mathematical calculation, or (ii) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter was registering accurately.

(E) The Wholesale Customer may, at its option and its own expense, install and operate a check meter to check the meter installed by the Authority, but the measurement of water for the purpose of this agreement shall be solely by the Authority's meter, except in the cases hereinabove specifically provided to the contrary. Such check meter shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of the Authority, but the reading, calibration and adjustment thereof shall be made only by the Wholesale Customer, except during any period when a check meter may be used under the provisions hereof for measuring the amount of water delivered, in which case the reading, calibration, and adjustment thereof shall be made by the Authority with like effect as if such check meter had been furnished or installed by the Authority.

SECTION 6. MEASUREMENT AND UNIT OF MEASUREMENT. The volume of water that is billed to the Wholesale Customer shall be the amount of water delivered through the Point of Delivery described in Exhibit "A" attached to this Agreement minus the amount of water delivered by the Authority through that Point of Delivery that is delivered to Nueces Water Supply Corporation, as shown in Exhibit "A" attached to this Agreement. The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

SECTION 7. DELIVERY PRESSURE. The water shall be delivered by the Authority at the point of delivery at the Wholesale Customer's system at "0" pressure.

SECTION 8. PRICES AND TERMS.

(A) Rates to be Cost Based. All rates charged for water supplied pursuant to this Agreement shall be set to recover the cost of service, based on generally accepted rate making principles, including those set forth in the American Water Works Association ("AWWA") Manual M1 on water rates. In setting the rates the Authority will take into account the amounts it anticipates receiving from management fees and the Maintenance and Operations Tax. The amount of the Maintenance and Operations Tax shall be determined by the board of directors of the Authority in its sole discretion.

The components of the rates shall include a "pass through charge" to recover the cost of purchased water and a "handling charge" to recover the Authority's costs that are not recovered through ad valorem taxes and management fees. The "handling charge" shall include a fee in lieu of ad valorem taxes, to take into account the fact that the customers of Wholesale Customer are not within the boundaries of the Authority and do not pay ad valorem taxes to the Authority. The Authority's costs shall include a reserve fund to pay for unexpected repairs and replacements.

Wholesale Customer shall be responsible for its share of the cost of operation, maintenance, repair and replacement of the facilities located after the point of delivery.

Each year after the Authority receives its audit, the Authority will conduct a "true-up" for the year to which the audit applies; i.e., the prior year, using audited costs to determine if there was any over-recovery or under-recovery of costs during that year. Any over-recovery or under-recovery of costs will be carried over as a credit or debit, as appropriate, to the costs included in the budget that are considered to determine the price for the following year. (There will be a one-year delay in each "true-up").

(B) Authority Budget. The Authority's fiscal year shall be from October 1 through September 30 of each year, or such other period as the Authority, after sixty (60) days written notice to the Wholesale Customer, shall adopt. Not later than the forty-fifth (45th) day before the beginning of the Authority's next fiscal year, commencing with the Authority's fiscal year in which this Agreement becomes effective, the Authority shall provide the Wholesale Customer with a copy of the Authority's proposed budget for the following fiscal year, showing the budgeted total annual rate, and the components thereof, to be paid by the Wholesale Customer to the Authority for the fiscal year of the Authority to which the budget applies for sale and purchase of water under this Agreement. The Wholesale Customer shall have thirty (30) days to review and comment on the proposed budget. The Authority shall adopt its fiscal year budget as soon as practicable following the expiration of such thirty (30) day period and shall deliver to the Wholesale Customer a copy of the fiscal year budget within five (5) days after the adoption thereof.

(C) Annual Minimum Payment. If, during any fiscal year, for any reason whatsoever, the Wholesale Customer actually takes or uses less than the minimum amount prescribed for it as hereinafter provided in this paragraph, the Wholesale Customer shall nevertheless pay an amount equal to the amount that it would have paid if it had actually taken such minimum amount. For the purpose of calculating the minimum amount for which the Wholesale Customer is unconditionally liable, without offset or counterclaim, the Wholesale Customer, during each fiscal year, shall be deemed to have taken and used the minimum annual amount of water (regardless of whether or not such amount is or was actually taken or used) as follows:

(1) As an initial minimum amount during each of the fiscal years commencing October 1, 2013 and ending September 30, 2018, _____ mgd.

(2) During each fiscal year commencing October 1, 2019, and during each fiscal year thereafter, an amount expressed in mgd equal to the greater of:

(i) the initial minimum amount fixed for the Wholesale Customer (being the amount fixed for it in Clause (1) above), or

(ii) the average annual mgd taken by the Wholesale Customer during the immediately preceding five consecutive fiscal years.

If, during any fiscal year, the Wholesale Customer takes less than its minimum annual amount, the handling charge for the difference between the annual minimum amount and the amount actually taken will be billed to the Wholesale Customer in the month following that fiscal year.

(D) Unconditional Obligation to Pay - The Wholesale Customer shall be obligated to pay, each month, the payments required by this Agreement, without offset or counterclaim. This covenant shall be for the benefit of the holders of the Authority's bonds, if as and when any bonds are outstanding.

(E) Billing and Payment - The Authority shall bill the Wholesale Customer monthly for the amounts due the Authority hereunder for the preceding billing period which bill shall disclose the nature of the amounts due. Such monthly bills shall be normally delivered to the Wholesale Customer within ten business days after the end of each calendar month. All such bills shall be paid by the Wholesale Customer on or before the last day of the month in which they are received, at the office of the Authority in Kingsville, Texas.. Any mistakes in calculations or figures shall not alleviate the Wholesale Customer's obligation to pay the bill in full. Any mistakes in any calculations or figures shall be corrected immediately upon discovery and the corrected bill will be furnished to the Wholesale Customer. An adjustment in the amount paid as a result of such mistake in calculation or figure will be added or deducted from the following month's bill, as appropriate. If the Wholesale Customer disputes a bill, it shall nevertheless pay the bill, in full, pending any refund, as may be determined as a result of appeal of the disputed bill. The dispute may be resolved by agreement, or by appropriate administrative agency or court decision.

(F) Late Payment - In the event the Wholesale Customer shall fail to make any payment required to be made to the Authority under this Contract, within the time specified herein, interest on the amount due shall accrue from the time payment is due at the rate of fifteen percent (15%) per annum, or the maximum rate allowed by law, whichever is less. In the event any such payment is not made within sixty days from date such payment becomes due, the Authority may, at its option, discontinue the delivery of water to the Wholesale Customer until the amount then due the Authority is paid in full with interest as above specified.

SECTION 9. SPECIAL CONDITIONS.

(A) Wholesale Customer represents and covenants that the water supply to be obtained pursuant to this Contract is essential and necessary to the operation of its waterworks system, and that all payments to be made hereunder by it will constitute reasonable and necessary "operating expenses" of Wholesale Customer's waterworks system, and that all such payments will constitute reasonable and necessary operating expenses of Wholesale Customer's waterworks system under any and all revenue bond issues of Wholesale Customer, with the effect that the Wholesale Customer's obligation to make payments from its waterworks revenues under this Contract shall have priority over its obligations to make payments of the principal of and interest on any and all of its revenue bonds.

(B) Wholesale Customer agrees to fix and collect such rates and charges for water and services to be supplied by its waterworks system as will make possible the prompt payment of all expenses of operating and maintaining its waterworks system, including all payments contracted hereunder, and the prompt payment of the principal of and interest on its obligations payable from the revenues of its waterworks system.

(C) During any period of time when, in the judgment of the Authority, there is a critical shortage of water in the sources of supply available to Authority, which makes it impractical or inadvisable for Authority to deliver to the Wholesale Customer and its other customers with whom it has water supply contracts the full amounts of water required to be delivered thereunder, the water deemed available by the Authority from its sources of supply, shall be rationed to the Wholesale Customer and the other customers during each month of such period of time, in accordance with the "Drought Contingency Plan for the South Texas Water Authority" adopted on May 28, 2013, as it may be amended from time to time. Such rationing shall also be subject to the requirements of Section 10 of this Contract.

(D) The Wholesale Customer is participating in the Federal Flood Insurance Program and will continue to do so during the term of this Contract.

SECTION 10. CORPUS CHRISTI CONTRACT AND DROUGHT CONTINGENCY PLAN. The City acknowledges that it is required by Sec. 11.1272, Water Code, to develop a drought contingency plan consistent with the appropriate approved regional water plan. Wholesale Customer also acknowledges that the Corpus Christi Water Supply Agreement requires that, if the City of Corpus Christi implements any measures under its Water Conservation and Drought Contingency Plan, the Authority shall within thirty (30) days of notice of the implementation of any restrictions, surcharges or rationing by the City of Corpus Christi, impose similar restrictions, surcharges or rationing measures on its customers. Any contract for the resale of water furnished by the Authority shall contain a similar condition.

Accordingly, the Wholesale Customer agrees that it will adopt a water conservation plan and drought contingency plan consistent with those of the City of Corpus Christi, as the latter may be amended from time to time.

SECTION 11. FORCE MAJEURE. In case by reason of force majeure either party hereto shall be rendered unable wholly or partially to carry out its obligations under this Contract, other than the obligation of Wholesale Customer to make the payments required under the terms hereof, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of a public enemy, orders of any kind of the Government of the United States or the State of Texas or

any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipe lines or canals, partial or entire failure of water supply, or inability on the part of the Authority to delivery water hereunder on account of any other causes not reasonably within the control of the Authority. It is understood and agreed that the settlement of strikes and lockouts may be difficult, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

SECTION 12. TERM OF CONTRACT. This Contract shall be and continue in full force and effect for a period of twenty (20) years following the date it has been executed by both parties.

SECTION 13. REMEDIES UPON DEFAULT

(A) Remedies. The parties agree that the Authority's undertaking to provide water is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone. Accordingly, the Authority agrees, in the event of any default on its part, that the Wholesale Customer shall be entitled to specific performance in addition to any other available legal or equitable remedies.

(B) Remedies Cumulative/Not Exclusive. The remedies provided for herein are not exclusive remedies. All other remedies at law or in equity may be availed of by either party and shall be cumulative except to the extent otherwise specifically provided, or limited, under this Agreement.

(C) CONSEQUENTIAL DAMAGES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES OR LOST PROFITS WHETHER ARISING IN AGREEMENT, TORT, STRICT LIABILITY OR OTHERWISE.

(D) Jurisdiction. The Authority and the Wholesale Customer agree that, if either of them disputes the rate charged pursuant to this contract, either of them may appeal the rate to the Texas Commission on Environmental Quality (the "TCEQ") pursuant to the provisions of 30 TAC 291.128 et seq. If the TCEQ for any reason denies the appeal for want of jurisdiction, or otherwise, the dispute may be resolved by the district court of Kleberg County, Texas.

SECTION 14. GENERAL PROVISIONS

(A) Covenant of Good Faith and Fair Dealings. The Authority and the Wholesale Customer agree to cooperate and to deal with one another fairly and in good faith at all times to effectuate the purposes and intent of this Contract. They also agree to execute and deliver such further legal

documents or instruments and to perform such further acts as are reasonably necessary to effectuate the purposes and intent of this Contract.

(B) Notices. Any notice to be given hereunder by either party to the other party shall be in writing and may be effected by personal delivery, by facsimile, or by sending said notices by registered or certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given when received by facsimile or by personal delivery, or three days after deposited with the United States Postal Service with sufficient postage affixed.

Any such notice mailed to the Authority shall be addressed:

South Texas Water Authority
P.O. Box 1701
Kingsville, Texas 78364
Attn: Executive Director
Fax: (361) 592-5965

Any such notice mailed to the Wholesale Customer shall be addressed:

Nueces County Water Control and Improvement District No. 5
P.O. Box 157
Banquete, Texas 78339
Attn: Office Manager
Fax: (361) 387-4144

Either party may change the address or facsimile number for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

(C) Approvals. Whenever the term "approve" or "approval" is used in this Contract, the party whose approval is required will not unreasonably withhold or delay it. Where approval is necessary, the party seeking approval may request approval in writing. If the party whose approval is requested fails to either approve the submittal or provide written comments specifically identifying the required changes within 21 working days, the submittal, as submitted by the requesting party, will be deemed to have been approved by the party whose approval is requested.

(D) Waiver. The failure on the part of either party to require performance by the other of any portion of this Contract shall not be deemed a waiver of, or in any way affect that party's rights to enforce such provision. Any waiver by either party or any provision of this Contract shall not be a waiver of any other provision hereof.

(E) Severability. The invalidity or unenforceability of any provision of this Contract shall not affect the validity or enforceability of any other provision of this Contract.

- (F) Attorney's Fees. In the event either party shall become a party to any litigation against the other to enforce or protect any rights or interest under this Contract and shall prevail, the losing party shall reimburse the prevailing party for all investigative and court costs and attorney's fees incurred in such litigation.
- (G) Governing Law. This Contract shall be governed by the laws of the State of Texas and venue shall lie in Kleberg County, Texas.
- (H) Binding Effect. The Contract shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.
- (I) Time. Time is of the essence. Unless otherwise specified, all references to "days" means calendar days. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.
- (J) No Partnership, Agency or Third Party Beneficiaries Intended. Nothing in this Contract will be construed as creating any form of partnership or joint venture relationship between the parties, nor shall either party be authorized to act as an agent for the other party. Nothing in this Contract shall be construed to confer any right, privilege or benefit on, or to otherwise create any vested right or third-party beneficiary relationship with any person or entity not a party to the Contract.
- (K) Authority. Each of the persons signing on behalf of the Wholesale Customer and the Authority hereby confirm that they have the authority to execute this Contract on behalf of the party indicated by their signature and have the authority to bind such party hereto.
- (L) Headings. The captions and headings appearing in this Contract are inserted merely to facilitate reference and will have no bearing upon its interpretation.
- (M) Entire Contract. This Contract contains all agreements between the parties hereto and any agreement not contained herein shall not be recognized by the parties. The captions used herein are for convenience only and shall not be used to construe this Agreement. Words of gender shall be construed to include any other gender, and words in the singular shall included the plural and vice versa unless the context requires otherwise.
- (N) Counterparts. This Agreement may be executed by the parties in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument, but all such counterparts together shall constitute but one and the same instrument.
- (O) Effective Date. The effective date of this Contract shall be the date on which it has been executed by both the Authority and the Wholesale Customer.

[Signatures to follow.]

SOUTH TEXAS WATER AUTHORITY

By: _____
President, Board of Directors
Date of execution: _____

ATTEST:

Secretary, Board of Directors

[AUTHORITY'S SEAL]

NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5

By: _____
Title: _____
Date of execution: _____

ATTEST:

Secretary

[DISTRICT'S SEAL]

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

BILL OF SALE - BANQUETE

Date:

Seller: SOUTH TEXAS WATER AUTHORITY

Seller's Mailing Address: P.O. Box 1701
Kingsville, Kleberg County, Texas 78364-1701

Buyer: NUECES COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT

Buyer's Mailing Address: P.O. Box 415
Kingsville, Kleberg County, Texas 78364-0415

Consideration: \$10.00 and other good and valuable consideration, the receipt of which is hereby acknowledged.

Transferred Properties: A divided interest for the exclusive use of Nueces County Water Control and Improvement District No. 5 in the capacity of the Authority's 50,000 gallon elevated storage tank shown on Exhibit "A" attached hereto, which divided interest shall be prorated on the number of connections served by Nueces County Water Control and Improvement District No. 5 from that 50,000 elevated storage facility and the total number of connections served from that 50,000 elevated storage facility, on October 1 of each year.

Reservations from Transfer: None

Exceptions to Transfer and Warranty: None

Seller, for the Consideration and subject to the Reservations from Transfer and the Exceptions to Transfer and Warranty, sells, transfers, and delivers the Transferred Properties to Buyer, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Buyer and Buyer's heirs, successors, and assigned forever. Seller binds Seller and Seller's heirs and successors to warrant and forever defend all and singular the Transferred Properties to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under

Seller but not otherwise, except as to the Reservations from Transfer and the Exceptions to Transfer and Warranty.

WITH THE EXCEPTION OF THE WARRANTIES OF TITLE, INCLUDING THE WARRANTY THAT NO LIENS EXIST ON THE TRANSFERRED PROPERTIES EXCEPT AS RECITED, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT HAS BECOME ANY BASIS OF THIS BARGAIN, AND FURTHER, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT WOULD CONFORM TO ANY SUCH AFFIRMATION OR PROMISE. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATEVER WITH RESPECT TO THE TRANSFERRED PROPERTIES. THE TRANSFERRED PROPERTIES ARE SOLD ON AN "AS IS" BASIS.

When the context requires, singular nouns and pronouns include the plural.

SOUTH TEXAS WATER AUTHORITY

By: _____
President, Board of Directors

ATTEST

By: _____
Secretary, Board of Directors

[AUTHORITY'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This instrument was acknowledged before me on _____, 2015 by
_____, as President of SOUTH TEXAS WATER AUTHORITY, on behalf of
said authority.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

**NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5**

By: _____
President

ATTEST:

By: _____
Secretary

[DISTRICT'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2015 by
_____, as President of NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5, on behalf of said corporation.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

EXHIBIT "D"

BILL OF SALE - BANQUETE

Date:

Seller: NUECES COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT
NO. 5

Seller's Mailing Address:

Buyer: NUECES WATER SUPPLY CORPORATION

Buyer's Mailing Address: P.O. Box 415
Kingsville, Kleberg County, Texas 78364-0415

Consideration: \$10.00 and other good and valuable consideration, the receipt of which is hereby acknowledged.

Transferred Properties: A divided interest for the exclusive use of Nueces Water Supply Corporation in the capacity of Seller's 100,000 gallon ground storage tank and 40,000 gallon ground storage tank shown on Exhibit "A" attached hereto, which divided interest shall be prorated on the number of connections served by Nueces Water Supply Corporation and the number of connections served by Nueces County WCID No. 5 from those ground storage tanks, on October 1 of each year.

Reservations from Transfer: None

Exceptions to Transfer and Warranty: None

Seller, for the Consideration and subject to the Reservations from Transfer and the Exceptions to Transfer and Warranty, sells, transfers, and delivers the Transferred Properties to Buyer, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Buyer and Buyer's heirs, successors, and assigned forever. Seller binds Seller and Seller's heirs and successors to warrant and forever defend all and singular the Transferred Properties to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under

Seller but not otherwise, except as to the Reservations from Transfer and the Exceptions to Transfer and Warranty.

WITH THE EXCEPTION OF THE WARRANTIES OF TITLE, INCLUDING THE WARRANTY THAT NO LIENS EXIST ON THE TRANSFERRED PROPERTIES EXCEPT AS RECITED, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT HAS BECOME ANY BASIS OF THIS BARGAIN, AND FURTHER, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT WOULD CONFORM TO ANY SUCH AFFIRMATION OR PROMISE. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATEVER WITH RESPECT TO THE TRANSFERRED PROPERTIES. THE TRANSFERRED PROPERTIES ARE SOLD ON AN "AS IS" BASIS.

When the context requires, singular nouns and pronouns include the plural.

**NUECES WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5**

By: _____
President, Board of Directors

ATTEST

By: _____
Secretary, Board of Directors

[DISTRICT'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This instrument was acknowledged before me on _____, 2015 by
_____, as President of NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5, on behalf of said district.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

NUECES WATER SUPPLY CORPORATION

By: _____
President

ATTEST:

By: _____
Secretary

[CORPORATION'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2015 by _____, as President of NUECES WATER SUPPLY CORPORATION, on behalf of said corporation.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

EXHIBIT "E"

BILL OF SALE

Date:

Seller: NUECES WATER SUPPLY CORPORATION

Seller's Mailing Address: P.O. Box 415
Kingsville, Kleberg County, Texas 78364-0415

Buyer: NUECES COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT
NO. 5

Buyer's Mailing Address:

Consideration: \$10.00 and other good and valuable consideration, the receipt of which is hereby acknowledged.

Transferred Properties: A divided interest for the exclusive use of Nueces County Water Control and Improvement District No. 5 in the capacity of Seller's three (3) pumps shown on Exhibit "A" attached hereto, which divided interest shall be prorated on the number of connections served by Nueces County Water Control and Improvement District No. 5 and the number of connections served by Nueces Water Supply Corporation from these pumps, on October 1 of each year. The three pumps are specifically described as follows: A Peerless Pump with Serial Number SA309FB, with Nema Motor Serial Number MTP608C472001, a Peerless Pump with Serial Number SA309FB with Nema motor with Serial Number MTP608C497006, a n d a Peerless Pump with Serial Number SA309FB with Nema motor with Serial Number MTP608C4972004, all of which pumps are installed at the location where South Texas Water Authority delivers water to the Nueces County Water Control and Improvement District #5.

Reservations from Transfer: None

Exceptions to Transfer and Warranty: None

Seller, for the Consideration and subject to the Reservations from Transfer and the Exceptions to Transfer and Warranty, sells, transfers, and delivers the Transferred Properties to Buyer, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Buyer and Buyer's heirs, successors, and assigned forever.

Seller binds Seller and Seller's heirs and successors to warrant and forever defend all and singular the Transferred Properties to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Seller but not otherwise, except as to the Reservations from Transfer and the Exceptions to Transfer and Warranty.

WITH THE EXCEPTION OF THE WARRANTIES OF TITLE, INCLUDING THE WARRANTY THAT NO LIENS EXIST ON THE TRANSFERRED PROPERTIES EXCEPT AS RECITED, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT HAS BECOME ANY BASIS OF THIS BARGAIN, AND FURTHER, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT WOULD CONFORM TO ANY SUCH AFFIRMATION OR PROMISE. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATEVER WITH RESPECT TO THE TRANSFERRED PROPERTIES. THE TRANSFERRED PROPERTIES ARE SOLD ON AN "AS IS" BASIS.

When the context requires, singular nouns and pronouns include the plural.

NUECES WATER SUPPLY CORPORATION

By: _____
President, Board of Directors

ATTEST

By: _____
Secretary, Board of Directors

[CORPORATION'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This instrument was acknowledged before me on _____, 2015 by
_____, as President of NUECES WATER SUPPLY CORPORATION, on
behalf of said corporation.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

**NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5**

By: _____
President

ATTEST:

By: _____
Secretary

[DISTRICT'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2015 by
_____, as President of NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5, on behalf of said district.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

January 13, 2014

Mr. Aaron Ramon, Board President
Nueces County Water Control and Improvement District #5
P.O. Box 157
Banquete, Texas 78339

RE: Wholesale Water Supply Contract

Dear Mr. Ramon:

Please accept my appreciation for the opportunity to meet with you and the Nueces County Water Control and Improvement District #5 (District #5) Board last week. Prior to the meeting South Texas Water Authority (STWA) provided a Wholesale Water Supply Contract as requested by your office. During the meeting, I provided a slightly revised contract that included a provision referred to as the "Fee in Lieu of Taxes" clause. This paragraph had been inadvertently excluded from the previous contract as a result of the Wholesale Water Supply Contracts that are being presented to STWA's other customers are based on one template.

However, as you are aware, District #5 is STWA's only wholesale customer that is not located within its taxing jurisdiction. Therefore, several years ago District #5 and STWA agreed to the Fee in Lieu of Taxes charge in place of an out of district rate. As explained during the meeting, the Fee in Lieu of Taxes charge will continue to be calculated in the same manner by taking District #5's tax base (provided by the Nueces County Appraisal District) dividing by \$100 and multiplying by STWA's tax rate (a combined total of M&O and I&S rates). The resulting dollar amount will be divided by twelve (12) and that figure is included on each monthly invoice.

Once again, thank-you for taking the time to visit with me on this important matter. I look forward to working with you and District #5's Board on entering into a Wholesale Water Supply Contract. If you need any additional information, I can be reached at 361-592-9323 extension 12 or via email at cserrato@stwa.org.

Sincerely,



Carola G. Serrato
Executive Director

Enclosure

cc: South Texas Water Authority
NCWC&ID #5 Board of Directors
Ms. Gracie Rodriguez, NCWC&ID #5

WATER SUPPLY CONTRACT

THE STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This Contract is by and between the South Texas Water Authority, a governmental agency, conservation and reclamation District and body politic and corporate, having been created under Chapter 436 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas, all pursuant to Article XVI, Section 59 of the Texas Constitution (hereinafter called the "Authority") and Nueces County Water Control and Improvement District No. 5, a water control and improvement district created and functioning under Article XVI, Section 59 of the Texas Constitution as well as Chapters 49 and 54 of the Texas Water Code (hereinafter called the "Wholesale Customer"), and is as follows.

RECITALS

WHEREAS, the Authority owns a water transmission line extending from the City of Corpus Christi O.N. Stevens Water Treatment Plant to the Authority's customers; and

WHEREAS, the Authority has entered into that certain Water Supply Agreement by and between the Authority and the City of Corpus Christi dated October 14, 1980, pursuant to which the Authority purchases water for resale to its customers; and

WHEREAS, the Authority is willing to sell, and the Wholesale Customer is willing to buy, water available to the Authority from the City of Corpus Christi.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the Authority and the Wholesale Customer agree as follows:

SECTION I. DEFINITIONS. Terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

(A) "Maintenance and Operations Tax" shall mean those ad valorem taxes levied by the Authority in accordance with Chapter 49 of the Texas Water Code as authorized by the election of August 11, 2001.

(B) "Corpus Christi Water Supply Agreement" shall mean the Water Supply Agreement by and between the Authority and the City of Corpus Christi dated October 14, 1980.

SECTION 2. QUANTITY. The Authority agrees to sell and deliver to Wholesale Customer at the delivery points hereinafter specified, and Wholesale Customer agrees to purchase and take at said delivery points, all water required by Wholesale Customer during the period of this agreement for its own use and for distribution to all customers served by Wholesale Customer's water distribution system at a maximum authorized daily purchase rate which, together with the actual production capacity of the Wholesale Customer's system, is at least 0.6 gallon per minute per connection in the Wholesale Customer's water distribution system. The word "connection" as used in this paragraph shall have the same meaning as in Texas Administrative Code Title 30, Part 1, Chapter 290, Subchapter D, Section 290.38(14) in an amount up to 0.6 gpm per connection.

The Authority will use its best efforts to remain in the position to furnish water sufficient for the reasonable demands of Wholesale Customer, but its obligations shall be limited to the quantity of water available to it under its contract with the City of Corpus Christi. If the Authority determines that it is not able to furnish the Wholesale Customer with the foregoing amount of water, the Wholesale Customer shall be authorized to obtain water in an amount equal to that which the Authority cannot provide from any other source.

SECTION 3. QUALITY. The water which will be delivered to the Wholesale Customer by the Authority will be as received from the City of Corpus Christi. The Authority may add additional disinfection. The Wholesale Customer has satisfied itself that this water will be suited for its needs.

SECTION 4. POINTS OF DELIVERY, TITLE, CONVEYANCE OF FACILITIES, OPERATION AND MAINTENANCE OF FACILITIES, AND MEASUREMENT OF AMOUNT OF WATER DELIVERED TO WHOLESALE CUSTOMER. Attached hereto as Exhibit "A" is a schematic diagram involving the transfer of water from the Authority to the Wholesale Customer's distribution system. The Point of Delivery of the water by the Authority to the Wholesale Customer shall be the outlet of the Authority's meter located immediately before the water enters the 100,000 gallon ground storage tank and 40,000 gallon ground storage tank, which are owned by Wholesale Customer, shown on Exhibit "A" attached hereto, and any other points of delivery mutually agreed upon by the Wholesale Customer and the Authority. The Wholesale Customer shall provide and maintain a clean air gap between the Authority's system and the Wholesale Customer's distribution system at the Point of Delivery shown on Exhibit "A," and any other points of delivery mutually agreed upon by the Wholesale Customer and the Authority. The volume of water that is billed to the Wholesale Customer shall be the amount of water delivered through the foregoing Point of Delivery minus the amount of water delivered by the Authority through that Point of Delivery that is delivered to Nueces Water Supply Corporation, as shown in Exhibit "A" attached to this Agreement.

Title to all water supplied hereunder shall remain in the Authority to the Point of Delivery, and upon passing through the Authority's meter or meters installed at the specified Point of Delivery such title to the water shall pass to the Wholesale Customer. Each of the parties hereto shall be responsible for and agrees to save and hold the other party harmless from all claims, demands and

causes of action which may be asserted by anyone on account of the transportation, delivery and disposal of said water while title remains in such party.

The Texas Commission on Environmental Quality (the "TCEQ") has contended that some of the Authority's Wholesale Customers have been served "under direct pressure," thereby triggering TCEQ Rule 290.45(f)(5), which provides as follows:

"For systems which purchase water under direct pressure, the maximum hourly purchase authorized by the contract plus the actual service pump capacity of the system must be at least 2.0 gpm per connection or provide at least 1,000 gpm and be able to meet peak hourly demands, whichever is less."

The TCEQ staff has prepared a report on what arrangements can be made to avoid being deemed to serve any Wholesale Customer under direct pressure. A copy of that report, entitled "ENCLOSURES," is attached hereto as Exhibit "B."

Contemporaneously herewith, the Authority will execute a bill of sale substantially in the same form as that attached hereto as Exhibit "C," thereby conveying to the Wholesale Customer a divided interest for its exclusive use in the Authority's 50,000-gallon elevated storage facility shown on Exhibit "A," which divided interest shall be prorated on the number of connections served by the Wholesale Customer from that 50,000-gallon elevated storage facility, and the total number of connections served from that 50,000-gallon elevated storage facility, on October 1 of each year.

Wholesale Customer and Nueces Water Supply Corporation, approximately contemporaneously herewith, execute bills of sale substantially in the same form as those attached here to as Exhibits "D" and "E" thereby conveying to each other the following divided interests for each system's exclusive use prorated on the number of connections served by each on October 1 of each year:

- a. Nueces County WCID No. 5's 100,000 gallon ground storage tank and 40,000 gallon ground storage tank shown on Exhibit "A" attached hereto;
- b. Nueces Water Supply Corporation's three service pumps shown on Exhibit "A" attached hereto; and

Contemporaneously herewith, the Authority and the Wholesale Customer will execute a Contract for Operation and Maintenance of Facilities substantially in the form of that attached hereto as Exhibit "F."

Wholesale Customer agrees that the interconnection between its distribution system and the distribution system of Nueces Water Supply Corporation will remain open so that the two water systems will operate as a single pressure plane, as allowed by TCEQ rules.

SECTION 5. MEASURING EQUIPMENT.

(A) Authority shall furnish, install, operate and maintain at its own expense the necessary metering equipment of standard type for measuring properly the quantity of water delivered under this agreement. Such metering equipment shall be located on the Authority's supply main at a location already designated by Authority. Such meter or meters and other equipment so installed shall remain the property of Authority. The reading, calibration and adjustment of the meter equipment shall be done only by the employees or agents of the Authority. However, the Wholesale Customer shall have access to such metering equipment at all reasonable times. For the purpose of this Agreement, the original record or reading of the main meter shall be the journal or other record book of the Authority in its office in which the records of the employees or agents of the Authority who take the reading are or may be transcribed. Upon written request of Wholesale Customer, the Authority will give the Wholesale Customer a copy of such journal or record book, or permit the representative designated by Wholesale Customer Council resolution to have access to the same in the office of the Authority during reasonable business hours.

(B) Not more than once in each calendar year, on a date as near the end of the Authority's fiscal year as practical, the Authority shall calibrate its main meter or meters and present to the Wholesale Customer accuracy certification. This calibration shall be performed in the presence of a representative of Wholesale Customer, and the parties shall jointly observe any adjustments which are made to the meter in case any adjustments shall be necessary, and if the check meter hereinafter provided for has been installed, the same shall also be calibrated in the presence of a representative of the Wholesale Customer and the parties shall jointly observe any adjustments which are made to the meter in case any adjustments shall be necessary. The Authority shall give Wholesale Customer notice of the time when any such calibration is to be made. If a representative of Wholesale Customer is not present at the time set, the Authority may proceed with calibration and adjustment in the absence of any representative of the Wholesale Customer.

(C) If either party at any time observes a variation between a main delivery meter and the check meter, if any such check meter shall be installed, such party will promptly notify the other party, and the meters shall then be adjusted to accuracy. Each party shall give the other party forty-eight (48) hours notice of the time of any test of meter so that the other party may conveniently have a representative present.

(D) If, upon any test, the percentage of inaccuracy of metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half ($\frac{1}{2}$) of the time elapsed since the last date of calibration, but in no event farther back than a period of six (6) months. If, for any reason, the main meter is out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered, through the period such meter is out of service or out of repair, shall be estimated and agreed upon by the parties thereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter if the same has been installed and is accurately registering. Otherwise, the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of

error is ascertainable by calibration tests of mathematical calculation, or (ii) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter was registering accurately.

(E) The Wholesale Customer may, at its option and its own expense, install and operate a check meter to check the meter installed by the Authority, but the measurement of water for the purpose of this agreement shall be solely by the Authority's meter, except in the cases hereinabove specifically provided to the contrary. Such check meter shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of the Authority, but the reading, calibration and adjustment thereof shall be made only by the Wholesale Customer, except during any period when a check meter may be used under the provisions hereof for measuring the amount of water delivered, in which case the reading, calibration, and adjustment thereof shall be made by the Authority with like effect as if such check meter had been furnished or installed by the Authority.

SECTION 6. MEASUREMENT AND UNIT OF MEASUREMENT. The volume of water that is billed to the Wholesale Customer shall be the amount of water delivered through the Point of Delivery described in Exhibit "A" attached to this Agreement minus the amount of water delivered by the Authority through that Point of Delivery that is delivered to Nueces Water Supply Corporation, as shown in Exhibit "A" attached to this Agreement. The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

SECTION 7. DELIVERY PRESSURE. The water shall be delivered by the Authority at the point of delivery at the Wholesale Customer's system at "0" pressure.

SECTION 8. PRICES AND TERMS.

(A) Rates to be Cost Based. All rates charged for water supplied pursuant to this Agreement shall be set to recover the cost of service, based on generally accepted rate making principles, including those set forth in the American Water Works Association ("AWWA") Manual M1 on water rates. In setting the rates the Authority will take into account the amounts it anticipates receiving from management fees and the Maintenance and Operations Tax. The amount of the Maintenance and Operations Tax shall be determined by the board of directors of the Authority in its sole discretion.

The components of the rates shall include a "pass through charge" to recover the cost of purchased water and a "handling charge" to recover the Authority's costs that are not recovered through ad valorem taxes and management fees. The "handling charge" shall include a fee in lieu of ad valorem taxes, to take into account the fact that the customers of Wholesale Customer are not within the boundaries of the Authority and do not pay ad valorem taxes to the Authority. The Authority's costs shall include a reserve fund to pay for unexpected repairs and replacements. Wholesale Customer shall be responsible for its share of the cost of operation, maintenance, repair and replacement of the facilities located after the point of delivery.

Each year after the Authority receives its audit, the Authority will conduct a "true-up" for the year to which the audit applies; i.e., the prior year, using audited costs to determine if there was any over-recovery or under-recovery of costs during that year. Any over-recovery or under-recovery of costs will be carried over as a credit or debit, as appropriate, to the costs included in the budget that are considered to determine the price for the following year. (There will be a one-year delay in each "true-up").

(B) Authority Budget. The Authority's fiscal year shall be from October 1 through September 30 of each year, or such other period as the Authority, after sixty (60) days written notice to the Wholesale Customer, shall adopt. Not later than the forty-fifth (45th) day before the beginning of the Authority's next fiscal year, commencing with the Authority's fiscal year in which this Agreement becomes effective, the Authority shall provide the Wholesale Customer with a copy of the Authority's proposed budget for the following fiscal year, showing the budgeted total annual rate, and the components thereof, to be paid by the Wholesale Customer to the Authority for the fiscal year of the Authority to which the budget applies for sale and purchase of water under this Agreement. The Wholesale Customer shall have thirty (30) days to review and comment on the proposed budget. The Authority shall adopt its fiscal year budget as soon as practicable following the expiration of such thirty (30) day period and shall deliver to the Wholesale Customer a copy of the fiscal year budget within five (5) days after the adoption thereof.

(C) Rate Adjustment. If in any fiscal year there is a ten percent (10%) difference between the Authority's revenues and expenses, as compared to the revenues and expenses as projected in the applicable budget for that year, as determined by the Authority, the Authority may, after consultation with Wholesale Customer, to the extent deemed necessary or advisable by the Authority, in its sole discretion, change the rates to be charged to Wholesale Customer during that year.

(D) Annual Minimum Payment. If, during any fiscal year, for any reason whatsoever, the Wholesale Customer actually takes or uses less than the minimum amount prescribed for it as hereinafter provided in this paragraph, the Wholesale Customer shall nevertheless pay an amount equal to the amount that it would have paid if it had actually taken such minimum amount. For the purpose of calculating the minimum amount for which the Wholesale Customer is unconditionally liable, without offset or counterclaim, the Wholesale Customer, during each fiscal year, shall be deemed to have taken and used the minimum annual amount of water (regardless of whether or not such amount is or was actually taken or used) as follows:

(1) As an initial minimum amount during each of the fiscal years commencing October 1, 2013 and ending September 30, 2018, _____ mgd.

(2) During each fiscal year commencing October 1, 2019, and during each fiscal year thereafter, an amount expressed in mgd equal to the greater of:

(i) the initial minimum amount fixed for the Wholesale Customer (being the amount fixed for it in Clause (1) above), or

(ii) the average annual mgd taken by the Wholesale Customer during the immediately preceding five consecutive fiscal years.

If, during any fiscal year, the Wholesale Customer takes less than its minimum annual amount, the handling charge for the difference between the annual minimum amount and the amount actually taken will be billed to the Wholesale Customer in the month following that fiscal year.

(E) Unconditional Obligation to Pay - The Wholesale Customer shall be obligated to pay, each month, the payments required by this Agreement, without offset or counterclaim. This covenant shall be for the benefit of the holders of the Authority's bonds, if as and when any bonds are outstanding.

(F) Billing and Payment - The Authority shall bill the Wholesale Customer monthly for the amounts due the Authority hereunder for the preceding billing period which bill shall disclose the nature of the amounts due. Such monthly bills shall be normally delivered to the Wholesale Customer within ten business days after the end of each calendar month. All such bills shall be paid by the Wholesale Customer on or before the last day of the month in which they are received, at the office of the Authority in Kingsville, Texas. Any mistakes in calculations or figures shall not alleviate the Wholesale Customer's obligation to pay the bill in full. Any mistakes in any calculations or figures shall be corrected immediately upon discovery and the corrected bill will be furnished to the Wholesale Customer. An adjustment in the amount paid as a result of such mistake in calculation or figure will be added or deducted from the following month's bill, as appropriate. If the Wholesale Customer disputes a bill, it shall nevertheless pay the bill, in full, pending any refund, as may be determined as a result of appeal of the disputed bill. The dispute may be resolved by agreement, or by appropriate administrative agency or court decision.

(G) Late Payment - In the event the Wholesale Customer shall fail to make any payment required to be made to the Authority under this Contract, within the time specified herein, interest on the amount due shall accrue from the time payment is due at the rate of fifteen percent (15%) per annum, or the maximum rate allowed by law, whichever is less. In the event any such payment is not made within sixty days from date such payment becomes due, the Authority may, at its option, discontinue the delivery of water to the Wholesale Customer until the amount then due the Authority is paid in full with interest as above specified.

SECTION 9. SPECIAL CONDITIONS.

(A) Wholesale Customer represents and covenants that the water supply to be obtained pursuant to this Contract is essential and necessary to the operation of its waterworks system, and that all payments to be made hereunder by it will constitute reasonable and necessary "operating expenses" of Wholesale Customer's waterworks system, and that all such payments will constitute reasonable and necessary operating expenses of Wholesale Customer's waterworks system under any and all revenue bond issues of Wholesale Customer, with the effect that the Wholesale Customer's obligation to make payments from its waterworks revenues under this Contract shall have priority

over its obligations to make payments of the principal of and interest on any and all of its revenue bonds.

(B) Wholesale Customer agrees to fix and collect such rates and charges for water and services to be supplied by its waterworks system as will make possible the prompt payment of all expenses of operating and maintaining its waterworks system, including all payments contracted hereunder, and the prompt payment of the principal of and interest on its obligations payable from the revenues of its waterworks system.

(C) During any period of time when, in the judgment of the Authority, there is a critical shortage of water in the sources of supply available to Authority, which makes it impractical or inadvisable for Authority to deliver to the Wholesale Customer and its other customers with whom it has water supply contracts the full amounts of water required to be delivered thereunder, the water deemed available by the Authority from its sources of supply, shall be rationed to the Wholesale Customer and the other customers during each month of such period of time, in accordance with the "Drought Contingency Plan for the South Texas Water Authority" adopted on May 28, 2013, as it may be amended from time to time. Such rationing shall also be subject to the requirements of Section 10 of this Contract.

(D) The Wholesale Customer is participating in the Federal Flood Insurance Program and will continue to do so during the term of this Contract.

SECTION 10. CORPUS CHRISTI CONTRACT AND DROUGHT CONTINGENCY PLAN. The City acknowledges that it is required by Sec. 11.1272, Water Code, to develop a drought contingency plan consistent with the appropriate approved regional water plan. Wholesale Customer also acknowledges that the Corpus Christi Water Supply Agreement requires that, if the City of Corpus Christi implements any measures under its Water Conservation and Drought Contingency Plan, the Authority shall within thirty (30) days of notice of the implementation of any restrictions, surcharges or rationing by the City of Corpus Christi, impose similar restrictions, surcharges or rationing measures on its customers. Any contract for the resale of water furnished by the Authority shall contain a similar condition.

Accordingly, the Wholesale Customer agrees that it will adopt a water conservation plan and drought contingency plan consistent with those of the City of Corpus Christi, as the latter may be amended from time to time.

SECTION 11. FORCE MAJEURE. In case by reason of force majeure either party hereto shall be rendered unable wholly or partially to carry out its obligations under this Contract, other than the obligation of Wholesale Customer to make the payments required under the terms hereof, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor

to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of a public enemy, orders of any kind of the Government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipe lines or canals, partial or entire failure of water supply, or inability on the part of the Authority to delivery water hereunder on account of any other causes not reasonably within the control of the Authority. It is understood and agreed that the settlement of strikes and lockouts may be difficult, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

SECTION 12. TERM OF CONTRACT. This Contract shall be and continue in full force and effect while the Corpus Christi Water Supply Agreement, as it now exists or as it may hereafter be amended, extended or renewed is in effect. The Corpus Christi Water Supply Agreement is currently scheduled to expire on June 1, 2025.

SECTION 13. REMEDIES UPON DEFAULT

(A) Remedies. The parties agree that the Authority's undertaking to provide water is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone. Accordingly, the Authority agrees, in the event of any default on its part, that the Wholesale Customer shall be entitled to specific performance in addition to any other available legal or equitable remedies.

(B) Remedies Cumulative/Not Exclusive. The remedies provided for herein are not exclusive remedies. All other remedies at law or in equity may be availed of by either party and shall be cumulative except to the extent otherwise specifically provided, or limited, under this Agreement.

(C) CONSEQUENTIAL DAMAGES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES OR LOST PROFITS WHETHER ARISING IN AGREEMENT, TORT, STRICT LIABILITY OR OTHERWISE.

(D) Jurisdiction. The Authority and the Wholesale Customer agree that, if either of them disputes the rate charged pursuant to this contract, either of them may appeal the rate to the Texas Commission on Environmental Quality (the "TCEQ") pursuant to the provisions of 30 TAC 291.128 et seq. If the TCEQ for any reason denies the appeal for want of jurisdiction, or otherwise, the dispute may be resolved by the district court of Kleberg County, Texas.

SECTION 14. GENERAL PROVISIONS

(A) Covenant of Good Faith and Fair Dealings. The Authority and the Wholesale Customer agree to cooperate and to deal with one another fairly and in good faith at all times to effectuate the purposes and intent of this Contract. They also agree to execute and deliver such further legal documents or instruments and to perform such further acts as are reasonably necessary to effectuate the purposes and intent of this Contract.

(B) Notices. Any notice to be given hereunder by either party to the other party shall be in writing and may be effected by personal delivery, by facsimile, or by sending said notices by registered or certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given when received by facsimile or by personal delivery, or three days after deposited with the United States Postal Service with sufficient postage affixed.

Any such notice mailed to the Authority shall be addressed:

South Texas Water Authority
P.O. Box 1701
Kingsville, Texas 78364
Attn: Executive Director
Fax: (361) 592-5965

Any such notice mailed to the Wholesale Customer shall be addressed:

Nueces County Water Control and Improvement District No. 5
P.O. Box 157
Banquete, Texas 78339
Attn: Office Manager
Fax: (361) 387-4144

Either party may change the address or facsimile number for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

(C) Approvals. Whenever the term "approve" or "approval" is used in this Contract, the party whose approval is required will not unreasonably withhold or delay it. Where approval is necessary, the party seeking approval may request approval in writing. If the party whose approval is requested fails to either approve the submittal or provide written comments specifically identifying the required changes within 21 working days, the submittal, as submitted by the requesting party, will be deemed to have been approved by the party whose approval is requested.

(D) Waiver. The failure on the part of either party to require performance by the other of any portion of this Contract shall not be deemed a waiver of, or in any way affect that party's rights to

enforce such provision. Any waiver by either party or any provision of this Contract shall not be a waiver of any other provision hereof.

(E) Severability. The invalidity or unenforceability of any provision of this Contract shall not affect the validity or enforceability of any other provision of this Contract.

(F) Attorney's Fees. In the event either party shall become a party to any litigation against the other to enforce or protect any rights or interest under this Contract and shall prevail, the losing party shall reimburse the prevailing party for all investigative and court costs and attorney's fees incurred in such litigation.

(G) Governing Law. This Contract shall be governed by the laws of the State of Texas and venue shall lie in Kleberg County, Texas.

(H) Binding Effect. The Contract shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

(I) Time. Time is of the essence. Unless otherwise specified, all references to "days" means calendar days. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.

(J) No Partnership, Agency or Third Party Beneficiaries Intended. Nothing in this Contract will be construed as creating any form of partnership or joint venture relationship between the parties, nor shall either party be authorized to act as an agent for the other party. Nothing in this Contract shall be construed to confer any right, privilege or benefit on, or to otherwise create any vested right or third-party beneficiary relationship with any person or entity not a party to the Contract.

(K) Authority. Each of the persons signing on behalf of the Wholesale Customer and the Authority hereby confirm that they have the authority to execute this Contract on behalf of the party indicated by their signature and have the authority to bind such party hereto.

(L) Headings. The captions and headings appearing in this Contract are inserted merely to facilitate reference and will have no bearing upon its interpretation.

(M) Entire Contract. This Contract contains all agreements between the parties hereto and any agreement not contained herein shall not be recognized by the parties. The captions used herein are for convenience only and shall not be used to construe this Agreement. Words of gender shall be construed to include any other gender, and words in the singular shall include the plural and vice versa unless the context requires otherwise.

(N) Counterparts. This Agreement may be executed by the parties in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument, but all such counterparts together shall constitute but one and the same instrument.

(O) Effective Date. The effective date of this Contract shall be the date on which it has been executed by both the Authority and the Wholesale Customer.

[Signatures to follow.]

SOUTH TEXAS WATER AUTHORITY

By: _____
President, Board of Directors
Date of execution: _____

ATTEST:

Secretary, Board of Directors

[AUTHORITY'S SEAL]

NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5

By: _____
Title: _____
Date of execution: _____

ATTEST:

Secretary

[DISTRICT'S SEAL]

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

BILL OF SALE - BANQUETE

Date:

Seller: SOUTH TEXAS WATER AUTHORITY

Seller's Mailing Address: P.O. Box 1701
Kingsville, Kleberg County, Texas 78364-1701

Buyer: NUECES COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT

Buyer's Mailing Address: P.O. Box 415
Kingsville, Kleberg County, Texas 78364-0415

Consideration: \$10.00 and other good and valuable consideration, the receipt of which is hereby acknowledged.

Transferred Properties: A divided interest for the exclusive use of Nueces County Water Control and Improvement District No. 5 in the capacity of the Authority's 50,000 gallon elevated storage tank shown on Exhibit "A" attached hereto, which divided interest shall be prorated on the number of connections served by Nueces County Water Control and Improvement District No. 5 from that 50,000 elevated storage facility and the total number of connections served from that 50,000 elevated storage facility, on October 1 of each year.

Reservations from Transfer: None

Exceptions to Transfer and Warranty: None

Seller, for the Consideration and subject to the Reservations from Transfer and the Exceptions to Transfer and Warranty, sells, transfers, and delivers the Transferred Properties to Buyer, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Buyer and Buyer's heirs, successors, and assigned forever. Seller binds Seller and Seller's heirs and successors to warrant and forever defend all and singular the Transferred Properties to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever

lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Seller but not otherwise, except as to the Reservations from Transfer and the Exceptions to Transfer and Warranty.

WITH THE EXCEPTION OF THE WARRANTIES OF TITLE, INCLUDING THE WARRANTY THAT NO LIENS EXIST ON THE TRANSFERRED PROPERTIES EXCEPT AS RECITED, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT HAS BECOME ANY BASIS OF THIS BARGAIN, AND FURTHER, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT WOULD CONFORM TO ANY SUCH AFFIRMATION OR PROMISE. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATEVER WITH RESPECT TO THE TRANSFERRED PROPERTIES. THE TRANSFERRED PROPERTIES ARE SOLD ON AN "AS IS" BASIS.

When the context requires, singular nouns and pronouns include the plural.

SOUTH TEXAS WATER AUTHORITY

By: _____
President, Board of Directors

ATTEST

By: _____
Secretary, Board of Directors

[AUTHORITY'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This instrument was acknowledged before me on _____, 2013 by
_____, as President of SOUTH TEXAS WATER AUTHORITY, on behalf of
said authority.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5

By: _____
President

ATTEST:

By: _____
Secretary

[DISTRICT'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2013 by
_____, as President of NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5, on behalf of said corporation.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

EXHIBIT "D"

BILL OF SALE - BANQUETE

Date:

Seller: NUECES COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT
NO. 5

Seller's Mailing Address:

Buyer: NUBCES WATER SUPPLY CORPORATION

Buyer's Mailing Address: P.O. Box 415
Kingsville, Kleberg County, Texas 78364-0415

Consideration: \$10.00 and other good and valuable consideration, the receipt of which is hereby acknowledged.

Transferred Properties: A divided interest for the exclusive use of Nueces Water Supply Corporation in the capacity of Seller's 100,000 gallon ground storage tank and 40,000 gallon ground storage tank shown on Exhibit "A" attached hereto, which divided interest shall be prorated on the number of connections served by Nueces Water Supply Corporation and the number of connections served by Nueces County WCID No. 5 from those ground storage tanks, on October 1 of each year.

Reservations from Transfer: None

Exceptions to Transfer and Warranty: None

Seller, for the Consideration and subject to the Reservations from Transfer and the Exceptions to Transfer and Warranty, sells, transfers, and delivers the Transferred Properties to Buyer, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Buyer and Buyer's heirs, successors, and assigned forever. Seller binds Seller and Seller's heirs and successors to warrant and forever defend all and singular the Transferred Properties to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever

lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Seller but not otherwise, except as to the Reservations from Transfer and the Exceptions to Transfer and Warranty.

WITH THE EXCEPTION OF THE WARRANTIES OF TITLE, INCLUDING THE WARRANTY THAT NO LIENS EXIST ON THE TRANSFERRED PROPERTIES EXCEPT AS RECITED, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT HAS BECOME ANY BASIS OF THIS BARGAIN, AND FURTHER, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT WOULD CONFORM TO ANY SUCH AFFIRMATION OR PROMISE. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATEVER WITH RESPECT TO THE TRANSFERRED PROPERTIES. THE TRANSFERRED PROPERTIES ARE SOLD ON AN "AS IS" BASIS.

When the context requires, singular nouns and pronouns include the plural.

NUECES WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5

By: _____
President, Board of Directors

ATTEST

By: _____
Secretary, Board of Directors

[DISTRICT'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This instrument was acknowledged before me on _____, 2013 by
_____, as President of NUBCBS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5, on behalf of said district.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

NUECES WATER SUPPLY CORPORATION

By: _____
President

ATTEST:

By: _____
Secretary

[CORPORATION'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2013 by
_____, as President of NUECES WATER SUPPLY CORPORATION, on
behalf of said corporation.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

EXHIBIT "E"

BILL OF SALE

Date:

Seller: NUECES WATER SUPPLY CORPORATION

Seller's Mailing Address: P.O. Box 415
Kingsville, Kleberg County, Texas 78364-0415

Buyer: NUECES COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT
NO. 5

Buyer's Mailing Address:

Consideration: \$10.00 and other good and valuable consideration, the receipt of which is hereby acknowledged.

Transferred Properties: A divided interest for the exclusive use of Nueces County Water Control and Improvement District No. 5 in the capacity of Seller's three (3) pumps shown on Exhibit "A" attached hereto, which divided interest shall be prorated on the number of connections served by Nueces County Water Control and Improvement District No. 5 and the number of connections served by Nueces Water Supply Corporation from these pumps, on October 1 of each year. The three pumps are specifically described as follows: A Peerless Pump with Serial Number SA309FB, with Nema Motor Serial Number MTP608C472001, a Peerless Pump with Serial Number SA309FB with Nema motor with Serial Number MTP608C497006, and a Peerless Pump with Serial Number SA309FB with Nema motor with Serial Number MTP608C4972004, all of which pumps are installed at the location where South Texas Water Authority delivers water to the Nueces County Water Control and Improvement District #5.

Reservations from Transfer: None

Exceptions to Transfer and Warranty: None

Seller, for the Consideration and subject to the Reservations from Transfer and the Exceptions to Transfer and Warranty, sells, transfers, and delivers the Transferred Properties to Buyer, together with all and singular the rights and appurtenances thereto in any way

belonging, to have and to hold it to Buyer and Buyer's heirs, successors, and assigned forever. Seller binds Seller and Seller's heirs and successors to warrant and forever defend all and singular the Transferred Properties to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Seller but not otherwise, except as to the Reservations from Transfer and the Exceptions to Transfer and Warranty.

WITH THE EXCEPTION OF THE WARRANTIES OF TITLE, INCLUDING THE WARRANTY THAT NO LIENS EXIST ON THE TRANSFERRED PROPERTIES EXCEPT AS RECITED, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT HAS BECOME ANY BASIS OF THIS BARGAIN, AND FURTHER, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE TRANSFERRED PROPERTIES THAT WOULD CONFORM TO ANY SUCH AFFIRMATION OR PROMISE. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATSOEVER WITH RESPECT TO THE TRANSFERRED PROPERTIES. THE TRANSFERRED PROPERTIES ARE SOLD ON AN "AS IS" BASIS.

When the context requires, singular nouns and pronouns include the plural.

NUECES WATER SUPPLY CORPORATION

By: _____
President, Board of Directors

ATTEST

By: _____
Secretary, Board of Directors

[CORPORATION'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF KLEBERG §

This instrument was acknowledged before me on _____, 2013 by
_____, as President of NUECES WATER SUPPLY CORPORATION, on
behalf of said corporation.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5

By: _____
President

ATTEST:

By: _____
Secretary

[DISTRICT'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2013 by
_____, as President of NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5, on behalf of said district.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

EXHIBIT "F"

CONTRACT FOR OPERATION AND MAINTENANCE OF FACILITIES

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This CONTRACT FOR OPERATION AND MAINTENANCE OF FACILITIES (the "Contract") is between South Texas Water Authority, a governmental agency, conservation and reclamation District and body politic and corporate, having been created under Chapter 436 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas, all pursuant to Article XVI, Section 59 of the Texas Constitution (the "Authority") and Nueces County Water Control and Improvement District No. 5 (the "District").

WITNESSETH

WHEREAS, the Authority and the District are contemporaneously entering into a Water Supply Contract; and

WHEREAS, prior to the date of this Agreement, the Authority has supplied water to the District via "direct pressure" as that term is defined in the rules of the Texas Commission on Environmental Quality (the "TCEQ"); and

WHEREAS, because the District is served by direct pressure it is subject to certain requirements of the TCEQ that it cannot meet without great expense; and

WHEREAS, contemporaneously herewith, the District is receiving a divided capacity interest in the ground storage facilities, elevated storage facility and pumps shown on Exhibit "A" attached hereto (the "Facilities"); and

WHEREAS, the Authority is willing to operate and maintain the facilities during the remaining term of the Water Supply Contract at the expense of the District.

AGREEMENT

NOW THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND MUTUAL PROMISES AND COVENANTS CONTAINED HEREIN THE AUTHORITY AND THE DISTRICT AGREE AS FOLLOWS:

I.
Operation and Maintenance of the Facilities

The Authority will continue to operate and maintain the Facilities during the remaining term of the Water Supply Contract in the same manner that it has operated and maintained those Facilities prior hereto, except all expenses of operation and maintenance of the Facilities shall be those of the District and Nueces Water Supply Corporation. The Authority will bill the District monthly for the District's pro rata share of the expenses of operation and maintenance of the Facilities. The District's share shall be prorated on the volume of water served by the District from the Facilities in the Authority's preceding fiscal year and the volume of water served by Nueces Water Supply Corporation from the Facilities in the Authority's preceding fiscal year.

II.
Term of Contract

This Contract shall have the same term as the Water Supply Contract and shall terminate when the Water Supply Contract terminates.

Signed to be effective on the date this contract has been signed by all parties hereto.

SOUTH TEXAS WATER AUTHORITY

By: _____
President, Board of Directors

Date Signed: _____

ATTEST:

By: _____
Secretary, Board of Directors

[AUTHORITY'S SEAL]

NUECES COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 5

By: _____
President

Date Signed: _____

ATTEST:

By: _____
Secretary

[DISTRICT'S SEAL]

ATTACHMENT 5

Driscoll Booster Station – Flow-Tronic Torpee Mag

Memorandum

To: South Texas Water Authority Board of Directors
 From: Carola G. Serrato, Executive Director
 Date: February 17, 2020
 Re: Macaulay Controls Company (Macaulay) – FlowTronic Torpee Mag

Background:

The FlowTronic Torpee Mag was installed by Macaulay in mid-January. Since then, staff has worked with Mercer Controls, Gross Solutions and Moody Brothers to place the system back in automatic.

Analysis:

Although, there have been some issues with equipment unrelated to the FlowTronic Torpee Mag, staff believes that the Torpee Mag is performing as hoped. Last month staff reported there had been a low flow of 249,000 gpd south of Driscoll. On February 12th, there was a low flow of 188,000 gpd. Below are the daily readings after the system was placed in automatic. The Total Chloramines at Kingsville increased after about four (4) days of travel time. After the 188,000-gallon low daily flow, the Total Chloramine drops slightly from above 2.0 mg/l to 1.86 mg/l; but, it rebounded a few days later to above a 2.2 mg/l.

	DR Booster				Avenue G				CR 16				Kingsville MR				CI2 LAS Pounds	GPD Flow
	Total	Free	Mono	FAA	Total	Free	Mono	FAA	Total	Free	Mono	FAA	Total	Free	Mono	FAA		
6-Feb	2.47	0.09	2.12	0.26	3.16	0.10	3.43	0.14	2.78	0.11	2.41	0.16	0.53	0.06	0.40	0.08		494,000
7-Feb	2.76	0.10	2.18	0.28	3.37	0.12	3.21	0.15	2.99	0.11	2.68	0.23	0.66	0.03	0.61	0.11	9 8	485,000
8-Feb	3.01	0.03	2.59	0.17	3.39	0.09	3.25	0.08	3.01	0.06	3.00	0.09	0.80	0.03	0.71	0.17	9 3	459,000
9-Feb	2.70	0.05	2.54	0.20	3.46	0.10	3.37	0.10	3.00	0.09	2.96	0.11	1.67	0.04	1.64	0.20	6 0	368,000
10-Feb	2.79	0.04	2.39	0.22	3.36	0.11	3.04	0.08	3.29	0.10	3.04	0.13	0.55	0.09	0.48	0.14	7 2	533,000
11-Feb	2.62	0.06	2.58	0.20	3.35	0.07	3.31	0.13	3.17	0.03	3.12	0.13	1.05	0.03	1.01	0.22	3 6	530,000
12-Feb	2.43	0.09	2.36	0.28	3.26	0.08	3.39	0.22	3.20	0.08	3.21	0.25	1.75	0.07	1.74	0.32	7 7	800,000
13-Feb	2.69	0.04	2.49	0.33	3.42	0.08	3.31	0.21	3.08	0.09	2.95	0.23	2.01	0.06	1.84	0.16	6 9	188,000
14-Feb	2.41	0.05	2.32	0.29	3.42	0.08	3.31	0.21	3.14	0.08	2.89	0.24	2.05	0.10	1.92	0.17	6 5	522,000
15-Feb	2.68	0.09	2.47	0.26	3.15	0.11	3.07	0.13	2.66	0.10	2.53	0.16	1.92	0.06	1.49	0.29	9 4	539,000
16-Feb	2.76	0.08	2.52	0.22	3.39	0.09	3.21	0.12	2.59	0.10	2.47	0.17	1.86	0.07	1.64	0.26	6 0	1,128,000
17-Feb	2.68	0.04	2.59	0.15	3.71	0.12	3.41	0.00	2.87	0.06	2.83	0.19	2.07	0.04	2.05	0.15	18 6	381,000
18-Feb	2.49	0.05	2.33	0.27	3.34	0.05	3.16	0.21	3.34	0.05	3.16	0.21	2.29	0.06	2.14	0.18	4 5	
19-Feb	2.47	0.06	2.35	0.34	3.20	0.05	2.93	0.19	3.63	0.06	2.44	0.25	2.25	0.08	2.05	0.29		

Staff Recommendation:

Keep the Board updated on this project. Staff will continue to monitor the system closely.

Board Action:

Provide feedback to staff.

Summarization:

The new flow meter is providing multiple benefits. As of today, a Total Chloramine residual above 1.0 mg/l had reached PS #3 in Ricardo located on CR 2140 and above a 0.50 mg/l at PS #1 on CR 2160. Staff will be checking for its arrival at PS #2 on CR 2170 later in the week.

ATTACHMENT 6

Chloramine Booster Station – Kingsville/Ricardo

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 19, 2020
Re: Kingsville -- Ricardo Water Supply Corporation -- Transfer of Chloramine injection points

Background:

In the last memo on this subject, the Board reviewed the events leading up to the TCEQ TOPS team recommending that the RWSC's 12" waterline should have chloramine boosting at the tie-in to STWA's 42" line located at the Kingsville site. Staff thought the project consisting of either changing the injection points from the Kingsville Meter Run or using the chlorine/LAS systems to boost on both the Kingsville and Ricardo Meter Runs would be a simple modification done in-house. However, the TCEQ representative confirmed that the change would require a set of plans submitted by a licensed engineer for TCEQ approval. The TCEQ also recommended that the chloramination system be used only for one entity. In late December 2019, the TCEQ approved the plans submitted by Walker Partners. Mercer Controls Inc. provided information on the changes needed to the controls to properly dose the RWSC 12" line as compared to the Kingsville Meter Run. In addition, Mercer provided a quote of just under \$59,000 to construct the modifications.

Analysis:

As discussed last month, Sherrel Mercer, Mercer Controls, suggested that there are ways to save on cost, in particular he indicated that eliminating the manhole would provide a substantial savings. Staff requested and the Board approved asking Mercer for a revised quote. Attached is the revised quote in the amount of \$29,500. As you can see, certain tasks will be performed by STWA and others by Mercer. The majority of equipment and materials will be provided by Mercer -- STWA will provide a 2 ft x 2 ft x 6" pad. There are two (2) options listed at the end of the quote. The first option is to utilize the existing C117 analyzer to automatically adjust the amount of chemicals being injected. Staff had indicated to Mr. Mercer during our meeting that we were not interested in re-activating the analyzer due to the large amount of water produced as a waste stream -- you may recall a large area of cat tail plants growing on the north side of the fence. In Mercer's quote, there is a statement that suggests the amount of waste stream will be limited. Staff has confirmed with Hach, the manufacturer of the analyzer, that there is a way for water to be passed through only when the chlorine booster pump turns on.

Staff Recommendation:

Consider approving the Mercer quote in the amount of \$29,500 as well as Option 1 in the amount of \$2,500 for a total of \$32,000.

Board Action:

Determine whether to approve the Mercer quote to relocate the chlorine and LAS injection from the Kingsville Meter Run to the RWSC 12-inch line.

Summarization:

As stated last month, this project is necessary to avoid TCEQ compliance problems.



MERCER CONTROLS, INC.

P. O. BOX 777 / 804 APOLLO DRIVE
EDNA, TEXAS 77957
PH: (361) 782-7168 FAX: (361) 782-7706

www.MERCERCONTROLS.com

S.A. Mercer, P.E.
(361) 782-5678

February 11, 2020

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

Attn: Carola Serrato

PROPOSAL

Mercer Controls proposes to furnish and/or co-ordinate the following improvements to the chemical system at the Kingsville Water Plant.

1. Furnish and install new meter head on the Ricardo meter. Provide electronic signal to operate chemical feed system.
2. Owner to install 1" or larger buried conduit from Liquid Ammonium Sulphate building to the Ricardo meter. Mercer Controls will install wire in conduit. One pull box will be required for the conduit.
3. Furnish to Owner all hardware necessary for installation of two injection taps. We include bronze double-strap saddle, riser pipe, insertion quill, and valves as needed. We include plastic meter box for protection. Owner to provide tap onto main through saddle. The two taps must be separated by at least ten feet.
4. Owner to provide 1" PVC Schedule 80 piping from LAS building to LAS injection tap and from Chlorine building to Chlorine injection tap. Mercer Controls will make final connection to chemical feed equipment in each chemical building.
5. Furnish to Owner all hardware necessary for installation of two buried sample taps. We include bronze double-strap saddle, bronze ball valve, and brass pipe and fittings. We include 316 Stainless Steel Uni-Strut support riser, anchor bolts, and clamp. Owner to pour 24x24x6 concrete pad. Anchor bolts to be installed by Owner before or after concrete pad is poured. Owner to provide pipe tap through saddle onto main.
6. Furnish to Owner hardware for installation of above-ground sample tap at meter station. Mercer Controls will furnish bronze double-strap saddle, ball valve, and brass piping. Owner to tap ductile iron main through saddle.
7. Furnish and install two new SUPERIOR vacuum regulators in Chlorine building, with vent system, automatic switchover, and automatic feed valve. Control for

February 11, 2020

2 | Page

the automatic feed valve will be from the signal coming from the new flow meter head. Chlorine injection rate will track the flow of water through the meter.

8. Provide a way to operate the Chlorine booster pumps only when a minimum amount of water flow demands the injection of chlorine. A relay contact exists in the Chlorine Automatic Feed Valve Controller that can be used to operate the booster pumps.
9. Use the output that exists on the Chlorine Automatic Feed Valve Controller to directly pace the operation of the Liquid Ammonium Sulphate pumps. Two methods of dosage adjustment are available, one in the Feed Valve Controller, and one in your existing LAS pumps. We will install proper isolation, lightning protection, and Hand-Off-Automatic switching between the two existing Iwaki pumps.
10. Provide on-site expertise to co-ordinate installation of conduits and chemical lines.
11. Provide complete training in the operation of all new equipment.
12. We assume that the existing Iwaki LAS pumps are in good operating condition.

Price for work as described, \$29,500.00.

Options:

- A. Temporarily remove and then reconnect the existing Hach CL-17 Chlorine Analyzer. We assume it is in working order. Provide its output to the Chlorine Automatic Feed Valve Controller so that the chlorine and LAS doses supplied will result in automatic control of an increased amount of chloramine in the outgoing line as needed. Without the CL-17 or other analyzer, the operation of the system will be limited to a fixed added rate of disinfection without regard to the total disinfection level needed. With this option, the existing water source that feeds the booster pumps will be the water source for the Chlorine Analyzer. Waste water will not be produced by the Analyzer unless one of the chlorine booster pumps is operating. Price for this option, \$2,500.00.
- B. Furnish and install one new Hach CL-17SC+SC200 in order for automatic control of chemical rate to be enabled. Price complete, \$9,500.00.

Thank you for your interest in Mercer Controls.

Sincerely,
MERCER CONTROLS, INC.


S. A. Mercer
President

SAM/cgm

ATTACHMENT 7

License Agreement – City of Bishop

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 19, 2020
Re: City of Bishop/STWA License Agreement – Bishop East Pump Station

Background:

During the January Board meeting, there was a discussion regarding the committee meeting between STWA and Bishop representatives. Notes from the committee meeting were shared with the Board. In addition, Mr. Jose Graveley was selected as Mr. Steve Vaughn's replacement on the committee. Following review of the meeting notes, the Board authorized staff to provide the information to the Bishop representatives. Enclosed are the email and attached notes. It warrants reporting that the notes were read prior to the adjournment of the committee meeting. In addition, our office has not received any response to the email or committee notes.

An important outcome is an agreement by the committees to continue meeting in an attempt to resolve all issues. Cynthia Contreras, Bishop City Secretary, has confirmed that the agreed upon date/time of Monday, February 24th at 4 p.m. at City Hall remains as scheduled.

Analysis:

Staff continues to discuss the Agreement with Bill Flickinger, legal counsel, including various options to allay the City's concern that STWA will somehow take possession of the property and STWA's concern that the City will demand that STWA/NWSC will be evicted.

Staff Recommendation:

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

Board Action:

Provide feedback to staff and legal counsel.

Summarization:

The first committee meeting was productive. Staff hopes to have more information to share after the next committee meeting which is the day before the Board meeting.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Friday, February 21, 2020 1:42 PM
To: Tem Miller (tem.miller@cityofbishoptx.com); Albert Guajardo (albert.guajardo@cityofbishoptx.com); Bill Boswell (bill.boswell@cityofbishoptx.com); Cynthia Contreras (cynthia.contreras@cityofbishoptx.com)
Cc: Bill Flickinger; Frances Rosales; Jo Ella Wagner; Brandon Barrera (brandon.barrera2015@yahoo.com); 'Rudy Galvan'; Kathleen Lowman; Jose Graveley (pipe-man@juno.com)
Subject: FW: License Agreement - Committee Meeting - New Committee Member

Good Afternoon Mayor Miller, Mr. Guajardo, Mr. Boswell and Ms. Contreras:

Just a quick follow-up to my conversation a few days ago with Cynthia confirming that the License Agreement Committees will meet on Monday, February 24th at 4 pm at City Hall.

We look forward to meeting again.

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: Wednesday, January 29, 2020 12:08 PM
To: Tem Miller (tem.miller@cityofbishoptx.com) <tem.miller@cityofbishoptx.com>; Albert Guajardo (albert.guajardo@cityofbishoptx.com) <albert.guajardo@cityofbishoptx.com>; Bill Boswell (bill.boswell@cityofbishoptx.com) <bill.boswell@cityofbishoptx.com>; Cynthia Contreras (cynthia.contreras@cityofbishoptx.com) <cynthia.contreras@cityofbishoptx.com>
Cc: Bill Flickinger <bflickinger@wfaustin.com>; Frances Rosales <fvrosales@stwa.org>; Jo Ella Wagner <jwagner@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: License Agreement - Committee Meeting - New Committee Member

Mayor Miller, Mr. Guajardo, Mr. Boswell, and Ms. Contreras:

Attached are Draft Notes from the committee meeting on Monday, January 27, 2020. The Notes were reviewed by the STWA Board meeting last night and I was authorized to provide them to the City's committee. The Board also instructed me to work with STWA's legal counsel on Section 4B per the attached Notes.

In addition, please note that Mr. Jose Graveley was selected as an alternate committee member which was previously filled by Mr. Steve Vaughn.

In closing, the Board was pleased by the progress made during the joint meeting and we are looking forward to meeting again on February 24th in City Hall at 4 p.m.

Have a Great Day,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

DRAFT – FOR DISCUSSION ONLY

City of Bishop/STWA License Agreement Committee Meeting
January 27, 2020
4 p.m.
Bishop City Hall – Council Chambers

Bishop Committee Members Present: Mayor Tem Miller, Council Member Bill Boswell, Council Member Albert Guajardo, City Secretary Cynthia Contreras

Bishop Committee Members Absent: None

STWA Committee Members Present: Board President Kathleen Lowman, Board Vice-President Brandon Barrera, Board Secretary-Treasurer Rudy Galvan, Executive Director Carola Serrato

STWA Committee Members Absent: None

Committee members agreed to review the Bill Flickinger 7-15-2019 version of the License Agreement. The committees reviewed the document page by page and agreed to the following items. These items were reviewed by Ms. Serrato at the conclusion of the meeting. In addition to Section 4B, the committee members agreed that there were three (3) items that would be revisited – noted below with an asterisk (*). The last item covered was setting the date for the next meeting on Monday, February 24th at 4 p.m. at City Hall.

Page 1 – An **Exhibit A** will need to be provided.

Page 2 – STWA will measure the **square footage** within the fenced area for the pump station. The area occupied by the ground storage tank will be measured for the License Agreement between the Nueces Water Supply Corporation and the City of Bishop.

Page 2 – There were differing opinions on the significance of the language in **Section 4B**. The City representatives did not feel that the language “and Licensee hereby acknowledges the City’s fee title to the Licensed Property subject only to this License” waived STWA’s rights. The City indicated that they did not want STWA to later claim that it owns the property. The City also indicated that they do not understand the need for a document since they did not have any intention of having STWA vacate the property. STWA indicated despite the history and how the construction of the pump station came about, STWA believes it needs some type of security to occupy the property. The point was made that council persons, board members, and staff are not permanent and opinions can change.

It was agreed to question whether deletion of the last five (5) words “subject only to this License” would address the concern. It was also agreed to ask STWA’s legal counsel if language could be added whereby STWA acknowledges that STWA does not own the property.

Page 2 – **Section 4C** – Committee members agreed the added language should be acceptable.

Page 3 – There was a discussion about the liability issues and what type of circumstances could affect the limits of liability coverage. It was agreed to change the wording from “The limits of such coverage **shall** be....costs and risks” to “The limits of such coverage **may** be costs and risks.”

Page 3-4 – The Committee members agreed that the added language in **Section 7A** is acceptable.

*Page 4 – **Section 7D** – The Committees agreed to revisit this item pertaining to the **City Limit** versus the **City’s CCN**.

Page 4 – The Committee members acknowledged and agreed the correction to the typographical error in **Section 7E** should be corrected and the word “upon” in **Section 9A** will be “after.”

Page 5 – The Committees agreed that the struck-out language in **Section 9A** which reads “apparently abandoned it or” can remain struck out.

*Page 5 – **Sections 9B and 9C** – There was a discussion about the added word “**such**” in the two (2) sections. STWA indicated that the added word broadened the possible types of expenses that the City could claim and wanted the language to read “all actual costs and expenses.” The City representatives wanted to revisit this item after discussing the matter with Mr. Gerald Benadum.

Page 5 – **Section 9D** – The Committees agreed that the amended language referencing Texas Cities is acceptable.

*Page 6 – There was considerable discussion regarding the **buried waterline** and the use of a License Agreement as opposed to a **permanent easement**. It was agreed that this item would be revisited.

ATTACHMENT 8

Water Supply Contract – City of Driscoll

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 21, 2020
Re: City of Driscoll – 20-Year Wholesale Water Supply Contract

Background:

Last month, the Board considered information pertaining to the recent meeting with Mayor Mark Gonzalez and the new City Administrator, Roland Ramos. Since the offered contract has been modified to reflect the same provisions offered to the City of Kingsville and the City of Bishop regarding the term of the contract and since the Driscoll Pump Station has been upgraded with two (2) pumps devoted to the City and two (2) pumps devoted to the NWSC, staff recommended sending a letter to the City stating that the STWA Board approved the contract and this would be formalized by resolution during the February 25th Board meeting. Enclosed is the follow-up letter. Also enclosed is the most recent email communications regarding the Wholesale Water Supply Contract.

Analysis:

As mentioned last month and reiterated above, staff and legal counsel believe the offered contract contains provisions that are consistent with the provisions offered to STWA's other wholesale customers. The City has not provided any requests for changes or additional negotiation meetings pertaining to the Wholesale Water Supply Contract. Mr. Bill Flickinger, Willatt and Flickinger, reached out to the City's attorney of record several months ago including providing him with a copy of the offered contract. He has received no response or additional communication.

Staff Recommendation:

Approve Resolution 20-04 and execute the offered contract.

Board Action:

Determine whether to approve Resolution 20-04 thereby authorizing the execution of the Wholesale Water Supply Contract.

Summarization:

Today, Mr. Flickinger and I reviewed the history of our communications with the City and the status of the provisions in the contract. He agrees that the recommended action is the appropriate next step.

January 29, 2020

Honorable Mark Gonzalez
City of Driscoll
P.O. Box 178
Driscoll, Texas 78351

Re: Revised Wholesale Water Supply Contract

Dear Mayor Gonzalez:

It was a pleasure meeting with you and Interim City Administrator Roland Ramos on January 20, 2020. It is the hope of the STWA Board that the exchange of information was helpful in moving towards the execution of a Wholesale Water Supply Contract.

During South Texas Water Authority's January 28th Board meeting, a report on our recent meeting was provided and the Board revisited the enclosed, revised wholesale water supply contract between the City of Driscoll (City) and STWA. The Board approved the modified contract and instructed staff to provide notice to the City that the Board is prepared to authorize execution of the contract by resolution at the next STWA Board meeting on February 25th.

As stated in previous correspondence dated October 31, 2019, the contract was amended to offer the same term as the Kingsville and Bishop contracts, which are for twenty (20) years but with four (4) five-year increments and the ability to negotiate contract provisions prior to the renewal of each five-year term. In addition, it is the Board's position that the remainder of the contract offers the same terms and conditions as incorporated into the contracts between STWA and its other five (5) wholesale customers, Kingsville, Bishop, Agua Dulce, Nueces Water Supply Corporation and Ricardo Water Supply Corporation. Only one other wholesale customer has yet to agree to the contract, namely the Nueces County Water Control and Improvement District #5 (Banquete) and the contract offered to that district follows the same provisions as the enclosed contract.

Please contact me with any questions. As before, I look forward to working with the City on this important matter.

Sincerely,


Carola G. Serrato
Executive Director

CGS//

Enclosure

cc: City of Driscoll Council Members
STWA Board of Directors

Mr. Bill Flickinger, Willatt and Flickinger, PLLC

Kathleen Lowman, President
Brandon W. Barrera, Vice-President
Rudy Galvan, Secretary-Treasurer
Jose M. Graveley
Lupita Perez

(361) 592-9323 Or (361) 692-0337 (C.C. line)
Fax: (361) 592-5965

Patsy A. Rodgers
Filberto Treviño III
Steven C. Vaughn
Carola G. Serrato, Executive Director

mcgserrato@stwa.org

From: mcgserrato@stwa.org
Sent: Thursday, February 20, 2020 5:47 PM
To: 'Roland Ramos'
Cc: 'Mark Gonzalez'; 'Driscoll City Secretary'; 'Jo Ella Wagner'; 'Frances Rosales'; 'Bill Flickinger'
Subject: RE: Maintenance Contract

Roland,

The STWA Board is meeting next Tuesday, February 25th at 5:30 p.m. The agenda will be posted tomorrow. The Wholesale contract with an associated resolution and the M&O contract are on the draft agenda. I was wondering if you had any questions or other information to share on the status of the City's review.

Thanks,
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: Tuesday, February 11, 2020 8:31 PM
To: mcgserrato@stwa.org
Cc: Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>; Jo Ella Wagner <jwagner@stwa.org>; Frances Rosales <fvrosales@stwa.org>; Bill Flickinger <bflickinger@wfaustin.com>
Subject: Re: Maintenance Contract

Okay, thank you for clarifying. I will request a copy from the City.

Thanks,
Roland

From: mcgserrato@stwa.org <mcgserrato@stwa.org>
Sent: Tuesday, February 11, 2020 8:44 AM
To: Roland Ramos <rramos@cityofdriscoll.com>
Cc: Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>; Jo Ella Wagner <jwagner@stwa.org>; Frances Rosales <fvrosales@stwa.org>; Bill Flickinger <bflickinger@wfaustin.com>
Subject: RE: Maintenance Contract

Roland,

There were two (2) letters sent to Mayor Gonzalez at the end of January/beginning of February. The first letter referred to the water supply contract, of which the maintenance contract is an exhibit. The second letter concerned the maintenance contract with a price per thousand gallons that the Board authorized staff to quote as a beginning

negotiation figure. The letter offered meeting again with or without legal counsel. We were waiting to hear from the City.

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: Monday, February 10, 2020 9:34 PM
To: mcserrato@stwa.org
Cc: Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>
Subject: Fw: Maintenance Contract

Hi Carola,

I hope you're doing well. Please advise on the status of the maintenance contract.

Thanks,
Roland

From: Roland Ramos
Sent: Wednesday, January 29, 2020 9:12 PM
To: mcserrato@stwa.org <mcserrato@stwa.org>
Cc: Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>
Subject: Maintenance Contract

Hi Carola,

I'm following up on our conversation regarding the maintenance contract. As soon as we receive the contract, we can review it, propose any revisions, if necessary, and place it on our next City Council agenda for approval.

We appreciate all your help and patience in finalizing these negotiations.

Thanks,
Roland

ATTACHMENT 9

Resolution 20-04

SOUTH TEXAS WATER AUTHORITY

Resolution 20-04

RESOLUTION AUTHORIZING THE PRESIDENT OF THE SOUTH TEXAS WATER AUTHORITY TO EXECUTE A WATER SUPPLY CONTRACT WITH THE CITY OF DRISCOLL.

WHEREAS, the South Texas Water Authority is a supplier of water to western Nueces County and Kleberg County, and

WHEREAS, the City of Driscoll serves the community of Driscoll, and

WHEREAS, it is in the best interest of the South Texas Water Authority and the City of Driscoll to enter into a Water Supply Contract, and

WHEREAS, the terms as presented in the contract are agreeable to the Board of Directors of the South Texas Water Authority, and

WHEREAS, the Board of Directors wishes to accept the attached Water Supply Contract.

NOW, THEREFORE, BE IT RESOLVED that this Authority enter into, and the President is authorized and directed to execute on behalf of and as act of this Authority, the written contract between this Authority and the City of Driscoll, Texas, a copy of which is attached hereto. The Secretary of the Authority is directed and authorized to attest the contract on behalf of the Authority.

Duly adopted this 25th day of February, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 10

Operations and Maintenance Contract – City of Driscoll

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 21, 2020
Re: City of Driscoll – Operations and Maintenance Contract

Background:

Last month, I reported on the January 20th meeting with Driscoll Mayor Mark Gonzalez and City Administrator Roland Ramos. In addition to reviewing the wholesale contract, a maintenance contract was discussed. This contract was offered in response to City representatives expressing a concern about unexpected costs after accepting title to facilities as part of the wholesale contract. In addition, City representatives indicated that they did not have enough field personnel to cover operations.

Staff also reported that Mr. Bill Flickinger, Willatt and Flickinger, was contacted to review the offered O&M Agreement and make any required updates. None were needed. Based on his recommendation and following review of cost allocation information provided by staff, the Board authorized sending a letter to the City with the Operations and Maintenance Contract and offering a per thousand-gallon charge of \$0.2803 as a preliminary negotiation figure. Enclosed is that authorized letter.

Analysis:

The February 11th email correspondence from Mr. Ramos is included with the agenda item pertaining to the City's Wholesale Water Supply Contract. Since that date, our office has not received any written communication, telephone calls or visits.

Staff Recommendation:

Continue to provide information to the City regarding this agreement. Keep the Board updated on any developments.

Board Action:

Determine whether any other action is needed pertaining to this contract.

Summarization:

Last month, staff reported that the City of Driscoll could be the first entity to enter into this type of Agreement. It appears based on the City's recent payment history and the City's own retail water rates that there are financial issues involved in this matter as well as the Wholesale Water Supply Contract.

January 31, 2020

Honorable Mark Gonzalez
City of Driscoll
P.O. Box 178
Driscoll, Texas 78351

Re: Contract for Operation and Maintenance of Facilities - Driscoll

Dear Mayor Gonzalez:

During the January 28, 2020 South Texas Water Authority (STWA) Board meeting, staff was authorized to continue discussions with the City regarding a Contract for Operation and Maintenance of Facilities - Driscoll and the cost of STWA providing those services.

Our office is in receipt of Mr. Roland Ramos' email dated January 29, 2020 (attached) in which he indicates he is following up on the maintenance contract and the City will review it and propose revisions, if necessary, for possible placement on the City's next meeting agenda. Attached is the Contract for Operation and Maintenance of Facilities - Driscoll Contract which is actually an Exhibit C to the Wholesale Water Supply Contract provided in a letter dated January 29th.

During the January 28th Board meeting, the attached Board memo was provided detailing allocated costs from FY 2011 through FY 2019. A per thousand-gallon cost was calculated based on the City's purchased volume in the same time period. As you can see, the calculated cost is \$0.2803/1000g. The Board approved offering this figure as a preliminary fee for negotiation purposes.

Please contact me with any questions. I look forward to working with the City on this Contract. As before, arrangements can be made to meet with you and your consultants including the City's and STWA's legal counsels.

Sincerely,



Carola G. Serrato
Executive Director

CGS//

Enclosure

cc: City of Driscoll Council Members
STWA Board of Directors
Mr. Bill Flickinger, Willatt and Flickinger, PLLC

ATTACHMENT 11

STWA Personnel Policies
Retiree Benefits

Memorandum

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

Background:

During the last Board meeting, the Board discussed whether any policy considered should address eligibility in terms of cumulative years of service as opposed to consecutive. In addition, staff indicated that area utilities, districts and political subdivisions could be surveyed with regards to any retiree medical insurance benefits provided. Following the Board meeting, staff contacted Gregg Kronenberger to follow-up on the Board's discussion regarding years of service either cumulatively or consecutively.

Analysis:

Mr. Kronenberger will be providing draft language to incorporate into STWA's personnel policy. During our conversation, I indicated that the Board had expressed a desire to consider providing the benefit to employees that have returned (cumulative years of service). In addition, we discussed the need to limit the amount of time, possibly nine (9) months, that the benefit was available. Finally, we discussed the option that the benefit would be provided at a certain percentage of the full cost.

With regards to other entities, I contacted the following political subdivisions:

- San Pat Municipal Water District – Continued medical insurance is offered under COBRA at the retirees cost. However, the District offers a benefit that is somewhat atypical. Their retirement plan is through the Texas County and District Retirement System (TDRS). SPMWD provides a cost of living adjustment to retirees based on a CPI index.
- Nueces County Water Control and Improvement District #3 (Robstown and River Acres WSC) – This district offers retiree coverage through COBRA at retiree's cost. Their retirement plan is also through TDRS.
- Nueces County Water Control and Improvement District #4 (Port Aransas) – This district provides retiree medical insurance at the district's expense until the age of Medicare eligibility. The district is currently provided coverage through TML.
- Nueces County – Retirees are provided coverage at their own cost. The County carries an insurance plan that has the identical coverage as full-time employees and is not subject to time limits under COBRA or the added administrative charge.
- Kleberg County – The County previously provided full coverage to its retirees. However, since the County is self-funded, with a safety net third party administrator named Entrust, the County made changes several years ago for budgetary reasons. Retirees are provided, at no cost, with a Medical Essential Coverage. This program provides for a doctor's visit, specialist's visit, preventative care, emergency room visit, urgent care visit, labs, and generic Rx at economical co-pay rates. There is not a deductible for these services. The coverage, however, does not pay for hospitalization, surgeries or more expensive testing such as an MRI. Retirees are eligible until the age of 65. They qualify (1) by having 20 years of service and (2) based on a 75 – point system, such as 18 years of service plus 57 years of age.
- City of Corpus Christi – A retiree can stay insured through the City's plan(s) until the age of 65. The retiree is responsible for 100% of the premium. The retiree can switch to an Over 65-Plan carried by the City. Based on the name of the plan, I believe it is a Medicare substitute plan.
- City of Kingsville – The City offers retirees coverage at a reduced cost. Currently, the cost for a full-time employee is about \$630. Retirees can continue that coverage until the age of 65 for a cost of about \$320.

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 full-time years.

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:

Should the Board determine that this type of benefit should be researched further, staff believes it must be considered in a manner that (1) requires a minimum number of years of service such as twenty (20) years whether cumulative or consecutive, (2) requires the retiree to be employed by STWA at the time of retirement for a minimum number of years such as ten (10) years, and (3) ceases to be provided once the retiree reaches Medicare eligibility.

ATTACHMENT 12

STWA Personnel Policies
Job Descriptions

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 21, 2020
Re: STWA Personnel Policies – Job Descriptions

Background:

As reported in weekly updates, staff has revisited Job Descriptions which are an appendix to STWA's Personnel Policies. Managers reviewed the descriptions and modifications were made to more accurately outline tasks performed by employees. Following those changes, employees were provided with the descriptions to provide their input. The descriptions included in the agenda packet are the result of these reviews and modifications.

Analysis:

Through the years, job requirements have changed as a result of changing regulations, whether in the field or office. This is the case whether associated with STWA operations or due to the management services provided to the Nueces and Ricardo Water Supply Corporations. In addition, it should be noted that since STWA began managing those corporations that the NWSC has quadrupled its customer base and the RWSC's customer base has tripled. Management has attempted to keep pace with these changes without large increases to staff.

This can be examined from the number of staff persons/titles once the STWA Regional System was complete at the end of 1985. At that time, Tom Brown was the Executive Director. I was the Assistant Director. Abby Galvan was the Executive Secretary, who later became the Business/Risk Manager after Mr. Brown's departure. Teresa Yates was the Finance Manager. Edna Garcia was the Receptionist and became Billing Clerk once the NWSC system was complete. Charles Cramer was the O&M Supervisor. Lonnie Pickett was Mr. Cramer's Assistant. Armando Yruegas was a Field Tech and later Arnold Sandoval was added as another Field Tech. This is a total of nine (9) persons – five (5) office personnel and four (4) field employees.

The NWSC system became fully operational a few years later. And, STWA began managing the RWSC system in 1992. Since that time, one (1) full-time office position has been added for a total of six (6) and we have attempted to keep three (3) additional field positions for a total of seven (7). As the needs of operations have changed, staffing has evolved and job descriptions should be modified.

Staff Recommendation:

Approve Resolution 20-05.

Board Action:

Determine whether to adopt Resolution 20-05.

Summarization:

STWA's staffing needs have changed through the years as a result of regulations and contracts. Management has strived to keep the number of employees as limited as possible resulting in job descriptions that encompass a wide variety of tasks and therefore a team of multi-talented employees.

APPENDIX I

JOB DESCRIPTIONS

EXECUTIVE DIRECTOR

Responsibilities

Under the general direction and supervision of the Board of Directors, the Executive Director will:

- . Provide overall direction and administration for all Authority and managed water supply corporation functions including budget preparation, tax assessing, financial affairs and contract negotiations for the Authority.
- . Initiate and direct the Authority's organization and development.
- . Develop both short- and long-range plans for the Authority and managed water supply corporations as well as the implementation of those adopted plans.
- . Provide supervision and direction for all operational activities of the Authority and water supply corporations including day to day supervision of the maintenance and operations of the Authority's facilities.
- . Establish and maintain effective rapport and liaison with member cities and other water customers for efficient and effective operations of the Regional Water System.
- . Work with cities, counties and other governmental and community groups for the development of the area.
- . Consult and report, as necessary, to appropriate local, state and federal agencies to further the objectives of the Authority and managed water supply corporations.
- . Provide logistical support for the Authority's and water supply corporations' Boards of Directors and any Committees that may be established by the Boards of Directors.
- . Any other duties as assigned by the Boards of Directors.

Qualifications

A Bachelors Degree with eight years experience or Masters Degree with five years experience in engineering, physical sciences, planning, public administration, business administration or other related fields. Must have demonstrable qualities of initiative, leadership and administrative/management ability, with significant experience in water or municipal administration, finance and planning. Have a neat and appropriate appearance for dealing with the public.

BUSINESS/RISK MANAGER

Responsibilities

Under the general direction and supervision of the Executive Director, the duties of the Business/Risk manager shall include:

- . Supervise clerical personnel as required.
- . Produce daily water loss report for the Authority.
- . Produce monthly water loss report for the water supply corporations.
- . Act as Assistant Secretary to the Board.
- . Act as the Authority's and water supply corporations' Information Technology Specialist including assisting consultants with maintaining the Authority's and water supply corporations' intranet system, internet access, and websites.
- . Adjudicate rural water supply corporation customer water quality service complaints with accompanying service order.
- . Troubleshoot cross connection, multiple tap or other water supply corporation rural tariff violations with accompanying service order.
- . Assist in organizing staff development, orientation, and continuing education.
- . Advise the Executive Director on necessary changes to the Authority's Personnel and Administrative Policies.
- . Advise the Executive Director in the formulation of internal direction and policies to implement the Authority and water supply corporations Boards' instructions.
- . Provide logistical support for Authority and water supply corporations' Board meetings.
- . Prepare Authority and water supply corporations' Board of Directors mailout meeting notices, minutes and other related materials necessary for business meetings.
- . Post Authority and water supply corporations' meeting agendas in accordance with Open Meetings Act requirements as well as on the Authority's and water supply corporations' websites.
- . Submit newspaper copy for publications for the Authority and water supply corporations as needed including but not limited to adoption of tax rates, employment vacancies, notice of developer requirements, bid proposals and any federal or state notices.
- . Development and posting of water supply corporations' Consumer Confidence Reports.

- . Participate and provide input on office personnel evaluations under his/her direction.
- . Prepare correspondence, memos, reports, records and forms as necessary for the Executive Director and his/her own use.
- . Maintain official records and administrative and personnel files as required for the general operations of the Authority.
- . Prepare monthly billing invoices for the Authority's member cities and other large volume customers.
- . Act as purchasing agent for the Authority office equipment and supplies.
- . Review newspapers and report to the Executive Director any information which involves or may affect the Authority as well as ensure the material is filed with the Authority's newspaper archives.
- . Serve as administrator for the Authority's insurance programs.
- . Serve as manager for office and computer equipment and leases.
- . Perform other duties as assigned by the Executive Director.

Qualifications

A degree or certificate from business school or college; or a high school diploma or equivalent with extensive experience in the use of word processing, database, and spreadsheet computer applications, and use of office equipment. Applicant should have experience and knowledge in the insurance industry and strong oral and writing skills. Three to five years in a supervisory role desired. Must be self-directed and have ability in management and organizational skills. Have a neat and appropriate appearance for dealing with the public.

FINANCE MANAGER

Responsibilities

Under the general direction and supervision of the Executive Director, the Finance Manager's primary responsibilities include:

- . Supervise clerical personnel as required.
- . Oversee the financial controls of the Authority and water supply corporations and report to the Executive Director any changes to the financial situation of the Authority and water supply corporations.
- . In conjunction with other office and field managers, prepare and keep accurate Authority and water supply corporations' inventory records.
- . Provide logistical support for Authority and water supply corporations' Board meetings.
- . Provide necessary documents/reports to the Authority's retirement trustee including but not limited to employee contributions, employer contributions, employee hours worked, loan requests, loan payments, and terminated employee data. Distribute retirement/trustee information to employees.
- . Act as the Authority's Co-investment Officer including producing the Quarterly Financial Investment Report and maintaining the necessary training hours according to the Public Funds Investment Act (PFIA).
- . Administer and troubleshoot the Blue Pay program for the water supply corporations' online bill pay module.
- . Review accounts payable checks.
- . Review payroll checks. Submit ACH payroll and payments through the appropriate banking program(s).
- . Enforce cut-off and cancellation requirements for water supply corporation customers due to monthly bill non-payments.
- . Assist the Executive Director in adjudicating complaints from customers regarding billing complaints.
- . Assist in organizing staff development training, orientation and continuing education.
- . Advise the Executive Director on necessary changes to the Authority's Personnel and Administrative Policies.
- . Advise the Executive Director in the formulation of internal direction and policies to implement the Board's instructions.

- . Assist the Executive Director with budget preparations, allocations and revisions.
- . Transfer funds as needed for the Authority and water supply corporations.
- . Maintain all accounts and financial records of the Authority and water supply corporations in conformance with generally accepted accounting principles.
- . Participate and provide input on office personnel evaluations under his/her direction.
- . Work with the Authority's and water supply corporations' auditors to prepare the audit in conformance with GAAP, the Texas Commission on Environmental Quality rules and regulations, and any other agencies required by law.
- . Prepare financial reports for the Authority's Board of Directors meetings.
- . Review financial reports prepared by the Accountant Assistant for the water supply corporations' Board of Directors meetings.
- . Prepare all required financial reports for federal and state funding agencies.
- . Act as paying agent for any Bond issuances or loan requirements which the Authority or the water supply corporations have or become contractually involved including, but not limited to, debt service, depreciation/reserve and reserve payments.
- . All other duties as assigned by the Executive Director.

Qualifications

A Bachelor's or Master's Degree with two years experience in accounting. Prefer experience in the field of governmental accounting. Strong oral and writing skills. Have a working knowledge of computer operations with respect to billing data and accounting procedures. Three to five years in a supervisory role desired. Must be self-directed and have ability in management and organizational skills. Have a neat and appropriate appearance for dealing with the public.

O & M SUPERVISOR

Responsibilities

Under the general direction and supervision of the Executive Director, the O&M Supervisor's primary administrative and operational responsibilities shall include:

- . Supervise field personnel.
- . Serve as the field representative of the Authority and water supply corporations with customer cities, consultants, vendors and the general public.
- . Inspect the Authority's and water supply corporations' construction projects, whether the construction is done by Authority or through a private contractor.
- . Review and recommend approval or disapproval of requests for overtime and requests for leave by all field personnel.
- . With the assistance of the Field Supervisor, develop operation and maintenance schedules which meet manufacturers' recommendations for equipment.
- . Serve as the chief safety officer in all field operations.
- . Operate the Authority's and other vehicles, including obtaining a Texas Commercial Driver's License (CDL), Class A.
- . In conjunction with the Finance Manager, prepare and keep accurate Authority and water supply corporations' inventory records.
- . Maintain daily records of the work performed by field personnel.
- . Generate and process work orders.
- . With the assistance of the Field Supervisor, schedule work on a daily basis for operations and maintenance personnel so that all work is coordinated and efficiently uses the resources available.
- . Perform field personnel evaluations and review the evaluations with the Executive Director, the Field Supervisor and the employee at a joint meeting.
- . Maintain liaison with contractors and suppliers of the Authority and water supply corporations.
- . Operate and possess a working knowledge of the Authority's pump station facilities and equipment, including development and maintenance of Standard Operating Procedures.
- . Provide logistic support for Authority and water supply corporations' Board meetings, including but not limited to reporting directly to the Boards.
- . Provide logistic support for Executive Director and other staff as needed.

- . Oversee the Field Supervisor in maintaining vehicle repair and periodic maintenance schedules which meet manufacturers' recommendations.
- . Assist the Field Supervisor in generating cost of service for new water supply corporations' non-standard service accounts with accompanying service orders.
- . Apply for state and county permits as needed.
- . Assist in organizing staff development training, orientation, and continuing education.
- . Ensure all employees under his/her direct supervision are adequately trained.
- . Advise the Executive Director on necessary changes to the Authority's Personnel and Administrative Policies.
- . Advise the Executive Director in the formulation of internal direction and policies to implement the Boards' instructions.
- . All other duties as assigned by the Executive Director.

Qualifications

A high school diploma or its equivalent with seven (7) years of progressive supervisory experience in the water utility industry including extensive working knowledge and/or construction experience relating to motor operated valves, chlorine systems, hydro-pneumatic tanks and any other equipment associated with the operation of pump station facilities, transmission lines and distribution systems. This position requires lifting, carrying, bending, stooping, shoveling, assembling pipes, lifting 50-80 pounds on a regular basis, occasionally carrying sacks that weigh 80 pounds, and climbing in and out of ditches. Must have valid "C" water license issued by the Texas Commission on Environmental Quality, a valid driver's license and must be insurable by the Authority's insurance carriers. Have a neat and appropriate appearance for dealing with the public.

FIELD SUPERVISOR

Responsibilities

Under the general direction and supervision of the Executive Director and the O&M Supervisor, the Field Manager's primary administrative and operational responsibilities shall include:

- . Supervise field personnel in the absence of the O&M Supervisor.
- . As necessary, serve as the field representative of the Authority and water supply corporations with customer cities, consultants, vendors and the general public.
- . Inspect the Authority's and water supply corporations' construction projects, whether the construction is done by Authority or through a private contractor.
- . Review and recommend to the O&M Supervisor approval or disapproval of requests for overtime and requests for leave by all field personnel. In the absence of the O&M Supervisor, review and approve or disapprove said requests.
- . In consultation with the O&M Supervisor, develop operation and maintenance schedules which meet manufacturers' recommendations for equipment.
- . Serve as the chief safety officer in all field operations, in absence of the O&M Supervisor.
- . Operate the Authority's and other vehicles, including obtaining a Texas Commercial Driver's License (CDL), Class A.
- . Maintain daily records of the work performed by field personnel.
- . Assist the O&M Supervisor in scheduling work on a daily basis for operations and maintenance personnel so that all work is coordinated and efficiently uses the resources available.
- . Perform field personnel evaluations and review the evaluations with the Executive Director, the O&M Supervisor and the employee at a joint meeting.
- . Maintain liaison with contractors and suppliers of the Authority and water supply corporations.
- . Operate and possess a working knowledge of the Authority's pump station facilities and equipment, including development and maintenance of Standard Operating Procedures.
- . Provide logistic support for Authority and water supply corporations' Board meetings, including but not limited to reporting directly to the Boards.
- . Provide logistic support for Executive Director and other staff as needed.
- . Ensure maintenance of vehicle schedules which meet manufacturers' recommendations.

- . Generate cost of service for new water supply corporations' non-standard service accounts with accompanying service orders.
- . Apply for state and county permits as needed.
- . Assist in organizing staff development training, orientation, and continuing education.
- . Advise the Executive Director and O&M Supervisor on necessary changes to the Authority's Personnel and Administrative Policies.
- . Advise the Executive Director and O&M Supervisor in the formulation of internal direction and policies to implement the Boards' instructions.
- . All other duties as assigned by the Executive Director and O&M Supervisor.

Qualifications

A high school diploma or its equivalent with five (5) years of progressive supervisory experience in the water utility industry including extensive working knowledge and/or construction experience relating to motor operated valves, chlorine systems, hydropneumatic tanks and any other equipment associated with the operation of pump station facilities, transmission lines and distribution systems. This position requires lifting, carrying, bending, stooping, shoveling, assembling pipes, lifting 50-80 pounds on a regular basis, occasionally carrying sacks that weigh 80 pounds, and climbing in and out of ditches. Must have valid "C" water license issued by the Texas Commission on Environmental Quality, a valid driver's license and must be insurable by the Authority's insurance carriers. Qualified applicants must be adept in both oral and written communication skills, willing to work extended hours, and flexible in his/her operational procedures as warranted by a changing work environment. Have a neat and appropriate appearance for dealing with the public.

OPERATIONS AND MAINTENANCE PERSONNEL II (AKA FIELD TECH II)

Responsibilities

Under the general direction of the Executive Director and the direct and immediate supervision of the O&M Supervisor and Field Supervisor, the responsibilities of the O&M Personnel (Field) Tech II shall include:

- Locate and repair breaks and leaks in water lines.
- Install water lines and meters and make new connections.
- Connect and disconnect water service and/or water meters.
- In the absence of the O&M/Field Supervisor, ensure that work crews adhere to plans and schedules, explain plans, drawings, specifications and work orders to crew, distribute tools and materials, observe work of crews in the field and make on-the-spot corrections as needed, and arrange for and supervise emergency service.
- Operate a variety of equipment including, but not limited to: radios, cell phones, trackhoes, backhoes, and tractors in carrying out operations and maintenance.
- Operate the Authority's and other vehicles, including obtaining a Texas Commercial Driver's License (CDL), Class A.
- Operate and have a working knowledge of pump stations and equipment.
- Collect water samples and take chlorine, free available ammonia and other chemical residuals as needed.
- Read member cities' and master water meters.
- Read rural retail meters.
- Assist in the filing of State and County permits as needed.
- Assist in the scheduling of daily field work.
- Assist in the calculation of non-standard service costs for water supply corporations.
- Check and operate valves.
- Repair fire hydrants.
- Other duties as assigned by the O&M Supervisor or Field Supervisor.

Qualifications

High school diploma or its equivalent, two years experience in water line construction -- one year of

which must have been in a lead capacity in the operation of excavation and construction equipment and have working knowledge and/or construction experience relating to motor operated valves, chlorine systems, hydropneumatic tanks and any other equipment associated with the operation of pump station facilities, transmission lines and distribution systems. Prefer three or more years experience in supervision of two or more employees. This position requires lifting, carrying, bending, stooping, shoveling, assembling pipes, lifting 50-80 pounds on a regular basis, occasionally carrying sacks that weigh 80 pounds, and climbing in and out of ditches. Must have a valid drivers license, must be insurable by the Authority's insurance carriers, and a Level C Water License issued by the Texas Commission on Environmental Quality preferred. Have a neat and appropriate appearance for dealing with the public.

FIELD TECHNICIAN

Responsibilities

Under the general direction of the Executive Director as well as the direct and immediate supervision of the O&M Supervisor, the Field Supervisor and Field Tech II, the responsibilities of the Field Technician shall include:

- . Locate and repair breaks in water lines.
- . Make new utility connections.
- . Install water meters.
- . Install water lines.
- . Check and operate valves.
- . Repair fire hydrants.
- . Operate and have a working knowledge of equipment in pump houses.
- . Operate a variety of equipment including but not limited to communication devices, backhoes, and tractors necessary in carrying out operations and maintenance.
- . Operate the Authority's and other vehicles, including obtaining a Texas Commercial Driver's License (CDL), Class A.
- . Connect and disconnect water service and/or water meters.
- . Collect water samples and take chlorine residuals.
- . Read rural retail customers' meters.
- . Read member cities' and master meters.
- . Assist in maintaining the Authority's Regional Transmission Lines included but not limited to maintenance/repair/replacement of ARV's, exercising of isolation valves, repairs/replacement of isolation valves and appurtenances, and ground maintenance of location markers/valve vaults/ARV vaults.
- . Assist in maintaining each of the Authority's pump and ground storage and overhead storage sites in a clean and aesthetically pleasing condition to include the inside of the pump stations, the exterior, and grounds of each.
- . Assist in maintaining the main office site, including interior and exterior, in a clean, well running condition.
- . Report to the O&M Supervisor or Field Supervisor on any site maintenance needs or problems.

- . Other duties as assigned by the Executive Director, O&M Supervisor, Field Supervisor or Field Tech II.

Qualifications

A high school diploma or its equivalent, one-year experience in construction or utility operations, must possess a valid driver's license and must be insurable by the Authority's insurance carriers and ability to obtain a Class D Water License issued by the Texas Commission on Environmental Quality within one year of employment and later obtaining a Class C Water Distribution License. This position requires lifting, carrying, bending, stooping, shoveling, assembling pipes, lifting 50-80 pounds on a regular basis, occasionally carrying sacks that weigh 80 pounds, and climbing in and out of ditches. Have a neat and appropriate appearance for dealing with the public.

SITE MAINTENANCE PERSONNEL I

Responsibilities

Under the general direction and supervision of the O&M Supervisor the responsibilities of the Site Maintenance Personnel I shall include:

- . Maintain each of the Authority's pump and ground storage and overhead storage sites in a clean and aesthetically pleasing condition to include the inside of the pump stations, the exterior, and grounds of each.
- . Maintain main office site, including interior and exterior, in a clean, well running condition.
- . Operate a variety of equipment including but not limited to radios, tractors, lawnmowers, lawn/landscaping equipment and the Authority's vehicles necessary in carrying out site maintenance.
- . Maintain lawnmower and lawn equipment.
- . Report directly to the O&M supervisor on any site maintenance needs or problems.
- . Maintain and order janitorial and site maintenance supplies for all sites and main office.
- . Flush water supply corporation lines and record volume of water flushed.
- . If necessary, assist operations and maintenance personnel in waterline installation and/or leak repair.
- . Other duties as assigned by O&M Supervisor.

Qualifications

A high school diploma or its equivalent, must possess a valid driver's license - preferably Class A or B and must be insurable by the Authority's insurance carriers. Experienced in operating lawnmower and lawn/landscaping equipment and various power and hand tools. Basic knowledge of carpentry, plumbing, electrical and concrete work preferred. This position requires lifting, carrying, bending, stooping, shoveling, assembling pipes, lifting 50-80 pounds on a regular basis, occasionally carrying sacks that weigh 80 pounds, and climbing in and out of ditches. Individual must be self-motivated and work with little supervision in order to carry out his/her duties. Have a neat and appropriate appearance for dealing with the public.

CATHODIC PROTECTION (CP) TECHNICIAN

Responsibilities

Under the general direction of the Executive Director as well as the direct and immediate supervision of the O&M Supervisor, the responsibilities of the Field Technician shall include:

- . On STWA's 42" waterline, locate problems and assist in the repair of the problems including any leaks.
- . Check and operate valves.
- . Repair Air Relief Valves.
- . Repair vaults associated with the 42" line.
- . Repair and install new test stations, as needed. Record location of installed test stations.
- . Repair/replace 42" water line markers.
- . Maintain and operation of rectifiers. Record and maintain files on rectifier readings.
- . Perform pipe to soil potential readings on 42" waterline. Record and maintain files on soil potential readings.
- . Record location of installed anodes on 42" waterline.
- . Order materials and maintain an inventory of anodes, clips, materials to construct/connect test stations, mortar/cement, bituminous coating and markers.
- . Operate a variety of equipment including but not limited to communication devices, backhoes, and tractors necessary in carrying out operations and maintenance.
- . Operate the Authority's and other vehicles, including obtaining a Texas Commercial Driver's License (CDL), Class A.
- . Assist in maintaining the Authority's Regional Transmission Lines included but not limited to maintenance/repair/replacement of ARV's, exercising of isolation valves, repairs/replacement of isolation valves and appurtenances, ground maintenance of location markers/valve vaults/ARV vaults, excavations, removal/repair of mortar, installation (including welding) of clips or bonding wires, installation of anodes, and backfilling.
- . Report to Executive Director or O&M Supervisor on any CP maintenance needs or problems.
- . Other duties as assigned by the Executive Director or O&M Supervisor.

Qualifications

A high school diploma or its equivalent, one-year experience in construction or utility operations, must possess a valid driver's license and must be insurable by the Authority's insurance carriers. This position requires lifting, carrying, bending, stooping, shoveling, assembling pipes, lifting 50-80 pounds on a regular basis, occasionally carrying sacks that weigh 80 pounds, and climbing in and out of ditches. Have a neat and appropriate appearance for dealing with the public.

ACCOUNTANT ASSISTANT

Responsibilities

Under the general direction and supervision of the Executive Director as well as the direct and immediate supervision of the Business/Risk Manager and the Finance Manager, the primary responsibilities of the Accountant Assistant include:

- . Provide support in the maintenance and upkeep of the Authority's and water supply corporations' official records and administrative files as needed.
- . Provide secretarial and administrative support and assistance to staff as required.
- . Transcribe printed, typed, or longhand copy and proofread the materials for spelling, grammar, and punctuation. Prepare correspondence, memos, and forms as necessary for his/her own needs as well as other staff.
- . Operate the necessary office equipment as required by the above-mentioned duties including but not limited to: personal computer and printer, typewriter, adding machine, copy machine, postage machine and fax machine.
- . In the absence of the Billing Clerk, perform billing clerk duties as required by Authority contracts, including but not limited to: posting of payments, assessing late charges, assessing disconnect charges, producing past due notices and producing monthly water statements.
- . Prepare accounts payable checks for the Authority and the water supply corporations.
- . Prepare semi-monthly checks and deposits for the collections of Ricardo Wastewater Improvement Corporation.
- . Produce water supply corporation cancellation letters.
- . Prepare payroll checks.
- . Process new water supply corporations' rural customer applications.
- . Maintain the water supply corporations' distribution system models.
- . With the assistance of field personnel, prepare cost breakdown and quote for non-standard water supply corporation services.
- . With the assistance of field personnel and outside consultants including engineer and legal counsel, prepare developers' analyses using distribution system model and cost breakdown.
- . Prepare General Ledgers for water supply corporations.
- . Prepare Monthly Treasurer's Reports for water supply corporations.

- All other duties as assigned by the Executive Director, the Business/Risk Manager or the Finance Manager.
- In the absence of the Billing Clerk, prepare deposit slips for the Authority and water supply corporations. Provide completed deposit slips to Finance Manager for review.

Qualifications

A high school diploma or its equivalent, ability to operate office equipment, experience in the use of word processing, database and spreadsheet computer applications, as well as basic accounting knowledge and experience in the use of accounts receivable/payable computer programs. A background in utility billing systems. The employee should be self-directed and have proper telephone etiquette skills. The ability to work well with the public and express him/herself well orally. Have a neat and appropriate appearance for dealing with the public.

BILLING CLERK

Responsibilities

Under the general direction and supervision of the Executive Director as well as the direct and immediate supervision of the Business/Risk Manager and the Finance Manager, the primary responsibilities of the Billing Clerk include:

- . Provide secretarial and administrative support and assistance to staff as required.
- . Transcribe printed, typed, or longhand copy and proofread the materials for spelling, grammar, and punctuation. Prepare correspondence, memos, and forms as necessary for his/her own needs as well as other staff.
- . Prepare daily deposits for the Authority and water supply corporations. Update check registers.
- . Provide support in the maintenance and upkeep of the Authority's official records and administrative files as needed by the records agent, the Business/Risk Manager.
- . Provide support in the maintenance and upkeep of the water supply corporations' records and administrative files.
- . Assist the Clerk/Receptionist as office and telephone receptionist including screening and announcing calls/visitors and maintaining proper records of such when staff is unavailable.
- . Operate the necessary office equipment as required by the above-mentioned duties including but not limited to: telephone system, personal computer and printer, typewriter, adding machine, copy machine, postage machine and fax machine.
- . Act as Billing Clerk as required by the Authority's contracts including but not limited to assessing late charges, producing monthly bills, assessing disconnection charges, producing lock-out lists, producing meter removal lists, cancelling delinquent accounts, generating/ mailing past due (late) notices, generating/ mailing delinquent account letters, and filling out Service Orders as needed to address other operational matters associated with water supply corporations' services.
- . Process water supply corporation customer's nonsufficient fund (NSF) transactions, including Service Orders for disconnection of services if applicable. Report NSF incidents to Finance Manager.
- . Receive and process in-person and online water supply corporation customers' payments.
- . Prepare, maintain, and process bank drafts/ACH for water supply corporation customers.
- . Verify the end of the day close-out of water supply corporation transactions with

Receptionist/Clerk.

- Prepare deposit slips for the Authority and water supply corporations. Provide completed deposit slips to Finance Manager for review.
- Maintain Leave Records for employees, including a running balance of Vacation, Sick, Personal and if applicable Compensatory Time. In addition, process Leave Requests to record available time.
- In the absence of the Clerk/Receptionist, deliver night deposits to the Authority's and the water supply corporations' banks.
- Other duties as assigned.

Qualifications

A high school diploma or its equivalent, ability to operate office equipment, experience in the use of word processing, database and spreadsheet computer applications. Extensive use of or background in utility billing systems preferred. The employee should be self-directed and have proper telephone etiquette skills. The ability to work well with the public and express him/herself well orally. Have a neat and appropriate appearance for dealing with the public.

CLERK/RECEPTIONIST

Under the general direction and supervision of the Executive Director as well as the direct and immediate supervision of the Business/Risk Manager and the Finance Manager, the primary responsibilities of the Clerk/Receptionist include:

- . Act as office and telephone receptionist including screening and announcing calls/visitors and maintaining proper records of such when staff is unavailable.
- . Act as mail clerk including collection, sorting, and delivery to the proper parties as well as upkeep of the necessary records associated with the duties of mail clerk.
- . Provide secretarial and administrative support and assistance to staff as required, including transcribing printed, typed, or longhand copy. Proofread materials for spelling, grammar, and punctuation. Prepare correspondence, memos, and forms as necessary for his/her own needs as well as other staff.
- . Operate the necessary office equipment as required by the above-mentioned duties including but not limited to: telephone system, personal computer and printer, typewriter, adding machine, copy machine, postage machine and fax machine.
- . Provide support in the maintenance and upkeep of the Authority's and water supply corporations' official records and administrative files as needed by the Business/Risk Manager and Finance Manager.
- . Organize and maintain the Authority's newspaper archives and affidavits of publication files.
- . Verify the end of the day close-out of water supply corporation transactions with Receptionist/Clerk.
- . On a monthly basis, reconcile Authority's and water supply corporations' bank accounts.
- . Post the Authority's daily tax receipts, including posting based on current, delinquent, current debt service and original-issue debt service.
- . In the absence of the Billing Clerk, assist the Accountant Assistant in performing billing duties.
- . Process in-person and mailed payments.
- . All other duties as assigned.

Qualifications

A high school diploma or its equivalent, ability to operate office equipment, experience in the use of word processing, database and spreadsheet computer applications. The employee should be self-directed and have proper telephone etiquette skills. The ability to work well with the public and express him/herself well orally. The employee should be experienced in the proper use of the telephone associated with receptionist duties. Use of or background in utility billing systems. Must

possess a valid driver's license and be insurable under the Authority's insurance coverage. Have a neat and appropriate appearance for dealing with the public.

ATTACHMENT 13

Resolution 20-05

SOUTH TEXAS WATER AUTHORITY

Resolution 20-05

RESOLUTION AMENDING THE PERSONNEL POLICIES OF THE SOUTH TEXAS
WATER AUTHORITY – APPENDIX I – JOB DESCRIPTIONS.

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 25th day of February, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 14

Resolution 20-06

SOUTH TEXAS WATER AUTHORITY

Resolution 20-06

RESOLUTION OF APPRECIATION FOR MR. STEVEN C. VAUGHN FOR HIS DEDICATED SERVICE AS A DIRECTOR OF THE SOUTH TEXAS WATER AUTHORITY FROM 2011 – 2019.

WHEREAS, Mr. Steven C. Vaughn was appointed as a director of the South Texas Water Authority in 2011, and

WHEREAS, Mr. Steven C. Vaughn has faithfully performed his duties for the citizens of the South Texas Water Authority, and

WHEREAS, his dedication to the continued development of the region and its resources is greatly appreciated by the Board of Directors of the South Texas Water Authority.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority unanimously adopts this resolution of appreciation for Mr. Steven C. Vaughn for his dedicated service as a Director of the South Texas Water Authority from 2011 – 2019.

Duly adopted this 25th day of February, 2020.

KATHLEEN LOWMAN
PRESIDENT

BRANDON BARRERA
VICE-PRESIDENT

RUDY GALVAN, JR.
SECRETARY/TREASURER

LUPITA PEREZ

PATSY A. RODGERS

FILIBERTO TREVINO III

JOSE M. GRAVELEY

ATTACHMENT 15

TCAP

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 20, 2020
Re: Strategic Hedging Program (SHP) – TCAP Contract for Services – Commercial Electricity Service Agreement

Background:

Enclosed are documents related to STWA's energy services through the Texas Coalition for Affordable Power (TCAP). Many years ago, STWA became a member of the South Texas Aggregation Project (STAP), a coalition of political subdivisions purchasing power as a pooled entity to save on cost. STAP later merged with another coalition called Cities Aggregation Power Project (CAPP) to become TCAP. For quite some time, TCAP has locked in prices at a savings for its members with contracts that are longer than typical and at a price lower than the open market. In addition, in years past, refunds have been provided from the rate associated with Ancillary services. STWA staff has been pleased with the services and energy costs as members of TCAP.

At this time, TCAP is asking its members to take certain action if the member is interested in a Strategic Hedging Program (SHP):

1. Enter into an agreement for services between TCAP and STWA; and
2. Enter into an agreement for services with the retail energy provider, GEXA.

Analysis:

The enclosed documents indicate that an entity needs to "opt out" of the SHP. However, Geoffrey Gay, TCAP's General Counsel, called me in response to the attached email sent to TCAP's Interim Executive Director, Margaret Somereve. Mr. Gay stated that Items 1 and 2 above are required *only if STWA determines at this time to participate in SHP*. Further, he stated if STWA decides to remain on a fixed pricing program that the necessary paperwork would be received later in the year.

Therefore, the Board will need to determine whether the new pricing program is preferred. As reported in a weekly update, on December 3, 2019 I met with two of TCAP's representatives and Courtney Alvarez, Kingsville City Attorney, who is also a TCAP board member. Enclosed is detailed information pertaining to SHP provided at that meeting. Prior to attending the meeting, I viewed an online presentation on SHP.

According to the provided information, SHP is a more stable pricing process. Rather than locking in a price for a period of 5+ years, TCAP will procure 1/12 of needs for 2 years in advance from 20 vetted suppliers. In addition, TCAP will limit the purchase to 30% from any one supplier.

The current fixed price contract extends through December 31, 2022. Therefore, the new process will take effect on January 1, 2023. Taking the necessary action now is required because of SHP's 2-year in advance purchase procedure and TCAP needs to determine an estimated amount of energy to purchase.

Finally, according to my notes, twice a year there will be an opportunity to quit the program. However, that does not mean that an entity would be able to automatically revert to TCAP's fixed price program since it would depend on the entity's energy requirements and whether the supplier(s) are willing (or able) to provide those needs at the locked in price.

Memo

02/19/20

Page 2 of 2

Staff Recommendation:

Staff recommends that the Board consider adopting a resolution to participate in SHP.

Board Action:

Determine whether to participate in SHP or remain on a fixed pricing program. If selecting SHP, authorize execution of the contracts between TCAP/STWA and STWA/GEXA.

Summarization:

The energy experts at TCAP are stating that SHP is a more stable approach. Staff understands that this is considerably different from the previous contracts. However, SHP needs to be viewed from a long-term perspective.

From: mcserrato@stwa.org
Sent: Tuesday, February 18, 2020 10:29 AM
To: Margaret Somereve
Cc: Jo Ella Wagner; Frances Rosales
Subject: Hedge Program versus Fixed Price - Documents needed

Tracking:	Recipient	Read
	Margaret Somereve	
	Jo Ella Wagner	
	Frances Rosales	
	Frances Rosales - De Leon	Read: 2/18/2020 11:50 AM

Good Morning Margaret,

As we discussed this morning, I have reviewed the documents that you provided to Jo Ella. The STWA February 25, 2020 agenda will include an item on Hedge pricing and fixed pricing plus the associated necessary documents.

I believe I understand how the Hedge Program works having met with you and Bill as well as Courtney at the Kingsville City Hall on December 3, 2019. However, I cannot say whether the STWA Board will feel comfortable with that program.

You indicated this morning that if the STWA Board decides it wants to remain with the fixed price program that there is a different resolution to adopt and you would be providing such. As I indicated, that would facilitate matters by having both resolutions available for the Board meeting, hopefully ensuring that a decision is made this month.

I understand that both the Professional Services Agreement (PSA – between TCAP & STWA) and the Commercial Electricity Service Agreement (CESA – between GEXA & STWA) need to be approved regardless of which program is selected (Hedge or Fixed).

In addition, with the fixed price program resolution being provided, STWA would not need to opt out of the Strategic Hedge Program (SHP). The fixed price program, however, still requires the three (3) items for Exhibit A:

1. You indicated the **Start Date** would be January 1, 2023.
2. You said you would get back to me on the **End Date**.
3. You also indicated that you would get back to me on the **“Not To Exceed Cost”** which I am still a bit uncertain about in terms of how this is determined. Recommended by TCAP? Provided solely by STWA?

Sincerely,

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

USER'S GUIDE TO TCAP'S PROFESSIONAL SERVICES AGREEMENT ("PSA") AND GEXA'S 2019 VERSION OF ITS COMMERCIAL ELECTRIC SERVICE AGREEMENT ("CESA")

Necessary Documents For Participation In TCAP's Strategic Hedging Program

If a TCAP member desires to participate in the Strategic Hedging Program ("SHP") approval of both the PSA and CESA by the member's governing body are necessary prior to October 1, 2020, because purchases in the wholesale market on behalf of SHP participants will commence in January 2021.

Note: The SHP is a default procurement strategy for all TCAP members. It is a fixed-price program, but with a shorter term for the fixed price designed to procure energy when it is cheaper. If a long-term fixed-price, fixed-term contract similar to a member's current contract is preferred over participation in the SHP, the member will need to submit an Authorized Election Form to TCAP. See CESA Section 2.1 (a). There currently is no deadline for such submission, but submission should be completed no later than January 31, 2022, for TCAP to arrange a contract consistent with the best market terms and price.

Brief Summary of SHP

In the fall of 2020, TCAP and its current wholesale supplier and future Energy Manager, NextEra, will tabulate the cumulative load of members desiring participation in the SHP and preliminarily arrange monthly 2021 auctions for one-twelfth of that load. Any scheduled auction may be adjusted, deferred or cancelled in recognition of prevailing market conditions. The auction process will attempt to avoid soliciting competitive bids when market prices are trending up. By the end of 2021, energy sufficient to match the 2023 anticipated SHP load should be under contract. The auction results will be communicated to SHP participants as a price per kWh Energy at least nine months prior to the effective date of such price, so member can estimate future energy expenditures for budgeting and planning purposes. TCAP will retain the right to audit auction results. See PSA, Section 5. B.7.

Necessary Contract Provisions/CESA Revisions for SHP Implementation

1. **TCAP Must Be Authorized As An Wholesale Energy Procurer By Each SHP Participant.** Since its creation via the merger of CAPP and STAP effective January 1, 2011, TCAP has functioned as its members' agent in arranging energy contracts and services provider. TCAP has always had the legal authority to procure power in the wholesale market, but until the design of the SHP there was never a need to request that members authorize TCAP to commit to wholesale power purchases. Because of SHP, TCAP will need to assure its Energy Manager that it has the right and responsibility to commit participating members to purchases of wholesale power through a series of auctions. See CESA Section 1.3 and PSA Section 5.A.2.
2. **The Role of Energy Manager Must Be Created.** Prior to creation of SHP, the role of Energy Manager did not exist. The CESA defines "Energy Manger" as "the wholesale market

participant designated by TCAP to perform the services described in the PSA.” CESA Section 7.1.6. The PSA supplements that definition when it states that the Energy Manager will “conduct SHP procurements at TCAP’s direction, in accordance with Section 5A and Section 5.B.7 of this Agreement.” PSA Section 10. Pursuant to PSA Section 3 a member “authorizes TCAP to contract for the purchase of energy for member in the wholesale market from an energy manager selected by TCAP.” With regard to SHP, PSA Section 5.A.2 states: “TCAP will function as member’s electric energy procurer. As such, TCAP will (i) oversee the Energy Manager, (ii) will direct the Energy Manager to solicit wholesale energy market quotes, (iii) will cause the Energy Manager to transact at the most favorable executable market quotes and (iv) will negotiate and develop the Energy Price in member’s CESA.”

3. Recognition of various Procurement Options. As referenced earlier in this document, SPH will become the default procurement policy, but each member will have an alternative to remain as a fixed-price, fixed-term customer by executing an Authorized Election Form. CESA Section 2.1. That form will be distributed as an attachment to the PSA. Members participating in SHP will have occasional opportunities to convert to a fixed-price, fixed-term contract, if they so desire. Additionally, members will have opportunities to participate in Power Purchase Agreements (i.e., solar projects for a portion of member’s load) by exercising a Power Addendum. See CESA 1.3 and PSA 5.A.2.

4. Refinement of Contract Term. SHP May be viewed as a series of two-year commitments, with the CESA establishing a not-to-exceed termination date of December 31, 2037. See CESA 1.4 and PSA Section 5.B.7. Theoretically, subject to City Charter or other length of contract constraints, a member content with SHP could remain under the same CESA for 14 years. However, once a participant in SHP, a member may terminate participation and switch to a fixed-price, fixed-term contract at discrete option points or exit TCAP altogether, subject to contractual commitments associated with any wholesale power auctions in which member’s load participated. One of the great advantages of SHP is that it maximizes member control over length of term.

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF _____
TEXAS ADOPTING TCAP'S PROFESSIONAL SERVICES
AGREEMENT AND GEXA ENERGY'S COMMERCIAL
ELECTRIC SERVICE AGREEMENT FOR POWER TO BE
PROVIDED ON AND AFTER JANUARY 1, 2023

WHEREAS, the City of _____ is a member of Texas Coalition For Affordable Power, Inc. ("TCAP"), a non-profit, political subdivision corporation of the State of Texas; and

WHEREAS, TCAP has previously arranged for the City to purchase power through Gexa Energy with a contract set to expire December 31, 2022; and

WHEREAS, TCAP has designed a new procurement strategy that will involve TCAP initially committing to purchase power two years in advance of delivery on behalf of its members who desire participation in a Strategic Hedging Program ("SHP") that will involve a series of monthly competitive auctions; and

WHEREAS, TCAP has prepared a Professional Services Agreement ("PSA"), attached as Exhibit A, that, in addition to enumerating services and benefits to members of TCAP, provides TCAP with specific authority to procure power in the wholesale market on behalf of members who choose to participate in the SHP; and

WHEREAS, approval of the PSA is a necessary, but not sufficient, prerequisite to participation in the SHP; and

WHEREAS, the PSA is a relational contract that defines services provided by TCAP to members regardless of whether a member decides to commit to the SHP; and

WHEREAS, the industry-standard retail contract is a Commercial Electric Service Agreement ("CESA") offered by a Retail Electric Provider ("REP"); and

WHEREAS, TCAP has negotiated modifications to the current CESA between the City and Gexa Energy to reflect participation in the SHP; and

WHEREAS, the CESA that will facilitate participation in the SHP effective for power deliveries in and beyond 2023 (attached as Exhibit B) will need to be approved and signed prior to October 1, 2020; and

WHEREAS, the City desires to participate in the SHP.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF _____, TEXAS:

SECTION 1. That the City Manager is authorized to sign Exhibit A, TCAP's Professional Services Agreement, and Exhibit B, Gexa Energy's CESA, and send the agreements to TCAP, 15455 Dallas Parkway, Ste 600, Addison, TX 75001.

PASSED AND APPROVED this _____ day of _____, 2019.

MAYOR

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

Exhibit A

PROFESSIONAL SERVICES AGREEMENT BETWEEN

AND TEXAS COALITION FOR AFFORDABLE

POWER, INC.

This Professional Services Agreement (“AGREEMENT”) is made and entered by and between Texas Coalition for Affordable Power, Inc. (“TCAP”), a non-profit, political subdivision corporation, and _____ (“MEMBER”), a TCAP member.

SECTION 1 DURATION:

This AGREEMENT becomes effective as of signing by MEMBER and shall remain effective as long as MEMBER is being served by TCAP and MEMBER’s electric load included in a current TCAP procurement.

SECTION 2 PURPOSE OF AGREEMENT:

The purpose of this AGREEMENT is to define services and obligations of TCAP to MEMBER and obligations of MEMBER to TCAP and other members. In furtherance of this AGREEMENT, MEMBER will enter into a Commercial Electric Service Agreement (“CESA”) with a retail electric provider (“REP”) selected by TCAP pursuant to the terms set forth herein; provided that nothing in this AGREEMENT is intended to alter the price or other terms of MEMBER’s current CESA in effect through December 31, 2022.

SECTION 3 OBLIGATIONS OF TCAP TO MEMBER:

MEMBER authorizes TCAP to contract for the purchase of energy for MEMBER in the wholesale market from an energy manager selected by TCAP (“Energy Manager”) and to select an acceptable, cost-beneficial REP to serve MEMBER’s electric accounts. TCAP shall provide procurement services, which services shall consist of securing wholesale power for MEMBER through an alternative procurement strategy, such as TCAP’s Strategic Hedging Program (“SHP”), as may be authorized and defined by TCAP’s Board of Directors. MEMBER may elect to consider fixed-price, fixed-term offers for wholesale power supply, such election to be communicated to TCAP separately in writing by providing an Authorized Election Form to TCAP, the form of which has been attached to this AGREEMENT as Exhibit A. If MEMBER has provided to TCAP an Authorized Election Form, TCAP’s procurement services to MEMBER shall also consist of arranging fixed-price, fixed-term offers to MEMBER following solicitation of competitive offers. TCAP consultants and attorneys will negotiate terms and conditions of all contracts, monitor performance of Energy Managers and REPs, work to avoid and remedy problems that may be encountered by MEMBER where possible, assist MEMBER with wires company issues, and represent MEMBER in energy related matters before State agencies, the courts or legislature. TCAP will provide additional customer services to MEMBER that are defined in SECTION 5.

SECTION 4 OBLIGATIONS AND RIGHTS OF MEMBER:

MEMBER will honor the terms of its CESA and promptly pay or promptly dispute invoices from its REP. MEMBER will comply with the confidentiality and non-disclosure obligations contained in its CESA and Section 7 of this AGREEMENT. MEMBER will designate one or more individuals to receive notices and updates from TCAP and will promptly update contact information. MEMBER will pay aggregation fees to support the non-profit functions of TCAP assessed annually by the TCAP Board of Directors and recovered as part of the energy charges paid to REP. Also, MEMBER will pay or receive refunds equal to the Quarterly Adjustment and the Annual Adjustment mutually agreed upon by TCAP and the Energy Manager to address certain variable costs and charges, including costs imposed by ERCOT, such payment or receipt of funds subject to the reserve account as further described herein. TCAP members will fund, and TCAP will maintain and administer, a reserve account to facilitate the reconciliation of any Quarterly Adjustments or Annual Adjustments by collecting any excess amounts paid and/or paying any deficient amounts incurred (as possible). The reserve account balance will be maintained at a minimum level to cover anticipated future needs for up to two (2) years. The TCAP Board may vote to refund to members amounts in excess of future anticipated needs. Any monies remaining in the reserve account at the dissolution of TCAP will be refunded to current membership at the time of dissolution. TCAP is owned and controlled by its members and is governed by a Board of Directors consisting of employees or elected officials of members. Consistent with TCAP's Bylaws, each MEMBER has a right to nominate its representative to serve on the Board of Directors and has a right to vote in annual elections of Board members. MEMBER has a right to attend or monitor each Board meeting. TCAP has a financial audit performed each year and MEMBER has a right to a copy of the annual audit upon request.

SECTION 5 TCAP SERVICES TO MEMBER:

A. Procurement of Energy Supplies and REP Services

1. TCAP Procurement Services and Capabilities

TCAP will assist prospective members in reviewing market conditions and in estimating the most price opportune time to contract for energy supplies. TCAP will work with MEMBER to achieve a competitive price that balances supply security and risk tolerance while maintaining superior billing and customer services. As a political subdivision corporation, offering electricity procurement to political subdivisions, TCAP has the ability to procure wholesale energy supplies and REP services separately to secure the most effective combination of competitively priced energy supplies and superior billing and customer services. TCAP may utilize either wholesale or retail sources of power, or some combination of both. TCAP may utilize multiple suppliers with different generation resources. TCAP will solicit bids from multiple sources for energy supplies. TCAP aggregates the load of all members to maximize clout in negotiating contract terms. TCAP's objective in negotiations with suppliers is to continue obtaining favorable terms

regarding band widths for annual usage based on total load of all members (rather than based on MEMBER'S individual load) and to minimize fees for adding or deleting accounts. TCAP will monitor the wholesale and retail markets for favorable hedging opportunities. TCAP will also monitor, evaluate and issue requests for proposals for power development opportunities beneficial to its MEMBERS, including renewable projects (each, a "Power Project").

2. MEMBER Procurement Options

If MEMBER elects a fixed-price contract for a fixed period by submitting an Authorized Election Form, TCAP will function as MEMBER'S agent in the wholesale energy marketplace in soliciting, evaluating and negotiating each such fixed-price contract. Absent an election, MEMBER shall participate in other procurement strategy options offered by TCAP, such as TCAP's SHP, and TCAP will function as MEMBER'S electric energy procurer. As such, TCAP will (i) oversee the Energy Manager, (ii) will direct the Energy Manager to solicit wholesale energy market quotes, (iii) will cause the Energy Manager to transact at the most favorable executable market quotes and (iv) will negotiate and develop the Energy Price in MEMBER'S CESA (the "CESA Energy Price"). The CESA Energy Price shall be developed and agreed upon by TCAP, the Energy Manager and the REP and shall include the wholesale energy market transactions as well as Energy Manager's estimate of any non-fixed charges, including zonal congestion charges, ancillaries service charges, and other charges in connection with MEMBER'S load. If MEMBER elects to purchase power from a Power Project solicited and chosen by TCAP via a competitive RFP process (or other similar process), TCAP will function as MEMBER'S electric energy procurer, and will direct the Energy Manager to include the value of the power procured from such projects in the development of MEMBER'S CESA price.

B. Customer and Billing Services Provided by TCAP

1. REP Portal

TCAP consultants oversee the development and presentation of the REP's portal for TCAP members; the REP will be responsible for operation of the portal. TCAP provides training and assistance regarding portal use.

2. REP Customer Service

TCAP negotiates with the REP regarding service standards and annually reviews REP performance. TCAP maintains a right to replace a REP for unsatisfactory performance without affecting the price of wholesale power, so long as the replacement REP has a credit rating acceptable to the Energy Manager. TCAP continuously monitors customer billings and will alert both the REP and MEMBER, when appropriate, of any billing errors and the adjustments needed to ensure accurate and reliable billings to MEMBER. TCAP will advocate on behalf of MEMBER when needed to resolve billing or customer service issues.

TCAP will review customer billings and make MEMBER aware of inactive accounts that MEMBER may be able to disconnect to save monthly charges.

3. TCAP Assistance with Budgets and Required Filings and Assistance with TDSP Issues

TCAP monitors Public Utility Commission (“PUC”) and ERCOT activity and will provide MEMBER a forecast of changes in non-by passable charges that may impact MEMBER’s annual budget estimates. TCAP will prepare an annual electricity cost estimate for MEMBER. TCAP will assist MEMBER in preparation of energy related reports that may be necessary for MEMBER to file in response to legislative or agency mandates. TCAP will assist MEMBER in understanding non-bypassable charges included in REP invoices, and assist in resolving issues caused by errors of MEMBER’S Transmission and Distribution Service Provider (“TDSP” aka “wires company”).

4. Information Services

TCAP maintains a member web site, www.tcaptx.com. In addition to regular blog postings on energy news relevant to MEMBER, TCAP has prepared and posted major reports on the history of deregulation in Texas and a history of ERCOT. TCAP consultants continuously monitor the Nymex gas market, ERCOT energy market, and economic conditions that may affect MEMBER, as well as activities at the PUC and ERCOT. Important trends are noted in consultant reports to the Board of Directors and are attached to Board Minutes. TCAP’s Executive Director prepares and distributes a monthly newsletter and coordinates TCAP activities with various city coalitions and Texas Municipal League (“TML”). The Executive Director monthly newsletters will also include important or trending issues in the energy markets.

5. Demand Response, Distributed Generation and Cost Savings Strategy

TCAP will work with relevant service providers to make available to MEMBER competitive demand reduction programs that facilitate MEMBER’s participation in TDSP and ERCOT cost reduction strategies approved by the PUC. Upon request, TCAP will monitor and evaluate demand reduction program performance metrics. TCAP will assist MEMBER in reviewing, analyzing and developing distributed generation programs that can reduce wires and energy costs and/or provide backup power to specific facilities. TCAP will assist MEMBER in meeting renewable energy goals established by MEMBER, including behind-the-meter solar projects and local wind projects.

6. Regulatory and Legislative Representation

TCAP will provide representation and advocacy services on energy issues relevant to MEMBER in regulatory and legislative areas including, but not limited to, ERCOT stakeholder meetings, PUC projects and dockets, and legislative actions.

7. Strategic Hedging

To the extent that there is sufficient interest and commitment of load of TCAP members within an ERCOT zone, and to the extent MEMBER has not elected a fixed-price contract for a fixed period, MEMBER will perpetually (subject to potential charter or ordinance constraints on length of contracts) commit to two-year participation obligations. MEMBER may terminate participation in the SHP, without energy price penalties and with minimal other termination fees, by providing sufficient notice as set forth herein (Section 6). A SHP price will be determined at least 9 months prior to the effective date of the price by averaging the winning bids from periodic competitive auctions that occur throughout the 24 months preceding the effective date. TCAP will direct Energy Manager to conduct the periodic competitive auctions. TCAP will have the right to audit the auction results. The auction process will be designed to identify competitively priced energy supplies from a variety of creditworthy suppliers, resulting in prices that are rarely, if ever, significantly above prevailing market prices and that should generally be less than pricing for long-term fixed priced contracts (when evaluated from a common contract start date and term). Designed to take advantage of the characteristics of the nation's well supplied energy markets, the SHP will also be flexible enough to respond to market changes when and if they occur in the future. Participation in the SHP may be viewed as a series of 24 -month forward year-to-year contracts for as long as desired by MEMBER. If MEMBER participates in the SHP, MEMBER agrees that TCAP is authorized to direct Energy Manager to procure electric energy in the wholesale market on MEMBER's behalf and that TCAP is authorized to commit MEMBER's load to periodic competitive auctions.

SECTION 6 MEMBER RIGHT OF TERMINATION:

A. Fixed-Term, Fixed-Price Contract

MEMBER may terminate a CESA prior to the end-of-term specified in a contract subject to payment of "Liquidated Damages" prescribed in MEMBER's CESA. If MEMBER commits to a fixed multi-year term, fixed-price contract and wants to terminate the agreement prior to the end of the fixed multi-year term, liquidated damages will be based on the differential in the price of electric energy futures contracts used to support the fixed-price agreement and the price of comparable electric energy contracts at time of termination and shall also include damages prescribed herein and in the CESA, as applicable. If electric energy prices are lower at the point of termination than they were at time of contracting, MEMBER should expect to pay energy price damages upon early termination. In any event, any termination payment will be calculated and assessed in accordance with MEMBER's CESA.

B. Strategic Hedging Program

Since the SHP is based on a series of one-year term contracts, MEMBER is entitled to exit the program so long as notice of termination can be given prior to inclusion of MEMBER's load in the competitive auction process for a future year's price. TCAP will periodically notify MEMBER of expected procurement schedules and provide no less than 90 days

prior notice of any upcoming solicitation, and MEMBER may notify TCAP that it wants to exclude its load from the competitive auction process by giving notice at least 60 days prior to the next procurement date. Termination of involvement in SHP without appropriate notice will require calculation of damages as prescribed by CESA under Edison Electric Institute ("EEI") principles with the intent of making the REP and Energy Manager whole for the termination. Liquidated damages will be based on the differential in the price of electric energy futures contracts used to support the SHP price and the price of comparable electric energy contracts at time of termination and shall also include damages prescribed herein and in the CESA, as applicable. If electric energy prices are lower at the point of termination than they were at time of contracting, MEMBER should expect to pay energy price damages upon early termination. In any event, any termination payment will be calculated and assessed in accordance with MEMBER's CESA.

C. Participation in Power Projects

If MEMBER has chosen to purchase power from a Power Project through TCAP, in accordance with a signed Project Addendum attached to MEMBER'S CESA, MEMBER's termination rights with respect to its commitment to purchase power from the Power Project shall be contained in the Project Addendum.

SECTION 7 CONFIDENTIALITY:

MEMBER is a governmental body subject to public information laws, including Chapter 552 of the Texas Government Code. If MEMBER receives a valid request under applicable public information laws for information related to this AGREEMENT or its CESA, it shall provide TCAP notice of the request including a description the information sought prior to MEMBER's release of information so that TCAP has the opportunity to determine whether such information is subject to an exception as trade secret, competitive, commercial, or financial information. With the exception of the preceding disclosures pursuant to public information laws, a Party (that party, the "Receiving Party") shall keep confidential and not disclose to third parties any information related this AGREEMENT, except for disclosures to Authorized Parties or as otherwise required by law; and provided that MEMBER authorizes TCAP to provide Energy Manager and REP with any relevant information concerning MEMBER's account, usage and billings. The provisions of this Section 7 apply regardless of fault and survive termination, cancellation, suspension, completion or expiration of this AGREEMENT for a period of two (2) years. "Authorized Parties" means those respective officers, directors, employees, agents, representatives and professional consultants of MEMBER and TCAP and each of their respective affiliates that have a need to know the confidential information for the purpose of evaluating, performing or administering this AGREEMENT.

SECTION 8 PARAGRAPH HEADINGS:

The paragraph headings contained in this AGREEMENT are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs.

SECTION 9 COUNTERPARTS:

This AGREEMENT may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 10 DEFINITIONS:

“Annual Adjustment” shall mean either a credit to MEMBER for the over-collection of funds, or a charge to MEMBER for under-collection of funds, related to Power Project settlements, if applicable. For those MEMBERS that participate in SHP, the Annual Adjustment shall also include (i) adjustments related to the loss factor for each specific ERCOT zone and (ii) adjustments related to load reconciliation as determined by TCAP, the Energy Manager and the REP.

“Energy Manager” means the wholesale market participant selected by TCAP to conduct SHP procurements at TCAP’s direction, in accordance with Section 5A and Section 7 of this Agreement. The Energy Manager may sell all or a portion of the required wholesale energy to TCAP or TCAP’s REP.

“Power Project” means a power generation project identified by TCAP to supply electric energy to one or more TCAP Members.

“Project Addendum” means the Addendum for a Power Project, if any, signed and attached as an Exhibit to MEMBER’S CESA.

“QSE Services Fee” means the QSE Services Fee in affect during the Delivery Term, as agreed between TCAP and Energy Manager.

“Quarterly Adjustment” shall mean either a credit to MEMBER for the over-collection of funds, or a charge to MEMBER for under-collection of funds, related to (i) ERCOT zonal congestion charges and (ii) ancillary services charges and other charges imposed by governmental agencies or ERCOT upon wholesale suppliers or REPs under statutes, regulations or courts for services within ERCOT zones. Said charges or refunds will be proportional to MEMBER’s relative contribution to TCAP load within specific ERCOT zones.

“Retail Electric Provider” or “REP” means the Retail Electric Provider that is party to (i) the REP Services Agreement with TCAP and (ii) the CESA between itself and MEMBER for the provision of retail electric service.

“Strategic Hedging Program” or “SHP” means an energy procurement strategy approved by TCAP’s Board of Directors, overseen by TCAP’s designated consultants, and administered by TCAP’s appointed Energy Manager, whereby wholesale energy is solicited and procured at agreed upon intervals, as directed by TCAP.

EXECUTED on this the _____ day of _____, 20_____.

MEMBER:

By: _____

Printed Name: _____

Title: _____

TCAP:

By: _____

Printed Name: _____

Title: _____

EXHIBIT A

MEMBER'S AUTHORIZED ELECTION FORM

MEMBER hereby grants TCAP Authorization to solicit, evaluate, and select fixed-price, fixed-term power supply offers for the purpose of fixing all or a portion of MEMBER'S Energy Price for all or a portion of MEMBER'S CESA Term, in accordance with the terms below:

Fixed Price Term Start Date: _____

Fixed Price Term End Date: _____

Fixed Price not to exceed \$_____ / MWh

Upon TCAP's selection of a winning fixed-price, fixed-term offer, MEMBER authorizes TCAP to set the Energy Price for MEMBER'S CESA in accordance with MEMBER's CESA and as agreed upon by TCAP, TCAP's Energy Manager, and the REP.

Authorized on this the _____ day of _____, 20____.

MEMBER:

By: _____

Printed Name: _____

Title: _____

COMMERCIAL ELECTRICITY SERVICE AGREEMENT

This Commercial Electricity Service Agreement, including all of the Attachments, Schedules, and Exhibits, which are attached and incorporated (collectively, the "**Agreement**"), is entered into between Gexa Energy, LP ("**Gexa**"), a Texas limited partnership, and _____ ("**Customer**"). Gexa and Customer may be referred to individually as a "**Party**" or collectively as the "**Parties**".

SECTION 1: RETAIL ELECTRIC SALES AND SERVICES

1.1 Appointment and Scope. Customer appoints Gexa as its Retail Electric Provider ("**REP**") for the ESI ID(s) served under this Agreement. Customer authorizes Gexa to: (i) act as Customer's REP for all purposes; and (ii) provide the services required of a REP including, without limitation, the procurement, scheduling and delivery of electricity throughout the Term to each of the ESI ID(s) in accordance with the terms set forth in this Agreement, including the Terms and Conditions of Service set forth in Attachment A. Customer's appointment imposes no other duties on Gexa other than those specified in this Agreement and the REP Services Agreement.

1.2 Agreement to Purchase. Customer shall purchase its electricity requirements from Gexa throughout the Term for each of the ESI ID(s) except as otherwise provided. The electricity and services Customer receives from Gexa is for Customer's exclusive proprietary use. Customer alone shall pay for electricity and services provided and for electricity and services Customer fails to take pursuant to its contractual obligations. If Gexa fails to deliver sufficient quantities of electricity to the TDSP for delivery to Customer or fails to schedule the delivery of sufficient quantities of electricity (collectively, a "**Scheduling Failure**") the TDSP is obligated by law and by its tariff to deliver sufficient electricity to satisfy Customer's needs. If a Scheduling Failure occurs, Gexa shall financially settle, at no additional cost or expense to Customer, with its Qualified Scheduling Entity (as defined by ERCOT) for the purchase of electricity necessary to cover the Scheduling Failure.

1.3 Membership in TCAP. Customer is a current member of the Texas Coalition for Affordable Power, Inc. ("**TCAP**"), and has entered into the Professional Services Agreement (the "**PSA**") authorizing the purchase of wholesale energy on behalf of the Customer by TCAP and/or TCAP's Energy Manager. Such wholesale energy purchases will affect the calculation of the Energy Price throughout the Term of this Agreement as described in Section 2. If, at any time during the Term, Customer elects to participate in a Power Purchase Agreement with a project to be developed for TCAP's members, and executes the Project Addendum for such project, then the Project Addendum will be attached hereto as Schedule I. Notwithstanding Customer's TCAP membership status, Customer agrees to fulfill all of its obligations under this Agreement, the PSA and, if applicable, the Project Addendum throughout the Term of this Agreement.

1.4 Term.

(a) Effective Date and Termination Date. Gexa shall provide retail electric service under this Agreement to each ESI ID beginning on the Effective Date and Terminating on the Termination Date, as further defined in this Section 1.4(a) (such period, the "**Term**"). The Effective Date will occur either (i) on the date occurring on or after the Expected Start Date stated in Attachment B on which each such ESI ID is enrolled with Gexa's service for any new customer, or (ii) if Customer is an existing customer then the Expected Start Date is the meter read date following the expiration of the Customer's prior Agreement with Gexa. Gexa shall continue to provide retail electric service to each ESI ID unless or until the Customer gives notice to TCAP and Gexa of its intent to terminate its membership with TCAP ("**Termination Notice**"). The Termination Date will occur on each respective ESI ID meter read date during the last month of the calendar year for which electricity has been purchased on Customer's behalf by either TCAP or the Energy Manager in accordance with the PSA prior to the Termination Notice, except that in no event will the Term exceed beyond December 31, 2037. For avoidance of doubt, the Termination Date for each respective ESI ID shall be the sooner to occur of (i) the meter read date occurring in the last month of the calendar year for which electricity has been purchased by either TCAP or the Energy Manager on behalf of the Customer prior to the Termination Notice or (ii) the meter read date occurring in December 2037. As a result of variations in the timing of the Effective Date described in this Section 1.3 the Term may include a partial calendar month in addition to the number of months set forth in Attachment B, if any.

(b) Delayed Effective Date. Gexa shall use commercially reasonable efforts to cause the Effective Date for each ESI ID to occur on the Expected Start Date. If the Effective Date for an ESI ID occurs more than 20 days after the Expected Start Date, Customer may provide Gexa with evidence of the amount of electricity purchased by Customer from its current REP in connection with that ESI ID during the period on and after the 21st day after the Expected Start Date until the Effective Date (the "**Delayed Effective Date Period**"), and the total amount paid by Customer to its current REP for the electricity it purchased during the Delayed Effective Date Period (the "**Delayed Effective Date Electricity Amount**"). Upon receipt of evidence from Customer Gexa shall calculate and provide Customer a credit against future purchases under this Agreement equal to the positive amount resulting from the following calculation: (a) the Delayed Effective Date Electricity Amount minus (b) the amount that Customer would have paid to Gexa pursuant to this Agreement during the Delayed Effective Date Period for the same amount of electricity purchased by Customer from its

current REP during that period in connection with the affected ESI ID(s); provided, that Gexa shall not be required to provide a credit with respect to any period during a Delayed Effective Date Period where the delay was caused by an event outside of Gexa's control.

(c) Service After Term. If, for any reason, service continues beyond the Term, it will be on a month-to-month basis, and the Agreement will continue in effect for the ESI ID(s) except that the Energy Price will be the greater of: (i) the Energy Price as set forth in Section 2.1 below, or (ii) the aggregate weighted average of the Market Rate (as defined herein) as determined for all of the ESI ID(s), for as long as service continues. If Customer has not switched from Gexa to another supplier at the expiration of the Term, Gexa shall serve Customer at the rate set forth in this Section for a minimum of 60 days. After those 60 days, Gexa may continue to serve Customer or terminate the Agreement and disconnect Customer.

1.5 Modifications to ESI IDs. Gexa shall work with Customer in good faith during the Term to reasonably accommodate and assist Customer with the management of its electricity needs. If at any time during the Term, Customer wants to i) add or delete one or more ESI IDs, ii) otherwise modify the ESI ID information as a result of a decision by Customer to open, close or sell a facility owned or leased by Customer, iii) expand an existing facility, or iv) increase an existing facility's metered load, then Customer shall provide written notice to Gexa of such change ("ESI ID Change Notice"). If such change to the ESI ID is expected to occur prior to the first month of any calendar year for which the Energy Price has been established as of the date of the ESI ID Change Notice, in accordance with Section 2.1 (a) of this Agreement, such notice shall include Customer's election of the "Special Load Threshold," as defined below, which will apply to such change in load. If, in Gexa's reasonable judgment, i) the addition is a separately metered load which does not exceed the applicable Special Load Threshold; or ii) does not result in a net increase in excess of the applicable Special Load Threshold for an existing facility, Gexa shall use commercially reasonable efforts to promptly implement such changes, including providing required notices to ERCOT. If the addition is a separately metered load which exceeds the applicable Special Load Threshold, or results in a net increase in excess of the applicable Special Load Threshold after consideration of any contemporaneous offsetting load decreases, Gexa shall provide service to that ESI ID and shall determine any incremental charge or credit to provide service to any changed ESI IDs. Gexa shall apply such charge or credit to the affected ESI IDs, after such charges have been reviewed by TCAP. "Special Load Threshold" shall mean additional peak demand that is reasonably expected during the first twelve months following commercial operations to exceed, at Customer's election, either (i) 0.25 MW at any time or an annual average load of 0.125 MW or (ii) 1.0 MW at any time or an annual average load of 0.5 MW. Gexa shall make periodic reports regarding changes to the billing status of any ESI ID(s) available to Customer and TCAP. Amendments that add or remove ESI ID(s) as a result of changes made pursuant to this section are incorporated into this Agreement, and are effective on the Effective Date for each ESI ID(s) added to this Agreement or the date that retail electric service for any removed ESI ID(s) ceases or is transferred to another REP.

SECTION 2: RETAIL ELECTRIC ENERGY SERVICE CHARGES

2.1 Energy Price.

(a) If Customer has elected to fix all or a portion of the Energy Price for a fixed term by providing an Authorized Election Form to TCAP in accordance with the PSA, the Energy Price shall equal the fixed price as determined by TCAP in accordance with the PSA, and the Authorized Election Form. Any portion of the Energy Price that is not fixed shall be noted in the Authorized Election Form, and shall be settled with Customer in accordance with Section 2.2 of this Agreement. If Customer has not made such an election, the Energy Price shall be determined in accordance with the PSA, as follows:

- (i) TCAP shall periodically solicit, or direct its designated Energy Manager to solicit, wholesale energy market quotes, and may direct the Energy Manager to transact at the lowest of the market quotes obtained for the purpose of serving customer's load, in accordance with the PSA (each such transacted quote, a "Wholesale Transaction").
- (ii) Once TCAP has directed its Energy Manager to enter into Wholesale Transactions sufficient to serve Customer's load for a given calendar year, Energy Manager and TCAP shall establish the Energy Price for that Calendar Year in accordance with those procedures outlined in the PSA, which Customer hereby acknowledges it has reviewed and accepted. TCAP shall set the Energy Price for a given Calendar Year no later than nine (9) months prior to the start of such Calendar Year. If Customer elects to participate in a project and executes the Project Addendum, the Energy Price shall include an estimate of the Project Settlement for each month of the Calendar Year in accordance with the Project Addendum.

(b) For the purposes of Section 3 the Energy Price shall be converted to dollars per kWh.

2.2 Energy Price Adjustments.

- (a) Energy Manager shall have the right to reconcile the revenues received from the Customer with Energy Manager's Supplier Cost on (i) a quarterly basis, by determining the Quarterly Adjustment in the manner specified in the PSA and (ii) on an annual basis, by determining the Annual Adjustment in the manner specified in the PSA. The Quarterly Adjustment and Annual Adjustment may be either a charge or a credit, and shall be collected from or remitted to Customer, as appropriate, in the manner specified in the PSA.
- (b) TCAP and Energy Manager may mutually agree to fix certain component charges comprising Customer's Energy Price for a given Calendar Year, if TCAP determines that fixing these charges is likely to benefit Customer. Charges that are fixed by TCAP and Energy Manager for a given Calendar Year shall not be included in the calculation of either the Quarterly Adjustment or the Annual Adjustment for such Calendar Year, in accordance with the PSA.

2.3 Additional Pass-Through Charges. Gexa shall pass through and identify separately on Customer's bill with no mark-up Delivery Charges, Non-Recurring Charges, or Taxes that are not included in the Energy Price(s). All charges are exclusive of Taxes. Pass-Through charges may include charges related to amounts owed to Gexa and/or Wholesale Supplier in accordance with Section 1.3.

2.4 Tax Exempt Status. Customer shall provide Gexa with all required exemption certificates if Customer is exempt from paying any Taxes. Gexa shall not recognize an exemption without the exemption certificates and shall not be required to refund or credit previously paid Taxes unless the taxing entity sends the refund to Gexa. Gexa shall, however, assign to Customer any applicable claims for refund.

SECTION 3: BILLING AND PAYMENT

3.1 Billing and Payment. Gexa shall invoice Customer's accounts on a monthly basis and shall bill Customer on a consolidated basis for all ESI IDs upon Customer's request. Gexa shall provide a summary bill for all accounts and detailed information for each account. Customer shall remit payment within 30 days of receiving the invoice. Gexa shall base the invoice amount on actual data provided by ERCOT and the TDSP. If ERCOT or the TDSP does not provide actual data in a timely manner, Gexa shall use estimated data to calculate the invoice and, upon receipt of actual data, reconcile the charges and adjust them as needed in subsequent invoices.

3.2 Project Settlement Agent Services. Gexa shall remit the total Project Settlement to the Project on a monthly basis, in accordance with the REP Services Agreement.

3.3 Late Penalties, Interest on Overdue Payments, Invoice Disputes. If Customer fails to remit all undisputed amounts on or before the due date, interest will accrue on any due and unpaid amounts from the due date at a rate of one percent per month, or the highest rate permitted by law, whichever is less. If Customer disputes a portion of an invoice it shall provide Gexa a written explanation specifying the amount in dispute and the reason for the dispute within 20 days of the invoice date. If Customer does not provide timely notice, Customer shall owe all amounts by the due date. Notwithstanding the above, if Customer notifies Gexa of a disputed invoice, regardless of whether Customer has already paid the invoice, Gexa shall make records in its possession that are reasonably necessary for Customer to determine the accuracy of the invoice available to Customer during normal business hours; provided, however that neither party may request an adjustment or correction of an invoice unless written notice of such dispute is given within twelve months after the due date of such invoice; provided further, that such twelve month limit does not apply in the case of TDSP meter tampering charges first billed to Gexa that prevent Gexa from reasonably adjusting invoices prior to the twelve month period. In all cases, Gexa and Customer shall use good faith efforts to resolve disputes. In the event the Parties are unable to resolve a dispute within ten days of the notice date, either Party may begin legal proceedings to seek resolution. Any amounts determined owed shall be paid within three days after a decision.

3.4 Aggregator Fees. Pursuant to the REP Services Agreement between Gexa and TCAP, Gexa is obligated to pay TCAP an amount determined by multiplying a TCAP Aggregation Fee by the volume consumed in association with the ESI IDs (the "Aggregator Fee"). Customer shall pay the Aggregator Fee. The initial TCAP Aggregation Fee is \$0.001 per kWh, however, it may be changed by the TCAP Board of Directors at any time. Gexa shall state the Aggregator Fee as a separate line item on the Customer's bill.

3.5 Billing Guarantee. Gexa shall issue an invoice based on actual or estimated usage to Customer for every ESI ID at least one time per month. If, for reasons other than Force Majeure, Gexa fails to invoice an ESI ID within 120 days of any scheduled meter read, Gexa irrevocably waives its right to invoice Customer for any energy consumed at that ESI ID for the meter read cycle that should have been invoiced, unless not less than 10 days prior to the expiration of such 120 day period, Gexa provides Customer with a written explanation of the circumstances that prevent Gexa from issuing that invoice and the expected time by which an invoice can be issued. In such event, Customer and Gexa shall determine a reasonable extension period, not to exceed 30 days, within which an invoice will be issued. Gexa shall adjust or true-up each invoice no more than twice and Gexa shall issue such adjustments within 210 days of the initial issue date. Notwithstanding the foregoing, Gexa may issue an invoice or partial invoice arising from meter tampering charges without limitation and within a reasonable time after first billed to Gexa by the TDSP.

SECTION 4: CUSTOMER INFORMATION, CREDIT AND DEPOSITS

4.1 Customer Information. By entering into this Agreement and appointing Gexa as Customer's agent for electricity service, Customer authorizes Gexa to obtain certain information that Gexa may need to provide Customer's electric service, including Customer's address, telephone number, account numbers, historical usage information, and historical payment information from Customer's TDSP, and Customer further authorizes its TDSP to release that information to Gexa.

4.2 Deposits and Other Security. A Party (the "**Requesting Party**") may require the other Party (the "**Providing Party**") to provide a deposit (or additional deposit if an initial deposit was also required), letter of credit, or other form of credit assurance reasonably acceptable to the Requesting Party (collectively, "**Performance Assurance**") during the Term of this Agreement if: (i) the Requesting Party determines in its reasonable discretion that there has been a material adverse change in the Providing Party's or its guarantor's (if applicable) credit status or financial condition (which, if applicable, will mean that its credit or bond rating has dropped lower than BBB- by Standard & Poor's Rating Group or Baa3 by Moody's Investor Services or ceases to be rated by either of these agencies); or (ii) Customer has been delinquent in paying the electric bill by more than seven days more than twice during the past twelve months. Any Performance Assurance, less any outstanding balance owed by Providing Party to the Requesting Party, will be returned to the Providing Party once the Providing Party's or its guarantor's (if applicable) credit or financial condition becomes satisfactory or, if applicable, to a credit or bond rating of BBB- or Baa3 or higher, whichever occurs earlier; or, if the Performance Assurance relates to delinquent payments, the Providing Party has paid all outstanding balances and has made all payments within the dates set forth in this Agreement for a period of six consecutive months.

SECTION 5: EARLY TERMINATION; DAMAGES

5.1 Cancellation by Customer for Insufficient Appropriations. If, during Customer's annual appropriations determination, the applicable governmental authorities do not allocate sufficient funds to allow Customer to continue to perform its obligations under this Agreement (an "**Appropriations Failure**"), then Customer or Gexa shall have the right to terminate this Agreement in full or as to any affected ESI ID upon 30 days advance written notice effective at the end of the period for which appropriations are made; provided, that if appropriations are subsequently allocated for electricity for the ESI IDs covered by this Agreement, then the termination may be revoked at Gexa's option and those appropriations shall continue to apply to this Agreement and shall not be used for an electricity supply agreement with another REP. Upon a termination of this Agreement for Appropriations Failure, in full or as to any ESI ID(s), Customer shall pay all amounts due Gexa under this Agreement, including the Customer Early Termination Damages.

5.2 Customer Early Termination Damages. Except in connection with the closure of a facility associated with an ESI ID pursuant to Section 1.4, in connection with a Force Majeure Event, or as otherwise provided or excused in this Agreement, if Customer cancels this Agreement before the end of the Term and refuses to accept electric supply delivery from Gexa for any ESI ID(s), Gexa may charge Customer early termination damages equal to the sum of (a) the Retail Termination Payment, (b) the QSE Services Termination Payment, (c) the Quarterly and Annual Adjustment Payment, and (d) the Wholesale Transaction Termination Payment, as each of these terms are defined below (the sum total of these, the "**Customer Early Termination Damages**"). The "**Retail Termination Payment**" shall equal the product of (a) the Expected Usage for each ESI ID subject to Customer's cancellation or refusal of electric supply delivery ("**Customer Terminated Usage**") multiplied by (b) the sum of (i) the Aggregator Fee and (ii) the REP Services Fee specified in the REP Services Agreement. The "**QSE Services Termination Payment**" shall equal the product of (a) the Customer Terminated Usage grossed up for losses multiplied by (b) the QSE Services Fee, as defined in the PSA. The "**Quarterly and Annual Adjustment Payment**" shall be calculated by the Energy Manager in accordance with the PSA, and shall include any Quarterly and Annual Adjustment amounts for electricity provided to the Customer under this Agreement prior to the termination of this Agreement, which have not yet been charged or credited to Customer, as appropriate. For avoidance of doubt, the Quarterly and Annual Adjustment Payment may be either a charge or a credit to Customer, as calculated in accordance with the PSA. If the Customer Early Termination Damages are charged due to an Event of Default by Customer, then the Customer Early Termination Damages will also include Gexa's reasonable costs relating to the determination and collection of Customer Early Termination Damages, including attorney and consultant fees incurred. The provisions in Section 3 related to Billing and Payment apply to the billing, due date, and collection of Customer Early Termination Damages. Customer agrees that Customer Early Termination Damages are a reasonable estimate of the damages due Gexa for failure to accept electric supply, and are not punitive in nature.

5.3 Termination for Wholesale Supply Failure. If, during the Term, the Wholesale Transactions are terminated as a result of a default by the Energy Manager ("**Wholesale Supply Failure**"), then this Agreement will also terminate effective on the date the Wholesale Agreement terminates. In the event of a termination for Wholesale Supply Failure, Gexa shall pay Customer a Wholesale Termination Payment if required by Section 5.5.

5.4 Gexa Early Termination Damages. Except for a Wholesale Supply Failure, a Force Majeure Event, or as otherwise provided or excused in this Agreement, if Gexa cancels this Agreement and refuses to provide electric supply delivery to Customer for any or all ESI ID(s), Customer shall have the right to charge Gexa an early termination penalty equal to the amount determined as follows: the product of (i) the Expected Usage for each ESI ID subject to Gexa's cancellation or refusal of electric supply delivery ("**Gexa Terminated Usage**") multiplied by (ii) the REP Services Fee

specified in the REP Services Agreement (that result the "Gexa Early Termination Damages"). If the Gexa Early Termination Damages are charged due to an Event of Default by Gexa, then the Gexa Early Termination Damages will also include Customer's reasonable costs relating to the determination and collection of Gexa Early Termination Damages, including attorney and consultant fees incurred. Gexa agrees the Gexa Early Termination Damages are a reasonable estimate of the damages due Customer for failure to deliver electric supply, and are not punitive in nature.

5.5 Wholesale Transaction Termination Payment. If the Wholesale Transactions are terminated then Gexa shall calculate the portion of the termination payment paid under each Wholesale Transaction attributable to Customer's load. The termination payment under each Wholesale Transaction shall be calculated by subtracting the Wholesale Supplier's actual cost for the portion of the Wholesale Transaction still outstanding for the remainder of the Term from the current market value of comparable electric energy futures contracts. Energy Manager, in its sole discretion, shall determine the current market value of a comparable electricity futures contract within three (3) business days of the termination of a Wholesale Transaction, and shall be either (i) the value of the Wholesale Transaction actually sold to a third-party market participant or (ii) a third-party market quote for a comparable electricity energy future contracts. Energy Manager shall sum Customer's prorata share of each termination payment for each Wholesale Transaction attributable to Customer's Load to determine a total Wholesale Transaction Termination Payment under this Agreement (the "Wholesale Transaction Termination Payment"). Customer or Gexa shall pay the Wholesale Transaction Termination Payment to the other, as appropriate, in the manner described below and without regard to who is a defaulting party. If the Wholesale Transaction Termination Payment is negative, Customer shall pay Gexa the Wholesale Transaction Termination Payment. If the Wholesale Transaction Termination Payment is positive, Gexa shall pay Customer the Wholesale Transaction Termination Payment. To the extent a termination payment due from Gexa to the Energy Manager is adjusted in Gexa's account to reflect the full benefit of TCAP transacting with a replacement REP, Gexa shall make corresponding adjustments to the Wholesale Transaction Termination Payment on a pro-rata basis. Gexa shall remit a Wholesale Transaction Termination Payment due Customer, within 30 days of Gexa receiving the payment from the Energy Manager. Customer shall remit a Wholesale Transaction Termination Payment due Gexa within 30 days of Gexa's invoice. Gexa shall use commercially reasonable efforts to collect Termination Payments from the Energy Manager that include amounts due Customer.

SECTION 6: NOTICES AND PAYMENT

6.1 General Notice. Except as otherwise required by Applicable Law, all notices are deemed duly delivered if hand delivered or sent by United States, prepaid first class mail, facsimile, or by overnight delivery service. Notice by facsimile or hand delivery is effective on the day actually received, notice by overnight United States mail or courier is effective on the next business day after it is sent, and notice by U.S. Mail is effective on the second day after it is sent. The Parties shall send notices to the addresses below or any other address one Party provides to the other in writing:

a. If to Customer:

b. If to Gexa:
Gexa Energy, LP
20455 State Highway 249, Suite 200
Houston, Texas 77070

6.2 Payments. The Parties shall send payments to the addresses below or any other address one Party provides to the other in writing:

a. If to Customer:

b. If to Gexa:
Gexa Energy, LP
20455 State Highway 249, Suite 200

SECTION 7: DEFINITIONS

7.1 Definitions. In addition to terms defined elsewhere in this Agreement, when used with initial capitalization, whether singular or plural, capitalized terms have the meanings set forth in this Section 7.1. All other capitalized terms not otherwise defined shall have the meanings given them in the following documents, with any conflicting definitions contained in those documents applied in the following order: PURA, the PUCT Substantive Rules, and the ERCOT Protocols.

1. **"Actual Usage"** means the actual amount of electric energy (in kWh) used at the ESI ID(s) as determined by the TDSP.
2. **"Delivery Charges"** means those charges or credits from the TDSP pursuant to its tariff, including, but not limited to: Transmission and Distribution Charges, System Benefit Fund Charge, Nuclear Decommissioning Charge, Competitive Transition Charge, Standard Customer Metering Charge, Customer Charge, Merger Savings and Rate Reduction Credit, Excess Mitigation Credit and Utility Imposed Reactive Power Charges.
3. **"EEI Master Agreement"** mean an EEI Master Agreement between Gexa and the Energy Manager governing the Wholesale Transactions entered into by the Energy Manager in accordance with Section 2.1 and transferred by the Energy Manager to Gexa.
4. **"Effective Date"** means the date of the first meter reading of an ESI ID provided to Gexa by the TDSP after the TDSP and ERCOT shall have timely performed any required enrollment and cancellation procedures necessary to switch Customer's REP to such ESI ID to Gexa.
5. **"Electricity Related Charges"** means, unless noted otherwise: Ancillary Services Charge, Congestion, ERCOT Administrative Fee, Delivery Loss Charge, Transmission Loss Charge, Renewable Energy Credit Charge, Residential Energy Credit Charge, Unaccounted For Energy Charge, Qualified Scheduling Entity Charge, Imbalance Settlement Charge.
6. **"Energy Manager"** means the wholesale market participant designated by TCAP to perform the services described in the PSA.
7. **"Energy Price(s)"** means the rates per unit of measure specified in Section 2.1 and includes all Electricity Related Charges.
8. **"ERCOT"** means the Electric Reliability Council of Texas.
9. **"ERCOT Protocols"** means the document adopted, published, and amended from time to time by ERCOT, and initially approved by the PUCT, to govern electric transactions in the ERCOT Region, including any attachments or exhibits referenced in the document, that contains the scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, procedures, standards, and criteria of ERCOT, or any successor document thereto.
10. **"ESI ID(s)"** means the Electric Service Identifiers for the property service addresses identified on Attachment B to this Agreement or if Customer is an existing Gexa customer then the list of service addresses currently served by Gexa, as such list may be modified from time to time as provided in Section 1.4.
11. **"Expected Usage"** means either the amount stated in Attachment B calculated for the remaining Term, or if no amounts are stated or Customer is an existing Gexa customer then the average actual monthly Customer energy usage from the comparable month from the previous year (or if an average cannot be computed due to limited service by Gexa or other circumstances, an average monthly usage as is reasonably determined by Gexa) times the number of months remaining in the Term as outlined in Section 1.4.
12. **"kWh"** means kilowatt hour.
13. **"LMP" or "Locational Marginal Price"** means the price calculated for the applicable trading hub pursuant to the ERCOT Protocols.
14. **"Market Rate"** means 135% of the load-weighted average of the hourly LMPs at the corresponding load zone, as determined for any delivery period.
15. **"Nodal Market"** means the implementation of wholesale market design by ERCOT with locational marginal pricing for resources.
16. **"Nodal Congestion"** means the positive difference in price between the real-time settlement point price as determined by ERCOT for the trading hub and the real-time settlement point price as determined by ERCOT for the load zone associated with the customer Facilities.

17. **"Non-Recurring Charges"** means any charges imposed by the TDSP or other third parties on a non-recurring basis for services, repairs or additional equipment needed for Customer's electric service.

18. **"PUCT"** means Public Utility Commission of Texas.

19. **"Project Settlement Payment"** means the Project Settlement Payment as defined in the Project Addendum, attached as Schedule I to this Agreement.

20. **"QSE Services Fee"** means the fee owed from Customer to Gexa, and remitted from Gexa to Energy Manager, for QSE Services performed by Energy Manager for the Term, as mutually agreed between TCAP and Energy Manager, the Customer having authorized TCAP to negotiate such fee on behalf of Customer in the PSA. The QSE Services Fee shall be included in the Energy Price for the Term.

21. **"REP Services Agreement"** means the REP Services Agreement currently in effect during the Term, as amended from time to time, between Gexa and TCAP.

22. **"REP Services Fee"** means the fee owed from Customer to Gexa, for REP services rendered during the Term, as mutually agreed between TCAP and Gexa, the Customer having authorized TCAP to negotiate such fee on behalf of Customer in the PSA. The REP Services Fee shall be included in the Energy Price for the Term.

23. **"Taxes"** means all taxes, assessments, levies, duties, charges, fees and withholdings of any kind levied by a duly-constituted taxing authority and all penalties, fines, and additions to tax, and interest thereon that are directly related to the services provided under this Agreement, but does not include the System Benefit Fund fee and fees and charges imposed by ERCOT. By way of example only, Taxes includes: Sales Tax, Miscellaneous Gross Receipts Tax, PUCT Assessment Fees and Franchise Fees.

24. **"TCAP"** means Texas Coalition for Affordable Power, an aggregation pool of governmental and other entities organized and administered by TCAP of which Customer is a member for the ESI IDs.

25. **"TDSP"** or **"Transmission and Distribution Service Provider"** means an entity regulated by the State of Texas, which transmits or distributes electric energy.

"

Attachments:

Attachment A

Attachment B (for new TCAP Customers only)

Terms and Conditions of Service

Offer Sheet (ESI ID list and Expected Start Date)

CUSTOMER: _____	GEXA: Gexa Energy, LP, By its General Partner Gexa Energy GP, LLC
By:	By:
Printed:	Printed:
Title:	Title:
Date:	Date:

Terms and Conditions of Service
Attachment A

These Terms and Conditions of Service form an integral part of the Commercial Electricity Service Agreement between Customer and Gexa. In addition to the terms defined elsewhere in this Agreement, when used with initial capitalization, whether singular or plural, capitalized terms have the meanings set forth in Section 7.1 of this Agreement. Customer should thoroughly review the entire Agreement, including these Terms and Conditions of Service, before executing this Agreement.

A. REPRESENTATIONS AND WARRANTIES

A.1 Customer's Representations and Warranties. As a material inducement to entering into this Agreement, Customer represents and warrants to Gexa as follows: (a) it is a duly organized entity and is in good standing under the laws of Texas; (b) the execution and delivery of the Agreement are within its powers, have been duly authorized by all necessary action, and do not violate the terms or conditions of contracts it is party to or laws applicable to it; (c) performance of this Agreement will be duly authorized by all necessary action and will not violate the terms or conditions of contracts it is party to; (d) as of the date sales of electricity by Gexa to Customer under the Agreement start, Customer will have all regulatory authorizations necessary for it to legally perform its operations and such performance will not violate the terms or conditions of contracts it is party to or laws applicable to it; (e) this Agreement is a legal, valid, and binding obligation of Customer enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, and other laws affecting creditor's rights generally, and with regard to equitable remedies, subject to the discretion of the court before which proceedings to obtain the same may be pending; (f) there are no bankruptcy, insolvency, reorganization, receivership, or other similar proceedings pending or being contemplated by it, or to its knowledge threatened against it; (g) there are no suits, proceedings, judgments, rulings, or orders by or before any court or any government authority that could materially adversely affect its ability to perform the Agreement; and (h) as of the Effective Date and throughout the Term, there is no other contract for the purchase of electricity by Customer for the ESI ID(s), or, if such a contract presently exists, that it will terminate prior to delivery under this Agreement.

A.2 Gexa's Representations and Warranties. As a material inducement to entering into this Agreement, Gexa represents and warrants to Customer as follows: (a) it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform the Agreement; (b) the execution and delivery of the Agreement are within its powers, have been duly authorized by all necessary action, and do not violate the terms or conditions of its governing documents or contracts it is party to or any laws applicable to it; (c) performance of the Agreement will be duly authorized by all necessary action and will not violate the terms or conditions of its governing documents or contracts it is party to; (d) as of the date sales of electricity by Gexa to Customer under the Agreement start, Gexa will have all regulatory authorizations necessary for it to legally perform its operations and such performance will not violate the terms or conditions of its governing documents, contracts it is party to, or laws applicable to it; and (e) the Agreement constitutes a legal, valid, and binding obligation of Gexa enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, and other laws affecting creditor's rights generally, and with regard to equitable remedies, subject to the discretion of the court before which proceedings to obtain the same may be pending.

A.3 Forward Contract. (i) This Agreement constitutes a forward contract within the meaning of the United States Bankruptcy Code ("Code"); (ii) Gexa is a forward contract merchant; and (iii) either Party is entitled to the rights under, and protections afforded by, the Code.

B. DISCLAIMERS OF WARRANTIES; LIMITATION OF LIABILITIES

B.1 LIMITATIONS OF LIABILITY. LIABILITIES NOT EXCUSED BY REASON OF FORCE MAJEURE OR AS OTHERWISE PROVIDED, ARE LIMITED TO DIRECT ACTUAL DAMAGES. GEXA IS NOT LIABLE TO CUSTOMER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES OR LOSS OF REVENUES OR PROFIT. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE. EXCEPT FOR (a) THE GEXA EARLY TERMINATION DAMAGES DUE IF GEXA DEFAULTS, (b) THE CUSTOMER EARLY TERMINATION DAMAGES DUE IF CUSTOMER DEFAULTS, AND (c) THE WHOLESALE TRANSACTION TERMINATION PAYMENT, THE LIABILITY OF EITHER PARTY TO THE OTHER FOR ANY OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNT OF ALL DOLLARS PAID BY CUSTOMER TO GEXA (IF CUSTOMER) OR RECEIVED BY GEXA (IF GEXA) PURSUANT TO THIS AGREEMENT. THERE ARE NO THIRD PARTY BENEFICIARIES TO THIS AGREEMENT.

B.2 Duty to Mitigate. Each Party shall mitigate damages and use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance.

B.3 WAIVER OF CUSTOMER PROTECTION RULES AND CONSUMER RIGHTS. THE PARTIES FURTHER ACKNOWLEDGE THAT THE CUSTOMER PROTECTION RULES ADOPTED BY THE PUBLIC UTILITY COMMISSION (AS CONTAINED IN ITS SUBSTANTIVE RULES 25.471 ET SEQ.) ("CUSTOMER PROTECTION RULES") THAT PERTAIN TO RETAIL ELECTRIC SERVICE RELATED TO RESCISSION RIGHTS, CUSTOMER DISCLOSURES, DELIVERY OF CUSTOMER CONTRACTS TO CUSTOMERS, RECORDKEEPING, INTEREST PAID ON DEPOSITS AND CUSTOMER NOTICES DO NOT APPLY TO THIS AGREEMENT. EXCEPT AS SET FORTH IN THIS SECTION, CUSTOMER EXPRESSLY WAIVES THE CUSTOMER PROTECTION RULES THAT PERTAIN TO RETAIL ELECTRIC SERVICE RELATED TO RESCISSION RIGHTS, CUSTOMER DISCLOSURES, DELIVERY OF CUSTOMER CONTRACTS TO CUSTOMERS, RECORDKEEPING, INTEREST PAID ON DEPOSITS AND CUSTOMER NOTICES TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW. CUSTOMER FURTHER WAIVES ITS RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES--CONSUMER PROTECTION ACT, SECTION 17.41, ET. SEQ., BUSINESS & COMMERCE CODE, A LAW THAT GIVES CONSUMERS

SPECIAL RIGHTS AND PROTECTIONS. CUSTOMER REPRESENTS AND WARRANTS TO GEXA THAT: (a) CUSTOMER IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION IN RELATION TO GEXA; (b) CUSTOMER IS REPRESENTED BY LEGAL COUNSEL THAT WAS NEITHER DIRECTLY NOR INDIRECTLY IDENTIFIED, SUGGESTED OR SELECTED BY GEXA; AND (c) CUSTOMER VOLUNTARILY CONSENTS TO THIS WAIVER AFTER CONSULTATION WITH ITS LEGAL COUNSEL.

B.4 UCC/Disclaimer of Warranties. The electricity delivered is a "good" as that term is understood in the Texas B&CC (UCC §2.105). The Parties waive the UCC to the fullest extent allowed by law and the UCC requirements do not apply to this Agreement, unless otherwise provided. If there is a conflict between the UCC and this Agreement, this Agreement controls. Neither Party controls nor physically takes possession of the electric energy prior to delivery to Customer's ESI ID(s). Therefore, neither Party is responsible to the other for any damages associated with failure to deliver the electric energy, nor for damages it may cause prior to delivery to Customer's ESI ID(s). Once the electric energy is delivered to Customer's ESI ID(s) it is deemed in possession and control of Customer. ELECTRICITY SOLD UNDER THIS AGREEMENT WILL MEET THE QUALITY STANDARDS OF THE APPLICABLE LOCAL DISTRIBUTION UTILITY AND WILL BE SUPPLIED FROM A VARIETY OF SOURCES. GEXA MAKES NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT, AND GEXA EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. GEXA EXPRESSLY NEGATES ALL OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OF WARRANTY WITH RESPECT TO CONFORMITY, TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

B.5 Force Majeure. Gexa shall make commercially reasonable efforts to provide electric service, but does not guarantee a continuous supply of electricity. Gexa does not generate electricity nor does it transmit or distribute electricity. Causes and events out of the control of Gexa and Customer ("Force Majeure Event(s)") may result in interruptions in service or the ability to accept electricity. If either Party is unable to perform its obligations, in whole or in part, due to a Force Majeure Event, then the obligations of the affected Party (other than the obligation to pay any amounts owed to Gexa that relate to periods prior to the Force Majeure Event) are suspended to the extent made necessary by such Force Majeure Event. Therefore, neither Party is liable to the other Party for damages caused by Force Majeure Events, including acts of God, acts of, or the failure to act by, any governmental authority (including the PUCT or ERCOT and specifically including failure by ERCOT to make Customer meter read data available), accidents, strikes, labor troubles, required maintenance work, events of "force majeure" or "uncontrollable force" or a similar term as defined under the applicable transmission provider's tariff, inability to access the local distribution utility system, non-performance by the supplier or the local distribution utility, changes in laws, rules, or regulations of any governmental authority (including the PUCT or ERCOT) that would prevent the physical delivery of energy to Customer's facilities, or any cause beyond such Party's control. The Parties agree that Appropriations Failures and Scheduling Failures are not Force Majeure Events.

C. CONFIDENTIALITY AGREEMENT

C.1 Confidentiality. Customer is a governmental body subject to public information laws, including Chapter 552 of the Texas Government Code. If Customer receives a valid request under applicable public information laws for information related to this Agreement, it shall provide Gexa notice of the request including a description of the information sought prior to Customer's release of information so that Gexa has the opportunity to determine whether such information is subject to an exception as trade secret, competitive, commercial, or financial information. With the exception of the preceding disclosures pursuant to public information laws, a Party (that party, the "Receiving Party") shall keep confidential and not disclose any to third parties Confidential Information which is disclosed to the Receiving Party by the other Party (that party, the "Disclosing Party") except for disclosures to Authorized Parties or as required by law. "Confidential Information" means information in written or other tangible form which is marked as "Confidential" when it is disclosed to the Receiving Party, except that Confidential Information shall not include information which (i) is available to the public, (ii) becomes available to the public other than as a result of a breach by the Receiving Party of its obligations hereunder, (iii) was known to the Receiving Party prior to its disclosure by the Disclosing Party, or (iv) becomes known to the Receiving Party thereafter other than by disclosure by the Disclosing Party. The provisions of this Section apply regardless of fault and survive termination, cancellation, suspension, completion or expiration of this Agreement for a period of two (2) years. Customer authorizes Gexa to provide TCAP with all information requested by TCAP about Customer's account and billings. "Authorized Parties" means those officers, directors, employees, agents, representatives and professional consultants of the Parties, and of the Parties' affiliates, that have a need to know the Confidential Information for the purpose of evaluating and performing this Agreement.

D. DEFAULT AND REMEDIES

D.1 Events of Default. An event of default ("Event of Default") means: (a) the failure of Customer to make, when due, any payment required under this Agreement for any undisputed amount if that payment is not made within fifteen (15) business days after receipt of written notice (facsimile or electronic mail are valid forms of notice for this paragraph) from Gexa; or (b) any representation or warranty made by a Party proves to be false or misleading in any material respect; (c) except as provided in clause (a) above or otherwise in this section D.1, the failure of any Party to perform its obligations under this Agreement and that failure is not excused by Force Majeure and remains uncured following 20 business days written notice of the failure; (d) the defaulting Party (i) makes an assignment or any general arrangement for the benefit of creditors; or (ii) files a petition or otherwise commences, authorizes or acquiesces to a bankruptcy proceeding or similar proceeding for the protection of creditors, or has such a petition filed against it and that petition is not withdrawn or dismissed within 20 business days after filing; or (iii) otherwise becomes insolvent; or (iv) is unable to pay its debts when due; or (v) fails to establish, maintain or extend Credit in form and in an amount acceptable to Gexa when required; or (e) the Wholesale Transaction is terminated due to a default by Gexa under CESAs with other TCAP members or due to a default by the Energy Manager under the

Wholesale Transaction. If an Event of Default listed in subsection (d) of this Section occurs, it is deemed to have automatically occurred prior to such event.

D.2 Remedies upon an Event of Default. If an Event of Default occurs and is continuing, upon written notice to the defaulting Party, the non-defaulting Party may (a) commence an action to require the defaulting Party to remedy such default and specifically perform its duties and obligations in accordance with the Agreement; (b) exercise any other rights and remedies it has at equity or at law, subject to the Agreement's Limitations of Liabilities; and/or (c) suspend performance; provided, however, that suspension shall not continue for longer than ten (10) Business Days unless the non-defaulting Party has declared an early termination with proper notice. If Customer is responsible for an Event of Default and fails to cure within ten (10) days of written notice (such additional cure period does not apply to default for non-payment), in addition to its other remedies, Gexa may (i) terminate this Agreement; and (ii) charge Customer the Customer Early Termination Penalty pursuant to Section 5 of this Agreement. Notwithstanding the above, Gexa shall not disconnect or order disconnection of service to Customer unless the following events have all occurred: (1) Customer has an Event of Default for nonpayment under Section D.1(a) above, (2) Gexa gives Customer a ten (10) day written disconnection notice; and (3) Customer does not pay all undisputed outstanding payments owed by the end of the ten (10) day notice period.

E. MISCELLANEOUS PROVISIONS

E.1 Disclaimer. This Agreement does not constitute, create, or otherwise recognize the existence of a joint venture, association, partnership, or other formal business entity of any kind among the Parties and the rights and obligations of the Parties are limited to those set forth in this Agreement.

E.2 Headings. The descriptive headings of the Articles and Sections of this Agreement are inserted for convenience only and are not intended to affect the meaning, interpretation or construction of this Agreement.

E.3 Waiver. Except as otherwise provided, failure of a Party to comply with an obligation, covenant, agreement, or condition may be waived by the other Party only in a writing signed by the Party granting the waiver, but that waiver does not constitute a waiver of, or estoppel with respect to a subsequent failure of the first Party to comply with that obligation, covenant, agreement, or condition.

E.4 Assignment. Except as provided in the REP Services Agreement, Customer shall not assign this Agreement, in whole or in part, or any of its rights or obligations pursuant to the Agreement without Gexa's prior written consent, which shall not be unreasonably withheld. Gexa may withhold consent if a proposed assignee fails to be at least as creditworthy as Customer as of the Effective Date. Gexa may: (a) transfer, sell, pledge, encumber or assign the revenues or proceeds of this Agreement in connection with any financing or other financial arrangement; (b) transfer or assign this Agreement to a Gexa affiliate with operating capability and financial condition substantially similar to Gexa; (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of Gexa with an operating capability and financial condition substantially similar to Gexa as of the execution date of this Agreement; and/or (d) transfer or assign this Agreement to a certified REP with an operating capability and financial condition substantially similar to Gexa as of the execution date of this Agreement. In the case of (b), (c), or (d), any such assignee shall agree in writing to be bound by these Terms and Conditions of Service, and upon assignment, Gexa shall have no further obligations under this Agreement. Gexa shall not assign the Agreement to a non-affiliated entity (including its guarantor) that has a credit rating lower than BBB- without the prior written consent of TCAP, which shall not be unreasonably withheld.

E.5 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies on any person or party other than the Parties, their successors and permitted assigns; except that the Parties recognize that TCAP is entitled to receive the Aggregator Fee.

E.6 Severability. If a provision of this Agreement is held to be unenforceable or invalid by a court or regulatory authority of competent jurisdiction, the validity and enforceability of the remaining provisions are unaffected by that holding, and the Parties shall, to the extent possible, negotiate an equitable adjustment to the provisions of this Agreement in order to preserve the original intent and purpose of this Agreement.

E.7 Entire Agreement; Amendments. This Agreement constitutes the entire understanding between the Parties, and supersedes any and all previous understandings, oral or written, with respect to the subjects it covers. This Agreement may be amended only upon the mutually signed, written agreement of the Parties.

E.8 Further Assurances. The Parties shall promptly execute and deliver, at the expense of the Party requesting such action, any and all other and further instruments and documents which are reasonably requested in order to effectuate the transactions contemplated in this Agreement.

E.9 Emergency, Outage and Wire Service. In the event of an emergency, outage or service need, Customer shall call the TDSP for the service area of the ESI ID experiencing the emergency, outage or service need.

E.10 Customer Care. Customer may contact Gexa Customer Care if Customer has specific comments, questions, disputes, or complaints toll free at 1-866-961-9399, Monday to Friday 7:00 a.m. – 8:00 p.m. CST and Saturday from 8:00 a.m. – 2:00 p.m.. Gexa shall assist and cooperate with Customer regarding communications with a TDSP relating to service to any ESI ID served by Gexa under this Agreement.

E.11 Governing Law.

a. This Agreement is governed by and construed and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas, without regard to the State of Texas conflict of laws provisions.

b. All disputes between the Parties under this Agreement which are not otherwise settled will be decided by a court of competent jurisdiction in Harris County, Texas, and the Parties submit to the jurisdiction of the courts of the State of Texas and the Federal District Courts in Houston, Harris County, Texas. All disputes are governed under the laws of the State of Texas.

c. Subject to the provisions of E.11.a. above, this Agreement is subject to, and in the performance of their respective obligations under this Agreement the Parties shall comply with, all applicable federal, state and local laws, regulations and requirements (including the rules, regulations and requirements of quasigovernmental and regulatory authorities with jurisdiction over the Parties, including ERCOT) (collectively, "Applicable Law").

E.12 No Presumption Against Drafting. Both Parties contributed to the drafting of this Agreement. The rule of construction that any ambiguity is construed against the party who drafted this Agreement does not apply to this Agreement.

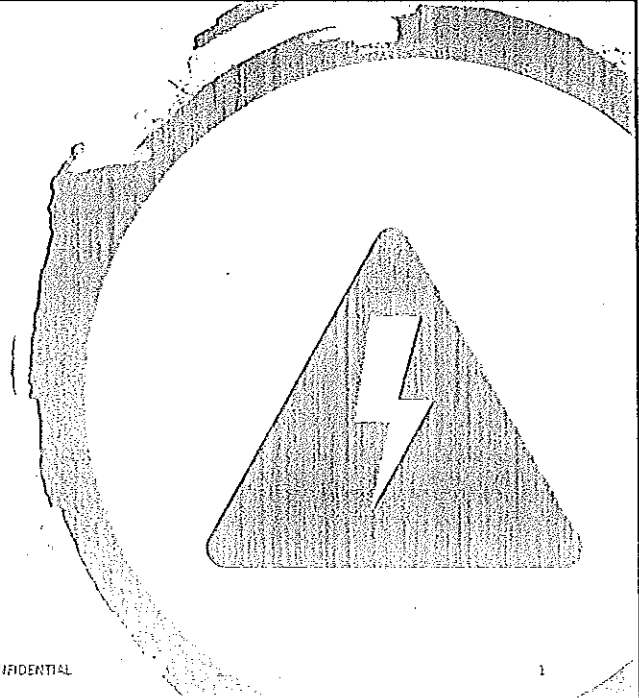
E.13 Counterparts; Facsimile Copies. This Agreement may be executed in counterparts, all of which constitute one and the same Agreement and each is deemed an original. A facsimile copy of either Party's signature is considered an original for all purposes, and each Party shall provide its original signature upon request.

E.15 Offer for Electric Service; Refusal of Service. This Agreement, including these Terms and Conditions of Service, constitute an offer for electric service, and is expressly conditioned on acceptance of this Agreement by Gexa. Gexa may refuse to provide electric service to Customer subject to the requirements of Applicable Law.

TCAP's Strategic Hedging Program

The Future of Retail Energy

Texas Coalition for Affordable Power
2019



CONFIDENTIAL

1

1

Strategic Hedging Program Is Market Responsive Takes Advantage Of Current Energy Market Dynamics



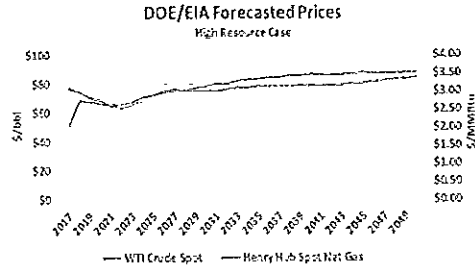
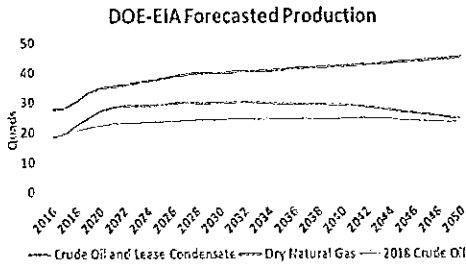
CONFIDENTIAL

2

2

Strictly US Production

U.S. Energy Future is Bright World's Largest Producer of Oil and Natural Gas



Positive Supply Outlook

DOE Production Estimate Through 2050 Show a Well Supplied Market

Stable Price Outlook

Actual Natural Gas and Oil Spot Prices Currently Lower than Projected Prices

Source: DOE/EIA AEO 2019/2018

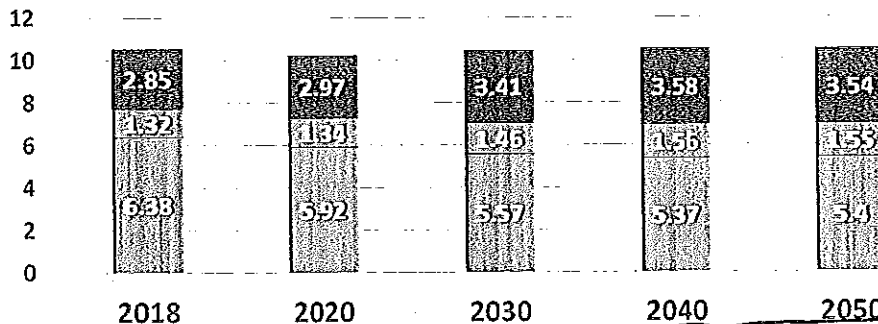
CONFIDENTIAL

3

3

U.S. Electric Price Forecast Appears Stable

Electricity Prices by Service Category - Reference Case
(2018 cents per kWh)



Portion From TCAP

Generation (Energy) | Transmission (Wires) | Distribution

Energy Costs Trending Down – Wires Charges Trending Up

Still Regulated

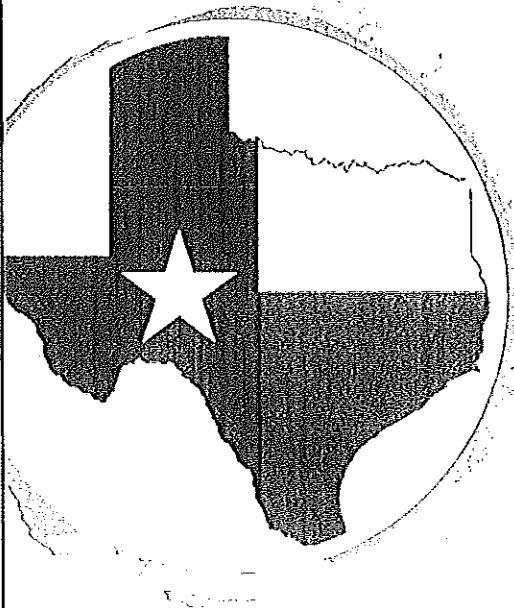
Source: DOE/EIA AEO 2019

CONFIDENTIAL

4

4

Loss of coal plants in 2018
5,000 MW watts



Texas Electric Market

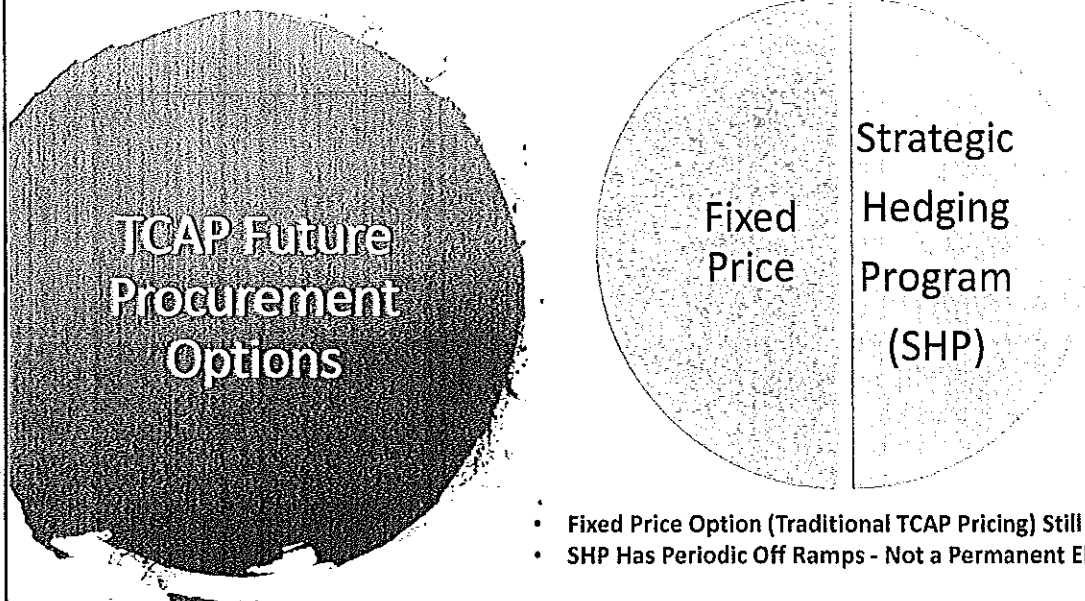
- **Growing Usage and Demand**
 - Contrary to U.S. market
- **Short Term Supply Shortage in 2018-2019**
 - Mainly Due to Plant Retirements
 - Increased Price Volatility in 2018 – 2019 in Peak Demand Periods
 - Projected Return to Stability Starting in 2020
- **Future Prices Should be Stable**
- **More Renewable Generation In Future**
- **More Large-Scale Batteries**
- **More Conservation by End Users**

CONFIDENTIAL

5

EPA, Energy by Utilities Author © Renewal Under CC BY SA

5



TCAP Future Procurement Options

Strategic Hedging Program (SHP)

- **Fixed Price Option (Traditional TCAP Pricing) Still Available**
- **SHP Has Periodic Off Ramps - Not a Permanent Election**

CONFIDENTIAL

6

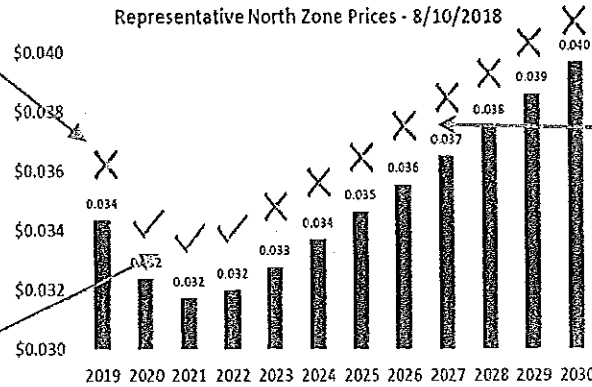
6

ERCOT Pricing Pattern Dynamics

Why Does Price Change Over Time?

Prices Often Higher in Immediate Next Year Reflecting Uncertainty Created by Current Market Problems and Issues

Market Feels Short Term Problems will be Resolved and Carrying Charges and Market Premium are Low. All Else Being Equal, a Good Time to Buy.



Prices Increase Over Time Reflecting Carrying Costs of Procurement for Future Needs and Risk Premiums for future market uncertainty

This Pattern Has Been in Place for at Least the Last Four Years and Reflects a Well Supplied Market

CONFIDENTIAL

From Aug 2018

7

SHP Mechanics – What is Different?

- **Ultra-Competitive RFP Process for Procurement**
 - Pool of 20+ Vetted Creditworthy Supplies
 - True Energy Portfolio – At Least 4 Suppliers in TCAP Portfolio at all times
 - Suppliers can be added or deleted as desired
- **Periodic Procurements**
 - Multiple RFPs for Each Year's Procurement to mitigate risk
 - Avoids the "All-In" Guess of a Single Fixed Price Multi-Year Deal
 - No Need to Change REPs to capture a Price (but can change REP if service falters)
- **Fits Member Needs**
 - **Timely** – Price known by Member prior to fiscal year budgeting needs
 - **Market Competitive** – Avoids Member Having To Explain a Long Term Out of Market Contract Price to Citizens
 - **Flexible** – Periodic Off Ramps to Allow Member to Revert to Longer Term Fixed Price if Desired

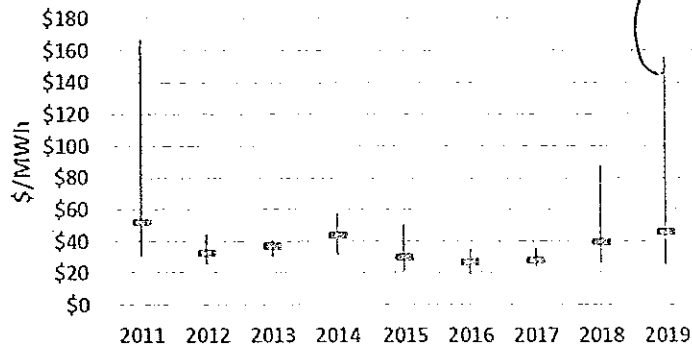
CONFIDENTIAL

8

8

SHP - The Average Is Much More Stable

Monthly High/Low/Avg Price - North Zone Day Ahead Market



Price Range Varies Greatly by Year

But Average Pricing is Much Less Volatile

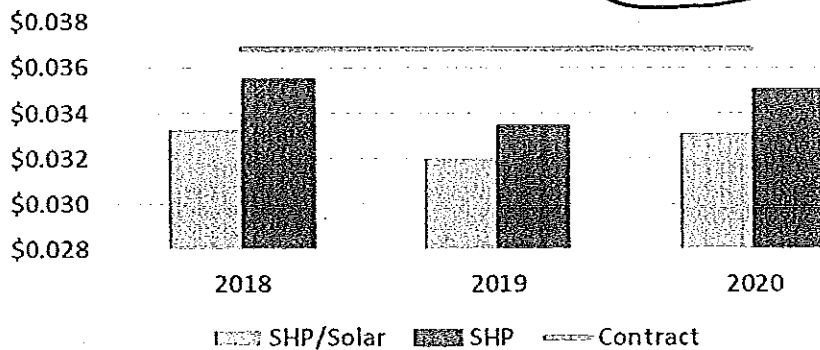
CONFIDENTIAL

5

9

Analysis Shows SHP Works

SHP & SHP/Solar Option - North Zone



Long Range Lookback Shows Savings From 2% (Worst Case) to 32% Over Fixed Price Option
Recent Market Quotes Suggest Pricing Will Be Significantly Lower For Next Renewal Period!

CONFIDENTIAL

10

10

Important Buying Concepts – SHP Utilizes Them

- **Buys when the price is cheaper**
 - SHP will utilize strategic purchasing strategies to buy electricity when the price is cheaper
- **Avoid carrying charges, risk premiums and future market risk**
 - SHP avoids long term future procurements to avoid carrying charges and buys in smaller increments over time to mitigate and smooth future price risk
- **Comparison shops for the best deal**
 - SHP uses an RFP type process to procure from multiple credit-worthy sources
 - Each annual supply portfolio will include at least 4 suppliers

CONFIDENTIAL

11

11

Renewables - Recent Solar Deals Show Lower Costs But Make Sure It Is The Delivered Cost To The Meter

gtn. Solar Grid Edge Storage Wind More Training Products News

Texas Municipal Utility Signs New Super-Low Solar PPA

The deal rivals the lowest utility-scale power purchase agreement at below \$25 per megawatt-hour.

This is equivalent to \$0.025 /kWh

TEXAS MUNICIPAL UTILITY SIGNS PPA FOR 100 MW OF SOLAR PHOTOVOLTAIC (PV) CAPACITY IN DECEMBER 2018

Important Specifics

- Wholesale price ≠ Retail Price
- Short-Term Opportunity Created by Incentives
- Lengthy Term Required (7-15 years)
- Often Sold Pre-development - Risk of Actual Build
- Retail Options May Have Issues
- Only Meets a Portion of User Total Needs

Wholesale to Retail Adders	Example \$/MWh	Example \$/kWh
Solar Price at Zonal Hub (Wholesale Price)	25.00	0.025
+ Ancillaries (2018 est.)	2.50	0.0025
+ Zonal Basis (Varies by Zone) 2017/18 Avg.	0.50-4.50	0.0005-0.0045
+ Grid Losses @ 6.5%	1.63	0.00163
+ REP Adder	1.50	0.0015
+ Broker Fee (Maybe)	1.00	0.0010
= Total Retail Cost	32.13-36.13	0.0321-0.0361

CONFIDENTIAL

12

12

TCAPs is 75¢

The Risk of Over-Procurement is Real

Why Not Buy All Solar and Wind?

It's Been Tried Before!

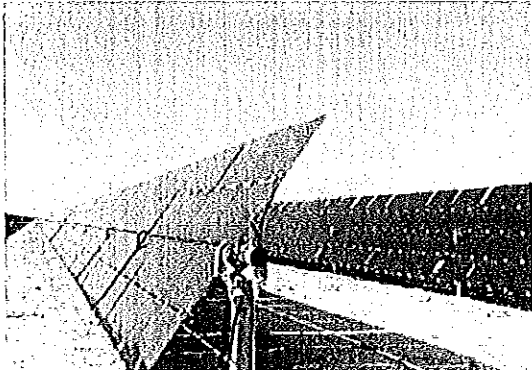
COMMUNITY **IMPACT** NEWSPAPER
...FOR EVERYONE GETS IT

You're seeing this from **ADVERT**

GEORGETOWN

IMPACT TRANSPORTATION COMMUNITY SERVICES FOODS AND DRUGS JOBS BUSINESS INFO

Energy price drop costs city of Georgetown electric fund \$6.84M



CONFIDENTIAL 13

13

Recap and SHP Advantages

- U.S. and Texas energy futures looks bright – abundant supplies and stable prices
- SHP is a unique opportunity for TCAP members
- SHP is a structured ultra-competitive purchase program - buys when price is most advantageous
 - Avoid buyer's remorse of the "all-in" guess of a long-term fixed price (50% correct)
 - Avoids carrying charges and risk premiums
 - Know future energy price prior to budgeting
- Solar option adds portfolio diversity, and may improve price (may also extend term)
- SHP is flexible – adaptable to market changes and member can convert to fixed price

CONFIDENTIAL 14

14

SHP - The Average Is Much More Stable

Monthly High/Low/Avg Price - South Zone Day Ahead Market



Price Range Varies Greatly by Year

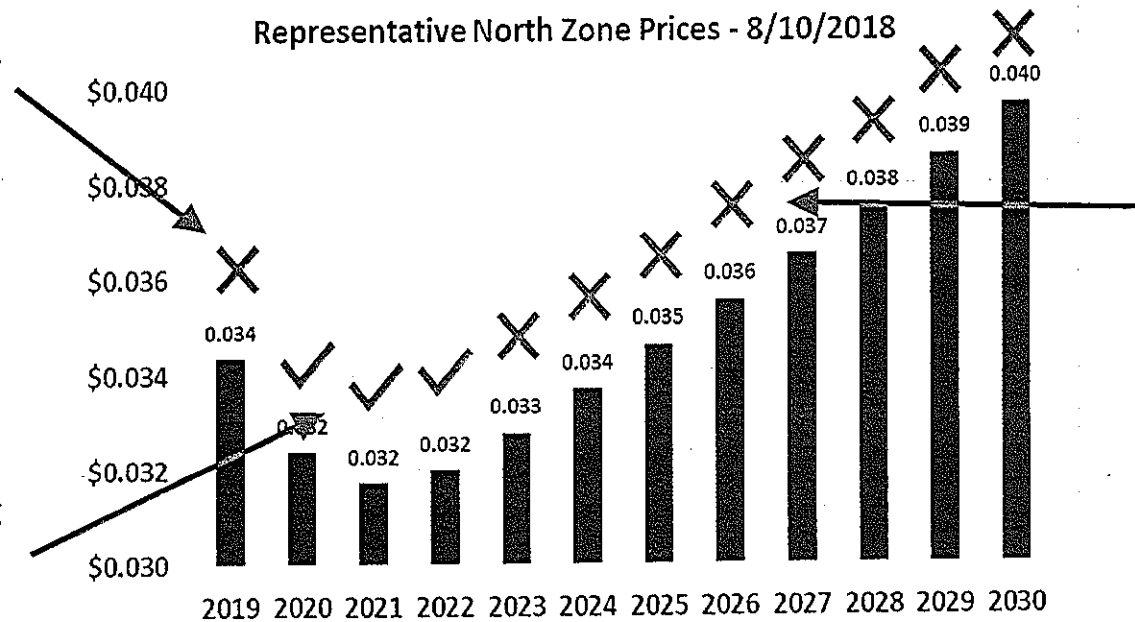
But Average Pricing is Much Less Volatile

ERCOT Pricing Pattern Dynamics

Why Does Price Change Over Time?

Prices Often Higher in Immediate Next Year Reflecting Uncertainty Created by Current Market Problems and Issues

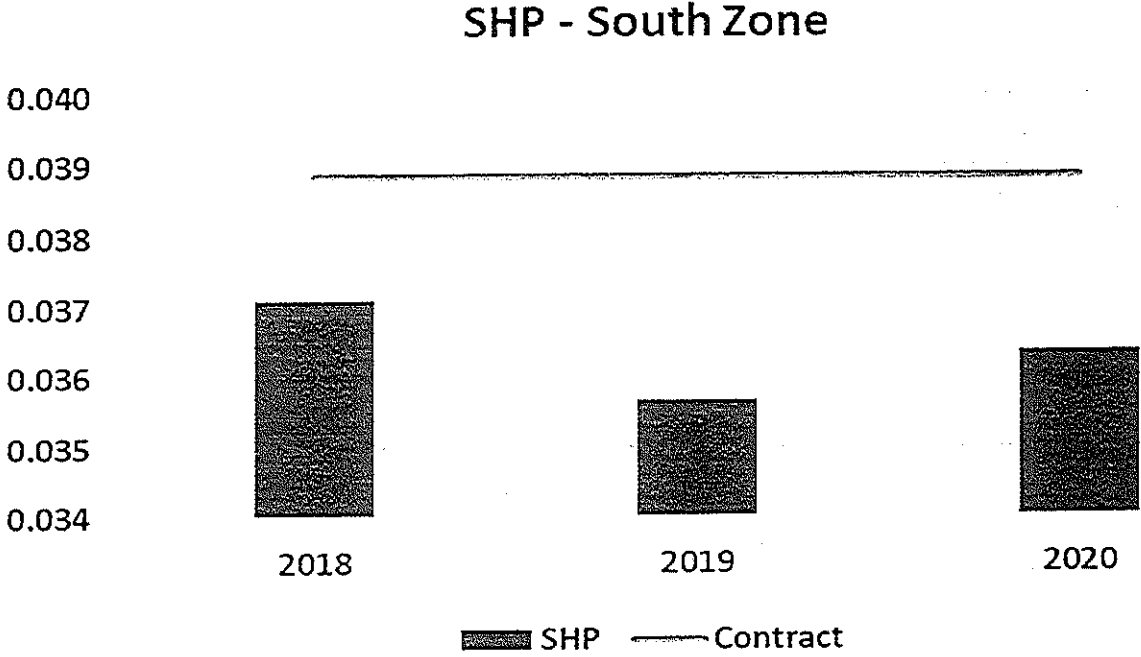
Market Feels Short Term Problems will be Resolved and Carrying Charges and Market Premium are Low. All Else Being Equal, a **Good Time to Buy.**



Prices Increase Over Time Reflecting Carrying Costs of Procurement for Future Needs and Risk Premiums for future market uncertainty

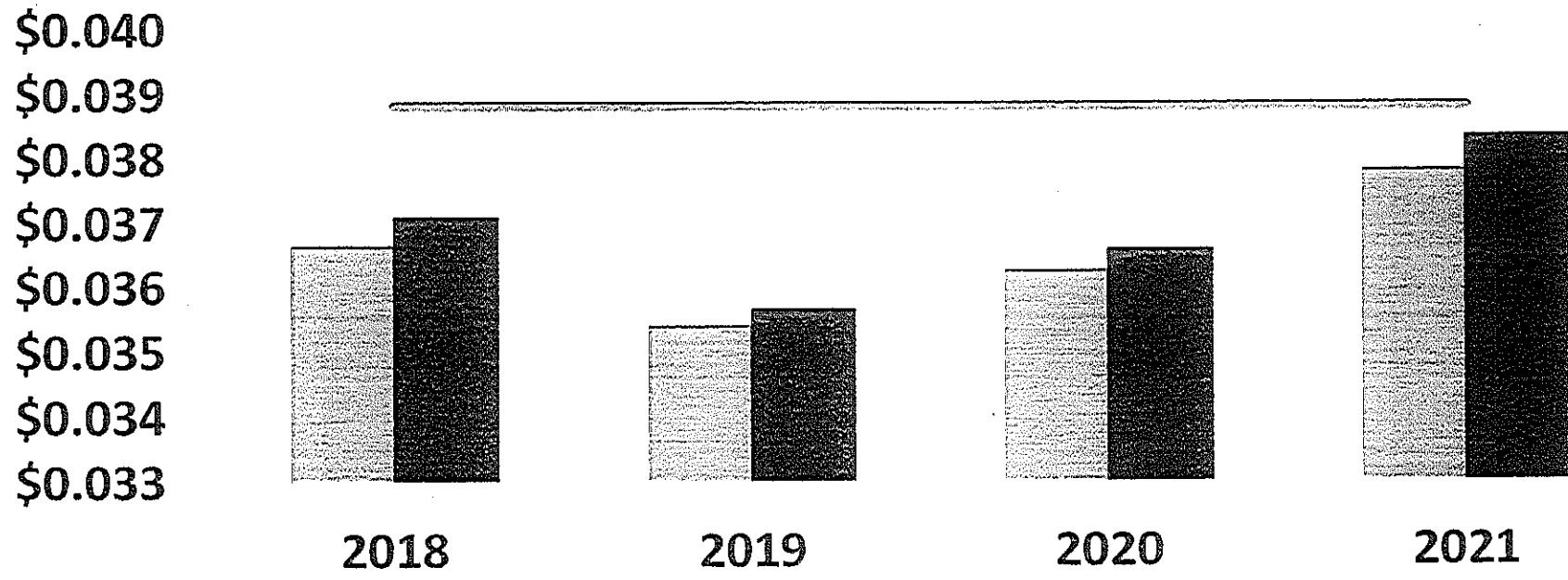
This Pattern Has Been in Place for at Least the Last Four Years and Reflects a Well Supplied Market

Analysis Shows SHP Works



Long Range Lookback Shows Savings From 2% (Worst Case) to 32% Over Fixed Price Option
Recent Market Quotes Suggest Pricing May Be Significantly Lower For Next Renewal Period.

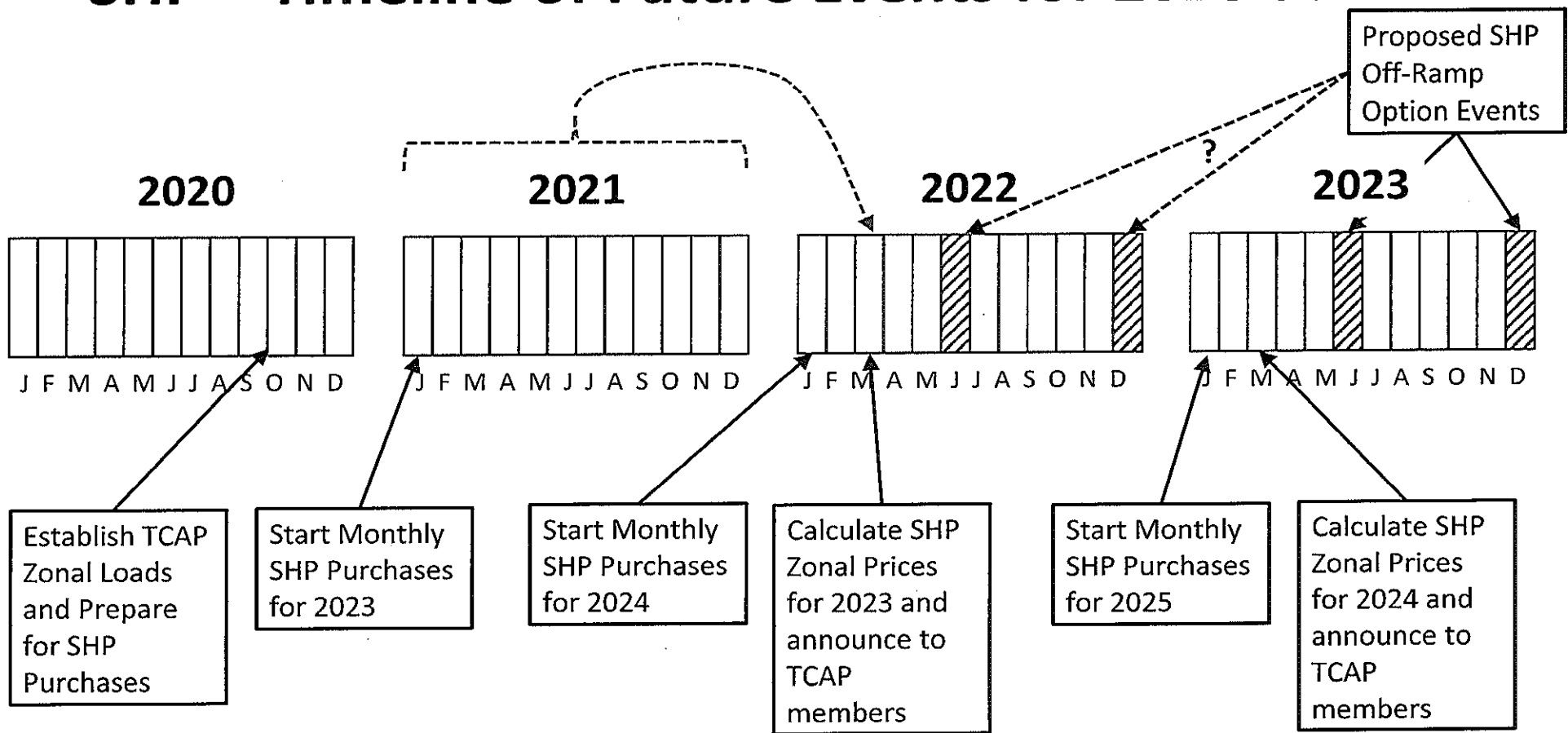
SHP & SHP/Solar Option - South Zone



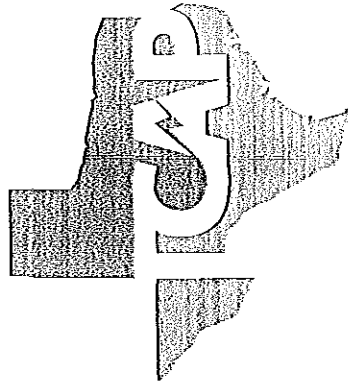
 SHP/Solar  SHP  Contract

Blended

SHP – Timeline of Future Events for 2023 Start



Strategic Hedging



Texas Coalition
for Affordable Power

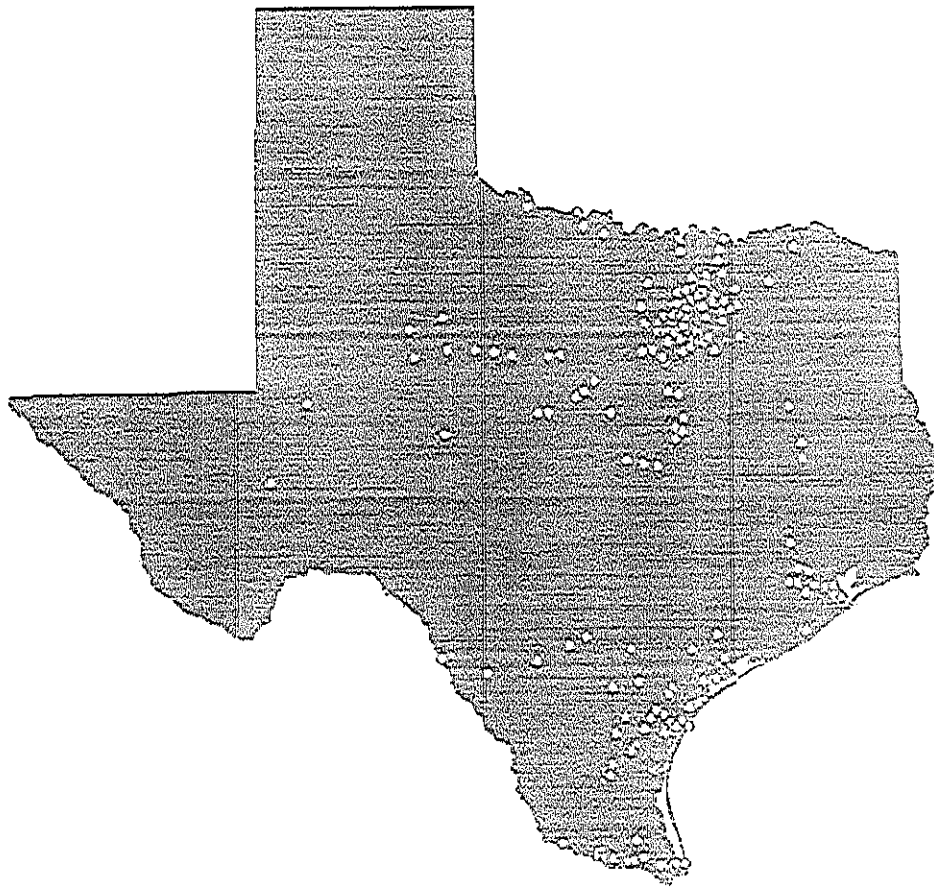


South Texas Aggregation Project (STAP)

- 1999 – Texas Legislature deregulated the retail electric market effected in 2002
- STAP was formed with 41 political subdivisions
- STAP used the same consultants/general counsel as Cities Aggregation Power Project (CAPP)
- STAP merged with CAPP in January 2011 for efficiencies



Who is TCAP?



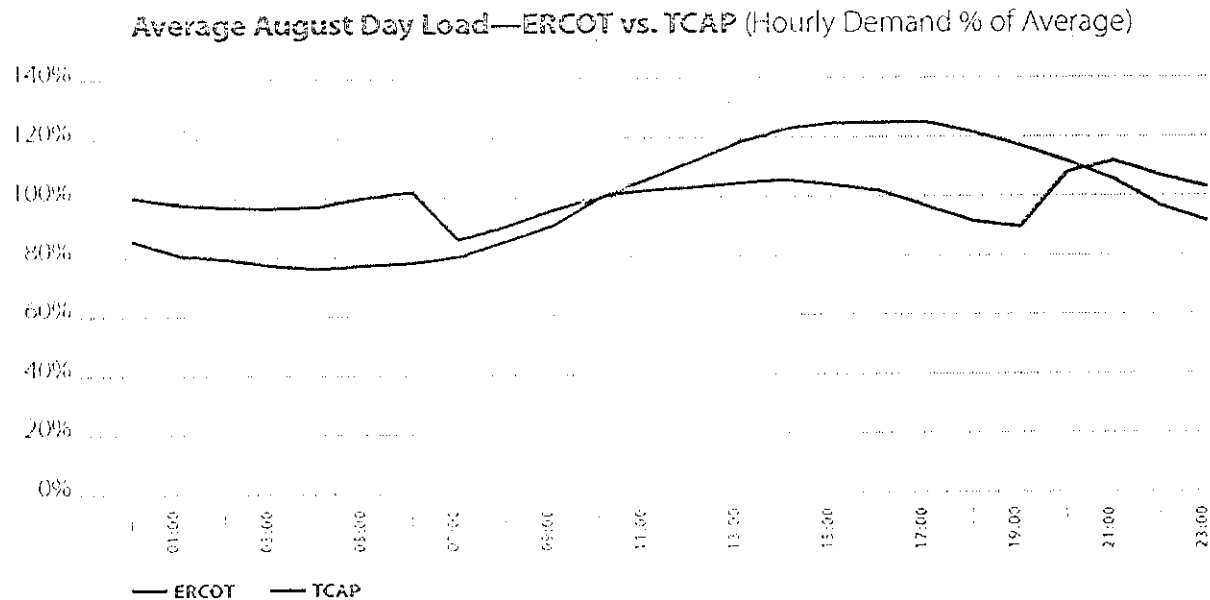
163 Members
within the
deregulated
ERCOT Market

53 Member
organizations in
the South Zone



WHY TCAP?

- TCAP is:
 - Non-profit organization
 - For cities, by cities
 - Pool energy to negotiate low rates
 - Cities have similar energy patterns



TCAP Board

Place 1-
Sugar Land
(Houston)

Place 2-
Corpus Christi
(South)

Place 3-
Victoria
(South)

Place 4-
North
Richland Hills
(North)

Place 5-
Lewisville
(North)

Place 6-
Wichita Falls
(North)

Place 7-
Duncanville
(North)

Place 8-
Kingsville
(South)

Place 9-
Brownwood
(North)

Place 10-
Bishop
(South)

Place 11-
Rockport
(South)

Place 12-
Temball
(Houston)

Place 13-
Odessa
(West)

Place 14-
McAllen
(South)

Place 15-
Grand Prairie
(North)

Large Members

Medium Members

Small Members

All Large



Pricing History

STAP

TCAP

Year	Price per kWh
2002	0.037
2003	0.0406
2004	0.0479
2005	0.0631
2005	0.6224
2006	0.09081
2006	0.081
2007	0.07845
2008	0.07759
2009	0.07109
2010	0.07854
2011	0.08044
2011-2013	0.07032
2014-2017	0.07485
2018-2022	0.03883

- Early years – 1-year contracts

- 2005-2006 – 6-month contracts

- 2011 – 6-month contract

- July 2011 – first 2-year contract

- 2014-2017 – blend and extend contract

- 2018-2022 – New 5-year contract



Future Contract

- Current Contract ends December 2022
- TCAP has developed a new procurement option
- Meeting with our members
- The new method should eliminate timing the market to get the best contract price.



Strategic Hedging

Bill Starnes - Resolved Energy Consulting

- Energy Consultant for STAP and TCAP since 2002
- Continuously Monitors the Energy Market
- Negotiates the energy contracts



RESOLVED
ENERGY CONSULTING



ATTACHMENT 16

Resolution 20-07

RESOLUTION 20-07

**RESOLUTION OF THE SOUTH TEXAS WATER
AUTHORITY ADOPTING TCAP'S PROFESSIONAL
SERVICES AGREEMENT AND GEXA ENERGY'S
COMMERCIAL ELECTRIC SERVICE AGREEMENT FOR
POWER TO BE PROVIDED ON AND AFTER JANUARY 1,
2023**

WHEREAS, the South Texas Water Authority ("Authority") is a member of Texas Coalition For Affordable Power, Inc. ("TCAP"), a non-profit, political subdivision corporation of the State of Texas; and

WHEREAS, TCAP has previously arranged for the Authority to purchase power through Gexa Energy with a contract set to expire December 31, 2022; and

WHEREAS, TCAP has designed a new procurement strategy that will involve TCAP initially committing to purchase power two years in advance of delivery on behalf of its members who desire participation in a Strategic Hedging Program ("SHP") that will involve a series of monthly competitive auctions; and

WHEREAS, TCAP has prepared a Professional Services Agreement ("PSA"), attached as Exhibit A, that, in addition to enumerating services and benefits to members of TCAP, provides TCAP with specific authority to procure power in the wholesale market on behalf of members who choose to participate in the SHP; and

WHEREAS, approval of the PSA is a necessary, but not sufficient, prerequisite to participation in the SHP; and

WHEREAS, the PSA is a relational contract that defines services provided by TCAP to members regardless of whether a member decides to commit to the SHP; and

WHEREAS, the industry-standard retail contract is a Commercial Electric Service Agreement ("CESA") offered by a Retail Electric Provider ("REP"); and

WHEREAS, TCAP has negotiated modifications to the current CESA between the Authority and Gexa Energy to reflect participation in the SHP; and

WHEREAS, the CESA that will facilitate participation in the SHP effective for power deliveries in and beyond 2023 (attached as Exhibit B) will need to be approved and signed prior to October 1, 2020; and

WHEREAS, the Authority desires to participate in the SHP.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

SECTION 1. That the Executive Director is authorized to sign Exhibit A, TCAP's Professional Services Agreement, and Exhibit B, Gexa Energy's CESA, and send the agreements to TCAP, 15455 Dallas Parkway, Ste 600, Addison, TX 75001.

PASSED AND APPROVED this _____ day of _____, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 17

NEC Power Factor/CC Electric Quote

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 19, 2020
Re: Corpus Christi Electric Quote for VFD Controllers, Motors and Programming – Central Pump Station and Nueces Electric Coop Demand Charge

Background:

As reported in weekly updates, the Nueces Electric Coop notified South Texas Water Authority that it would begin assessing a demand charge for customers with a power factor less than 95%. The Member Care Department was contacted per the enclosed letter and STWA was informed that a capacitor could be installed between the motor and controls to correct the problem. Unfortunately, the electric company familiar with all ten (10) pump stations and used by STWA for several decades indicated they would not be able to perform the work and provide a quote - despite repeated inquiries on the status of a quote.

An inquiry was then made of Corpus Christi Electric Company regarding the installation of the aforementioned capacitor. A copy of the NEC letter was provided and an email dialogue ensued on the possible ways to correct the problem. They have provided rather costly quotes for new motors, VFD controllers and the associated programming. Information on the cost of motors was also obtained from CD Electric.

Analysis:

Another phone call was made to NEC. Bill Gunn, their technical service representative, has reviewed STWA's demand charge calculations and continues to state that an electrician familiar with how to correct a power factor problem can install the correctly sized capacitor on the load side of the controller. In addition, he offered to work with STWA since information from each pump station is needed to perform the calculations.

Staff Recommendation:

Continue to research the matter and provide updates to the Board. At this time, the two stations with the largest increase are Pump Station #1 and Pump Station #2 in Ricardo. The first bills for those stations have not yet arrived. Staff anticipates the added monthly cost will be about \$80 to \$85 per station.

Board Action:

Provide feedback to staff.

Summarization:

The demand charge calculation is complex. It is calculated by taking the difference between the voltage angle and the phase angle and taking the cosine of that figure. This figure is an actual reading from the meter and listed on each month's bill.



Nueces Electric Cooperative

RECEIVED

AUG 22 2019

SOUTH TEXAS WATER AUTHORITY

August 16, 2019

South TX Water Authority
PO Box 1701
Kingsville, TX 78364

Beginning with your December 2019 usage, NEC will apply Power Factor Adjustments for Large Power Service accounts. While the ability to apply this adjustment has been allowable under NEC's Tariff for many years, this will be the first time that it will appear on electric bills.

This can be found in NEC's Tariff under section 203.2 Large Power Service, subsection H (<https://nueceselectric.org/tariff2019>) which states that "Demand charges may be adjusted to correct for average power factors lower than 95%. Measured demand may be increased by 1% for each 1% by which the average power factor is less than 95% lagging. The power factor shall never be leading."

A member with a power factor of less than 95% means that they are using electricity inefficiently. For example, inefficient motors, lighting and other equipment could contribute to poor power factor.

The table below shows the estimated impact of the Power Factor Adjustment to your monthly demand charge:

Acct#	Meter	Address		Billed Demand	Actual Demand	Power Factor	Adjusted Demand	Demand Billed	Demand Billed after Adjustment	Monthly Difference
12667200	20248063	4638 FM 2826	Pump	35KW	33.432KW	0.853	36.67KW	\$187.25	\$196.18	\$8.93
The above estimate is based on readings taken in July 2019 and compared to the minimum demand charge and reflects the impact of power factor on your billing with low demand.										
27932700	20247928	159 W CR 2160		53.628KW	53.628KW	0.678	68.215KW	\$286.91	\$364.95	\$78.04
The above estimate is based on readings taken in July 2019 and should provide some insight to the impact of power factor to your bill.										
27516900	20248076	154 E CR 2170	Pump Stn E 2170	41.881KW	36.078KW	0.565	58.01KW	\$224.06	\$310.35	\$86.29
The above estimate is based on readings taken in July 2019 and compared to 85% of the 12 month peak minimum charge to determine the impact to your bill.										

For the best information regarding your company's ability to improve power factor, please contact your electrician or electrical engineer.

For any questions regarding the billing of the Power Factor Adjustment, please call our Member Care Department at 361-387-2581 or email membercare@nueceselectric.org.

Thank you,

Member Care Department
Nueces Electric Cooperative



Nueces Electric Cooperative

Your Touchstone Energy® Cooperative

14353 Cooperative Avenue - Robstown, TX 78380

Phone # (361) 387-2581 or 1-800-632-9288

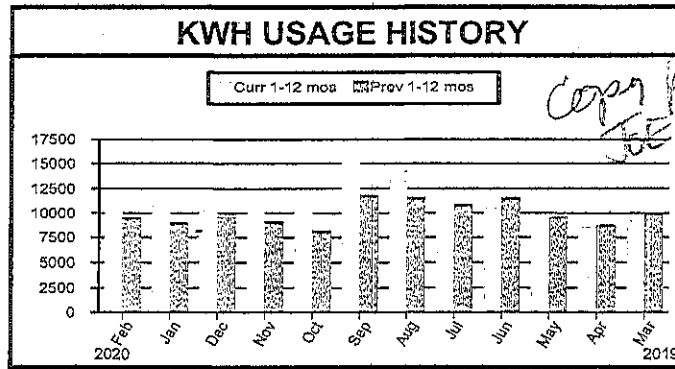
All numbers answered 24 hours a day, 7 days a week for power outages

Office Hours: 8:00 am to 5:00 pm Monday - Friday

5264 1 AB 0.416
SOUTH TX WATER AUTHORITY
PO BOX 1701
KINGSVILLE TX 78364-1701

RECEIVED
5264
C-19-P-25

FEB 11 2020



Current Month: Avg Daily Use: 360 KWH
Previous Month: Avg Daily Use: 339 KWH

Average Temperature Information	
This Month:	63°F
Last Month:	61°F
Same Month Last Year:	63°F



Diff. between Voltage Angle & Phase angle -
Take Cosine
88.6 is a no. taken directly from the meter
6

Rate: LGDEG			
Usage:			
ESI ID: 101383000126672			
Service Addr: 4638 FM 2826	Map Location: 28 016 019		
Meter: 20248063	Service Period: 12/31/2019 to 01/31/2020	Mult: 1	Previous Rdg: 400757
		Present Rdg: 411921	Total KWH: 11164
Distribution (Wires) Charges			
Customer Charge			96.50
Service Delivery Charge@0.0135 per KWH			150.71
kW Adjustment Based on Power Factor of 88.60%	2.25 @ 5.3500		12.02
Demand Charge			187.72
	READING	ACTUAL	BILLED
	35.09	35.09	37.33
PUC Assessment Fee			0.73
Sub Total			447.68
NEC Co-op Energy			
Customer Charge			34.50
Electric Use@0.0649 per KWH			724.79
PUC Assessment Charge			1.27
Tax			51.33
Sub Total			811.89

552
RECEIVED
2/13/20

Account #: 12667200
PUMP
Your power provider is:
NEC Co-op Energy

You may contact your power supplier directly at:
1-855-632-7348

2/13/20
17809
1259.59

Due date is for CURRENT CHARGES Only
Total Amount Owed \$1,259.57

Current Charges Due on 02/26/2020 \$1,259.57
You may make a payment by phone by calling 1-855-385-9909



Nueces Electric Cooperative

Your Touchstone Energy® Cooperative

14353 Cooperative Avenue - Robstown, TX 78380

Phone # (361) 387-2581 or 1-800-632-9288

All numbers answered 24 hours a day, 7 days a week for power outages

Office Hours: 8:00 am to 5:00 pm Monday - Friday

5259 1 AB 0.409
SOUTH TX WATER AUTHORITY
PO BOX 1701
KINGSVILLE TX 78364-1701

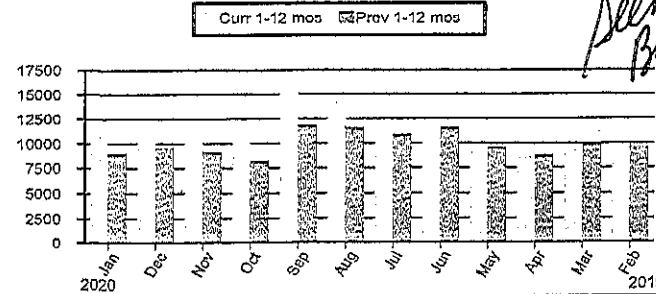
5 5259
RECEIVED

JAN 13 2020



SOUTH TEXAS WATER AUTHORITY

KWH USAGE HISTORY



See Buffalo

Current Month: Avg Daily Use: 339 KWH
Previous Month: Avg Daily Use: 344 KWH

Average Temperature Information

This Month: 61°F
Last Month: 63°F
Same Month Last Year: 58°F

Rate: LGDEG

Usage:
 ESI ID: 101383000126672
 Service Addr: 4638 FM 2826 Map Location: 28 016 019
 Meter: 20248063 Service Period: 11/29/2019 to 12/31/2019
 Mult: 1 Previous Rdg: 389894 Present Rdg: 400757 Total KWH: 10863

Distribution (Wires) Charges

Charge	READING	ACTUAL	BILLED
Customer Charge			96.50
Service Delivery Charge@0.0125 per KWH			135.79
Demand Charge			187.25
Demand	33.77	33.77	35.00
PUC Assessment Fee			0.70
Sub Total			420.24

NEC Co-op Energy

Customer Charge	34.50
Electric Use@0.0576 per KWH	625.19
PUC Assessment Charge	1.10
Tax	44.60
Sub Total	705.39

Account #: 12667200
PUMP

Your power provider is:
NEC Co-op Energy

You may contact your power supplier directly at:
1-855-632-7348

552
RECEIVED
4/15/19

APPROVED FOR PAYMENT

APPROVAL: *[Signature]*

DATE PAID: 1/21/2020

AMOUNT PAID: 17746

AMOUNT DUE: 1125.63

Due date is for CURRENT CHARGES Only

Total Amount Owed \$1,125.63

Current Charges Due on 01/27/2020

You may make a payment by phone by calling 1-855-385-9909

\$1,125.63

Account #12667200
ESI #101383000126672
4638 FM 2826
Central Pump Station
Meter Serial #42395
New Meter Serial #20248063

Beginning Date	Beginning Reading	Ending Date	Ending Reading	Multiplier	Usage	Actual Invoice Amount
12/22/2016	452666	1/27/2017	471917	1	19,251	new meter
1/27/2017	0	2/1/2017	2367	1	2,367	\$1,722.64
2/1/2017	2367	2/22/2017	14174	1	11,807	\$1,469.09
2/22/2017	14174	3/22/2017	30676	1	16,502	\$1,956.13
3/22/2017	30676	4/23/2017	50263	1	19,587	\$2,170.19
4/23/2017	50263	5/21/2017	67875	1	17,612	\$1,940.20
5/21/2017	67875	6/22/2017	82031	1	14,156	\$1,654.43
6/22/2017	82031	7/22/2017	93273	1	11,242	\$1,384.78
7/22/2017	93273	8/21/2017	107761	1	14,488	\$1,662.30
8/21/2017	107761	9/22/2017	117772	1	10,011	\$1,259.44
9/22/2017	117772	10/21/2017	127537	1	9,765	\$1,266.07
10/21/2017	127537	11/21/2017	137032	1	9,495	\$483.98
11/21/2017	137032	12/22/2017	146656	1	9,624	\$1,279.96
					165,907	\$18,249.21
12/22/2017	146656	1/23/2018	156414	1	9,758	\$1,229.08
1/23/2018	156414	2/26/2018	166437	1	10,023	\$1,243.58
2/26/2018	166437	3/27/2018	175279	1	8,842	\$1,168.72
3/27/2018	175279	4/27/2018	184968	1	9,689	\$1,238.37
4/27/2018	184968	5/30/2018	196562	1	11,594	\$1,407.99
5/30/2018	196562	6/28/2018	207444	1	10,882	\$1,345.60
6/28/2018	207444	7/30/2018	219014	1	11,570	\$1,370.82
7/30/2018	219014	9/1/2018	230862	1	11,848	\$1,393.62
9/1/2018	230862	9/27/2018	239087	1	8,225	\$1,064.67
9/27/2018	239087	10/30/2018	248264	1	9,177	\$1,140.82
10/30/2018	248264	11/30/2018	258012	1	9,748	\$210.93
11/30/2018	258012	12/28/2018	267025	1	9,013	\$1,019.61
					120,369	\$13,833.81
12/28/2018	267025	1/30/2019	276565	1	9,540	\$1,177.83
1/30/2019	276565	2/27/2019	285846	1	9,281	\$1,149.28
2/27/2019	285846	3/28/2019	294444	1	8,598	\$1,077.30
3/28/2019	294444	4/29/2019	304363	1	9,919	\$1,222.97
4/29/2019	304363	5/30/2019	314966	1	10,603	\$1,197.95
5/30/2019	314966	6/28/2019	325442	1	10,476	\$1,197.77
6/28/2019	325442	7/30/2019	339779	1	14,337	\$1,513.18
7/30/2019	339779	8/30/2019	355835	1	16,056	\$1,636.11
8/30/2019	355835	9/29/2019	367496	1	11,661	\$1,292.83
9/29/2019	367496	10/30/2019	379575	1	12,079	\$1,258.48
10/30/2019	379575	11/29/2019	389894	1	10,319	\$178.60
11/29/2019	389894	12/31/2019	400757	1	10,863	\$1,125.63
					133,732	\$14,027.93
12/31/2019	400757	1/31/2020	411921	1	11,164	\$1,259.57

From: Gilbert Cortinas <gcortinas@cc-electric.com>
Sent: Tuesday, February 4, 2020 9:19 AM
To: mcserrato@stwa.org
Cc: ayruegas@stwa.org; dcantu@stwa.org; fvrosales@stwa.org; jwagner@stwa.org; Chris Monroy; Rosemarie Camacho
Subject: RE: South Texas Water Authority - NEC Power Factor and Demand Charge
Attachments: Quote GC153A - 40HP VFD & Motor.docx; Quote GC153B - 25HP VFD & Motor.docx; Quote GC153C - 20HP VFD & Motor.docx; Quote GC153D - 15HP VFD & Motor.docx; Quote GC153E - 10HP VFD & Motor.docx

Good morning Carola,

Please see our attached (5) Quotations regarding each respective motor/drive application being reviewed. From the data gathered, I have counted a total of 10 motors, consisting of the following Horse Power (HP) ranges:

- QTY: 4 - 40HP - Quote: GC153A
- QTY: 1 - 25HP - Quote: GC153B
- QTY: 1 - 20HP - Quote: GC153C
- QTY: 3 - 15HP - Quote: GC153D
- QTY: 1 - 10HP - Quote: GC153E

These quotes give you the option to purchase one motor/controller application at a time, or update all of the existing applications together. A line item for VFD Programming & Field Start Up Services is added to each quote, however in the event you decide to order multiple or all equipment pieces, we would only require 1 charge for Programming and Onsite Start Up.

These 5 quotes reflect our best recommendation for improving the efficiencies of your respective pump operations for the South Texas Water Authority. The Variable Frequency Drive (VFD) controllers are a modern controls solution that offer efficiency capabilities far beyond the current fixed starters being used in the existing pump motor applications. These VFD controllers will assist your pump operations with the immediate efficiencies your requiring, as well as offer capabilities for future networking and increased control abilities from remote locations.

We're confident this is the most effective, immediate solution for these pump applications. Improving efficiencies, optimizing performance, and expanding motor control capabilities is what we do best.

If you have any questions regarding these quotes or would like to further discuss the proposed solutions, please don't hesitate to reach out.

Thank you,

Gilbert Cortinas
Corpus Christi Electric Company
2323 Leopard St.
Corpus Christi, TX 78408
Mobile: 361-944-7788 Office: 361-882-2564
gcortinas@cc-electric.com

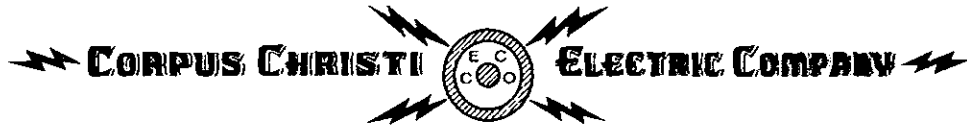
C-D ELECTRIC
 MOTOR SALES & SERVICE
 617 HIGH STARR DR
 CORPUS CHRISTI TEXAS 78408
 361-888-4133 PH
 361-882-3164 FX

QUOTE

TO:	SOUTH TEXAS WATER AUTHORITY	Fax :	
CO:	MANDO	Date:	2/04/2020
From:	Gilbert Perez	Pages:	1

	1	2	3	4
HP	15	20	25	40
RPM	3600	3600	3600	3600
FRAME	254T	256T	284TS	324TS
ENCLOSURE	TEFC	TEFC	TEFC	TEFC
MANUFACTUR E	TOSHIBA	TOSHIBA	TOSHIBA	TOSHIBA
VOLTAGE	230/460	230/460	230/460	230/460
TYPE	SDG	SDG	SDG	SDG
STOCK	YES	YES	YES	YES
PART #	15F2SDG	20F2SDG	25F2SDG	40F2SDG
DELIVERY	SAME DAY	SAME DAY	SAME DAY	SAME DAY
NEW / USED	NEW	NEW	NEW	NEW
NET EACH	\$975.00	\$1150.00	\$1550.00	\$2100.00
FREIGHT	PPD & ADD	PPD & ADD	PPD & ADD	PPD & ADD
FOB	C-D ELECTRIC	C-D ELECTRIC	C-D ELECTRIC	C-D ELECTRIC

Gilbert Perez



INC.

PO BOX 2884
CORPUS CHRISTI, TX 78403-2884
2323 LEOPARD ST
CORPUS CHRISTI, TX 78408-2884

TEL 361 882-2564
FAX 361 882-8318
E-MAIL gcortinas@cc-electric.com

QUOTATION

TO NAME CAROLA G. SERRATO PLEASE REFER TO GC153C- 20HP VFD & PUMP MOTOR
COMPANY SOUTH TEXAS WATER AUTHORITY C. C. ELECTRIC # GC153C
DATE 02/03/20

WE ARE PLEASED TO QUOTE AS FOLLOWS

1 -SQD ATV630D15N4 - 20HP VARIABLE FREQUENCY DRIVE ----- \$1,841.97EA.

- NEMA 1 W/CONDUIT ADAPTER
- INCLUDES HMI DISPLAY UNIT

1 -TOSHIBA 25HP 3PH 230/460V MOTOR ----- \$1,474.35EA.

1 -VFD PROGRAMMING & FIELD START-UP SERVICES ----- \$1,600.00 P/DAY

- AUTHORIZED VFD TECHNICIAN WILL PROGRAM & TUNE VFD AND PERFORM FIELD START-UP SERVICES (ONLY AVAILABLE WITHIN 100-MILE RADIUS)

NOTE: INSTALLATION & WIRING OF VFD AND MOTOR ARE TO BE PROVIDED BY OTHERS. CCEC FIELD TECHNICIANS ARE ONLY AUTHORIZED TO PROGRAM VFDs AND SUPPORT FIELD START-UP.

WE APPRECIATE THE OPPORTUNITY AND HOPE TO HEAR FROM YOU SOON.

FREIGHT: NOT INCLUDED
FOB: CORPUS CHRISTI
DELIVERY 2-3 WEEKS
TERMS: NET 30
QUOTATION FIRM FOR 30 DAYS

*This is Central PS
a quote for 20 HP.
STWA has
1 - 20HP &
1 - 25HP.*

GILBERT CORTINAS



INC.

PO BOX 2884
CORPUS CHRISTI, TX 78403-2884
2323 LEOPARD ST
CORPUS CHRISTI, TX 78408-2884

TEL 361 882-2564
FAX 361 882-8318

E-MAIL geortinas@cc-electric.com

QUOTATION

TO NAME	CAROLA G. SERRATO	PLEASE REFER TO	GC153B- 25HP VFD & PUMP MOTOR
COMPANY	SOUTH TEXAS WATER AUTHORITY	C. C. ELECTRIC #	GC153B
		DATE	02/03/20

WE ARE PLEASED TO QUOTE AS FOLLOWS

1 -SQD ATV630D18N4 - 25HP VARIABLE FREQUENCY DRIVE ----- \$2,177.05EA.

- NEMA 1 W/CONDUIT ADAPTER
- INCLUDES HMI DISPLAY UNIT

1 -TOSHIBA 25HP 3PH 230/460V MOTOR ----- \$1,987.18EA.

1 -VFD PROGRAMMING & FIELD START-UP SERVICES ----- \$1,600.00 P/DAY

- AUTHORIZED VFD TECHNICIAN WILL PROGRAM & TUNE VFD AND PERFORM FIELD START-UP SERVICES (ONLY AVAILABLE WITHIN 100-MILE RADIUS)

NOTE: INSTALLATION & WIRING OF VFD AND MOTOR ARE TO BE PROVIDED BY OTHERS. CCEC FIELD TECHNICIANS ARE ONLY AUTHORIZED TO PROGRAM VFDs AND SUPPORT FIELD START-UP.

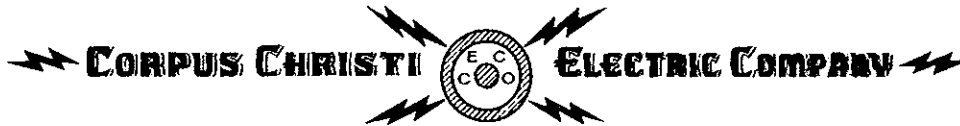
WE APPRECIATE THE OPPORTUNITY AND HOPE TO HEAR FROM YOU SOON.

FREIGHT: NOT INCLUDED
FOB: CORPUS CHRISTI
DELIVERY 2-3 WEEKS
TERMS: NET 30
QUOTATION FIRM FOR 30 DAYS

This is a quote for 25HP.

*Central PS
STWA has
1 - 20HP &
1 - 25HP.*

GILBERT CORTINAS



INC.

PO BOX 2884
CORPUS CHRISTI, TX 78403-2884
2323 LEOPARD ST
CORPUS CHRISTI, TX 78408-2884

TEL 361 882-2564
FAX 361 882-8318

E-MAIL gcortinas@cc-electric.com

QUOTATION

TO NAME CAROLA G. SERRATO PLEASE REFER TO GC153E- 10HP VFD & PUMP MOTOR
COMPANY SOUTH TEXAS WATER AUTHORITY C. C. ELECTRIC # GC153E
DATE 02/03/20

WE ARE PLEASED TO QUOTE AS FOLLOWS

1 -SQD ATV630U75N4 - 10HP VARIABLE FREQUENCY DRIVE ----- \$1,261.59EA.

- NEMA 1 W/CONDUIT ADAPTER
- INCLUDES HMI DISPLAY UNIT

1 -US ELECTRIC 10HP 3PH 230/460V MOTOR ----- \$961.55EA.

1 -VFD PROGRAMMING & FIELD START-UP SERVICES ----- \$1,600.00 P/DAY

- AUTHORIZED VFD TECHNICIAN WILL PROGRAM & TUNE VFD AND PERFORM FIELD START-UP SERVICES (ONLY AVAILABLE WITHIN 100-MILE RADIUS)

NOTE: INSTALLATION & WIRING OF VFD AND MOTOR ARE TO BE PROVIDED BY OTHERS. CCEC FIELD TECHNICIANS ARE ONLY AUTHORIZED TO PROGRAM VFDs AND SUPPORT FIELD START-UP.

WE APPRECIATE THE OPPORTUNITY AND HOPE TO HEAR FROM YOU SOON.

FREIGHT: NOT INCLUDED
FOB: CORPUS CHRISTI
DELIVERY 2-3 WEEKS
TERMS: NET 30
QUOTATION FIRM FOR 30 DAYS

*RWSC - Extra @
PS #1 - not
needed*

GILBERT CORTINAS



INC.

PO BOX 2884
CORPUS CHRISTI, TX 78403-2884
2323 LEOPARD ST
CORPUS CHRISTI, TX 78408-2884

TEL 361 882-2564
FAX 361 882-8318

E-MAIL gcortinas@cc-electric.com

QUOTATION

TO NAME	CAROLA G. SERRATO	PLEASE REFER TO	GC153D- 15HP VFD & PUMP MOTOR
COMPANY	SOUTH TEXAS WATER AUTHORITY	C. C. ELECTRIC #	GC153D
		DATE	02/03/20

WE ARE PLEASED TO QUOTE AS FOLLOWS

1 -SQD ATV630D11N4 - 15HP VARIABLE FREQUENCY DRIVE ----- \$1519.90EA.

- NEMA 1 W/CONDUIT ADAPTER
- INCLUDES HMI DISPLAY UNIT

1 -TOSHIBA 15HP 3PH 230/460V MOTOR ----- \$1,250.85EA.

1 -VFD PROGRAMMING & FIELD START-UP SERVICES ----- \$1,600.00 P/DAY

- AUTHORIZED VFD TECHNICIAN WILL PROGRAM & TUNE VFD AND PERFORM FIELD START-UP SERVICES (ONLY AVAILABLE WITHIN 100-MILE RADIUS)

NOTE: INSTALLATION & WIRING OF VFD AND MOTOR ARE TO BE PROVIDED BY OTHERS. CCEC FIELD TECHNICIANS ARE ONLY AUTHORIZED TO PROGRAM VFDs AND SUPPORT FIELD START-UP.

WE APPRECIATE THE OPPORTUNITY AND HOPE TO HEAR FROM YOU SOON.

FREIGHT: NOT INCLUDED
FOB: CORPUS CHRISTI
DELIVERY 2-3 WEEKS
TERMS: NET 30
QUOTATION FIRM FOR 30 DAYS

*Central PS
(3) for NWSC*

GILBERT CORTINAS



INC.

PO BOX 2884
CORPUS CHRISTI, TX 78403-2884
2323 LEOPARD ST
CORPUS CHRISTI, TX 78408-2884

TEL 361 882-2564
FAX 361 882-8318

E-MAIL gcortinas@cc-electric.com

QUOTATION

TO NAME CAROLA G. SERRATO PLEASE REFER TO GC153A- 40HP VFD & PUMP MOTOR
COMPANY SOUTH TEXAS WATER AUTHORITY C. C. ELECTRIC # GC153A
DATE 02/03/20

WE ARE PLEASED TO QUOTE AS FOLLOWS

1 -SQD ATV630D30N4 - 40HP VARIABLE FREQUENCY DRIVE ----- \$2,992.95EA.

- NEMA 1 W/CONDUIT ADAPTER
- INCLUDES HMI DISPLAY UNIT

1 -TOSHIBA 40HP 3PH 230/460V MOTOR ----- \$2,692.30EA.

1 -VFD PROGRAMMING & FIELD START-UP SERVICES ----- \$1,600.00 P/DAY

- AUTHORIZED VFD TECHNICIAN WILL PROGRAM & TUNE VFD AND PERFORM FIELD START-UP SERVICES (ONLY AVAILABLE WITHIN 100-MILE RADIUS)

NOTE: INSTALLATION & WIRING OF VFD AND MOTOR ARE TO BE PROVIDED BY OTHERS. CCEC FIELD TECHNICIANS ARE ONLY AUTHORIZED TO PROGRAM VFDs AND SUPPORT FIELD START-UP.

WE APPRECIATE THE OPPORTUNITY AND HOPE TO HEAR FROM YOU SOON.

FREIGHT: NOT INCLUDED
FOB: CORPUS CHRISTI
DELIVERY 2-3 WEEKS
TERMS: NET 30
QUOTATION FIRM FOR 30 DAYS

RWSC PS#1

GILBERT CORTINAS

From: mcserrato@stwa.org
Sent: Tuesday, January 14, 2020 12:15 PM
To: 'rcamacho@cc-electric.com'
Cc: Armando Yruegas; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: South Texas Water Authority - NEC Power Factor and Demand Charge
Attachments: NEC Large Power Service Demand Adjustment Sep 2019.xlsx; NEC Letter Adjusted Demand Power Factor Aug 2019 .pdf

Tracking:	Recipient	Read
	'rcamacho@cc-electric.com'	
	Armando Yruegas	
	'Dony Cantu (dcantu@stwa.org)'	
	'Frances Rosales'	
	'Jo Ella Wagner'	
	Rosemarie Camacho	Read: 1/14/2020 12:24 PM
	Frances Rosales - De Leon	Read: 1/14/2020 1:36 PM
	Joella Wagner	Read: 1/14/2020 2:02 PM

Rosemary

Attached is the letter from the NEC regarding their intention to charge a Power Factor and Adjusted Demand. As I indicated, several months ago this information was provided to the electrician that STWA typically uses; however, he informed our O&M Supervisor today that he would not be able to provide the services.

Prior to contacting the electrician, I reviewed the numbers with an NEC engineer including why some of the numbers do not calculate correctly particularly the example for PS#2 on CR 2170 (see attached Excel file). According to the NEC, a higher demand number (not shown in the letter) was used to calculate the power factor.

The engineer stated that the **power factor could be reduced by adding a capacitor between the controller and the pump**. The addition of the capacitor is what was being requested of our electrician, which he now states he cannot do.

As such, we are wondering if the NEC engineer's suggestion is doable/valid or if there are other changes – short of installing new motors at the three (3) stations which would be at least six (6) motors – that should be considered, in other words viable and cost efficient. Your assistance in determining this would be very much appreciated.

We have all of the kilowatt hour usage for these stations. Please let me know if that information would be helpful.

Thank-you in advance for any assistance you may be able to provide.

Sincerely,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, January 29, 2020 4:45 PM
To: 'Chris Monroy'
Cc: 'Rosemarie Camacho'; 'Armando Yruegas'; 'Dony Cantu'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: RE: South Texas Water Authority - NEC Power Factor and Demand Charge
Attachments: RWSC PS 1 Motor Photo 2 Jan 2020.pdf; RWSC PS 1 Motor Photo 1 Jan 2020.pdf; RWSC PS 1 Motor Photo 4 Jan 2020.pdf; RWSC PS 1 Motor Photo 3 Jan 2020.pdf

Chris,

To avoid any problems with the size of the attachments, I am sending the photos in three (3) emails, one for each pump station. These photos are for the Ricardo WSC Pump Station #1 located on CR 2160. There are two (2) pumps/motors that are used every day. The third 10hp motor is only as a backup and rarely is used. The fourth photo is a wide shot of the inside of the PS.

I believe all of the motor info on the plaques is legible.

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

From: Chris Monroy <cmonroy@cc-electric.com>
Sent: Tuesday, January 28, 2020 5:24 PM
To: mcserrato@stwa.org
Cc: Rosemarie Camacho <rcamacho@cc-electric.com>; Armando Yruegas <ayruegas@stwa.org>; Dony Cantu <dcantu@stwa.org>; Frances Rosales <fvrosales@stwa.org>; Jo Ella Wagner <jwagner@stwa.org>
Subject: Re: South Texas Water Authority - NEC Power Factor and Demand Charge

Thank you

Sent from my iPhone

On Jan 28, 2020, at 5:19 PM, "mcserrato@stwa.org" <mcserrato@stwa.org> wrote:

Chris,

New photos were taken today. But, I really need to convert them to pdf files and reduce the size. I hope to have those to you tomorrow.

Thanks,
Carola

Carola G. Serrato

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, January 29, 2020 4:49 PM
To: 'Chris Monroy'
Cc: 'Rosemarie Camacho'; 'Armando Yruegas'; 'Dony Cantu'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: RE: South Texas Water Authority - NEC Power Factor and Demand Charge
Attachments: RWSC PS 2 Motor Photo 3 Jan 2020.pdf; RWSC PS 2 Photo 2 Jan 2020.pdf; RWSC PS 2 Motor Photo 1 Jan 2020.pdf

Chris,

This is the second of three emails. These photos are for the Ricardo WSC Pump Station #2 located on CR 2170. There are two (2) pumps/motors in use. The third photo is a wide shot of the inside of the PS.

I believe all data on these plaques can also be read.

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

From: Chris Monroy <cmonroy@cc-electric.com>
Sent: Tuesday, January 28, 2020 5:24 PM
To: mcserrato@stwa.org
Cc: Rosemarie Camacho <rcamacho@cc-electric.com>; Armando Yruegas <ayruegas@stwa.org>; Dony Cantu <dcantu@stwa.org>; Frances Rosales <fvrosales@stwa.org>; Jo Ella Wagner <jwagner@stwa.org>
Subject: Re: South Texas Water Authority - NEC Power Factor and Demand Charge

Thank you

Sent from my iPhone

On Jan 28, 2020, at 5:19 PM, "mcserrato@stwa.org" <mcserrato@stwa.org> wrote:

Chris,

New photos were taken today. But, I really need to convert them to pdf files and reduce the size. I hope to have those to you tomorrow.

Thanks,
Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
PO Box 1701

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, January 29, 2020 4:53 PM
To: 'Chris Monroy'
Cc: 'Rosemarie Camacho'; 'Armando Yruegas'; 'Dony Cantu'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: RE: South Texas Water Authority - NEC Power Factor and Demand Charge
Attachments: Central PS Motor Photo 5 Jan 2020.pdf; Central PS Motor Photo 4 Jan 2020.pdf; Central PS Motor Photo 3 Jan 2020.pdf; Central PS Motor Photo 2 Jan 2020.pdf; Central PS Motor Photo 1 Jan 2020.pdf; Central PS Motor Photo 6 Jan 2020.pdf

Chris,

This is email 3 of 3. These photos are for the Central Pump Station located on FM 2826 south of Robstown. There are five (5) pumps/motors that are used every day. The sixth photo is a wide shot of the inside of the PS.

The clarity of these photos is not great. Mando is going to try to get some better shots; but, some of the problem is that the surface is very worn on the plaques.

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

From: Chris Monroy <cmonroy@cc-electric.com>
Sent: Tuesday, January 28, 2020 5:24 PM
To: mcserrato@stwa.org
Cc: Rosemarie Camacho <rcamacho@cc-electric.com>; Armando Yruegas <ayruegas@stwa.org>; Dony Cantu <dcantu@stwa.org>; Frances Rosales <frosales@stwa.org>; Jo Ella Wagner <jwagner@stwa.org>
Subject: Re: South Texas Water Authority - NEC Power Factor and Demand Charge

Thank you

Sent from my iPhone

On Jan 28, 2020, at 5:19 PM, "mcserrato@stwa.org" <mcserrato@stwa.org> wrote:

Chris,

New photos were taken today. But, I really need to convert them to pdf files and reduce the size. I hope to have those to you tomorrow.

Thanks,
Carola

Carola G. Serrato
Executive Director

From: mcserrato@stwa.org
Sent: Monday, February 3, 2020 12:46 PM
To: 'Gilbert Cortinas'
Cc: 'ayruegas@stwa.org'; 'dcantu@stwa.org'; 'fvrosales@stwa.org'; 'jwagner@stwa.org'; 'Chris Monroy'; 'Rosemarie Camacho'
Subject: RE: South Texas Water Authority - NEC Power Factor and Demand Charge
Attachments: M2394T-InfoPacket.pdf

Gilbert,

We thought that might be the case; so, Mando went to the station and recorded the information below. I was able to locate the attached on the Baldor motor. We will look for other information in our files.

Carola

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

Central PS Photo 2 - Baldor

Serial # Ecp2394T-4
HP – 15 TE
RPM – 3525
Frame – 254T
Ser – 297c-263
Volts – 460
 17.5
Nom – Eff – 91.7
PH – 3
PU End BRG - 5309
FR End BRG - 6208
HZ – 60
Ser-F – 15
Rating ???
???

Central PS Photo 3 – Baldor

Cat#M2394T
Spec 09A51Z79
Frame 254T Ser 5/85G
HP 15 Volts 208-230/460
Amps 40 and ??? maybe 38/19 – based on the M2394T specs found online
RPM – 3525 HZ 80
PH 3 SER F 1.15
DES – B Code – H

Full Load Eff. 87%
PF – 89%
Rating 40C Amb cond

Central PS Photo 4

Toshiba
Model 130202FLF2UD
Volts 230/460
HP 20
Type – TIKK
Form FCK1
RPM 3470
Max Amb 40
Hz 60
Phase 3
TEFG
Frame 256T
Service Factor 1.15
BRG LS 6309UUC3 OS 6208UU
Ser#6601123

From: Gilbert Cortinas <gcortinas@cc-electric.com>
Sent: Monday, February 3, 2020 7:22 AM
To: mcgserrato@stwa.org
Cc: ayruegas@stwa.org; dcantu@stwa.org; fvrosales@stwa.org; jwagner@stwa.org; Chris Monroy <cmonroy@cc-electric.com>; Rosemarie Camacho <rcamacho@cc-electric.com>
Subject: RE: South Texas Water Authority - NEC Power Factor and Demand Charge

Good Morning Carola,

Thank you for providing us the pictures of these motors. I feel we have sufficient information, from the given pictures, for 7 out of the 10 motors. I am attaching pictures for the 3 name plates that we're unable to read critical information for proper quoting. My recommendation would be to take a #2 Pencil and lightly shade in over the etched numbers and letters that have missing paint. The lead from the pencil should fill in the etchings and give us an opportunity to better read the markings on the name plates. There's not much that can be done if the name plate letters are deeply scratched, but the pencil will hopefully help identify what is available. Thank you for taking this extra effort to gather this information.

Thank you,

Gilbert Cortinas
Corpus Christi Electric Company
2323 Leopard St.
Corpus Christi, TX 78408
Mobile: 361-944-7788 Office: 361-882-2564
gcortinas@cc-electric.com

ATTACHMENT 18

Property Tax Sale

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 19, 2020
Re: Tax Sale—Struck Off Properties, Nueces County – Resolution 20-08

Background:

Last month, the Board considered action on struck off properties. Marvin Leary with Linebarger, Goggan, Blair, and Sampson, LLP, attended the meeting and reviewed a list of eight (8) struck off properties which would result in approximately \$975 in collected taxes and \$180,000 in value being added back to STWA's rolls. Enclosed is another letter from Mr. Leary notifying STWA about an additional five (5) properties.

Analysis:

As outlined in Mr. Leary's letter, STWA will be paid \$901.61 in taxes and a value based on the current assessment of \$38,027 will be placed on the rolls. At STWA's current tax rate, this would generate about \$30 in I&S and M&O taxes combined.

Staff Recommendation:

Approve the Resolution 20-08 for the sale of the five (5) properties for an amount less than the taxes owed.

Board Action:

Determine whether to adopt Resolution 20-08.

Summarization:

As reported last month, the long-term benefit of approving the sale of struck off properties for "pennies on the dollar" is based on the new owners staying current on their tax payments and hopefully cleaning up the property.

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

February 18, 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

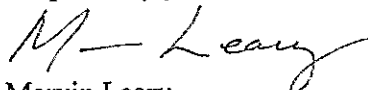
Dear Carola,

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 five 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 February meeting. If the Board approves the offers as submitted, STWA will receive at least \$901.61 in delinquent taxes from the sale proceeds, and restore as much as \$38,027.00 in taxable property value to your active tax rolls.

Your courtesy and cooperation in expediting this request are 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 5 tax resale properties

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
Tax ID# & Legal: 7099-0004-0080; Lot 8, Block 4, Rancho Amistad

Property Location: Near CR 44 @ FM 666 - Banquete

Date of Sale: August 6, 2013
 Amount Due All Entities: 8,377.69
 Amount of Offer: 5,000.00
 Cost of Sale: 150.00
 Current Value: 3,750.00
 % of Total Due: 59.68%
 % of Current Value: 133.33%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	2,251.13	1,303.22
Banquete Independent School District	5,704.71	3,302.56
South Texas Water Authority	421.85	244.22

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, WITH NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS PROPERTIES, LLC OF LANCASTER, TEXAS.

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
Tax ID# & Legal: 709900040090; Lot 9, Block 4, Rancho Amistad

Property Location: Near CR 44 @ FM 666 - Banquete

Date of Sale: August 6, 2013
 Amount Due All Entities: 10,883.53
 Amount of Offer: 5,000.00
 Cost of Sale: 150.00
 Current Value: 3,750.00
 % of Total Due: 45.94%
 % of Current Value: 133.33%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	2,875.34	1,281.33
Banquete Independent School District	7,423.19	3,307.98
South Texas Water Authority	585.00	260.69

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, WITH NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS PROPERTIES, LLC OF LANCASTER, TEXAS.

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
Tax ID# & Legal: 709900040100; Lot 10, Block 4, Rancho Amistad

Property Location: Near CR 44 @ FM 666 - Banquete

Date of Sale: August 6, 2013
Amount Due All Entities: 8,377.69
Amount of Offer: 5,000.00
Cost of Sale: 150.00
Current Value: 3,750.00
% of Total Due: 59.68%
% of Current Value: 133.33%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	2,251.13	1,303.22
Banquete Independent School District	5,704.71	3,302.56
South Texas Water Authority	421.85	244.22

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, WITH NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS PROPERTIES, LLC OF LANCASTER, TEXAS.

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
Tax ID# & Legal: 709900050100; Lot 10, Block 5, Rancho Amistad

Property Location: Near CR 44 @ FM 666 - Banquete

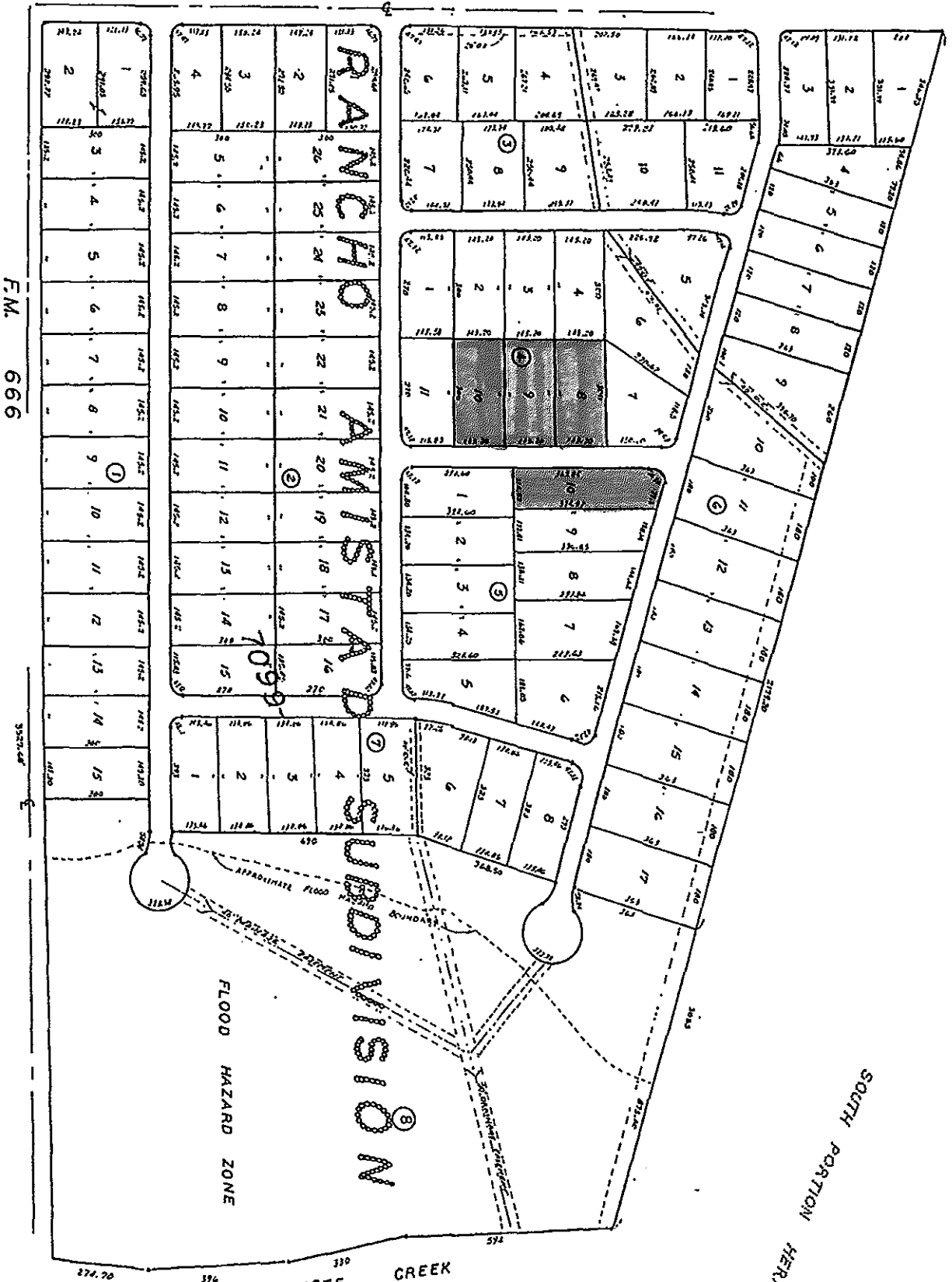
Date of Sale: August 6, 2013
Amount Due All Entities: 7,319.45
Amount of Offer: 5,000.00
Cost of Sale: 150.00
Current Value: 3,863.00
% of Total Due: 68.31%
% of Current Value: 129.43%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	1,989.89	1,318.54
Banquete Independent School District	5,099.44	3,378.98
South Texas Water Authority	230.12	152.48

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, WITH NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS PROPERTIES, LLC OF LANCASTER, TEXAS.

CO. RD. 44 R-229



ROBERTS & WHITE SUBD. OF THE ELLIFF TR. R-180-A

1968-70, 1983

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

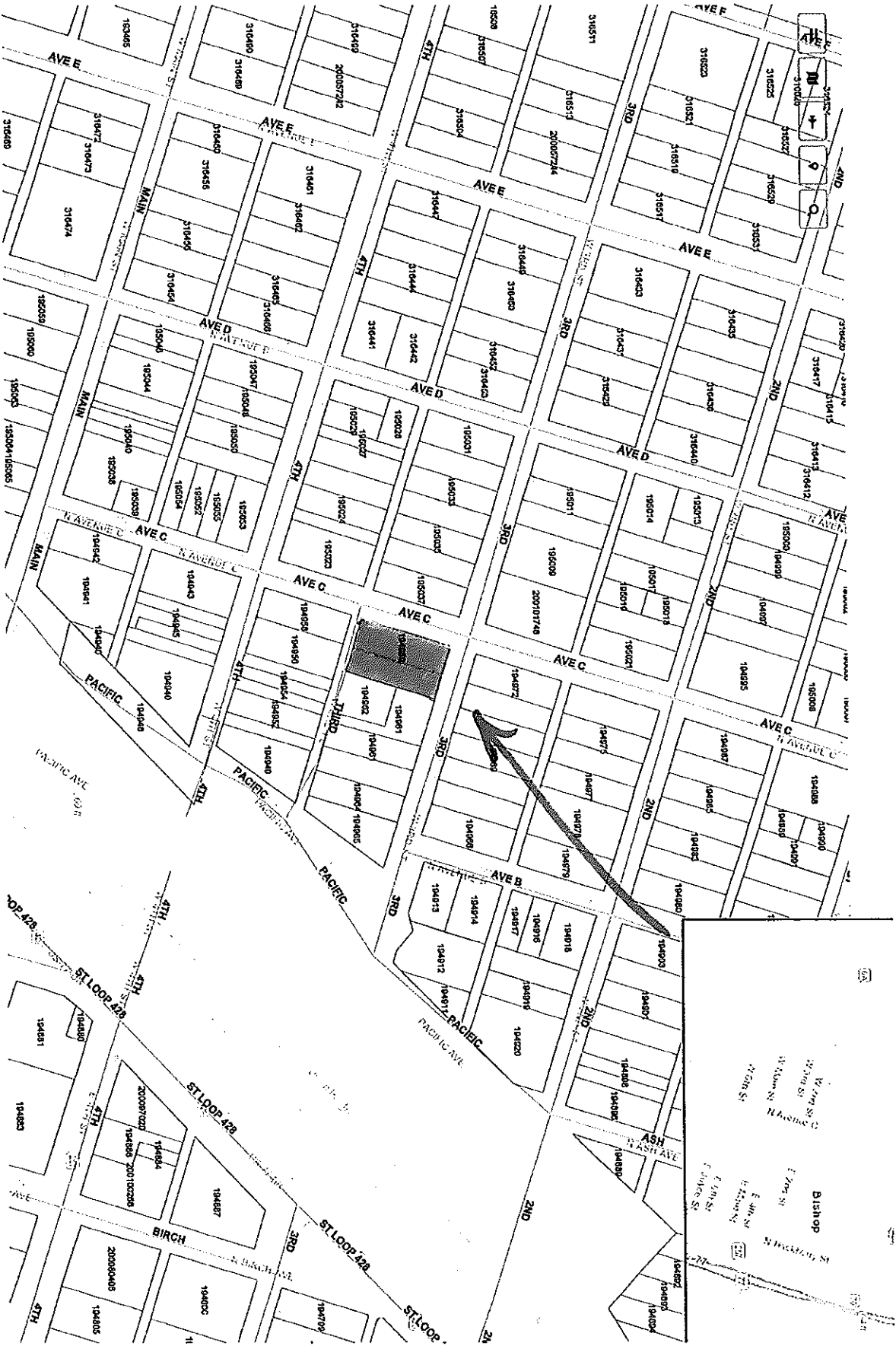
Suit Number & Style: 2012DCV-2265-H; Nueces County vs Toribio Sandoval Jr
Tax ID# & Legal: 0696-0028-0140 & 0696-0028-0150; Lots 14 and 15, Block 28, Original Townsite of Bishop
Property Location: 208-210 W. Third St. - Bishop

Date of Sale: June 2, 2015
Amount Due All Entities: 25,297.70
Amount of Offer: 2,000.00
Cost of Sale: 2,813.50
Current Value: 22,914.00
% of Total Due: 7.91%
% of Current Value: 8.73%

Entity Name	Amount Due Each Entity	Amount You Will Receive
Nueces County	4,222.81	0.00
City of Bishop	6,156.74	0.00
Bishop Consolidated Independent School District	10,584.23	0.00
South Texas Water Authority	475.17	0.00
City Paving & Demo Liens	3,858.75	1,950.00

A DILAPIDATED HOUSE AND DETACHED GARAGE SITTING ON 2 ADJOINING LOTS, 50 FT X 165 FT EACH, AT THE CORNER OF W THIRD ST AND N AVE C IN BISHOP.

THE PROSPECTIVE PURCHASER IS CARRVINO DEVELOPMENT OF CORPUS CHRISTI.



2116-2117

ATTACHMENT 19

Resolution 20-08

SOUTH TEXAS WATER AUTHORITY

Resolution 20-08

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-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0004-0080; Lot 8, Block 4, Rancho Amistad
Property Location: Near CR 44 @ FM 666. – Banquete
Amount due all entities: \$8,377.69; Current Value: \$3,750.00; Amount of Bid: \$5,000.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0004-0090; Lot 9, Block 4, Rancho Amistad
Property Location: Near CR 44 @ FM 666. – Banquete
Amount due all entities: \$10,883.53; Current Value: \$3,750.00; Amount of Bid: \$5,000.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0004-0100; Lot 10, Block 4, Rancho Amistad
Property Location: Near CR 44 @ FM 666. – Banquete
Amount due all entities: \$8,377.69; Current Value: \$3,750.00; Amount of Bid: \$5,000.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0005-0100; Lot 10, Block 5, Rancho Amistad
Property Location: Near CR 44 @ FM 666. – Banquete
Amount due all entities: \$7,319.45; Current Value: \$3,863.00; Amount of Bid: \$5,000.00

Suit Number & Style: 2012DCV-2265-H; Nueces County vs. Toribio Sandoval Jr.
Tax ID # & Legal: 0696-0028-0140 & 0696-0028-0150; Lots 14 and 15, Block 28, Original
Townsite of Bishop
Property Location: 208-210 W. Third St. – Bishop
Amount due all entities: \$25,297.70; Current Value: \$22,914.00; Amount of Bid: \$2,000.00

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 25th day of February, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 20

Proposals for Close Interval Potential Survey – Contract 1

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: February 21, 2020
Re: Cathodic Protection Services – Corrpro Services – CP Survey for Contract 1

Background:

During the last meeting, the Board considered cathodic protection service quotes for surveying work. The Board selected the services of Corrpro to perform a close interval survey with GPS data in the amount of \$9,345.20 contingent on modifying the Agreement terms per legal counsel's recommendations. This was completed in the last few weeks and arrangements were made to have the survey done this week.

The Corrpro crew arrived on Wednesday, February 19th. The survey work was complete on Friday, February 21st. Staff anticipates that a report of the findings will be available by the next Board meeting in March.

Analysis:

This is an update only.

Staff Recommendations:

Provide information as it becomes available.

Board Action:

Provide feedback to staff.

Summarization:

Staff continues to be pleased with the progress of the CP crew. As of February 6th, they were north of County Road 18 which is the county road immediately south of Driscoll, Texas.