

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: June 15, 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, June 23, 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:

PLEASE NOTE: THIS MEETING WILL BE HELD BY REMOTE ACCESS ONLY IN ACCORDANCE WITH THE MARCH 16, 2020 ORDER BY GOVERNOR ABBOTT TEMPORARILY SUSPENDING CERTAIN REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT TO ADVANCE THE GOAL OF LIMITING FACE-TO-FACE MEETINGS TO SLOW THE SPREAD OF COVID-19. NO PERSONS WILL BE AT THE MEETING LOCATION AND NO EQUIPMENT WILL BE AT THE MEETING FOR ACCESS TO THE MEETING. HOWEVER, MEMBERS OF THE PUBLIC MAY ACCESS THIS MEETING BY TELEPHONE AND PARTICIPATE IN THE MEETING BY CALLING ONE OF THE FOLLOWING TOLL-FREE NUMBERS AND ENTERING THE MEETING ID AND PASSWORD BELOW:

(877) 853-5257 or (888) 475-4499
MEETING ID: 863 6451 0900
PASSWORD: 119312

PLEASE SEE THE AUTHORITY'S WEBSITE AT WWW.STWA.ORG FOR THE MEETING PACKET.

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 member's oaths of office.
4. Election of Officers.
5. Approval of Minutes. (Attachment 1)
6. Treasurer's Report/Payment of Bills. (Attachment 2)
7. Water District Truth in Taxation Notices, Effective Tax Rate Calculation, and Meeting/Hearing Schedule. (Attachment 3)
8. Preliminary Fiscal Year 2021 Budget. (Attachment 4)
9. Permanent Easement with City of Bishop for Pump Station Facilities. (Attachment 5)
10. 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 6)
11. Bill of Sale for existing pumps at the Banquete Pump Station from Nueces Water Supply Corporation. (Attachment 7)
12. Nueces County Water Control and Improvement District #5 Wholesale Water Supply Contract and Contract for Operation and Maintenance of Facilities. (Attachment 8)
13. Operations and Maintenance Contract – City of Driscoll. (Attachment 9)
14. **Resolution 20-22.** Resolution authorizing execution of the Contract for Operation and Maintenance of Facilities. (Attachment 10)
15. City of Driscoll unpaid invoices. (Attachment 11)
16. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline. (Attachment 12)
17. Official Consent and Ballot Form for Approval of Unaffiliated Directors for the ERCOT Board of Directors and Bylaw Amendments. (Attachment 13)
18. Adjournment.

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 1:00 am on June 19, 2020

James DeLeon
Assistant Secretary

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

ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Public Hearing Minutes
May 26, 2020
(This meeting was held remotely by phone and Zoom.)

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Patsy Rodgers
Filiberto Treviño

Board Members Absent:

Lupita Perez
Jose Graveley

Staff Present:

Carola G. Serrato
Frances De Leon

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Public Hearing of the STWA Board of Directors to order at 5:47 p.m.

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

- a. Jose A. Garcia and Mary L. Garcia – Lot 7, Block G of The Ranch Subdivision in Nueces County, Texas
- b. John Hernandez – Tract Twenty-One-H (21-H), The Ranch Subdivision in Nueces County, Texas

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

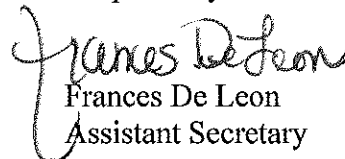
3. Public Comment.

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

4. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the Public Hearing at 5:49 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
May 26, 2020
Minutes
(This meeting was held remotely by phone and Zoom.)

Board Members Present:

Kathleen Lowman
Brandon Barrera
Rudy Galvan, Jr.
Patsy Rodgers
Filiberto Treviño

Board Members Absent:

Lupita Perez
Jose Graveley

Staff Present:

Carola G. Serrato
Frances De Leon

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:50 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the April 28, 2020 Public Hearing and the April 28, 2020 Regular Meeting as presented. Ms. Rodgers seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

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

Treasurer's Report for period ending April 30, 2020
Revenue Fund Income Statement for period ending April 30, 2020
Tax Fund Income Statement for period ending April 30, 2020
Special Services Income Statement for period ending April 30, 2020
STWA Revenue Fund Balance Sheet – April 30, 2020
STWA Revenue Fund GL Account Summary Report as of April 30, 2020
STWA Debt Service Fund Income Statement for period ending April 30, 2020
STWA Debt Service Fund Balance Sheet – April 30, 2020
STWA Debt Service Fund GL Account Summary Report as of April 30, 2020
STWA Capital Projects Fund Income Statement for period ending April 30, 2020
STWA Capital Projects Fund Balance Sheet – April 30, 2020
STWA Capital Projects Fund GL Account Summary Report as of April 30, 2020

FY 2020 Cathodic Protection Expenses Breakdown through April, 2020
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:

• AEGION/Corrpro	\$ 6,495.60
• City of Corpus Christi	\$ 111,220.27
• Hilltop Securities	\$ 2,500.00
• Kevin Kieschnick-Nueces Tax Assessor	\$ 14,799.52
• Ramiro "Ronnie" Canales, NCAD	\$ 2,465.00

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

5. Resolution 20-16. Resolution appointing Carola G. Serrato, Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority.
6. Resolution 20-17. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
7. Resolution 20-18. Resolution appointing Melissa T. De La Garza, Kleberg County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Kleberg County.
8. Resolution 20-19. Resolution establishing tax exemptions for residence homesteads, for property owners who are 65 years of age or older, for persons who are disabled, and for disabled veterans.

Ms. Serrato introduced Resolutions 20-16, 20-17, 20-18 and 20-19 as housekeeping items for the tax year. Mr. Galvan made a motion to adopt Resolutions 20-16, 20-17, 20-18 and 20-19. The motion was seconded by Ms. Rodgers and passed unanimously.

9. Preliminary Nueces and Kleberg County Appraisal District Values.

Ms. Serrato presented the preliminary values for Nueces and Kleberg Counties and reported that this year's preliminary values reflect a \$77,499,203 increase compared to last year's certified values. She added that these values were set as of January 1, 2020; therefore, they are not affected by COVID-19. She also noted that the values are preliminary and are being provided for informational purposes. She reminded the Board that the Average Home Value determines what Maintenance and Operations tax rate can be adopted. Certified values should be delivered by July 25th. No action was taken on the presented information.

10. Permanent Easement with City of Bishop for Pump Station Facilities.

Ms. Serrato stated that the permanent easement for the Bishop Pump Station facilities is not included on the City's May 27th agenda. She has been in contact with City Secretary Cynthia Contreras and left a detailed voice mail for Mayor Tem Miller requesting to discuss arranging a meeting of the negotiating committee and inclusion of this item on the next City agenda. No action was taken by the Board.

11. Declaration of 42" waterline extending from O.N. Stevens Water Treatment Plant to CR 52 as Surplus Property.

Ms. Serrato stated that the City of Corpus Christi has executed the Agreement for purchase of a section of STWA's 42" waterline from the O.N. Stevens Water Treatment Plant to CR 52. She explained that if the Board decides to approve the agreement, the waterline will first need to be declared surplus property. Mr. Galvan made a motion to declare a section of approximately 7,000 LF of the 42" waterline from the O.N. Stevens Water Treatment Plant to CR 52 as surplus property. Mr. Treviño seconded. All voted in favor.

12. Purchase Agreement Water Pipeline and Easements South Texas Water Authority: Seller-STWA, Buyer-City of Corpus Christi.

Ms. Serrato reported that legal counsel Bill Flickinger has been in contact with the City of Corpus Christi to negotiate the terms of an agreement for purchase of a section of STWA's waterline needed for relocation of the master meter from the O. N. Stevens Water Treatment Plant to the intersection of US 77 and CR 52. She stated that the City has executed the document which includes a Bill of Sale and Conveyance of the Pipeline and Easements and Assignment of the Easements. The agreement also includes a provision to begin negotiations on extending and amending the Corpus Christi Water Supply Agreement by November 1, 2020. Mr. Galvan made a motion to approve the Purchase Agreement and the City's request to relocate the master meter measuring STWA's wholesale purchases. Mr. Treviño seconded. The motion passed by unanimous vote.

13. 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 the Texas Water Development Board has issued final approval of the project and construction of the new Banquete Pump Station can begin. The contractor, J. S. Haren, has delivered some equipment to the job site and construction is expected to begin soon. She had nothing further to report.

14. Purchase of existing pumps at the Banquete Pump Station from Nueces Water Supply Corporation.

Ms. Serrato stated that legal counsel Bill Flickinger has been working on a conveyance agreement for the transfer of ownership of the pumps and associated controls. The transfer is contingent on completion of the Banquete Pump Station. The document will be presented to the

Nueces Water Supply Corporation Board before being presented to the STWA Board. No Board action was taken.

15. Nueces County Water Control and Improvement District #5 Wholesale Water Supply Contract and Contract for Operation and Maintenance of Facilities.

Ms. Serrato stated that the NCWC&ID #5 Board did not meet in May and the next meeting is scheduled for June 10th. She plans to attend the meeting whether in person or remotely.

16. Operations and Maintenance Contract – City of Driscoll.

Ms. Serrato stated that she and Bill Flickinger are scheduled for a Zoom meeting with Driscoll Mayor Mark Gonzalez and Interim Administrator Roland Ramos on May 27th to review the cost allocation for the Driscoll Pump Station. She will update the Board on any progress.

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

Ms. Serrato reported that field staff completed the four taps on the Ricardo WSC 12-inch waterline and ran the needed conduit. Mercer Controls will run the wiring and they are awaiting delivery of the last of materials and equipment.

18. NewGen Strategies and Solutions Consultant Services and Agreement to Review Corpus Christi Rate and Model Review.

Ms. Serrato presented an agreement from NewGen Strategies and Solutions, LLC. for review of the City of Corpus Christi's FY 2021 Rate Model, Budget and True-up calculations with a not to exceed amount of \$3,000. If NCWC&ID No. 4 decides to participate, they will share the cost with STWA. Mr. Galvan made a motion to authorize staff to execute the service agreement with NewGen Strategies and Solutions in an amount not to exceed \$3,000 for review of Corpus Christi's Rates and Model. Mr. Treviño seconded. All voted in favor.

19. TCAP Strategic Hedging Program.

- Professional Services Agreement – TCAP
- Commercial Electric Service Agreement – GEXA Energy

Ms. Serrato presented Resolution 20-07 for adoption of TCAP's Professional Services Agreement and GEXA Energy's Commercial Electric Service Agreement. She explained that the program is designed to provide long-term benefits in pricing of energy and if the Board elects to participate in the Strategic Hedging Program but later decides against it, there will be opportunities to exit the program. She added that the City of Kingsville has approved participation in the TCAP Strategic Hedging Program.

20. **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.**

Ms. Rodgers made a motion to approve Resolution 20-07. Mr. Galvan seconded. All voted in favor.

21. **Approval of Annexation of Certain Lands to the South Texas Water Authority.**
- a. **Jose A. Garcia and Mary L. Garcia – Lot 7, Block G of The Ranch Subdivision in Nueces County, Texas**
 - b. **John Hernandez – Tract Twenty-One-H (21-H), The Ranch Subdivision in Nueces County, Texas**

Ms. Serrato stated that approval of Resolution 20-20 and Resolution 20-21 finalizes the annexation process for these properties and she recommended adoption of the resolutions.

22. **Resolution 20-20. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Jose A. Garcia and Mary L. Garcia – Lot 7, Block G of The Ranch Subdivision in Nueces County, Texas)**
23. **Resolution 20-21. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (John Hernandez – Tract Twenty-One-H (21-H), The Ranch Subdivision in Nueces County, Texas)**

Mr. Galvan made a motion to adopt Resolution 20-20 and Resolution 20-21. The motion was seconded by Mr. Treviño and passed unanimously.

24. **Coronavirus Aid, Relief and Economic Security (CARES) Act Provisions for Loans from Defined Contribution Plans.**

Ms. Serrato stated that the CARES Act passed by the federal government in response to COVID-19 includes provisions that adjust the procedures used for employee loans from Defined Contribution Plans. If an entity does not opt out by submitting the required form, the provisions apply. Eligible individuals include those employees who contracted COVID-19, have a spouse or dependent who contracted COVID-19 or who have become adversely affected economically because of COVID-19. Distributions taken by these employees are not subject to the 10% excise tax on early withdrawals or the 20% withholding requirement and the employee can claim the income over a one to three-year period. During the period of March 27 to September 21, the maximum loan allowed is the lesser of \$100,000 or 100% of the account balance. Ms. Serrato recommended opting out of the provisions because since STWA does not participate in Social Security, an employee could potentially end up with a zero balance in their retirement. Mr. Treviño made a motion to opt out of the loan provisions under the CARES Act. Mr. Galvan seconded. All voted in favor.

25. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:24 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary

ATTACHMENT 2

Treasurer's Report/Payment of Bills

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

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.512156 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	10,779	\$27,078.53	\$4,596.01	\$0.00	\$0.00	\$31,674.54
Bishop	1,324	\$3,326.09	\$564.54	\$0.00	\$0.00	\$3,890.63
Agua Dulce	2,458	\$6,175.38	\$1,048.14	\$0.00	\$0.00	\$7,223.52
RWSC	9,961	\$25,023.59	\$4,247.23	\$0.00	\$0.00	\$29,270.82
Driscoll	3,644	\$9,154.30	\$1,553.75	\$0.00	\$0.00	\$10,708.05
NCWCID #5	1,865	\$4,684.92	\$795.17	\$795.17	\$805.00	\$7,080.25
NWSC	17,409	\$43,734.93	\$7,423.09	\$0.00	\$0.00	\$51,158.02
TOTAL	47,440	\$119,177.74	\$20,227.93	\$795.17	\$805.00	\$141,005.83

Water Cost and Usage for Period of:

	04/30/20	to	05/31/20
City of Corpus Christi Invoice for Cost of Water Purchased:			\$120,081.07
Gallons of Water Recorded by City of Corpus Christi:			47,800,000
Gallons of Water Recorded by STWA from Customer's Master Meters:			47,440,420
Water Loss Percentage:			0.75%

Annual Usage for FY 2020

	Annual
Gallons of Water Recorded by City of Corpus Christi:	337,750,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	349,996,410
Water Loss Percentage: (year to date)	-3.63%

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

66.67%

	MONTHLY	YEAR TO DATE	2020 AMENDED BUDGET	% OF 2020 AMENDED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Water Service Revenue	119,178	886,122	1,336,941	66%	818,521	1,366,000
Handling Charge Revenue	20,228	149,234	226,930	66%	139,810	231,255
Premium Incremental Increase	795	20,032	20,000	100%	22,325	38,600
Surcharge - Out of District	649	5,191	7,787	67%	4,866	7,299
Interest Income	849	23,997	34,800	69%	39,899	59,750
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	1,108	21,456	20,000	107%	8,177	21,000
TOTAL REVENUES	142,807	1,106,032	1,646,458	67%	1,033,598	1,723,904
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	120,081	855,150	1,336,941	64%	752,530	1,366,000
Payroll Costs						
Salaries & Wages - Perm. Employees	32,792	239,786	338,850	71%	208,093	328,813
Salaries & Wages - Part-Time	132	718	1,429	50%	876	1,607
Overtime - NWSC	0	0	0	0%	(1)	0
Stand-by Pay - NWSC	0	0	0	0%	0	0
Overtime - RWSC	0	0	0	0%	1	0
Stand-by Pay - RWSC	0	0	0	0%	0	0
Overtime - STWA	2,347	15,025	24,000	63%	11,975	23,000
Stand-by Pay - STWA	100	850	1,300	65%	850	1,354
Employee Retirement Premiums	3,898	35,639	51,677	69%	34,064	60,249
Group Insurance Premium	14,478	130,878	184,666	71%	108,307	159,188
Unemployment Compensation	(22)	1,318	1,176	112%	24	105
Workers' Compensation	(720)	9,558	6,250	153%	4,841	2,840
Car Allowance	500	4,000	6,000	67%	4,000	6,000
Hospital Insurance Tax	365	2,784	3,962	70%	2,282	4,533
Supplies & Materials						
Repairs & Maintenance	6,150	69,055	100,000	69%	54,255	90,000
Meter Expense	0	7,255	7,350	99%	2,350	2,350
Tank Repairs	0	45,000	45,000	0%	0	0
Major Repairs	0	0	25,000	0%	0	25,000
Other Operating Expenditures:						
Professional Fees						
Legal	5,125	30,820	45,000	68%	10,004	20,000
Auditing	0	9,454	9,750	97%	9,503	9,750
Engineering	0	6,496	15,175	43%	2,368	2,500
Management & Consulting	0	2,500	7,500	33%	3,585	7,500
Inspection	0	1,900	3,000	63%	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	(181)	2,520	7,500	34%	3,815	6,000
Printing/Office Supplies	1,280	14,479	30,000	48%	13,232	22,000
Janitorial/Site Maintenance	679	3,706	6,000	62%	2,162	6,000
Fuel/Lubricants/Repairs	2,065	26,578	32,500	82%	29,635	46,000
Chemicals/Water Samples	2,327	23,815	52,500	45%	25,010	48,500
Safety Equipment	0	0	1,500	0%	1,512	2,500
Small Tools	22	829	2,000	41%	1,359	2,500

	MONTHLY	YEAR TO DATE	2020 AMENDED BUDGET	% OF 2020 AMENDED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
Recurring Operating Costs						
Telephone/Communications	1,044	9,450	14,000	68%	13,543	24,000
Utilities	6,875	55,748	110,000	51%	53,796	94,000
D & O Liability Insurance	43	2,802	3,500	80%	1,281	3,500
Property Insurance	0	43,973	47,300	93%	47,292	47,292
General Liability	0	1,830	3,200	57%	3,196	3,200
Auto Insurance	0	2,443	2,450	100%	2,219	2,225
Travel/Training/Meetings	116	3,423	10,000	34%	4,200	7,000
Rental-Equipment/Uniforms	0	2,187	5,000	44%	2,626	5,000
Dues/Subscriptions/Publication	498	5,576	15,000	37%	12,397	20,000
Pass Through Cost	0	0	400	0%	1	50
Educational Materials	0	0	0	0%	0	0
Miscellaneous						
Miscellaneous Expenditures	386	5,175	7,500	69%	4,085	8,500
Total Administrative & Operations Exp.	200,379	1,672,719	2,599,376	64%	1,433,168	2,461,556
Capital Outlay						
Capital Acquisition	0	91,226	254,340	36%	202,415	278,444
Engineering	0	7,750	8,610	0%	0	17,200
TOTAL EXPENDITURES (w/o D.S. exp.)	200,379	1,771,695	2,862,326	62%	1,635,583	2,757,200
Excess (Deficiencies) of Revenue Over Expenditures						
	(57,572)	(665,664)	(1,215,868)	55%	(601,985)	(1,033,296)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	(952,675)	(1,427,329)	67%	(1,170,110)	(1,297,000)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	0	(1,500)	0%	(15,238)	(15,238)
TOTAL OTHER FINANCING SOURCES (USES)	0	(952,675)	(1,428,829)	67%	(1,185,348)	(1,312,238)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)						
	(57,572)	287,011	212,961		583,363	278,942
NET INCOME	(57,572)	287,011	212,961		583,363	278,942

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

66.67%

	MONTHLY	YEAR TO DATE	2020 AMENDED BUDGET	% OF 2020 AMENDED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	12,934	1,465,156	1,465,721	100%	1,262,940	1,297,100
Delinquent Tax Revenue	2,008	22,946	30,000	76%	22,420	44,000
Penalty & Interest - Tax Accounts	2,091	15,042	19,000	79%	16,039	21,850
Miscellaneous	0	8	8	100%	94	94
TOTAL TAXES & INTEREST	17,032	1,503,152	1,514,729	99%	1,301,493	1,363,044
EXPENDITURES						
Tax Collector Fees	154	60,672	62,200	98%	42,430	42,431
Appraisal Districts	6,292	18,876	25,200	75%	17,150	22,867
TOTAL EXPENDITURES	6,446	79,548	87,400	91%	59,580	65,298
 Transfer to General Fund	 0	 952,675	 1,427,329	 67%	 1,170,110	 1,297,746
 EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	 10,586	 470,929	 0		 71,803	 0

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

66.67%

	MONTHLY	YEAR TO DATE	2020 AMENDED BUDGET	% OF 2020 AMENDED BUDGET	2019 YEAR TO DATE	2019 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	25,905	193,709	308,794	63%	179,956	275,384
Nueces Water Supply Corporation	27,161	249,466	334,531	75%	183,283	258,616
TOTAL REVENUES	53,067	443,176	643,325	69%	363,239	534,000
EXPENDITURES						
Personnel	29,123	220,079	334,754	66%	205,309	312,132
Overhead	21,750	177,315	294,580	60%	192,370	282,172
TOTAL EXPENDITURES	50,874	397,394	629,334	63%	397,679	594,304
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES						
	2,193	45,781	13,991		(34,440)	(60,304)

South Texas Water Authority
Balance Sheet
May 31, 2020

ASSETS

Current Assets

STWA - General	\$	208,974.23	
STWA - Payroll		35,403.09	
STWA - Operations		2,377.89	
Petty Cash		150.00	
TexPool - STWA General		3,181,907.20	
Due From Capital Projects Fund		74,930.43	
Due from Debt Service Fund		1,890.88	
Due from D.S .-Collect Service		6,833.31	
Tax Accounts Receivable		171,762.90	
Allowance for Uncollect Taxes		(76,736.35)	
Service accts receivable		320,326.13	
Interlocal Rec-Bishop		1,052.13	
Interlocal Rec-Ricardo		9,107.21	
Interlocal Rec-Nueces		9,535.81	
Interlocal Rec. - Tax Assessor		3,505.29	
Inventory		19,660.50	
Total Assets			\$ 3,970,680.65

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$	139,612.98	
Salaries & Wages Payable		17,812.48	
Hospital Ins Tax Payable		1,676.82	
Withholding Taxes Payable		6,015.02	
Unemployment Comp. Pbl.		517.40	
Miscellaneous Payables		2,597.68	
Compensated Absences		17,508.91	
Deferred tax revenue		95,026.55	
Due to Debt Service Fund		624.37	
Total Liabilities			281,392.21

Fund Equity

Unassigned Fund Balance		2,865,906.34	
Assigned Fund Bal. - Inventory		19,660.50	
Current Earning		803,721.60	
Total Fund Equity			3,689,288.44
Total Liabilities & Fund Equity			\$ 3,970,680.65

South Texas Water Authority
GI Account Summary Report
As of: May 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	78,933.59	\$ 465,116.44	\$ (335,075.80)	\$ 130,040.64	\$ 208,974.23
STWA - Payroll	9,257.07	70,013.72	(43,867.70)	26,146.02	35,403.09
STWA - Operations	(1,341.39)	30,008.42	(26,289.14)	3,719.28	2,377.89
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	350,000.00	(350,000.00)	0.00	0.00
TexPool - STWA General	3,414,699.03	17,208.17	(250,000.00)	(232,791.83)	3,181,907.20
Due From Capital Projects Fund	66,728.04	8,202.39	0.00	8,202.39	74,930.43
Due from Debt Service Fund	1,875.57	15.31	0.00	15.31	1,890.88
Due from D.S. -Collect Service	5,282.77	1,550.54	0.00	1,550.54	6,833.31
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	340,053.38	176,463.28	(196,190.53)	(19,727.25)	320,326.13
Interlocal Rec-Bishop	909.66	1,052.13	(909.66)	142.47	1,052.13
Interlocal Rec-Ricardo	7,210.97	9,107.20	(7,210.96)	1,896.24	9,107.21
Interlocal Rec-Nueces	10,715.31	9,535.80	(10,715.30)	(1,179.50)	9,535.81
Interlocal Rec. - Tax Assessor	2,903.42	3,505.29	(2,903.42)	601.87	3,505.29
Inventory	19,660.50	0.00	0.00	0.00	19,660.50
Total Assets	4,052,064.47	1,141,778.69	(1,223,162.51)	(81,383.82)	3,970,680.65
Current Liabilities					
Trade Accounts Payable	(180,341.37)	261,634.27	(220,905.88)	40,728.39	(139,612.98)
Salaries & Wages Payable	(15,267.84)	15,267.84	(17,812.48)	(2,544.64)	(17,812.48)
Hospital Ins Tax Payable	(1,464.36)	1,464.56	(1,677.02)	(212.46)	(1,676.82)
Withholding Taxes Payable	(4,913.05)	4,670.14	(5,772.11)	(1,101.97)	(6,015.02)
Emply Retire Prem Payable	0.00	15,215.20	(15,215.20)	0.00	0.00
Unemployment Comp. Pbl.	(515.80)	0.00	(1.60)	(1.60)	(517.40)
Miscellaneous Payables	(2,477.05)	9,124.63	(9,245.26)	(120.63)	(2,597.68)
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	(468.28)	0.00	(156.09)	(156.09)	(624.37)
Total Liabilities	(317,983.21)	307,376.64	(270,785.64)	36,591.00	(281,392.21)
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	848,514.42	\$ 1,449,155.33	\$ (1,493,948.15)	\$ (44,792.82)	\$ 803,721.60

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

66.67%

		2020	% OF 2020	2019	2019	
	MONTHLY	YEAR TO	ADOPTED	ADOPTED	YEAR TO	
		DATE	BUDGET	BUDGET	DATE	
					FINAL	
					BUDGET	
REVENUES						
Ad-Valorem - Current	3,111	352,425	369,962	95%	349,343	359,300
Delinquent Tax Revenue	582	6,321	9,500	67%	6,977	14,450
Penalty & Interest - Tax Accounts	533	3,272	5,500	59%	4,145	5,950
Out-of-District Surcharge	156	1,249	1,873	67%	1,346	2,020
Interest on Temporary Investments	79	1,672	4,250	39%	3,335	5,000
Miscellaneous	<u>0</u>	<u>1</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL TAXES & INTEREST	4,461	364,940	391,085	93%	365,146	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	4,461	364,940	391,085	93%	365,146	386,720
EXPENDITURES						
Fiscal Agent Fees	0	100	200	50%	100	200
Bond Interest Expense	0	58,925	117,850	50%	61,175	122,350
Bond Principal Payments	0	0	230,000	0%	0	225,000
Tax Collector Fees	37	14,594	12,070	121%	11,737	11,737
Appraisal District Fees	1,514	4,540	6,308	72%	4,744	6,325
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	1,551	78,160	366,428	21%	77,756	365,612
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	2,911	286,781	24,657		287,390	21,108

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

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$	349,584.37	
Due from General		624.36	
Interlocal Rec.-Tax Assessors		868.53	
Taxes Receivable		52,543.25	
Allowance for Uncollectibles		(11,370.61)	
Total Current Assets			392,249.90

Other Assets

Total Other Assets			0.00
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Total Assets	\$		392,249.90
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LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$	41,172.64	
Due to General Fund		8,724.19	
Total Current Liabilities			49,896.83

Long-Term Liabilities

Total Long-Term Liabilities			0.00
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Total Liabilities			49,896.83
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Funds Equity

Fund Balance		55,572.56	
Net Income		286,780.51	
Total Funds Equity			342,353.07

Total Liabilities & Funds Equity	\$		392,249.90
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STWA Debt Service Fund
 Gl Account Summary Report
 As of: May 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	345,383.12	\$ 4,201.25	\$ 0.00	\$ 4,201.25	\$ 349,584.37
12200	Due from General	468.27	156.09	0.00	156.09	624.36
13001	Interlocal Rec.-Tax Assessor	749.40	868.53	(749.40)	119.13	868.53
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	(7,158.34)	0.00	(1,565.85)	(1,565.85)	(8,724.19)
39100	Fund Balance	(55,572.56)	0.00	0.00	0.00	(55,572.56)
Totals		<u>283,869.89</u>	<u>\$ 5,225.87</u>	<u>\$ (2,315.25)</u>	<u>\$ 2,910.62</u>	<u>\$ 286,780.51</u>

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

66.67%

	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	170	7,292	17,000	43%	15,638	17,500
TOTAL REVENUE AND OTHER FINANCE SOURCES	170	7,292	17,000	43%	15,638	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	8,202	115,970	516,809	22%	113,908	199,395
Pipeline Condition Assessment	0	0	0	0%	0	0
Legal & Administrative Fees	0	0	0	0%	0	181,712
Cost of Bond Issuance	0	0	0	0%	0	0
Miscellaneous Fees	<u>0</u>	<u>4,369</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	8,202	120,340	736,809	16%	113,908	939,942
 EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(8,033)	(113,048)	(719,809)		(98,270)	(922,442)

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

ASSETS

Current Assets

TexSTAR - Construction Fund	\$ 818,435.57	
Total Current Assets		818,435.57

Property and Equipment

Total Property and Equipment		0.00
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Other Assets

Total Other Assets		0.00
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Total Assets	\$ 818,435.57	

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Due to General Fund	\$ 74,930.42	
Total Current Liabilities		74,930.42

Long-Term Liabilities

Total Long-Term Liabilities		0.00
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Total Liabilities		74,930.42
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Fund Balance

Fund Balance	856,552.85	
Net Income	(113,047.70)	
Total Fund Balance		743,505.15

Total Liabilities & Fund Balance	\$ 818,435.57	

STWA Capital Projects Fund
 GI Account Summary Report
 As of: May 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	818,265.74	\$ 169.83	\$ 0.00	\$ 169.83	\$ 818,435.57
2400	Due to General Fund	(66,728.03)	0.00	(8,202.39)	(8,202.39)	(74,930.42)
39100	Fund Balance	(856,552.85)	0.00	0.00	0.00	(856,552.85)
Totals		<u>(105,015.14)</u>	<u>\$ 169.83</u>	<u>\$ (8,202.39)</u>	<u>\$ (8,032.56)</u>	<u>\$ (113,047.70)</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	\$13,424.99	\$1,052.02	\$14,477.01 Due from Capital Projects Fund
February 2020	\$9,981.41	\$492.70	\$10,474.11 Due from Capital Projects Fund
March 2020	\$10,006.21	\$960.03	\$10,966.24 Due from Capital Projects Fund
April 2020	\$10,068.94	\$35,218.75	\$45,287.69 Due from Capital Projects Fund
May 2020	\$8,077.75	\$124.65	\$8,202.40 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	\$77,110.74	\$38,859.90	\$115,970.64

Payroll Costs - CP Tech #1

	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	\$1,216.00	\$3,040.00	\$2,802.50	\$4,560.00	\$3,068.50	\$3,040.00	\$3,068.00	\$2,485.08	\$0.00	\$0.00	\$0.00	\$0.00	\$23,280.08
Medicare	\$17.63	\$44.08	\$40.64	\$66.12	\$44.49	\$44.08	\$44.49	\$36.03	\$0.00	\$0.00	\$0.00	\$0.00	\$337.56
Retirement	\$145.92	\$364.80	\$336.30	\$547.20	\$368.22	\$364.80	\$368.16	\$298.21	\$0.00	\$0.00	\$0.00	\$0.00	\$2,793.61
Worker's Comp	\$44.84	\$112.09	\$103.33	\$168.13	\$101.81	\$100.86	\$101.79	\$82.45	\$0.00	\$0.00	\$0.00	\$0.00	\$815.29
Texas Workforce	\$1.22	\$3.04	\$2.80	\$4.56	\$3.07	\$48.64	\$49.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$112.42
Health	\$1,178.06	\$1,921.75	\$1,921.75	\$1,921.75	\$1,921.75	\$1,921.75	\$1,921.75	\$1,556.62	\$0.00	\$0.00	\$0.00	\$0.00	\$14,265.18
LTD/ADD/Life	\$0.00	\$42.84	\$42.84	\$42.84	\$42.84	\$42.84	\$42.84	\$34.70	\$0.00	\$0.00	\$0.00	\$0.00	\$291.74
Total	\$2,603.66	\$5,528.60	\$5,250.16	\$7,310.60	\$5,550.68	\$5,562.97	\$5,596.11	\$4,493.09	\$0.00	\$0.00	\$0.00	\$0.00	\$41,895.88

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	\$2,986.14	\$2,958.40	\$2,958.40	\$2,396.30	\$0.00	\$0.00	\$0.00	\$0.00	\$24,200.28
Medicare	\$36.93	\$42.90	\$42.90	\$64.35	\$43.30	\$42.90	\$42.90	\$34.75	\$0.00	\$0.00	\$0.00	\$0.00	\$350.90
Retirement	\$254.66	\$295.84	\$295.84	\$443.76	\$298.61	\$295.84	\$325.42	\$263.59	\$0.00	\$0.00	\$0.00	\$0.00	\$2,473.58
Worker's Comp	\$93.90	\$109.08	\$109.08	\$163.62	\$99.07	\$98.15	\$98.15	\$79.50	\$0.00	\$0.00	\$0.00	\$0.00	\$850.56
Texas Workforce	\$0.00	\$0.00	\$0.00	\$4.44	\$2.99	\$47.33	\$47.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$102.09
Health	\$410.55	\$959.15	\$959.15	\$959.15	\$959.15	\$959.15	\$959.15	\$776.92	\$0.00	\$0.00	\$0.00	\$0.00	\$6,942.37
LTD/ADD/Life	\$12.67	\$41.47	\$41.47	\$41.47	\$41.47	\$41.47	\$41.47	\$33.59	\$0.00	\$0.00	\$0.00	\$0.00	\$295.08
Total	\$3,355.35	\$4,406.84	\$4,406.84	\$6,114.38	\$4,430.73	\$4,443.24	\$4,472.83	\$3,584.65	\$0.00	\$0.00	\$0.00	\$0.00	\$35,214.86

**CATHODIC PROTECTION
MATERIALS**

Account ID	Account Description	Date	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	FERGUSON ENTERPRISES, INC #61 - MASTIC	277.50		
52101	Repairs & Maint-42" line	10/19/18	W. W. Grainger, Inc. - AIR CHISEL SCALER, MULTIMETER	730.26		
52101	Repairs & Maint-42" line	10/23/18	CITIBANK CORPORATE CARD - Wire dispenser, wiere, electrode, Cu-Sulfate	441.35		
52101	Repairs & Maint-42" line	10/23/18	W. W. Grainger, Inc. - chisel	11.07		
52101	Repairs & Maint-42" line	10/26/18	CITIBANK CORPORATE CARD - Harbor Freight Tools CP	46.38		
52101	Repairs & Maint-42" line	10/26/18	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 ID	Account Description	Date	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	CORPUS CHRISTI ELECT. CO - Fuse- CP Rectifiers	152.20		
52101	Repairs & Maint-42" line	11/6/18	CITIBANK CORPORATE CARD - CP Supplies- Tools and Accessories	370.02		
52101	Repairs & Maint-42" line	11/7/18	W. W. Grainger, Inc. - Canvas Cover	164.69		
52101	Repairs & Maint-42" line	11/8/18	McCOY'S BUILDING SUPPLY CENTER - CP Supplies	15.48		
52101	Repairs & Maint-42" line	11/9/18	LOWE'S BUSINESS ACCOUNT - shoval, tarp straps, ratchet bag, ladder	272.54		
52101	Repairs & Maint-42" line	11/16/18	LOWE'S BUSINESS ACCOUNT - Test leads	15.19		
52101	Repairs & Maint-42" line	11/19/18	McCOY'S BUILDING SUPPLY CENTER - Fogger and screws-	18.32		
52101	Repairs & Maint-42" line	11/28/18	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 ID	Account Description	Date	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	LOWE'S BUSINESS ACCOUNT - CP - Tools	50.27		
52101	Repairs & Maint-42" line	12/10/18	O'REILLY AUTO SUPPLY - Filter Wrench -CP use	11.99		
52101	Repairs & Maint-42" line	12/21/18	O'REILLY AUTO SUPPLY - track hoe items	47.99		
52101	Repairs & Maint-42" line	12/27/18	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 ID	Account Description	Date	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	CITIBANK CORPORATE CARD - Kubota L3901 Tractor with loader Rental	525.00		
52101	Repairs & Maint-42" line	1/11/19	Petty Cash - CP - CC Electronics - clips	31.00		
52101	Repairs & Maint-42" line	1/15/19	LOWE'S BUSINESS ACCOUNT - CP washer bolts Nuts, and tool box	74.97		
52101	Repairs & Maint-42" line	1/21/19	O'REILLY AUTO SUPPLY - Adapter- CP	14.99		
52101	Repairs & Maint-42" line	1/21/19	LOWE'S BUSINESS ACCOUNT - TOOL BAGS MATERIALS	95.03		
52101	Repairs & Maint-42" line	1/23/19	PRAXAIR DISTRIBUTION INC - Welder's helmet	239.95		
52101	Repairs & Maint-42" line	1/24/19	CITIBANK CORPORATE CARD - tools- bolts, gang blank cover	62.55		
52101	Repairs & Maint-42" line	1/28/19	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 ID	Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
		2/1/19	Beginning Balance			
52101	Repairs & Maint-42" line	2/1/19	CORPUS CHRISTI ELECT. CO - cathodic wire	351.00		
52101	Repairs & Maint-42" line	2/11/19	McCOY'S BUILDING SUPPLY CENTER - Masonry cement type S, marking spray	20.03		
52101	Repairs & Maint-42" line	2/26/19	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 ID	Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	3/1/19	Beginning Balance			
52101	Repairs & Maint-42" line	3/1/19	CORRPRO COMPANIES, INC. - Test Stations Actual pipe with Electrical	422.11		
52101	Repairs & Maint-42" line	3/5/19	McCOY'S BUILDING SUPPLY CENTER - CP Sand	19.65		
52101	Repairs & Maint-42" line	3/5/19	McCOY'S BUILDING SUPPLY CENTER - Cement CP	28.49		
52101	Repairs & Maint-42" line	3/8/19	CORPUS CHRISTI ELECT. CO - Splice kit	215.00		
52101	Repairs & Maint-42" line	3/12/19	TRACTOR SUPPLY CREDIT PLAN - Flux Coat Bronze-Brazing Rod not for welding but for 1	16.99		
52101	Repairs & Maint-42" line	3/18/19	McCOY'S BUILDING SUPPLY CENTER - CP Test Stations, Treated pine	54.20		
52101	Repairs & Maint-42" line	3/19/19	LOWE'S BUSINESS ACCOUNT - Wire connectors- CP Test Stations	17.82		
52101	Repairs & Maint-42" line	3/19/19	W. W. Grainger, Inc. - silicone sealant	4.08		
52101	Repairs & Maint-42" line	3/19/19	W. W. Grainger, Inc. - Color reflector 3" (50)	86.50		
52101	Repairs & Maint-42" line	3/20/19	McCOY'S BUILDING SUPPLY CENTER - screws/bolts ? CP	8.67		
52101	Repairs & Maint-42" line	3/20/19	CORPUS CHRISTI ELECT. CO - CP Test Stations- straps / bolts	124.98		
52101	Repairs & Maint-42" line	3/28/19	LOWE'S BUSINESS ACCOUNT - test stations self tap screws and lumber	91.09		
52101	Repairs & Maint-42" line	3/29/19	CORRPRO COMPANIES, INC. - Cott Big Fink - Test Stations Actual piping for the Test Stat:	1,148.86		
52101	Repairs & Maint-42" line		Current Period Change			2,238.44
		3/31/19	Ending Balance			8,313.60

Account ID	Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	4/1/19	Beginning Balance			
52101	Repairs & Maint-42" line	4/8/19	W. W. Grainger, Inc. - Color reflectors for Test Stations	69.20		
52101	Repairs & Maint-42" line	4/9/19	PRAXAIR DISTRIBUTION INC - Welding Rods CP-50pounds	170.00		
52101	Repairs & Maint-42" line	4/9/19	CORPUS CHRISTI ELECT. CO - Test Stations materials	98.85		
52101	Repairs & Maint-42" line	4/30/19	THOMPSON PIPE GROUP-PRESSURE - Bonding clips (200)	1,023.47		
11900	Corpro Companies	4/16/19	CORRPRO COMPANIES, INC. - 500 Anodes	42,625.00		
52101	Repairs & Maint-42" line		Current Period Change			43,986.52
		4/30/19	Ending Balance			52,300.12

52101	Repairs & Maint-42" line	5/1/19	Beginning Balance			
52101	Repairs & Maint-42" line	5/1/19	LOWE'S BUSINESS ACCOUNT - cement and hex bolts	17.75		
52101	Repairs & Maint-42" line	5/3/19	TRACTOR SUPPLY CREDIT PLAN - Brazing Rod	16.99		
52101	Repairs & Maint-42" line	5/17/19	CITIBANK CORPORATE CARD - 2 55# Rapid Set Mortar	32.80		
52101	Repairs & Maint-42" line	5/17/19	CORPUS CHRISTI ELECT. CO - #10 Stranded blue wire (500 ft)	97.50		
52101	Repairs & Maint-42" line	5/31/19	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 ID	Account Description	Date	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	CITIBANK CORPORATE CARD - dealer electric- splice kits	38.00		
52101	Repairs & Maint-42" line	6/10/19	CORPUS CHRISTI ELECT. CO - Wire connectors	247.40		
52101	Repairs & Maint-42" line	6/12/19	W. W. Grainger, Inc. - Reflective strips	5.58		
52101	Repairs & Maint-42" line	6/14/19	CITIBANK CORPORATE CARD - Rapid set concrete mix	25.60		
52101	Repairs & Maint-42" line	6/18/19	McCOY'S BUILDING SUPPLY CENTER - Rustpre Spray Black	5.16		
52101	Repairs & Maint-42" line	6/25/19	LOWE'S BUSINESS ACCOUNT - Test Stations	21.21		
52101	Repairs & Maint-42" line	6/27/19	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 ID	Account Description	Date	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	McCOY'S BUILDING SUPPLY CENTER - Black enamel paint for ARV	34.12		
52101	Repairs & Maint-42" line	7/15/19	CORPUS CHRISTI ELECT. CO - nylon wire 500 foot roll	92.50		
52101	Repairs & Maint-42" line	7/19/19	CITIBANK CORPORATE CARD - Home Depot- Wire connectors	18.84		
52101	Repairs & Maint-42" line	7/26/19	HOSE of SOUTH TEXAS - Wormgear clamps for ARV openings	86.38		
52101	Repairs & Maint-42" line	7/29/19	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 ID	Account Description	Date	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	McCOY'S BUILDING SUPPLY CENTER - Flat washers, hex nuts	18.31		
52101	Repairs & Maint-42" line	8/30/19	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 ID	Account Description	Date	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	CORRPRO COMPANIES, INC. - Test station	710.00		
52101	Repairs & Maint-42" line	9/3/19	CORRPRO COMPANIES, INC. - Added 5 more	160.00		
52101	Repairs & Maint-42" line	9/5/19	CORPUS CHRISTI ELECT. CO - 100 sure splice kits	215.00		
52101	Repairs & Maint-42" line	9/6/19	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 ID	Account Description	Date	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	McCOY'S BUILDING SUPPLY CENTER - Treated Pine- CP Posts for test stations	37.31		
52101	Repairs & Maint-42" line	10/23/19	CORPUS CHRISTI ELECT. CO - Split Bolts (20) Brass Wire connector for test stations	30.16		
52101	Repairs & Maint-42" line	10/30/19	W. W. Grainger, Inc. - Erosion Control Blanket- 42" line	722.78		
52101	Repairs & Maint-42" line		Current Period Change	790.25		790.25
		10/30/19	Ending Balance			55,140.49

Account ID	Account Description	Date	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	TRACTOR SUPPLY CREDIT PLAN - Brazing Rod- CP	16.99		
52101	Repairs & Maint-42" line	11/12/19	TRACTOR SUPPLY CREDIT PLAN - Brazing rods-CP	15.99		
52101	Repairs & Maint-42" line	11/15/19	McCOY'S BUILDING SUPPLY CENTER - Safety Yellow Paint	34.12		
52101	Repairs & Maint-42" line	11/25/19	CITIBANK CORPORATE CARD - Rapid set cement-CP	51.20		
52101	Repairs & Maint-42" line		Current Period Change	118.3		118.3
			Ending Balance			55258.79

Account ID	Account Description	Date	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	CITIBANK CORPORATE CARD - home depot Concrete mix-	28.25		
52101	Repairs & Maint-42" line	12/18/19	W. W. Grainger, Inc. - Test Stations- Color reflector	42.80		
52101	Repairs & Maint-42" line	12/23/19	LOWE'S BUSINESS ACCOUNT - Treated lumberCP Stations	32.15		
52101	Repairs & Maint-42" line		Current Period Change	103.20		103.20
			Ending Balance			55,361.99

Account ID	Account Description	Date	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	LOWE'S BUSINESS ACCOUNT - Wire twist, conn yellow	2.93		
52101	Repairs & Maint-42" line	1/6/20	CITIBANK CORPORATE CARD - RAPID SET CONCRETE MIX	38.40		
52101	Repairs & Maint-42" line	1/13/20	CITIBANK CORPORATE CARD - RAPID SET CONCRETE MIX	38.40		
52101	Repairs & Maint-42" line	1/16/20	THOMPSON PIPE GROUP-PRESSURE - Bonding clips 200	800.00		
52101	Repairs & Maint-42" line	1/20/20	TRACTOR SUPPLY CREDIT PLAN - Brazin Rods for Anodes	31.98		
52101	Repairs & Maint-42" line	1/21/20	CITIBANK CORPORATE CARD - Home Depot-Rapid set cement	128.00		
52101	Repairs & Maint-42" line	1/22/20	LOWE'S BUSINESS ACCOUNT - self drill screws	12.31		
52101	Repairs & Maint-42" line		Current Period Change	1,052.02		1,052.02
			Ending Balance			56,414.01

Account ID	Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	2/1/20	Beginning Balance			
52101	Repairs & Maint-42" line	2/7/20	CITIBANK CORPORATE CARD - Rapid Cement, seft tapping screws	142.76		
52101	Repairs & Maint-42" line	2/11/20	CORPUS CHRISTI ELECT. CO - clip connector and straps for test stations	349.94		
52101	Repairs & Maint-42" line		Current Period Change	492.70		492.70
			Ending Balance			56,906.71

Account ID	Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	3/1/20	Beginning Balance			
52101	Repairs & Maint-42" line	3/4/20	Pace Analytical Services, LLC - Soil Test on 42	82.00		
52101	Repairs & Maint-42" line	3/4/20	CORPUS CHRISTI ELECT. CO - Sure splice kit w/ wire nuts	430.00		
52101	Repairs & Maint-42" line	3/11/20	Core & Main - 1 gal Bitumastic-3	156.00		
52101	Repairs & Maint-42" line	3/17/20	CORPUS CHRISTI ELECT. CO - THHn10 BluSol- Wires for Bonding clips	92.50		
52101	Repairs & Maint-42" line	3/18/20	PRAXAIR DISTRIBUTION INC - Acetylene	67.25		
52101	Repairs & Maint-42" line	3/26/20	LOWE'S BUSINESS ACCOUNT - 4x4x8 treated and Quickcrete	132.28		
52101	Repairs & Maint-42" line		Current Period Change	960.03		960.03
			Ending Balance			57,866.74

Account ID	Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	4/1/20	Beginning Balance			
52101	Repairs & Maint-42" line	4/1/20	TRACTOR SUPPLY CREDIT PLAN - Brazing rods	16.99		
52101	Repairs & Maint-42" line	4/1/20	TRACTOR SUPPLY CREDIT PLAN - Alum Electro	19.99		
52101	Repairs & Maint-42" line	4/14/20	CITIBANK CORPORATE CARD - Stuart Steel Protection - anodes CP project	34,350.00		
52101	Repairs & Maint-42" line	4/23/20	TRACTOR SUPPLY CREDIT PLAN - BRAZING ROD-BONDING CLIPS	15.99		
52101	Repairs & Maint-42" line	4/30/20	THOMPSON PIPE GROUP-PRESSURE - Bonding clips	815.78		
52101	Repairs & Maint-42" line		Current Period Change	35,218.75		35,218.75
		4/30/20	Ending Balance			93,085.49

Account ID	Account Description	Date	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	5/1/20	Beginning Balance			
52101	Repairs & Maint-42" line	5/7/20	LOWE'S BUSINESS ACCOUNT - reflector screws	9.49		
52101	Repairs & Maint-42" line	5/14/20	TRACTOR SUPPLY CREDIT PLAN - Brazing rods	31.98		
52101	Repairs & Maint-42" line	5/20/20	CITIBANK CORPORATE CARD - Rapid set concrete	76.80		
52101	Repairs & Maint-42" line	5/26/20	TRACTOR SUPPLY CREDIT PLAN - Cut off wheel metal	6.38		
52101	Repairs & Maint-42" line		Current Period Change	124.65		124.65
		5/31/20	Ending Balance			93,210.14

**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			\$3,528.80	
			<u>\$1,141,333.94</u>	\$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		\$10,650.00	\$10,650.00	
		<u>\$426,941.84</u>	<u>\$426,941.84</u>	-\$10,178.78
Rock Engineering			\$1,051.00	
Rock Engineering			\$201.00	
Rock Engineering			\$2,026.00	
			<u>\$3,278.00</u>	-\$13,456.78
Non-Construction Related Costs:		<u>\$22,650.42</u>	<u>\$20,031.42</u>	
TOTAL Proposition #1	\$1,900,000.00	\$1,763,118.75	\$1,933,488.20	-\$33,488.20

Proposition #2: KINGSVILLE PUMP STATION

56.25%

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

Proposition #3: BISHOP FACILITY

7.21%

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

TOTAL	\$936,297.63
INTEREST EARNINGS	\$73,050.15
BALANCE	\$1,009,347.78
CATHODIC PROTECTION	\$265,842.57
REMAINING BOND FUNDS	\$743,505.21

INV DATE	VENDOR	INV #	DESCRIPTION	STATUS	AMOUNT
5/29/2020	Willatt & Flickinger		May Legal	pending	\$5,124.80
6/1/2020	Kleberg County Appraisal District		3rd payment FY2020	pending	\$5,340.59
6/5/2020	City of Corpus Christi		May Water	paid	\$120,081.07
6/5/2020	Kevin Kieschnick	226	May per parcel fees	pending	<u>\$191.05</u>
					\$130,737.51

WILLATT & FLICKINGER, PLLC
ATTORNEYS AT LAW

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

May 29, 2020

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

FOR PROFESSIONAL SERVICES RENDERED since the date of last billing:

GENERAL

POSTED

BILL FLICKINGER

- 05/06/20 Continue revising agreement with City of Corpus Christi on conveyance of portion of waterline. (1.2 Hours).
- 05/08/20 Receive and review email from Carola Serrato to City of Driscoll on past due invoices for wholesale water. (0.2 Hours). Telephone conference with Carola Serrato to discuss same. (0.2 Hours). Email to attorney Mike Morris on same. (0.2 Hours).
- 05/09/20 Continue revising agreement with Corpus Christi on conveyance of portion of waterline. (1.2 Hours). Email to Carola Serrato on same. (0.2 Hours).
- 05/13/20 Emails with Carola Serrato and attorney Mike Morris on possible conference with City of Driscoll representatives. (0.3 Hours).
- 05/14/20 Telephone conference with attorney Mike Morris on possible conference with City of Driscoll representatives. (0.2 Hours). Emails with Carola Serrato on same. (0.3 Hours).
- 05/15/20 Telephone conference with Carola Serrato on status of Purchase Agreement with City of Corpus Christi. (0.2 Hours). Emails with Lisa Aguilar on same. (0.2 Hours).
- 05/18/20 Emails on scheduling meeting with Corpus Christi representatives. (0.2 Hours).
- 05/19/20 Continue revising draft Purchase Agreement with City of Corpus Christi. (2.1 Hours). Email same to Carola Serrato for her review. (0.2 Hours). Telephone

May 29, 2020

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conference with Carola Serrato on same. (0.2 Hours). Revise redline draft of same and email to parties. Update Zoom invite to include this attachment. (0.3 Hours).

05/21/20 Attend conference with Corpus Christi representatives on proposed Purchase Agreement for conveyance of portion of waterline. (0.4 Hours).

05/22/20 Telephone conference with Carola Serrato on email from Driscoll representative. (0.2 Hours). Several emails with Lisa Aguilar on Purchase Agreement with City of Corpus Christi. (0.7 Hours). Continue finalizing Purchase Agreement with City of Corpus Christi. (2.4 Hours). Email to Lisa Aguilar with execution version of Purchase Agreement with City of Corpus Christi. (0.2 Hours).

05/23/20 Create execution versions of Bill of Sale and Assignment of Easements in connection with Purchase Agreement with City of Corpus Christi and email same to Carola Serrato. (0.5 Hours).

05/26/20 Review emails on Purchase Agreement signed by City of Corpus Christi and presentation to STWA Board. (0.3 Hours).

05/27/20 Telephone conference with Carola Serrato on execution of Purchase Agreement with City of Corpus Christi and related documents. (0.2 Hours). Attend remote conference with Carola Serrato and City of Driscoll representatives. (0.6 Hours).

05/28/20 Continue revising contract with City of Driscoll for operations and maintenance. (0.7 Hours). Telephone conferences with Carola Serrato on same. (0.4 Hours). Make additional revisions to City of Driscoll operations and maintenance contract and email redline draft to Carola Serrato. (0.3 Hours).

05/29/20 Review emails from Roland Ramos and telephone conferences with Carola Serrato on Driscoll operations and maintenance contract. (0.5 Hours). Several revisions to Driscoll operations and maintenance contract and several emails to Carola Serrato on same. (0.6 Hours).

Attorney BF: 15.4 Hours

ALLISON NIX

05/06/20 Continue revising proposed agreement with City of Corpus Christi on conveyance of portion of waterline. (0.2 Hours).

Legal Assistant AN: 0.2 Hours

May 29, 2020

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Attorney BF: 15.4 Hours @ \$325.00 per hour	\$5,005.00
Attorney MM: 0 Hours @ \$325.00 per hour	
Legal Assistant AN: 0.2 Hours @ \$115.00 per hour	\$23.00

CLIENT EXPENSES

269 Photocopies @ \$0.20 each \$53.80

86 Color Photocopies @ \$0.50 each \$43.00

Total Client Expenses \$96.80

TOTAL AMOUNT DUE \$5,124.80

RECEIVED

KLEBERG COUNTY APPRAISAL DISTRICT

JUN 03 2020

P.O. BOX 1027 - 502 E. KLEBERG - KINGSVILLE, TEXAS 78364

SOUTH TEXAS WATER AUTHORITY

PH. # (361) 595-5775 - FAX # (361) 595-7984

TO: South Texas Water Authority
FROM: Kleberg County Appraisal District
DATE: June 1, 2020
SUBJECT: 2020 Appraisal District Payment Information

The 3rd payment from your taxing unit toward the 2020 Appraisal District Operating Budget is due to be paid by June 30, 2020. Thank you for your attention to this matter.

Amount due if paid by 6/30/2020: \$ 5,340.59

Amount due if paid after 6/30/2020: \$ 5,652.12

\$	5,340.59	
+ \$	267.03	(5% Penalty)
+ \$	<u>44.50</u>	(10% Interest /Mo)
\$	5,652.12	

POSTED



**CITY OF
CORPUS
CHRISTI**

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

Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Statement Date: 6/5/2020
Due Date: 6/26/2020
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: 3622257

QUESTIONS ABOUT YOUR BILL?

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

IMPORTANT MESSAGES

Wastewater Winter Quarter Averaging

Residential wastewater charges are now based on average water usage during three consecutive billing cycles from Dec. 2019 to March 2020.

Wastewater charges will be the same every month until a new average is calculated.

Conserve Water, Stay Water-wise

55-gallon rain barrels available for purchase at Central Cashiering in City Hall, 1201 Leopard St.

ACCOUNT SUMMARY

PREVIOUS BALANCE	\$111,220.27
TOTAL PAID SINCE LAST BILL	-\$111,220.27
NEW CHARGES	
WATER	\$70,751.47
RWCA \$1.032/TGAL	\$49,329.60
TOTAL WATER	\$120,081.07
NEW CHARGES DUE BY 6/26/2020:	\$120,081.07
AMOUNT DUE	\$120,081.07

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

RECEIVED

JUN 11 2020

SOUTH TEXAS WATER AUTHORITY

POSTED

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.ctctexas.com

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

Account Number	Due Date	Amount Due
20004093	6/26/2020	\$120,081.07

AMOUNT ENCLOSED \$

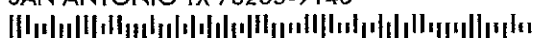
MAKE CHECKS PAYABLE TO: CITY OF CORPUS CHRISTI

Working to Serve YOU Better.



SOUTH TX WATER AUTH
2302 E SAGE RD
KINGSVILLE TX 78363

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



200040930120081070



**CITY OF
CORPUS
CHRISTI**

Monthly Statement of Utility Services
City of Corpus Christi
P.O. Box 8257 • Corpus Christi, TX 78466-8257
(361) 826-CITY • www.cctexas.com

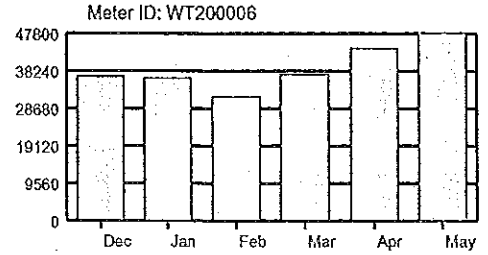
Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Statement Date: 6/5/2020
Due Date: 6/26/2020
Page: Page 2 of 2

METER INFORMATION

SERVICE PERIOD: 4/30/2020 - 5/31/2020 32 days

Meter ID	Service Type	Current Read	Previous Read	Consumption 5/31/2020
WT200006	WA	5309400	5261600	47800

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

Invoice

Date	Invoice #
6/5/2020	226

Bill To
South Texas Water District C/O Jo Ella Wagner 2302 E Sage RD Kingsville, TX 78363

RECEIVED

JUN 10 2020

SOUTH TEXAS WATER AUTHORITY

Item	Description	Quantity	Rate	Terms
				Due on receipt
				Amount
Collection Fee	Ad Valorem Tax Collection Fee May 2020	168	1.1372	191.05

POSTED

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

Total

\$191.05

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	\$2.520362	\$2.946748	\$0.0054
Mar-20	\$0.426386	\$2.5136	\$2.9400	\$0.426386	\$2.516457	\$2.942843	\$0.0028
Apr-20	\$0.426386	\$2.5125	\$2.9389	\$0.426386	\$2.513452	\$2.939838	\$0.0010
May-20	\$0.426386	\$2.5112	\$2.9376	\$0.426386	\$2.512156	\$2.938542	\$0.0010
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	\$2.530666	\$2.957052	\$0.0185

ANTICIPATED (BUDGETED) vs. ACTUAL WATER USAGE

All Customers	Budgeted			Actual			Difference
	Budgeted	Actual	Difference	NWSC	Budgeted	Actual	
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	35,107,392	-2,691,551	Feb-20	10,849,410	13,797,560	2,948,150
Mar-20	40,508,306	42,226,120	1,717,814	Mar-20	11,286,497	16,525,720	5,239,223
Apr-20	43,190,410	46,395,570	3,205,160	Apr-20	12,003,275	16,834,130	4,830,855
May-20	46,585,418	47,440,420	855,002	May-20	13,296,415	17,409,320	4,112,905
Jun-20	45,968,404	0	0	Jun-20	13,519,859	0	0
Jul-20	52,906,104	0	0	Jul-20	15,632,031	0	0
Aug-20	53,749,789	0	0	Aug-20	15,461,993	0	0
Sep-20	44,697,161	0	0	Sep-20	13,174,630	0	0
TOTAL	532,217,229	350,001,410	15,105,638	TOTAL	153,602,414	127,203,110	31,389,209

Kingsville	Budgeted			Actual			Difference
	Budgeted	Actual	Difference	RWSC	Budgeted	Actual	
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	7,374,000	-3,402,817	Feb-20	6,255,400	7,668,000	1,412,600
Mar-20	10,776,817	8,330,000	-2,446,817	Mar-20	7,209,400	9,996,000	2,786,600
Apr-20	10,776,817	10,463,000	-313,817	Apr-20	8,252,600	10,318,000	2,065,400
May-20	10,776,817	10,779,000	2,183	May-20	9,251,800	9,961,000	709,200
Jun-20	10,776,817	0	0	Jun-20	8,843,400	0	0
Jul-20	10,776,817	0	0	Jul-20	10,368,600	0	0
Aug-20	10,776,817	0	0	Aug-20	10,938,400	0	0
Sep-20	10,776,817	0	0	Sep-20	8,315,400	0	0
TOTAL	129,321,803	69,172,000	-17,042,535	TOTAL	100,047,600	76,433,000	14,851,200

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	3,000	-3,452,800
Mar-20	4,296,467	0	-4,296,467
Apr-20	4,551,022	1,122,000	-3,429,022
May-20	5,093,200	1,324,000	-3,769,200
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	2,463,000	-31,787,689

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	1,490,560	-436,124
Mar-20	1,962,482	1,618,160	-344,322
Apr-20	2,069,200	1,619,360	-449,840
May-20	2,212,568	1,864,900	-347,668
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	13,819,590	-2,506,682

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	2,998,882	238,422
Mar-20	3,023,180	3,716,000	692,820
Apr-20	3,200,040	3,964,000	763,960
May-20	3,487,060	3,644,000	156,940
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	44,468,100	20,364,495

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	1,775,390	1,018
Mar-20	1,953,463	2,040,240	86,777
Apr-20	2,337,456	2,075,080	-262,376
May-20	2,467,558	2,458,200	-9,358
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	16,442,610	-162,359

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	7,374,000	589,922
Mar-20	8,352,855	8,330,000	-22,855
Apr-20	10,965,223	10,463,000	-502,223
May-20	12,570,213	10,779,000	-1,791,213
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	69,172,000	31,759

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	4,672,000	\$892.83	\$0.1911	Jan-20	15,532,210	\$4,715.66	\$0.3036
Feb-20	7,374,000	\$2,085.99	\$0.2829	Feb-20	13,797,560	\$4,039.74	\$0.2928
Mar-20	8,330,000	\$2,405.76	\$0.2888	Mar-20	16,525,720	\$5,108.56	\$0.3091
Apr-20	10,463,000	\$3,197.62	\$0.3056	Apr-20	16,834,130	\$5,144.13	\$0.3056
May-20	10,779,000	\$0.00	\$0.0000	May-20	17,409,320	\$0.00	\$0.0000
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	69,172,000	\$16,507.27	\$0.2386	TOTAL	127,203,110	\$34,502.65	\$0.2712

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	5,000	-\$1,016.28	-\$203.2560	Jan-20	7,504,000	\$1,575.32	\$0.2099
Feb-20	3,000	-\$1,075.42	-\$358.4733	Feb-20	7,668,000	\$1,880.47	\$0.2452
Mar-20	0	-\$1,008.39	#DIV/0!	Mar-20	9,996,000	\$2,753.59	\$0.2755
Apr-20	1,122,000	-\$817.89	-\$0.7290	Apr-20	10,318,000	\$2,680.18	\$0.2598
May-20	1,324,000	\$0.00	\$0.0000	May-20	9,961,000	\$0.00	\$0.0000
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	2,463,000	-\$6,917.12	-\$2.8084	TOTAL	76,433,000	\$16,945.22	\$0.2217

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	4,578,018	\$1,298.24	\$0.2836	Jan-20	1,607,490	\$355.93	\$0.2214
Feb-20	2,998,882	\$717.42	\$0.2392	Feb-20	1,490,560	\$307.23	\$0.2061
Mar-20	3,716,000	\$1,028.75	\$0.2768	Mar-20	1,618,160	\$382.86	\$0.2366
Apr-20	3,964,000	\$1,048.75	\$0.2646	Apr-20	1,619,360	\$358.27	\$0.2212
May-20	3,644,000	\$0.00	\$0.0000	May-20	1,864,900	\$0.00	\$0.0000
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	44,468,100	\$12,123.63	\$0.2726	TOTAL	13,819,590	\$2,820.89	\$0.2041

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	1,822,250	\$413.58	\$0.2270	Jan-20	35,720,968	\$8,235.28	\$0.2305
Feb-20	1,775,390	\$366.65	\$0.2065	Feb-20	35,107,392	\$8,322.08	\$0.2370
Mar-20	2,040,240	\$474.00	\$0.2323	Mar-20	42,226,120	\$11,145.13	\$0.2639
Apr-20	2,075,080	\$479.14	\$0.2309	Apr-20	46,395,570	\$12,090.20	\$0.2606
May-20	2,458,200	\$0.00	\$0.0000	May-20	47,440,420	\$0.00	\$0.0000
Jun-20	0	\$0.00	#DIV/0!	Jun-20	0	\$0.00	#DIV/0!
Jul-20	0	\$0.00	#DIV/0!	Jul-20	0	\$0.00	#DIV/0!
Aug-20	0	\$0.00	#DIV/0!	Aug-20	0	\$0.00	#DIV/0!
Sep-20	0	\$0.00	#DIV/0!	Sep-20	0	\$0.00	#DIV/0!
TOTAL	16,442,610	\$3,282.75	\$0.1996	TOTAL	350,001,410	\$79,265.29	\$0.2265

INTER-OFFICE MEMO

TO: Carola G. Serrato, Executive Director
FROM: Armando Yruegas, O&M Supervisor
DATE: June 17, 2020
RE: Maintenance & Technical Report

During the week of May 18, 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. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Performed line locates.
- Field technicians viewed a TML- cyber/computer security video required by the State Law for all employees utilizing a computer.
- Exercised 42" valves.
- Delivered chlorine to Ricardo, Bishop and Central Pump Stations.
- Crew did taps for RWSC transmission chlorination at Kingsville.
- Mowed grass at Kingsville.
- Problems at pump stations SCADA due to storm on May 15.
- Welder installed new meter-run stands at Kingsville Meter Run.

During the week of May 25, 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. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Performed line locates.
- Mowed pump stations.
- Corrected problems with SCADA issues at pump stations due to storm on May 22.
- Central Pump Station generator ATS-shortened out due to storm.
- Delivered LAS to pump stations.
- Crew repaired haul truck trailer boards and lights.
- Cleaned rain gutters at office building.

During the week of June 1, 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. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Performed line locates.
- Sprayed poison for spiders and ants at pump stations.
- Replaced light bulbs at pump stations.
- Installed pvc coupling at ground storage tanks in all pump stations to prevent damage to pressure transmitters.
- Collected Bac-T samples.
- Took chlorine residuals on 42" transmission line at ARV's.
- Repaired pipe rack at Kingsville.

During the week of June 8, 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. (Booster Station, CR 16 & KI MR)
- Held a Safety Meeting.
- Performed line locates.
- Collected Bac-T samples.
- Received 20 drums of LAS.
- Mowed grass and trimmed edges at pump stations.
- Finish pumping water out at ARV's.
- Dropped off backhoe at NPE for repairs on hydraulic oil leaks.
- Repaired hydrant on CR 4 ARV.
- Trimmed around ARV's and location signs.

To: Carola G. Serrato, Executive Director

From: Oscar Ortegon, CP Technician

Date: June 17, 2020

Re: CP Update

As of June 17, 2020, 319 anodes on 252 joints on the 42" water line have been installed as compared to May's report with 314 anodes on 243 joints. We have replaced 18 old test stations with new ones as compared to 17 replacements last month. Last month's footage was 13,003 LF. We have completed 13,399 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.

Due to Covid-19 and the weather it was a slow month production wise. Due to the weather, the crew has not been able to install anodes at this time, fields are too wet. The CP crew has been cleaning around ARV's and location signs.

Based on information from the Corrpro CIS survey, there was a section in Bishop that had low potential readings on Contract 1. The crew finished installing anodes in that section. There were 40 additional anodes installed in this area.

ATTACHMENT 3

Effective Tax Rate

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 19, 2020
Re: Truth in Taxation (TNT) and Meeting/Hearing Schedule

Background:

Every year, a review is provided on a water district's Truth in Taxation (TNT) requirements. As a water district, a comparison of the *average home value* from last year to this year is made whereas other taxing entities compare their total taxable value from one tax year to the next. STWA's Tax Year 2020 Average Home Value will be calculated when the certified values are provided by the Nueces and Kleberg County Appraisal Districts. Last year's (Tax Year 2019) *average home value* after the \$5,000 homestead exemption was \$88,405. The previous year's value was \$84,477.

STWA's Effective Tax Rate (ETR) is calculated by multiplying the Tax Year 2020 average home value by the *proposed* tax rate to arrive at a proposed tax bill. That proposed tax bill is compared to the tax bill for *last year's* average home value using the current year's tax rate. This comparison is made as a dollar amount and as a *percentage change*.

Staff believes according to Senate Bill 2, enacted during last year's legislative session, that State law allows up to a 3.5% increase on the M&O portion of a property tax without being subject to a rollback. Senate Bill 2 was an extensive bill and staff has been in contact with legal counsel to ensure that the new process is being followed correctly. Additional information is expected from Matt McPhail, Willatt and Flickinger, on the forms to be used (including those requested by the Nueces County Tax Office), and information regarding a "developed district" as described in SB 2.

Finally, in the past, staff has calculated a value just below the allowed maximum based on the rollback percentage for publication. This provides the greatest degree of flexibility in terms of adopting a rate since a lower rate can be adopted without another newspaper publication and public hearing.

Analysis:

As mentioned above, the Nueces County Tax office has issued a letter outlining what their office interprets as required notices as well as their deadline for receipt of the information. As before, the Tax Office has set a deadline of September 11, 2020 to adopt a rate or be subject to paying for sending out separate tax bills.

In order to comply with the necessary TNT laws as well as the deadline established by the tax office the following must occur:

1. This year, **July 25th** falls on a Saturday. Staff anticipates that the Nueces County and Kleberg County Certified Appraisal Rolls will be delivered by Monday, July 27th. Staff also expects delivery to occur via email rather than hand delivered as in past years.
2. The Nueces County Tax Office has set **July 25th** as the deadline to provide the **Governing Body Information** form which will be posted on their website.
3. If time had allowed, the July Board Meeting would occur on July 28th. However, the Board agreed to postpone the meeting by a week until **August 4th**. During that meeting, a vote is needed on a **PROPOSED** tax rate which includes setting the date, time and location for the Public Hearing. Although

it is not part of the TNT requirements, the Board will also be asked to approve a proposed budget during the August 4th meeting which will be mailed to STWA’s wholesale customers the following day, if approved.

4. Water districts are only required to hold one (1) public hearing. The recorded vote on the PROPOSED rate is published together with the notice of the public hearing. The Public Hearing and Board meeting will need to occur on Tuesday, **September 8th**. Publications in the Corpus Christi Caller and Kingsville Record will occur on Thursday, August 27th. This will provide the seven-day required advance notice.

Staff Recommendation:

In order to comply with the necessary TNT rules, provisions of the wholesale water supply contracts and a possible Nueces County Tax Office deadline, the following schedule is being presented to ensure that a quorum will be available for the necessary meetings and public hearing.

Date	Event	Action
June 23, 2020	Board Meeting	Agree on calendar, confirm quorums, review preliminary FY 2021 Budget
July 25, 2020	CADs deliver Rolls	Possibly July 27 th - Staff calculates ETR using Average Home Values
August 4, 2020	Board Meeting	Board votes on proposed rate, sets date/time of hearing, approves sending out Proposed Budget to Wholesale Customers
August 5, 2020	Staff Prep	Proposed Budget sent to Wholesale Customers for 30-day written comment period
Aug 6 – Sep 7	30+ day Period	Wholesale Customers review/written comment period on the Proposed Budget
Aug 27, 2020	Publish Notices	Newspaper Notices must be published at least 7 days before the hearing
Sep 8, 2020	Public Hearing	Board holds public hearing on proposed tax rates.
Sep 8, 2020	Board Meeting	After hearing, Board adopts Tax Rates, Budgets, Water Rates, Handling Charge.
Sep 11, 2020	NC Tax Office Deadline	Failure to submit Tax Rates could result in STWA paying for separate tax bill mail-out.

Board Action:

Determine whether to approve the above-listed schedule.

Summarization:

This outline should ensure establishing quorums for the necessary hearing and meetings.

Water District Notice of Public Hearing on Tax Rate

*Last Year's
Notice*

The South Texas Water Authority Board of Directors will hold a public hearing on a proposed tax rate for the tax year 2019 on September 3, 2019 at 5:30 p.m. at the South Texas Water Authority Office located at 2302 East Sage Road, Kingsville, Texas 78363. Your individual taxes may increase or decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

FOR the proposal: Brandon Barrera, Jose Graveley, Kathleen Lowman, Lupita Perez, and Patsy Rodgers

AGAINST the proposal: None

PRESENT and not voting: None

ABSENT: Rudy Galvan, Filiberto Trevino, and Steve Vaughn

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year	This Year
Total tax rate (per \$100 of value)	\$0.086664 /\$100 Adopted	\$0.086911 /\$100 Proposed
Difference in rates per \$100 of value		\$0.000247 /\$100
Percentage increase/decrease in rates(+/-)		0.29%
Average appraised residence homestead value	\$89,477	\$93,405
General exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$5,000	\$5,000
Average residence homestead taxable value	\$84,477	\$88,405
Tax on average residence homestead	\$73.21	\$76.83
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)	+ \$3.62	
and percentage of increase (+/-)	+ 4.9%	

NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

If taxes on the average residence homestead increase by more than eight percent, the qualified voters of the water district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the rollback tax rate under Section 49.236(d), Water Code.

last year's Worksheet

2019 SOUTH TEXAS WATER AUTHORITY TAX RATE ROLLBACK WORKSHEET BASED ON 62.5% OF VALUES UNDER PROTEST PLUS CERTIFIED PER B. FLICKINGER

	Nueces	Kleberg	Total
2018 Total Market Value of Residences	\$289,812,767	\$425,911,458	\$715,724,225
2018 Total Parcels	3,325	4,674	7,999
1 2018 average appraised value of residence homestead			\$89,477
2 2018 general exemptions available for the average homestead (excluding age 65 or older or disabled person's exemptions)			\$5,000
3 2018 average taxable value of residence homestead (line 1 minus line 2)			\$84,477
4 2018 adopted M&O tax rate (per \$100 of value)			\$0.067886
5 2018 M&O tax on average residence homestead (multiply line 3 by line 4, divide by \$100)			\$57.35
6 Highest M&O tax on average residence homestead with increase (multiply line 5 by 1.08.)			\$61.94
2019 Total Market Value of Residences	\$289,264,822	\$463,860,776	\$753,125,598
2019 Total Parcels	3,367	4,696	8,063
7 2019 average appraised value of residence homestead			\$93,405
8 2019 general exemptions available for the average homestead (excluding age 65 or older or disabled persons exemptions)			\$5,000
9 2019 average taxable value of residence homestead (line 7 minus line 8)			\$88,405
10 Highest 2019 M&O Tax Rate (line 6 divided by line 9, multiply by \$100)			\$0.070059 /\$100
11 2019 Debt Tax Rate			\$0.016852 /\$100
12 2019 Contract Tax Rate			\$0.000000 /\$100
13 2019 Rollback Tax Rate (add lines 10, 11 and 12)			\$0.086911 /\$100

Memorandum

Approved Calendar

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: October 15, 2019
Re: STWA Board of Directors Meeting Schedule for 2020

Background:

Staff is requesting that the Board review the meeting dates for 2020. Enclosed is a calendar with the suggested meeting dates as well as identifying STWA recognized holidays and other pertinent dates.

Analysis:

With regards to the Fiscal Year 2021 budget and rate adoption, the appraisal districts' July 25th certified roll deadline falls on a Saturday which may be observed by those districts on Friday, July 24th or Monday, July 27th. Those dates will not provide sufficient time to calculate the required rates and notices as well as review time for the Board. Staff suggests that the meeting be postponed by a week to August 4th.

In addition, according to contract language the Authority needs to provide 30 days for wholesale customers to review and comment on the budget. The August 4th agenda would include authorization to send the proposed budget to Wholesale Customers, consideration of the calculated effective tax rate and authorization to publish notice of the public hearing on the proposed tax rate. If the proposed budget is sent immediately after the August 4th meeting, the public hearing could be held the day after Labor Day, September 8th, thereby adopting tax rates prior to the Nueces County Tax Office's deadline.

With regards to observed holidays and sufficient time between meetings, staff has suggested several alternative dates. Rather than meeting on September 22nd, staff is suggesting postponing the meeting date to September 29th. This allows for additional time for staff to develop the end of the year budget amendments. In addition, traditionally the Board has combined the November and December meeting dates. The attached calendar provides two (2) alternative dates for the November 24th and December 22nd meeting dates. Of the two (2) alternative dates, December 8th provides more time to develop the agenda and packet.

Staff Recommendation:

Determine which dates work best for the majority of the Board members.

Board Action:

Determine whether the following schedule is acceptable including selecting alternative dates.

January 28, 2020	July 28, 2020 OR <u>August 4, 2020</u>
February 25, 2020	August 25, 2020 OR <u>September 8, 2020</u>
March 24, 2020	September 22, 2020 OR <u>September 29, 2020</u>
April 28, 2020	October 27, 2020
May 26, 2020	November 24, 2020 OR <i>December 1 or December 8, 2020</i>
June 23, 2020	December 22, 2020 OR <i>December 1 or December 8, 2020</i>

Summarization:

Staff appreciates the Board's consideration of these dates and hopes it will assist the Authority in establishing quorums in order to conduct necessary business.

Nueces County Courthouse
901 Leopard, Suite 301
Corpus Christi, TX 78401



Kevin Kieschnick
Assessor and Collector of Taxes

Administration
(361) 888-0307
(361) 888-0308

June 5, 2020

Carola Serrato Executive Director
South Texas Water Authority
2302 E Sage RD
Kingsville, TX 78363

RE: 2020 Tax Rate Calculations

Dear Ms. Serrato:

In preparation for the 2020 tax year, the enclosed Information sheet and planning calendar must be completed and mailed to our office no later than July 25, 2020.

We are aware that you prefer to handle the calculations of the tax rate and the publication of the notices prior to adopting your new tax rate. If that is your plan for 2020 we are asking that you keep us informed as to where you are in the process. Please provide us with copies of the following for our records:

Worksheets used to determine NNRR and VAR or other worksheets used to determine your rate

Notice to be published in the newspaper

Enclosed forms completed

Please be advised of the following changes to the Tax Code mandated by SB2:

- Publication of the following items on your website homepage:
 - Tax Rate Worksheets (by August 7th)
 - Notice of Public Hearing / Meeting (at least 7 days prior to meeting date)
 - Must be published on Free Access TV if available
 - Updated Notice of No-New-Revenue Tax Rate
 - Notice of Adopted Tax Rate (if exceeding No-New-Revenue Rate or Voter-Approval Rate)
- We must have your signed worksheets in office by August 7th. These will be posted on our website as required by Texas Property Tax Code.
- New enclosed form: Governing Body Information due by July 25, 2020. This information is required to be posted on our website.
- For entities compressed to 3.5% Voter-Approval Rate, please notify us in writing if you choose to use 8% Voter-Approval Rate in TNT calculations due to state-wide disaster. Please consult your governing body attorney for guidance.

For information contact:
voice
fax

Motor Vehicle
(361) 888-0459
(361) 888-0482

Property Tax
(361) 888-0230
(361) 888-0218

Voter Registration
(361) 888-0404
(361) 888-0339



Nueces County Courthouse
901 Leopard, Suite 301
Corpus Christi, TX 78401

Kevin Kieschnick
Assessor and Collector of Taxes

Administration
(361) 888-0307
(361) 888-0308

In order to mail tax bills by Oct. 1, our deadline to receive adopted tax rates will be Friday, September 11, 2020. Failure to meet this deadline will result in a separate billing for your jurisdiction with additional cost to you.

Truth-In-Taxation help and guidelines can be found on the state comptroller's website <https://comptroller.texas.gov/taxes/property-tax/truth-in-taxation/index.php> or by phone (800) 252-9121.

If you have any questions regarding the truth in taxation process please feel free to call, write, e-mail, or fax (361) 888-0231 the following:

➤ Krista Champine, Finance/Revenue Manager 361-888-0406
krista.champine@nuecesco.com

Sincerely,

Kevin Kieschnick
Nueces County Tax Assessor-Collector

For information contact:
voice
fax

Motor Vehicle
(361) 888-0459
(361) 888-0482

Property Tax
(361) 888-0230
(361) 888-0218

Voter Registration
(361) 888-0404
(361) 888-0339

2020 Planning Calendar Water Districts

April 1, 2020 Mailing of notices of appraised value by chief appraiser.

May 15, 2020 Deadline for submitting appraisal records to ARB.

July 20, 2020 Deadline for ARB to approve appraisal records.

July 25, 2020 Deadline for chief appraiser to certify rolls to taxing units.

August 7, 2020 Calculation of effective and rollback tax rates.

August 7, 2020 Appraisal District sends out notice and publishes database according to Sec. 26.04

Meeting to discuss proposed rate

Publish "Water District Notice of Public Hearing on Tax Rate"
at least seven days prior to meeting date.

72-hours notice for meeting (Open Meetings Notice).

Meeting date to consider adopting a proposed rate.

**2020 EFFECTIVE TAX RATE INFORMATION WORKSHEET
FUND BALANCES AND DEBT SERVICE
(All other taxing units)**

UNENCUMBERED FUND BALANCES

The following estimated balances will be left in the unit's accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

TYPE OF FUND	BALANCES
	\$
	\$
	\$
	\$
	\$

TOTAL CURRENT YEAR DEBT SERVICE

The unit plans to pay the following amounts for long-term debts that are secured by property taxes. These amounts will be paid from property tax revenues (or additional sales tax revenues, if applicable.)

PLEASE NOTE: TRUTH-IN-TAXATION GUIDE LINES FOR DEBT:

1) Debts that are paid by property taxes, 2) Debt is secured by property taxes, 3) Debt is scheduled for payment over a period longer than one year, and (4) Debt is not classified in the unit's budget as maintenance & operations expenses.

Description of Debt	Principal	Interest	Other	Total Payments
Less amount (if any) paid from other resources				
Total of current debt service to be paid from current tax levy				

Please initial here if you will not have a debt rate _____

2019 Junior College Levy

Applies to a taxing unit that dedicated taxes to a junior college district in 2019

\$ _____

Please initial here if this is not applicable _____.

If you think this may apply to you, please contact me for more information and initial here _____.

TRANSFER OF DEPARTMENT, FUNCTION OR ACTIVITY

Applies to a taxing unit that transfers all of a department, function or activity to another taxing unit by written contract. In the first year of the transfer, both units publish a special schedule.

Please initial here if this is not applicable _____.

If you think this may apply to you, please contact me for more information and initial here _____.

2020 EFFECTIVE TAX RATE INFORMATION WORKSHEET
FUND BALANCES AND DEBT SERVICE
PAGE 2

I hereby certify that the above information is correct and is to be used in calculating the 2020 Effective Tax Rate for the Taxing Entity named below.

TAXING ENTITY: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

After completion please return with the information packet.

2020 Governing Body Information

Please enter the following official information for each member of your governing body. This information is required by Property Tax Code to be posted on your website and our website.

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

2020 Governing Body Information

Please enter the following official information for each member of your governing body. This information is required by Property Tax Code to be posted on your website and our website.

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

2020 Governing Body Information

Please enter the following official information for each member of your governing body. This information is required by Property Tax Code to be posted on your website and our website.

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

Title _____

Full Name _____

Mailing Address _____

Phone Number _____

Email Address _____

**2020 INFORMATION NEEDED FOR PROCESSING
TRUTH-IN-TAXATION REQUIREMENTS**

1) Taxing Entity: _____

Name of contact and/or authorizing
2) personnel of truth-in-taxation _____ Name:
calculations: _____ Title:

3) Mailing address: _____

4) E-mail address for contact: _____

5) Telephone number: _____

6) Newspaper for publications: _____

7) Free access to a television channel? _____ Yes _____ No

8) Website Address _____
Required for posting several Notices

9) Planning calendar: _____ Attached

10) Debt Schedule with fund balances: _____ Attached

11) Governing Body Contact Information _____ Attached
Required to be posted on Tax Assessor's website

Please return completed information no later than July 25, 2020.

While other taxing units are required to follow provisions of the Tax Code, water districts must follow notice and hearing provisions in the Water Code.³⁵ Water Code Section 49.236 requires a public hearing on a proposed tax rate and publishing of a special hearing notice.³⁶

The *Notice of Public Hearing on Tax Rate* is different than the notice published by other types of taxing units for public hearings.³⁷ Water Code Section 49.236 specifies the form and content for the hearing notice.³⁸ The notice must provide use language specified in Water Code Section 49.23601 for Low Tax Rate Districts, Water Code Section 49.23602 for Developed Districts and Water Code Section 49.23603 for Undeveloped Districts. The Comptroller's office provides model Form 50-304 *Water District Notice of Public Hearing on Tax Rate* which includes the statutory requirements.

- [50-304. Water District Notice of Public Hearing on Tax Rate \(PDF\)](#)

Publication Requirements

A water district's board of directors must publish the public hearing notice at least seven days before the hearing date or may mail it to each property owner at least 10 days before the hearing date.³⁹

Water District Notice of Public Hearing on Tax Rate

The _____ (name of the district) will hold a public hearing on a proposed tax rate for the tax year _____ (year of tax levy) on _____ (date and time) at _____ (meeting place). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

FOR the proposal: _____ (names of all members of the governing body and how each
AGAINST the proposal: _____
PRESENT and not voting: _____ (voted on the proposed tax rate)
ABSENT: _____

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year	This Year
Total tax rate (per \$100 of value)	_____ /\$100 Adopted	_____ /\$100 Proposed
Difference in rates per \$100 of value	\$ _____	/\$100
Percentage increase/decrease in rates(+/-)	_____	%
Average appraised residence homestead value	\$ _____	\$ _____
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$ _____	\$ _____
Average residence homestead taxable value	\$ _____	\$ _____
Tax on average residence homestead	\$ _____	\$ _____
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)	\$ _____	
and percentage of increase (+/-)	_____	%

If the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate the _____ (governing body of the water district) proposes to use the tax increase for the purpose of _____ (description of purpose of increase).

If the district is a district described by Section 49.23601:

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23601, Water Code.

If the district is a district described by Section 49.23602:

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code.

If the district is a district described in by Section 49.23603

NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:

(1) contain a statement in substantially the following form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

"The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

"(Names of all board members and, if a vote was taken, an indication of how each voted on the proposed tax rate and an indication of any absences.)";

(2) contain the following information:

(A) the district's total adopted tax rate for the preceding year and the proposed tax rate, expressed as an amount per \$100;

(B) the difference, expressed as an amount per \$100 and as a percent increase or decrease, as applicable, in the proposed tax rate compared to the adopted tax rate for the preceding year;

(C) the average appraised value of a residence homestead in the district in the preceding year and in the current year; the district's total homestead exemption, other than an exemption available only to disabled persons or persons 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a

residence homestead in the district in each of those years, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(D) the amount of tax that would have been imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(E) the amount of tax that would be imposed by the district in the current year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, if the proposed tax rate is adopted;

(F) the difference between the amounts of tax calculated under Paragraphs (D) and (E), expressed in dollars and cents and described as the annual percentage increase or decrease, as applicable, in the tax to be imposed by the district on the average residence homestead in the district in the current year if the proposed tax rate is adopted; and

(G) if the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate, as applicable, a description of the purpose of the proposed tax increase;

(3) contain a statement in substantially the following form, as applicable:

(A) if the district is a district described by Section 49.23601:

"NOTICE OF VOTE ON TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, an election must be held to determine whether to

approve the operation and maintenance tax rate under Section 49.23601, Water Code.";

(B) if the district is a district described by Section 49.23602:

"NOTICE OF VOTE ON TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code."; or

(C) if the district is a district described by Section 49.23603:

"NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code."; and

(4) include the following statement: "The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(b) Notice of the hearing shall be:

(1) published at least once in a newspaper having general circulation in the district at least seven days before the date of the hearing; or

(2) mailed to each owner of taxable property in the district, at the address for notice shown on the most recently certified tax roll of the district, at least 10 days before the date of the hearing.

(c) The notice provided under this section may not be smaller than one-quarter page of a standard-size or tabloid-size newspaper of general circulation, and the headline on the notice must be in 18-point or larger type.

(d) Repealed by Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. 2), Sec. 91(6), eff. January 1, 2020.

Added by Acts 2003, 78th Leg., ch. 335, Sec. 1, eff. Sept. 1, 2003.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. 2), Sec. 88, eff. January 1, 2020.

Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. 2), Sec. 91(6), eff. January 1, 2020.

Sec. 49.23601. AUTOMATIC ELECTION TO APPROVE TAX RATE FOR LOW TAX RATE DISTRICTS. (a) In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

- (1) the current year's debt service tax rate;
- (2) the current year's contract tax rate; and
- (3) the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.

(b) This section applies only to a district the board of which has adopted an operation and maintenance tax rate for the current tax year that is 2.5 cents or less per \$100 of taxable value.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead

appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, an election must be held in accordance with the procedures provided by Sections 26.07(c)-(g), Tax Code, to determine whether to approve the adopted tax rate. If the adopted tax rate is not approved at the election, the district's tax rate is the voter-approval tax rate.

Added by Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. 2), Sec. 89, eff. January 1, 2020.

Sec. 49.23602. AUTOMATIC ELECTION TO APPROVE TAX RATE FOR CERTAIN DEVELOPED DISTRICTS. (a) In this section:

(1) "Developed district" means a district that has financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances necessary to serve at least 95 percent of the projected build-out of the district in accordance with the purposes for its creation or the purposes authorized by the constitution, this code, or any other law.

(2) "Mandatory tax election rate" means the rate equal to the sum of the following tax rates for the district:

(A) the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older; and

(B) the unused increment rate.

(3) "Unused increment rate" has the meaning assigned by Section 26.013, Tax Code.

(4) "Voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(A) the current year's debt service tax rate;

(B) the current year's contract tax rate;

(C) the operation and maintenance tax rate that would impose 1.035 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older; and

(D) the unused increment rate.

(b) This section applies only to a developed district that is not a district described by Section 49.23601.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that exceeds the district's mandatory tax election rate, an election must be held in accordance with the procedures provided by Sections 26.07(c)-(g), Tax Code, to determine whether to approve the adopted tax rate. If the adopted tax rate is not approved at the election, the district's tax rate is the voter-approval tax rate.

(d) Notwithstanding any other provision of this section, the board of a district may give notice under Section 49.236(a)(3)(A), determine whether an election is required to approve the adopted tax rate of the district in the manner provided for a district under Section 49.23601(c), and calculate the voter-approval tax rate of the district in the manner provided for a district under Section 49.23601(a) if any part of the district is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The board may continue doing so until the earlier of:

(1) the second tax year in which the total taxable value of property taxable by the district as shown on the appraisal roll for the district submitted by the assessor for the district to the board exceeds the total taxable value of property taxable by the district on January 1 of the tax year in which the disaster occurred; or

(2) the third tax year after the tax year in which the disaster occurred.

Added by Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. 2), Sec. 89, eff. January 1, 2020.

Sec. 49.23603. PETITION ELECTION TO REDUCE TAX RATE FOR CERTAIN DISTRICTS. (a) In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

- (1) the current year's debt service tax rate;
- (2) the current year's contract tax rate; and
- (3) the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.

(b) This section applies only to a district that is not described by Section 49.23601 or 49.23602.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the tax rate adopted for the current year to the voter-approval tax rate in accordance with the procedures provided by Sections 26.075 and 26.081, Tax Code.

Added by Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. 2), Sec. 89, eff. January 1, 2020.

Sec. 26.013. UNUSED INCREMENT RATE. (a) In this section:

(1) "Actual tax rate" means a taxing unit's actual tax rate used to levy taxes in the applicable preceding tax year.

(2) "Voter-approval tax rate" means a taxing unit's voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year.

(3) "Year 1" means the third tax year preceding the current tax year.

(4) "Year 2" means the second tax year preceding the current tax year.

(5) "Year 3" means the tax year preceding the current tax year.

(b) In this chapter, "unused increment rate" means the greater of:

(1) zero; or

(2) the rate expressed in dollars per \$100 of taxable value calculated according to the following formula:

UNUSED INCREMENT RATE = (YEAR 1 VOTER-APPROVAL TAX RATE - YEAR 1 ACTUAL TAX RATE) + (YEAR 2 VOTER-APPROVAL TAX RATE - YEAR 2 ACTUAL TAX RATE) + (YEAR 3 VOTER-APPROVAL TAX RATE - YEAR 3 ACTUAL TAX RATE)

(c) Notwithstanding Subsection (b)(2), for each tax year before the 2020 tax year, the difference between the taxing unit's voter-approval tax rate and actual tax rate is considered to be zero. This subsection expires December 31, 2022.

Added by Acts 2019, 86th Leg., R.S., Ch. 944 (S.B. 2), Sec. 34, eff. January 1, 2020.

SECTION 85. Section 49.057, Water Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

(b) The board shall adopt an annual budget. The board of a developed district, as defined by Section 49.23602, shall include as an appendix to the budget the district's:

- (1) audited financial statements;
- (2) bond transcripts; and
- (3) engineer's reports required by Section 49.106.

(b-1) All district employees are employed at the will of the district unless the district and employee execute a written employment contract.

SECTION 86. Section 49.107(g), Water Code, is amended to read as follows:

(g) Sections 26.04, 26.05, 26.061, [and] 26.07, and 26.075, Tax Code, do not apply to a tax levied and collected under this section or an ad valorem tax levied and collected for the payment of the interest on and principal of bonds issued by a district.

SECTION 87. Section 49.108(f), Water Code, is amended to read as follows:

(f) Sections 26.04, 26.05, 26.061, [and] 26.07, and 26.075, Tax Code, do not apply to a tax levied and collected for payments made under a contract approved in accordance with this section.

SECTION 88. Section 49.236(a), Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, is amended to read as follows:

(a) Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:

(1) contain a statement in substantially the following form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

"The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property [and the tax rate that is adopted]. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

"(Names of all board members and, if a vote was taken, an indication of how each voted on the proposed tax rate and an indication of any absences.)";

(2) contain the following information:

(A) the district's total adopted tax rate for the preceding year and the proposed tax rate, expressed as an amount per \$100;

(B) the difference, expressed as an amount per \$100 and as a percent increase or decrease, as applicable, in the proposed tax rate compared to the adopted tax rate for the preceding year;

(C) the average appraised value of a residence homestead in the district in the preceding year and in the current

year; the district's total homestead exemption, other than an exemption available only to disabled persons or persons 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a residence homestead in the district in each of those years, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(D) the amount of tax that would have been imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(E) the amount of tax that would be imposed by the district in the current year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, if the proposed tax rate is adopted; ~~and~~

(F) the difference between the amounts of tax calculated under Paragraphs (D) and (E), expressed in dollars and cents and described as the annual percentage increase or decrease, as applicable, in the tax to be imposed by the district on the average residence homestead in the district in the current year if the proposed tax rate is adopted; and

(G) if the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate, as applicable, a description of the purpose of the proposed tax increase;

(3) contain a statement in substantially the following form, as applicable:

(A) if the district is a district described by Section 49.23601:

"NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO ROLLBACK ELECTION~~]

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing [increase] by more than eight percent, [~~the qualified voters of the district by petition may require that~~] an election must be held to determine whether to approve [reduce] the operation and maintenance tax rate [~~to the rollback tax rate~~] under Section 49.23601 [49.236(d)], Water Code.";

(B) if the district is a district described by Section 49.23602:

"NOTICE OF VOTE ON TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code."; or

(C) if the district is a district described by Section 49.23603:

"NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the

taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code."; and

(4) include the following statement: "The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

SECTION 89. Subchapter H, Chapter 49, Water Code, is amended by adding Sections 49.23601, 49.23602, and 49.23603 to read as follows:

Sec. 49.23601. AUTOMATIC ELECTION TO APPROVE TAX RATE FOR LOW TAX RATE DISTRICTS. (a) In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(1) the current year's debt service tax rate;
(2) the current year's contract tax rate; and
(3) the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.

(b) This section applies only to a district the board of which has adopted an operation and maintenance tax rate for the current tax year that is 2.5 cents or less per \$100 of taxable value.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, an election must be held in accordance with the procedures provided by Sections 26.07(c)-(g), Tax Code, to determine whether to approve the adopted tax rate. If the adopted tax rate is not approved at the election, the district's tax rate is the voter-approval tax rate.

Sec. 49.23602. AUTOMATIC ELECTION TO APPROVE TAX RATE FOR CERTAIN DEVELOPED DISTRICTS. (a) In this section:

(1) "Developed district" means a district that has financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances necessary to serve at least 95 percent of the projected build-out of the district in accordance with the purposes for its creation or the purposes authorized by the constitution, this code, or any other law.

(2) "Mandatory tax election rate" means the rate equal to the sum of the following tax rates for the district:

(A) the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons

65 years of age or older; and

(B) the unused increment rate.

(3) "Unused increment rate" has the meaning assigned by Section 26.013, Tax Code.

(4) "Voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(A) the current year's debt service tax rate;

(B) the current year's contract tax rate;

(C) the operation and maintenance tax rate that would impose 1.035 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older; and

(D) the unused increment rate.

(b) This section applies only to a developed district that is not a district described by Section 49.23601.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that exceeds the district's mandatory tax election rate, an election must be held in accordance with the procedures provided by Sections 26.07(c)-(g), Tax Code, to determine whether to approve the adopted tax rate. If the adopted tax rate is not approved at the election, the district's tax rate is the voter-approval tax rate.

(d) Notwithstanding any other provision of this section, the board of a district may give notice under Section 49.236(a)(3)(A), determine whether an election is required to approve the adopted tax rate of the district in the manner provided for a district under Section 49.23601(c), and calculate the voter-approval tax rate of the district in the manner provided for a district under Section 49.23601(a) if any part of the district is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The board may continue doing so until the earlier of:

(1) the second tax year in which the total taxable value of property taxable by the district as shown on the appraisal roll for the district submitted by the assessor for the district to the board exceeds the total taxable value of property taxable by the district on January 1 of the tax year in which the disaster occurred; or

(2) the third tax year after the tax year in which the disaster occurred.

Sec. 49.23603. PETITION ELECTION TO REDUCE TAX RATE FOR CERTAIN DISTRICTS. (a) In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(1) the current year's debt service tax rate;

(2) the current year's contract tax rate; and

(3) the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.

(b) This section applies only to a district that is not

described by Section 49.23601 or 49.23602.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the tax rate adopted for the current year to the voter-approval tax rate in accordance with the procedures provided by Sections 26.075 and 26.081, Tax Code.

SECTION 90. Section 6B(f), Chapter 1472, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(f) The district may provide that payments required by any of the district's contracts, agreements, or leases may be payable from the sale of notes, taxes, or bonds, or any combination of notes, taxes, or bonds, or may be secured by a lien on or a pledge of any available funds, including proceeds of the district's maintenance tax, and may be payable subject to annual appropriation by the district. The district may pledge to impose and may impose a maintenance tax in an amount sufficient to comply with the district's obligations under the district's contracts, leases, and agreements at a maximum aggregate rate not to exceed 10 cents for each \$100 valuation of taxable property in the district. Sections 26.012, 26.04, 26.05, 26.07, and 26.075 [~~26.012~~], Tax Code, do not apply to maintenance taxes levied and collected for payments under a contract, agreement, lease, time warrant, or maintenance note issued or executed under this section.

SECTION 91. The following provisions are repealed:

- (1) Sections 403.302(m-1) and (n), Government Code;
- (2) Section 140.010, Local Government Code;
- (3) Section 1063.255, Special District Local Laws Code;
- (4) Sections 5.103(e) and (f), 6.412(e), 22.23(c), 25.19(b-2), and 41A.06(c), Tax Code;
- (5) Section 49.236, Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003;
- (6) Section 49.236(d), Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003; and
- (7) Section 49.2361, Water Code.

ATTACHMENT 4

Preliminary FY 2021 Budget

The Preliminary Budget will be provided by
email on Monday, June 22nd.

ATTACHMENT 5

Permanent Easement – Bishop Pump Station Facilities

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 15, 2020
Re: City of Bishop/STWA Permanent Easement – Bishop East Pump Station

Background:

Enclosed is the most recent written communication between STWA and the City of Bishop regarding the Permanent Easement at the Bishop East Pump Station. As reported in a recent update, I attended a special meeting of the Bishop Council on June 10th. Although the meeting did not include an item on the Permanent Easement, I attended the meeting to address a matter related to the Nueces Water Supply Corporation's Certificate of Convenience and Necessity. I addressed the Council on that subject and took the opportunity to remind the Council that STWA remains interested in securing said easement. Mayor Tem Miller indicated that they were working on the easement.

Analysis:

The City is scheduled to meet on June 24th the day after the STWA Board Meeting. As reported previously, the Council has decided to continue meeting in person utilizing recommended 6-foot spacing. Attendees' temperatures were checked as they entered the lobby of City Hall. In addition, attendees wore face masks and seating was arranged to maintain the proper distance. This is certainly an option for a joint committee meeting if there remain items that the City's representatives wish to discuss.

Staff Recommendation:

Continue to communicate with City representatives in order to negotiate a Permanent Easement.

Board Action:

Provide feedback to staff and legal counsel.

Summarization:

This item is one of five (5) remaining items on the eraser board in my office.

From: mcserrato@stwa.org
Sent: Thursday, June 4, 2020 4:01 PM
To: Tem Miller (tem.miller@cityofbishoptx.com)
Cc: Cynthia Contreras (cynthia.contreras@cityofbishoptx.com); Albert Guajardo (albert.guajardo@cityofbishoptx.com); Bill Boswell (bill.boswell@cityofbishoptx.com); Bill Flickinger; Kathleen Lowman; 'Rudy Galvan Paint & Body Collision Center'; Jose Graveley (pipe-man@juno.com); Brandon Barrera (brandon.barrera2015@yahoo.com)
Subject: Permanent Easement - Bishop Eastside Pump Station
Importance: High

Good Afternoon Mayor Miller:

I am following up on my voice mail message from May 26th and another left this afternoon attempting to schedule a joint committee meeting or perhaps receive a confirmation that the next Bishop Council meeting agenda will include the permanent easement as an item. According to my last conversation with Ms. Cynthia Contreras on May 26th, she could not say when the permanent easement would be considered by the Council.

Since the last joint meeting on February 24th, some progress has been made on contractual matters between STWA and the City. More specifically, you will recall that the STWA Board met during a special meeting on March 3rd at the City's request to approve execution of the Wholesale Water Supply Contract between the City of Bishop and South Texas Water Authority.

The STWA Board agreed to hold a special meeting despite being informed during the February 24th meeting that the City had rescinded its approval of the Wholesale Water Supply Contract. The Board decided to act in good faith based on your, Councilman Bill Boswell's and Ms. Contreras' expressed verbal commitments to work on a permanent easement in place of a license agreement. In addition, when STWA representative indicated that the easement should be executed within 60 days after the execution of the Wholesale Water Supply Contract, you, Mr. Boswell and Ms. Contreras indicated that a permanent easement could be executed within 90 days.

On March 25th a permanent easement drafted by STWA's legal counsel, Bill Flickinger, was provided to the Bishop Committee members. Email requests have been made on April 7th and again on April 17th to hold joint committee meetings using remote capabilities due to the COVID-19 pandemic to discuss the document. No response has been received from any Bishop representatives.

It is my understanding that the City placed the permanent easement item on an April 29 Council Meeting agenda; however, the meeting was cancelled for lack of a quorum. The City's meetings' agendas on May 4 and May 27 did not include the permanent easement as an item.

In closing, the STWA Board is meeting on June 23rd. The agenda and agenda packet will be developed during the week of June 15th. An update on this matter will be on the agenda. This is of particular importance in light of the time which has elapsed since the permanent easement was provided on March 25 – exactly 90 days from March 25th to June 23rd.

Sincerely,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

ATTACHMENT 6

Banquete Pump Station Project

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 16, 2020
Re: Update on Banquete Pump Station (PS) to Serve the Nueces Water Supply Corporation (NWSC)

Background:

As reported last month, JS Haren has mobilized. Foundations should be installed for the chlorine and LAS buildings this week. Armando Yruegas, O&M Supervisor, reported as of today that the forms have been set for the disinfection facilities and work has started on the form for either the hydro-pneumatic tank or generator. In addition, it appears that work will begin soon on the foundation form for the ground storage tank. The building previously used for NWSC inventory storage that will be used for a pump station has not undergone any internal demo. There has been some limited clearing of the worksite with the removal of one (1) tree.

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:

As reported previously, this project is central to finalizing the NWSC and the NCWC&ID #5 contracts.

ATTACHMENT 7

Bill of Sale -- Existing Banquete PS Pumps

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 16, 2020
Re: Transfer of Title for Banquete PS pumps from Nueces Water Supply Corporation (NWSC)

Background:

As authorized by the Board, legal counsel drafted the necessary documents for NWSC to transfer ownership of the existing pumps and associated controls to STWA currently in use at the Banquete Pump Station. The Bill of Sale was reviewed by the NWSC Board of Directors as part of the agenda during a meeting today. Mr. Bill Flickinger, Willatt and Flickinger, has advised that the NWSC officers can execute the Bill of Sale and STWA can approve the document and wait to execute it when the new pump station is complete.

Analysis:

Enclosed is the email sent to Mr. Flickinger outlining the NWSC Board's requirements to be included in the Bill of Sale. According to our conversation this past Friday, the attached agreement covers all of the items specified by the NWSC Board.

Since the transaction is between STWA and NWSC, I did not offer a recommendation to the NWSC Board with the exception of offering to contact another attorney to review the document. Following review of the Bill of Sale, the NWSC Board approved the document and authorized execution.

Staff Recommendation:

Approve the Bill of Sale. Authorize execution upon completion and operation of the new pump station in Banquete.

Board Action:

Determine whether to approve the Bill of Sale and authorize execution upon completion and operation of the new pump station in Banquete.

Summarization:

As noted previously, the construction of the new pump station and the execution of a wholesale contract with the Banquete water district (NCWC&ID#5) will finalize several items including being able to revisit the NWSC's Wholesale Contract which originally called for joint ownership of the existing pump station.

mcgserrato@stwa.org

From: Bill Flickinger <bflickinger@wfaustin.com>
Sent: Tuesday, June 16, 2020 11:12 AM
To: mcgserrato@stwa.org
Cc: Allison Nix
Subject: RE: NWSC Bill of Sale

Carola:

NWSC can sign now and hold the document until the pump station is complete. STWA can approve the form of the document and authorize execution after the pump station is complete but NWSC should not deliver the document to STWA until after the pump station is complete.

Very truly yours,

Bill Flickinger

Willatt & Flickinger, PLLC
Attorneys at Law
12912 Hill Country Blvd., Suite F-232
Austin, Texas 78738

Phone: (512) 476-6604
Facsimile: (512) 469-9148

Email: bflickinger@wfaustin.com

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From: mcgserrato@stwa.org <mcgserrato@stwa.org>
Sent: Tuesday, June 16, 2020 10:46 AM
To: Bill Flickinger <bflickinger@wfaustin.com>
Cc: Allison Nix <anix@wfaustin.com>
Subject: RE: NWSC Bill of Sale

Bill,

The NWSC Board approved the Bill of Sale this morning.

Do I remember correctly? The NWSC officers can execute the document and STWA can approve it but wait to execute until the new pump station is complete and in operation, yes/no?

Carola

Carola G. Serrato
Executive Director

mcgserrato@stwa.org

From: Bill Flickinger <bflickinger@wfaustin.com>
Sent: Friday, June 12, 2020 11:07 AM
To: mcgserrato@stwa.org
Cc: Allison Nix
Subject: RE: NWSC Bill of Sale
Attachments: bill of sale-nwsc-banquete.docx

Carola:

The draft bill of sale is attached. I will give you a call in a few minutes. Thank you.

Very truly yours,

Bill Flickinger

Willatt & Flickinger, PLLC
Attorneys at Law
12912 Hill Country Blvd., Suite F-232
Austin, Texas 78738

Phone: (512) 476-6604
Facsimile: (512) 469-9148

Email: bflickinger@wfaustin.com

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From: mcgserrato@stwa.org <mcgserrato@stwa.org>
Sent: Friday, June 12, 2020 10:46 AM
To: Bill Flickinger <bflickinger@wfaustin.com>
Subject: NWSC Bill of Sale

Bill,

Were you going to get us the Bill of Sale? We are ready to post the agenda and copy the packet. If it is not available, we will need to remove the item from the agenda.

Carola

Carola G. Serrato
General Manager
Nueces Water Supply Corporation
2302 East Sage Rd
Kingsville, Texas 78363
361-592-1720 x112

From: mcserrato@stwa.org
Sent: Monday, June 8, 2020 10:42 AM
To: Bill Flickinger
Cc: Allison Nix; Frances Rosales
Subject: Bill of Sale

Bill,

I am working on the Bill of Sale memo for the NWSC Board agenda packet. Frances and I have reviewed the notes from the NWSC meeting when the Board decided not to charge STWA for the facilities. The Board also wanted to be sure that the Bill of Sale stipulated that (1) the sale was not final until the new pump station is complete and operational and (2) the facilities were transferred "as is" with no warranties. Mr. Benton also wanted to be certain that the Bill of Sale would mean that NWSC would be free of any liabilities.

Carola

Carola G. Serrato
General Manager
Nueces Water Supply Corporation
2302 East Sage Rd
Kingsville, Texas 78363
361-592-1720 x112

BILL OF SALE

Date: _____, 2020, to be effective as stated below

Seller: NUECES WATER SUPPLY CORPORATION

Seller's Mailing Address: 2302 E. Sage Road
Kingsville, Kleberg County, Texas 78363

Buyer: SOUTH TEXAS WATER AUTHORITY

Buyer's Mailing Address: 2302 E. Sage Road
Kingsville, Kleberg County, Texas 78363

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

Transferred Properties: All of Seller's interest in and to a Peerless Pump with Serial Number SA309FB with Nema motor with 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 a Nema motor with Serial Number MTP608C4972004, and any associated wiring, waterlines, controls and other appurtenances, 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.

Seller also assigns to Buyer all manufacturer warranties, if any, for the Transferred Properties.

AFTER THIS BILL OF SALE AND ASSIGNMENT IS EFFECTIVE, SELLER SHALL HAVE NO FURTHER OBLIGATION OR LIABILITY FOR THE TRANSFERRED PROPERTIES AND BUYER AGREES TO NOT CHARGE SELLER FOR ANY MANAGEMENT, REPAIRS OR MAINTENANCE OF THE TRANSFERRED PROPERTIES AFTER THIS BILL OF SALE AND ASSIGNMENT IS EFFECTIVE.

THIS BILL OF SALE AND ASSIGNMENT SHALL BE EFFECTIVE ONLY AFTER COMPLETION OF THE BANQUETE PUMP STATION AND EXECUTION OF THIS BILL OF SALE BY BUYER ACCEPTING AND AGREEING TO THE TRANSFER AND DELIVERY OF THIS BILL OF SALE TO SELLER.

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

[Signatures follow.]

NUECES WATER SUPPLY CORPORATION
"Seller"

By: _____
President

ATTEST:

By: _____
Secretary

[CORPORATION'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2020 by _____, as President of NUECES WATER SUPPLY CORPORATION, on behalf of said corporation.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

AGREED AND ACCEPTED

**SOUTH TEXAS WATER AUTHORITY
"Buyer"**

By: _____
President

Dated: _____

ATTEST:

By: _____
Secretary

[AUTHORITY'S SEAL]

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2020 by _____, as President of SOUTH TEXAS WATER AUTHORITY, on behalf of said authority.

[SEAL]

Notary, State of Texas
My Commission Expires: _____

ATTACHMENT 8

NCWC&ID #5 Water Supply and O&M Contracts

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 15, 2020
Re: Nueces County Water Control and Improvement District #5 (NCWC&ID #5) Wholesale Water Supply Contract and Contract for Operation and Maintenance of Facilities

Background:

In the last memo on these subjects, staff reported that the NCWC&ID#5 Board was scheduled to meet on Wednesday, May 13; however, that meeting did not occur. The board did meet on June 10, 2020. I did not attend the meeting at the request of Office Manager Anavi King (despite all meetings being open meetings) since she indicated that the board wanted to discuss the details of the contract amongst themselves. I spoke with Ms. King again this morning regarding a second meeting which she thought would be scheduled to include my participation. She stated that a date had not been selected by their board; but she would be polling the members for an available date.

Analysis:

As stated previously, the contract is written with the same major provisions as STWA's other six (6) wholesale contracts with two (2) exceptions. Since the district is outside of STWA's boundaries, the contract includes a fee in lieu of taxes. And, the contract is written based on separating service between NCWCID #5 and NWSC with the construction of the new Banquete pump station.

Staff Recommendation:

Keep the Board updated on negotiations. However, in the event the NCWCID #5 Board takes action or submits a request on either contract, the agenda item allows for action by the STWA Board.

Board Action:

Provide feedback to staff.

Summarization:

This is the last Wholesale Water Supply Contract that requires execution. By signing the wholesale water supply contract, the NCWCID #5 Board will benefit from the elimination of the premium fee.

ATTACHMENT 9

Driscoll O&M Contract

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 16, 2020
Re: City of Driscoll – Contract for Operation and Maintenance of Facilities (O&M Contract)

Background:

As reported earlier this month, the Driscoll City Council approved the Contract for Operations and Maintenance of Facilities (O&M Contract) during a meeting on June 3, 2020. The STWA Board had authorized staff to offer the contract to the City for negotiation purposes. Attached are several emails pertaining to the negotiations. Enclosed are the clean version and redline version of the contract approved by the City Council.

Analysis:

The City agreed to the cost per thousand gallons reviewed by the STWA Board. They requested clarification regarding the “true-up” of the cost and separating the term which was tied to the Water Supply Contract. They also requested a more detailed description of the allocation of costs between the City and Nueces Water Supply Corporation which utilizes the Driscoll Pump Station for its rural customers.

Staff Recommendation:

Approve Resolution 20-22 authorizing execution of the Contract for Operation and Maintenance of Facilities.

Board Action:

Determine whether to adopt Resolution 20-22.

Summarization:

Execution of this contract translates into STWA field personnel continuing to provide the same services as in the past; however, STWA will now be paid a separate fee for the services.

mcgserrato@stwa.org

From: mcgserrato@stwa.org
Sent: Thursday, June 4, 2020 8:39 AM
To: Brandon Barrera (brandon.barrera2015@yahoo.com); 'Filiberto Trevino (ftrevinoiii@gmail.com)'; Jose Graveley (pipe-man@juno.com); 'Kathleen Lowman'; Lupita Perez (lupitap1414@gmail.com); 'Patsy Rodgers'; 'Rudy Galvan'
Cc: Bill Flickinger; Armando Yruegas; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: Driscoll Council - Approved STWA O&M Contract

STWA Board:

Just a brief message to let you know that the Driscoll City Council approved the O&M Contract during their meeting last night. There were some minor changes as a result of the recent meeting between Mayor Gonzalez, Interim City Administrator Roland Ramos, Bill Flickinger and myself. This will be presented to the STWA Board for authorization to execute as part of the June 23rd Board meeting.

A quick update: This leaves the Banquete (District 5) Water Supply Contract to complete contracts with all seven wholesale customers. The Banquete Board may be interested in an O&M Contract but it is not necessary (from STWA's perspective) once they agree to own the facilities. Of course, there is still the permanent easement matter to resolve with the City of Bishop.

Have a good day. Take Care,
Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: mcserrato@stwa.org
Sent: Friday, May 29, 2020 3:01 PM
To: 'Roland Ramos'; 'Mark Gonzalez'; 'Driscoll City Secretary'
Cc: 'Bill Flickinger'
Subject: RE: STWA - City of Driscoll Operations and Maintenance Agreement
Attachments: STWA - City of Driscoll Operations and Maintenance Contract 52920 230 pm Clean with Ex A.pdf; STWA Driscoll BF Redline Draft 52920 230 pm CONTRACT FOR OPERATION AND MAINTENANCE without exhibit bf031020.pdf

Roland,

STWA has used the term true-up to indicate an adjustment regardless of whether it is an increase or decrease. However, the term internal audit has been used in its place with added language referring to an adjustment.

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Roland Ramos <rros@cityofdriscoll.com>
Sent: Friday, May 29, 2020 12:56 PM
To: mcserrato@stwa.org; Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>
Cc: 'Bill Flickinger' <bflickinger@wfaustin.com>
Subject: Re: STWA - City of Driscoll Operations and Maintenance Agreement

Hi Carola,

Thank you for sending us the changes. On our conference call, I asked if the O&M expenses at the facility were less than the prior year, how would that be adjusted; your response was the rate would be reduced accordingly.

I noticed the change was included for a "true-up", but not for reduced rate. Please add that wording to the O&M agreement.

Thanks,
Roland

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Friday, May 29, 2020 9:34 AM
To: Roland Ramos <rros@cityofdriscoll.com>; Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>
Cc: 'Bill Flickinger' <bflickinger@wfaustin.com>
Subject: RE: STWA - City of Driscoll Operations and Maintenance Agreement

Roland,

Here is the document as a pdf (a redline version and clean) with the added language pertaining to the true-up.

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Roland Ramos <rrosamos@cityofdriscoll.com>
Sent: Thursday, May 28, 2020 6:28 PM
To: mcserrato@stwa.org; Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>
Cc: Bill Flickinger <bflickinger@wfaustin.com>
Subject: Re: STWA - City of Driscoll Operations and Maintenance Agreement

Good afternoon Carola,

Thank you for emailing the changes. For some reason, I did not receive the redline copy reflecting the changes. Also, I do not see any mention of the True Up/Down for each year based on the previous annual O&M expenses.

Thanks,
Roland

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Thursday, May 28, 2020 3:39 PM
To: Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Roland Ramos <rrosamos@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>
Cc: Bill Flickinger <bflickinger@wfaustin.com>
Subject: FW: STWA - City of Driscoll Operations and Maintenance Agreement

Good Afternoon,

Per our remote meeting yesterday, attached is a revised O&M contract. The Word file is a redline version and the pdf file is a clean version. Please let me know if you have any questions.

In addition, as discussed, I will await confirmation of the City's next Council meeting tentatively scheduled for Wednesday, June 3rd at 6 p.m.

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd

Kingsville, Texas 78363
361-592-9323 x112

From: Bill Flickinger <bflickinger@wfaustin.com>
Sent: Thursday, May 28, 2020 3:07 PM
To: Carola Serrato (mogserrato@stwa.org) <mogserrato@stwa.org>
Cc: Allison Nix <anix@wfaustin.com>
Subject: STWA - City of Driscoll Operations and Maintenance Agreement

Carola:

Attached are the redline draft and clean version with exhibit we discussed this afternoon. Please provide these to the City representatives for their review and comment. Thank you.

Very truly yours,

Bill Flickinger

Willatt & Flickinger, PLLC
Attorneys at Law
12912 Hill Country Blvd., Suite F-232
Austin, Texas 78738

Phone: (512) 476-6604
Facsimile: (512) 469-9148

Email: bflickinger@wfaustin.com

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**CONTRACT FOR OPERATION AND MAINTENANCE
OF FACILITIES - DRISCOLL**

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 the City of Driscoll, Texas (the "City").

WITNESSETH

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

WHEREAS, the Authority delivers water to the City at the 150,000-gallon ground storage facility shown on Exhibit "A" attached hereto in which the City owns a divided interest and via two pumps owned by the City and a hydro-pneumatic tank owned by Nueces Water Supply Corporation as shown on Exhibit "A" attached hereto; and

WHEREAS, previously hereto the Authority has operated and maintained the pumps and the ground storage facility, which are now owned by the City (the "Facilities"), and the Parties want the Authority to continue to do so, at the expense of the City.

AGREEMENT

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

I.
Operation and Maintenance of the Facilities

The Authority will continue to operate and maintain the Facilities 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 that of the City. The costs associated with the 150,000-gallon ground storage facility shall be prorated on the volume served by the City from that 150,000-gallon ground storage facility in the Authority's preceding fiscal year and the total volume served from that 150,000-gallon ground storage facility in the Authority's preceding fiscal year. The other allocated expenses will include: (1) Driscoll Pump Station costs attributed solely to the City and (2) prorated Driscoll Pump Station costs between the City and the Nueces Water Supply Corporation

based on a ratio of water purchased at said pump stations. Expenses and volumes are according to the Authority's fiscal year which begins on October 1.

The Authority will bill the City monthly for the expenses of operation and maintenance of the Facilities. Until September 30, 2020, the charges billed to the City for such expenses of operation and maintenance shall not exceed \$0.2803 per 1,000 gallons. In April of each year, the Authority will conduct a true-up of cost allocations for the prior fiscal year.

II.

Term of Contract

The initial term of this Contract shall begin on the effective date and continue until March 18, 2025 ("Initial Term") and will be automatically renewed for three (3) sequential terms of five (5) years each, unless one Party gives the other Party written notice of termination at least 365 days and not more than 545 days prior to the end of the Initial Term or any subsequent term.

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]

CITY OF DRISCOLL, TEXAS

By:

Mayor

Date Signed: _____

ATTEST:

By: _____
Secretary

[CITY'S SEAL]

Driscoll Pump Station

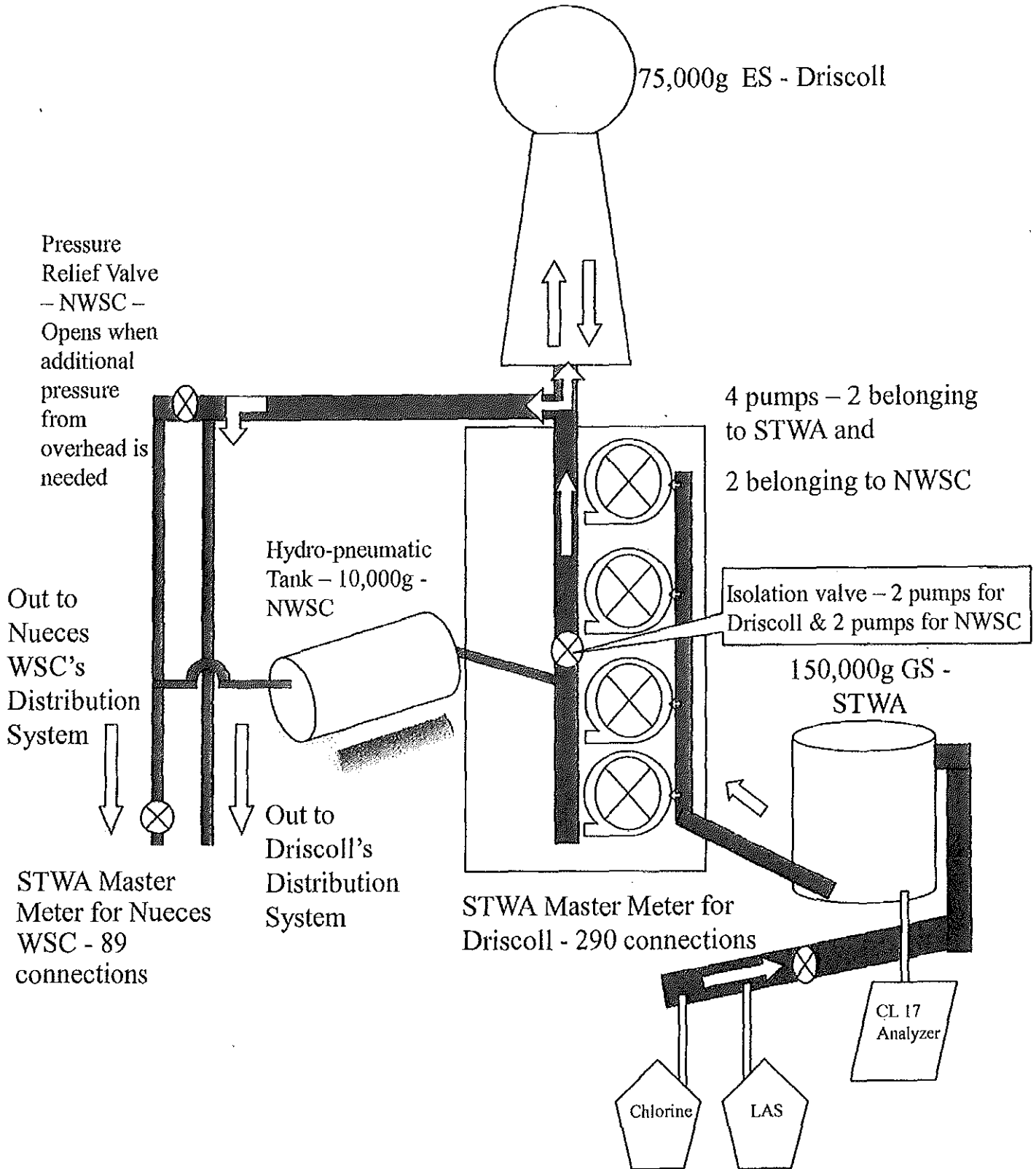


EXHIBIT "A"

BF REDLINE DRAFT MAY 29, 2020

**CONTRACT FOR OPERATION AND MAINTENANCE
OF FACILITIES - DRISCOLL**

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 the City of Driscoll, Texas (the "City").

WITNESSETH

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

WHEREAS, the Authority delivers water to the City at the 150,000-gallon ground storage facility shown on Exhibit "A" attached hereto in which the City owns a divided interest and via two pumps owned by the City and a hydro-pneumatic tank owned by Nueces Water Supply Corporation as shown on Exhibit "A" attached hereto; and

WHEREAS, previously hereto the Authority has operated and maintained the pumps and the ground storage facility, which are now owned by the City (the "Facilities"), and the Parties want the Authority to continue to do so, at the expense of the City.

AGREEMENT

NOW THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND MUTUAL PROMISES AND COVENANTS CONTAINED HEREIN THE AUTHORITY AND THE CITY 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 that of the City. The costs associated with the 150,000-gallon ground storage facility shall be prorated on the volume served by the City from that 150,000-gallon ground storage facility in the Authority's preceding fiscal year and the total volume served from that 150,000-gallon ground storage facility

in the Authority's preceding fiscal year. The other allocated expenses will include: (1) Driscoll Pump Station costs attributed solely to the City and (2) prorated Driscoll Pump Station costs between the City and the Nueces Water Supply Corporation based on a ratio of water purchased at said pump stations. Expenses and volumes are according to the Authority's fiscal year which begins on October 1.

~~The costs billed to Wholesale Customer shall include electricity and the cost of the chemicals for disinfection immediately before the Point of Delivery.~~

The Authority will bill the City monthly for the expenses of operation and maintenance of the Facilities. Until September 30, 2020, the charges billed to the City for such expenses of operation and maintenance shall not exceed \$0.2803 per 1,000 gallons. In April of each year the Authority will conduct a true-up of cost allocations for the prior fiscal year.

II.

Term of Contract

The initial term of this Contract shall begin on the effective date and continue until March 18, 2025 ("Initial Term") and will be automatically renewed for three (3) sequential terms of five (5) years each, unless one Party gives the other Party written notice of termination at least 365 days and not more than 545 days prior to the end of the Initial Term or any subsequent term.

~~This Contract shall remain in effect until _____, 2030, at which time it shall expire.~~

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]

CITY OF DRISCOLL, TEXAS

By:

Mayor

Date Signed: _____

ATTEST:

By: _____

Secretary

[CITY'S SEAL]

ATTACHMENT 10

Resolution 20-22

SOUTH TEXAS WATER AUTHORITY

Resolution 20-22

RESOLUTION AUTHORIZING THE PRESIDENT OF THE SOUTH TEXAS WATER AUTHORITY TO EXECUTE A CONTRACT FOR OPERATION AND MAINTENANCE OF FACILITIES 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 Contract for Operation and Maintenance of Facilities, 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 Contract for Operation and Maintenance of Facilities – Driscoll.

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 23rd day of June, 2020.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 11
Driscoll Unpaid Invoices

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 18, 2020
Re: City of Driscoll – Past Due Invoices

Background:

Enclosed is the most recent email sent to the City of Driscoll regarding the City's past due invoices. As reported previously, The City has experienced several years of turn-over from a staffing and elected official perspective. More recently their office has been impacted by the COVID-19 pandemic. I have communicated with legal counsel Bill Flickinger regarding the City's delinquent accounts. During our recent Zoom meeting with Mayor Mark Gonzalez and Interim Administrator Roland Ramos, Mr. Flickinger and I broached the subject of the amounts owed.

Analysis:

When STWA began providing water service to the City in 1986, the City's staff was considerably smaller. I recall City Hall was housed in a building adjacent to an elevated tower that has long since been demolished. Their staff consisted of a city administrator and a public works operator with the mayor taking an active role in the day-to-day operations. Sometime later, the City created a police department and the size of the City's staff increased considerably. For quite some time, the City has consistently been slow in paying their invoices. However, staff and legal counsel agree that the current balance is reason for concern.

Staff Recommendation:

Authorize legal counsel to communicate in writing with the City including contact with the City's attorney.

Board Action:

Determine what action is appropriate.

Summarization:

Mr. Flickinger and I have noted that the City has made payment on the invoice following the execution of the Wholesale Water Supply Contract which did not include the incremental fee.

From: mcserrato@stwa.org
Sent: Monday, June 15, 2020 5:05 PM
To: 'Roland Ramos'
Cc: 'Mark Gonzalez'; 'Frances Rosales'; 'Jo Ella Wagner'; 'Bill Flickinger'; Armendina Garcia (citysecretary@cityofdriscoll.com)
Subject: RE: Executed Contract - Wholesale Water Supply - Outstanding Invoices

Importance: High

Tracking:	Recipient	Read
	'Roland Ramos'	
	'Mark Gonzalez'	
	'Frances Rosales'	
	'Jo Ella Wagner'	
	'Bill Flickinger'	
	Armendina Garcia (citysecretary@cityofdriscoll.com)	
	Driscoll City Secretary	Read: 6/15/2020 7:11 PM
	Frances Rosales - De Leon	Read: 6/16/2020 8:51 AM
	Joella Wagner	Read: 6/16/2020 8:42 AM

Roland,

Please see below to your email dated March 31st and my email dated April 2nd. As of today, payment has not been received on the following:

S19-162 November Invoice for October Water - \$27,585.75

S19-177A December Invoice for November Water - \$28,545.64

S20-003 January Invoice for December Water - \$31,002.56

S20-023 February Invoice for January Water - \$15,427.73

S20-037 March Invoice for February Water - \$10,115.63

S20-071 May Invoice for April Water - \$11,653.52

In addition, Invoice S20-085 – June Invoice for May Water was sent last week in the amount of \$10,708.05.

A payment was received on May 14th in the amount of 10,935.60 for invoice S20-051 – April Invoice for March Water.

The total of outstanding invoices is approximately \$135,000. As stated in the April 2nd email, information is needed on the City's plans to get current. The STWA Board is meeting on Tuesday, June 23rd. The M&O contract is an item on the agenda – authorization to execute the contract. I will be consulting with legal counsel on this matter which may be a second agenda item based on his recommendation.

Carola G. Serrato
Executive Director

South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Roland Ramos <rrosamos@cityofdriscoll.com>
Sent: Friday, April 3, 2020 1:07 PM
To: mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Friday, May 8, 2020 2:47 PM
To: Roland Ramos (rramos@cityofdriscoll.com); 'Mark Gonzalez'
Cc: Bill Flickinger; Jo Ella Wagner; Frances Rosales
Subject: M&O Contract and Outstanding Invoices
Attachments: Driscoll Emails Mar and Apr 2020.pdf

Importance: High

Tracking:	Recipient	Read
	Roland Ramos (rramos@cityofdriscoll.com)	
	'Mark Gonzalez'	
	Bill Flickinger	
	Jo Ella Wagner	
	Frances Rosales	
	Frances Rosales - De Leon	Read: 5/8/2020 3:47 PM
	Joella Wagner	Read: 6/1/2020 11:30 AM

Mayor Gonzalez and Mr. Ramos,

This is a follow-up on two (2) items: the M&O Contract and outstanding invoices.

1. Since the City met on March 12 and approved the Water Supply Contract, our office has not received any additional correspondence regarding the Maintenance Contract despite offers to meet with City representatives including meeting remotely. It was anticipated that there would be active, ongoing negotiations which the STWA Board would perceive as the City having a genuine interest in entering into a contract for the services. As part of the Wholesale Water Supply Contract, the City accepted title to the facilities providing service to the City. Without any meaningful discussion on the M&O contract, I believe the STWA Board will consider the M&O Contract/matter closed and the City responsible for those facilities.
2. Emails have been sent regarding the City's past due balance which as of today is \$123,612.91. This does not include the invoice for April's water which is on my desk for review and will likely be processed and mailed on Monday, May 11th. The City's most recent payment was in February; however, it was for September 2019 water. In a recent email (attached), I requested an update on this matter. To date, no response has been received other than to indicate that Mayor Gonzalez would be asked on how to proceed. Finance Manager Jo Ella Wagner and I have made periodic calls to the City's 361-387-3011 number in order to speak to someone in person. Unfortunately, the number often goes unanswered and voice mail messages do not result in a return call. Please let us know when some type of payment will be received, preferably a payment of at least ½ of the outstanding balance.

In closing, I trust that the City agrees that these matters are critical in nature and a response is warranted.

Carola G. Serrato
Executive Director

South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Tuesday, April 14, 2020 4:58 PM
To: 'Mark Gonzalez'; Roland Ramos (rramos@cityofdriscoll.com); Armendina Garcia (citysecretary@cityofdriscoll.com)
Cc: Bill Flickinger; Armando Yruegas; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: FW: Executed Contract - Wholesale Water Supply - Outstanding Invoices

Mayor Gonzalez and Roland,

I hope everyone with the City of Driscoll as well as your families are doing well given the COVID-19 environment.

I am following up on an item previously discussed. There remain five (5) wholesale water invoices that are unpaid. Specifically, the invoices sent in November 2019, December 2019, January 2020, February 2020 and March 2020 for water purchased in October, November, December, January and February respectively. The total of these five (5) invoices is \$112,677.31.

It is important to note that an invoice was sent this week for March usage which is due by the end of the month in the amount of \$10,935.60.

I would very much appreciate an update on when these invoices will be paid.

Sincerely,

Carola

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

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Friday, April 3, 2020 1:04 PM
To: 'Roland Ramos' <rramos@cityofdriscoll.com>
Cc: 'Mark Gonzalez' <mgonzalez@cityofdriscoll.com>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>; Bill Flickinger <bflickinger@wfaustin.com>
Subject: RE: Executed Contract - Wholesale Water Supply - Outstanding Invoices



Your email is timed very well. I just received the return draft of my letter to the City from our attorney. He suggested adding information on this very subject. Yes, STWA will not charge the Incremental Fee for March; but, it must be received no later than Monday, April 6th. Our office is closed to foot traffic; but, Dina has my cell phone number and if she will call me I will open the back gate to let her deliver the contract.

Carola

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

From: mogserrato@stwa.org <mogserrato@stwa.org>
Sent: Thursday, April 2, 2020 5:44 PM
To: Roland Ramos <rramos@cityofdriscoll.com>
Cc: Mark Gonzalez <mgonzalez@cityofdriscoll.com>; Frances Rosales <fvrosales@stwa.org>; Jo Ella Wagner <jwagner@stwa.org>
Subject: RE: Executed Contract - Wholesale Water Supply - Outstanding Invoices

Roland,

We still have not received the contract. Hopefully it will come in by tomorrow. Yesterday, master meters were read for March's invoice. Frances will be working on those invoices and they should go out next week.  

I have copied Mayor Gonzalez on this email. Please let me know about the City's plans to get current on the past due invoices.


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, March 31, 2020 3:14 PM
To: mogserrato@stwa.org
Subject: Re: Executed Contract - Wholesale Water Supply - Outstanding Invoices

Hi Carola,

I spoke to Dina regarding the return of the Wholesale Water Supply Contract and she will be mailing you the executed copy today.

In regards to the outstanding invoices, I'm going to discuss with the Mayor on how he wishes to proceed. 

Thanks,
Roland

From: mogserrato@stwa.org <mogserrato@stwa.org>
Sent: Friday, March 27, 2020 5:05 PM
To: Roland Ramos <rramos@cityofdriscoll.com>; Driscoll City Secretary <citysecretary@cityofdriscoll.com>; Mark Gonzalez <mgonzalez@cityofdriscoll.com>
Cc: Armando Yruegas <ayruegas@stwa.org>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>
Subject: Executed Contract - Wholesale Water Supply - Outstanding Invoices

Good Afternoon,

This is a follow-up to my conversations with Dina regarding the Wholesale Water Supply Contract. Two (2) originals were hand delivered to Dina shortly after the Council approved the contract on March 12th. I spoke with Dina yesterday to inquire about it being returned in order for the STWA President and Secretary/Treasurer to also execute. The contract needs to be returned in order for the City to avoid paying the Incremental Fees. Please let us know if there are any questions regarding the execution of the contract.

In addition, we would appreciate an update on the payment of the outstanding invoices. Our records indicate that there are five (5) months outstanding including the most recent bill sent in March for February usage.



Thank-you and Have a Safe Weekend – Remembering Social Distancing,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

ATTACHMENT 12

Chloramine Booster Station – Kingsville/Ricardo

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 18, 2020
Re: Kingsville – Ricardo Water Supply Corporation – Transfer of Chloramine injection points

Background:

Last week and again this week, Mercer Control, Inc. employees have been working on the Board approved project which will transfer the injection of chloramines from the Kingsville meter run to the Ricardo meter run. According to these employees, the equipment has been installed; however, the CL17 chlorine analyzer is not operating per Mr. Sherrel Mercer's instructions. Staff expects Mr. Mercer to correct the problem. STWA has not been invoiced for any work or materials associated with this project.

Analysis:

As reported previously, this project was recommended by TCEQ Texas Optimization Program (TOP) staff when they performed field studies on residuals and disinfection by-products problems experienced by the Nueces and Ricardo Water Supply Corporations.

Staff Recommendation:

This is an update only.

Board Action:

Provide feedback to staff.

Summarization:

Residuals arriving at Kingsville and Ricardo continue to remain in compliance with the 0.50 mg/l total chlorine requirement. However, past experience shows that changes in the finished product from the City of Corpus Christi, low usage by wholesale customers, problems with the Driscoll Booster Station, and summer temperatures can have adverse impacts. This project should provide additional protection towards boosting the residual.

ATTACHMENT 13

ERCOT Ballot

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 18, 2020
Re: Official Consent and Ballot Form for Approval of Unaffiliated Directors for the ERCOT Board of Directors and Bylaw Amendment

Background:

Enclosed please find several documents from ERCOT pertaining to the election of Unaffiliated Directors for their Board of Directors and amendments to the Bylaws. There are three (3) persons that have been placed on the ballot to fill three (3) positions, two as newly appointed and one as a re-appointment. If a sufficient number of ballots are returned prior to the deadline, a special election will not be necessary. The amendments to the Bylaws are associated with clarification to conducting remote meetings. The enclosed copy is a redline version and the modifications are on pages 12, 19, 20, 21 and 23.

Also enclosed is email correspondence from Mr. Chris Brewster with the law firm that represents TCAP, the energy coalition of which STWA is a member.

Analysis:

The bios on the three individuals are enclosed and appear to support considerable business experience. Mr. Brewster has recommended casting the ballot as in favor on all four (4) items.

Staff Recommendation:

Authorize staff to submit the enclosed ballot voting "for" the election of the three (3) persons and in favor of the Bylaws' amendments.

Board Action:

Determine whether to authorize staff to submit the enclosed ballot voting "for" the election of the three (3) nominees and Bylaws' amendments.

Summarization:

TCAP (Texas Coalition for Affordable Power) is the group that was formed as the result of the merger between STAP (South Texas Aggregation Project) which STWA joined several years ago and CAPP (Cities Aggregation Power Project). Staff has been pleased with the services provided from these coalitions.



**Official Consent and Ballot Form
For Elections of Unaffiliated Directors and
Approval of Proposed Amendments to the ERCOT Bylaws**

	For	Against
The undersigned Corporate Member of ERCOT (Member) approves the election of Raymond Hepper as an Unaffiliated Director for his first term, to be seated on the ERCOT Board of Directors (Board) beginning January 1, 2021, subject to Public Utility Commission of Texas (PUCT) approval, whose professional background information is provided in <i>Attachment A</i> to the Notice of Special Meeting of Corporate Members (Notice) that accompanied this Official Consent and Ballot Form (Ballot).	<input type="checkbox"/>	<input type="checkbox"/>
The undersigned Member approves the election of Sally Talberg as an Unaffiliated Director for her first term, to be seated on the Board beginning January 1, 2021, subject to PUCT approval, whose professional background information is provided in <i>Attachment B</i> to the Notice that accompanied this Ballot.	<input type="checkbox"/>	<input type="checkbox"/>
The undersigned Member approves the re-election of Terry Bulger as an Unaffiliated Director for his second term, to be seated on the Board beginning March 30, 2021, subject to PUCT approval, whose professional background information is provided in <i>Attachment C</i> to the Notice that accompanied this Ballot.	<input type="checkbox"/>	<input type="checkbox"/>
The undersigned Member approves the proposed amendments to the <i>Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.</i> , effective January 17, 2019 (Bylaws), which were approved and recommended by the Board, subject to PUCT approval, as reflected in <i>Attachment D</i> to the Notice that accompanied this Ballot.	<input type="checkbox"/>	<input type="checkbox"/>

I hereby certify that:

1. I am a duly authorized representative of the Corporate Member of ERCOT listed below;
2. I consent to this action in writing in lieu of the Special Meeting of the Corporate Members currently scheduled for Friday, July 10, 2020; and
3. My votes on each of the elections of the three Unaffiliated Directors and on the approval of the proposed amendments to the ERCOT Bylaws are listed above.

Signature

Name:

Corporate Member (Organization or Company):

Date:



Please make every effort to return this Ballot no later than **5:00 p.m. on Thursday, July 2, 2020**. The signed Ballot can be submitted in any legible format by email (for example, .pdf or .jpeg files) to membership@ercot.com. If you have any questions, please contact Lissette Ruiz at membership@ercot.com.

From: Membership <membership@ercot.com>
Sent: Wednesday, June 10, 2020 9:07 AM
To: Membership
Subject: Notice of Special Meeting of ERCOT Corporate Members
Attachments: Correspondence to Corporate Members re Special Meeting.pdf; Official Consent and Ballot Form.docx

Importance: High

ERCOT Corporate Members,

As you will see in the attached notice of Special Meeting of Corporate Members, you are being asked to vote on:

- The election of two new Unaffiliated Directors, Raymond Hepper and Sally Talberg, for their first terms;
- The re-election of Unaffiliated Director Terrence J. "Terry" Bulger for his second term; and
- Proposed amendments to the ERCOT Amended and Restated Bylaws.

Please review the attached materials regarding the upcoming Special Meeting of the Corporate Members (<http://www.ercot.com/calendar/2020/7/10/207805>).

Your participation in this vote is crucial.

Please return your ballot as soon as possible, but no later than Thursday, July 2, 2020 at 5:00 p.m.

Thank you in advance for your participation.



Lissette Ruiz
Senior Legal Specialist
O: 512-225-7025 | F: 512-225-7079

Confidentiality Notice: The information contained in this email message and any attached documents may be privileged and confidential and is intended for the addressee only. If you received this message in error, please notify the sender immediately.

From: Chris Brewster <CBrewster@lglawfirm.com>
Sent: Tuesday, June 16, 2020 9:35 AM
To: Hanna Campbell; Thomas Brocato; Jamie Mauldin; Jessica Shipley
Cc: Fehrenbach, Nick; 'philliplboyd@msn.com'
Subject: REMINDER; URGENT ACTION REQUESTED: Notice of Special Meeting of ERCOT Corporate Members
Attachments: Official Consent and Ballot Form.docx

Importance: High

ERCOT Member Cities and Political Subdivisions:

Thank-you to the number of cities we've heard from in recent days that have submitted their ERCOT ballots as I recommend below. If quorum for this vote is to be reached, we continue to need many more ballot submittals. If you have not done so, please submit your Official Consent and Ballot Form to ERCOT as soon as you can. A copy of the Ballot is attached to this email. **The Ballot is due on July 2 and should be sent to membership@ERCOT.com. We recommend a vote FOR each of the items.**

Please contact me if you have any questions. Thank you for your help with this matter.

Regards,

Chris

ERCOT Member Cities and Political Subdivisions:

Earlier today, you likely received the attached email from ERCOT. In it, ERCOT directs that you cast a ballot for a number of votes – the election of two unaffiliated Directors to ERCOT's Board of Directors, the re-election of another, and a number of changes to ERCOT's bylaws. As I describe in more detail below, **we recommend a vote FOR each of these items on the Official Consent and Ballot Form.** The Ballot should be sent to membership@ERCOT.com.

Please note that your submission of the ballot is urgently needed. The ballot is due to ERCOT on July 2. The Bylaw changes are necessary to accommodate remote ERCOT meetings (by Zoom or other technology) arising from the COVID-19 pandemic, and the Independent Directors are needed to seat a full Board.

I recognize that this vote is occurring on a very short timeline. If ERCOT does not receive enough ballots to make quorum for an email vote, it will need to convene a follow-up meeting of all ERCOT members here in Austin.

Please feel welcome to call (512-402-4311) or email me if you have any questions. Thank you for your attention to this.

Regards,

Chris

Bylaws Changes - VOTE "FOR"

The proposed bylaw changes:

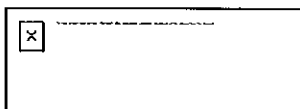
- Broaden the range of Board meetings that can held remotely;
- Clarify that the Annual Meeting of Corporate Members need not take place in person;
- More closely align the definition of urgent matters with the Texas Open Meetings Act;
- Clarify who may call meetings of the Board subcommittees;
- Align the urgent meeting notice period (from notice of not less than two hours to not less than one hour) with the Texas Open Meetings Act; and
- Align the methods of teleconference technology with the Texas Business Organizations Code.

Board Candidates – VOTE "FOR"

Sally Talberg - Ms. Talberg meets the requirements for an independent director, and currently serves as the Chairman of the Michigan Public Service Commission. She previously worked for a consulting group in Michigan, and before that, at the Texas PUC (in fact, she was my old boss when I worked at the PUC).

Raymond Hepper – Mr. Hepper also meets the legal requirements for an independent Director, and is the former General Counsel of the ERCOT-equivalent in the New England region, ISO New England.

Terry Bolger – Mr. Bolger currently serves as an Independent Director on ERCOT’s Board, and has done so since 2018. He is a former bank executive. His candidacy for re-appointment to the Board raises no issues.



CHRIS BREWSTER
Principal
512-322-5831 Direct



Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Ave., Suite 1900, Austin, TX 78701
www.lglawfirm.com | 512-322-5800
News | vCard | LinkedIn | Bio

From: Membership <membership@ercot.com>
Sent: Wednesday, June 10, 2020 9:07 AM
To: Membership <membership@ercot.com>
Subject: Notice of Special Meeting of ERCOT Corporate Members
Importance: High

ERCOT Corporate Members,

As you will see in the attached notice of Special Meeting of Corporate Members, you are being asked to vote on:

- The election of two new Unaffiliated Directors, Raymond Hepper and Sally Talberg, for their first terms;
- The re-election of Unaffiliated Director Terrence J. "Terry" Bulger for his second term; and
- Proposed amendments to the ERCOT Amended and Restated Bylaws.

Please review the attached materials regarding the upcoming Special Meeting of the Corporate Members (<http://www.ercot.com/calendar/2020/7/10/207805>).

Your participation in this vote is crucial.

Please return your ballot as soon as possible, but no later than Thursday, July 2, 2020 at 5:00 p.m.

Thank you in advance for your participation.



Lissette Ruiz
Senior Legal Specialist
O: 512-225-7025 | F: 512-225-7079

Confidentiality Notice: The information contained in this email message and any attached documents may be privileged and confidential and is intended for the addressee only. If you received this message in error, please notify the sender immediately.

From: Membership <membership@ercot.com>
Sent: Wednesday, June 10, 2020 9:07 AM
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Subject: Notice of Special Meeting of ERCOT Corporate Members
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Please return your ballot as soon as possible, but no later than Thursday, July 2, 2020 at 5:00 p.m.

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Lissette Ruiz
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****ATTENTION TO PUBLIC OFFICIALS AND OFFICIALS WITH OTHER INSTITUTIONS SUBJECT TO THE OPEN MEETINGS ACT ****

A "REPLY TO ALL" OF THIS EMAIL COULD LEAD TO VIOLATIONS OF THE TEXAS OPEN MEETINGS ACT. PLEASE REPLY ONLY TO LEGAL COUNSEL.

CONFIDENTIALITY NOTICE:

This email (and all attachments) is confidential, legally privileged, and covered by the Electronic Communications Privacy Act. Unauthorized use or dissemination is prohibited. If you have received this message in error please delete it immediately. For more detailed information click <http://www.lglawfirm.com/email-disclaimer/>.

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June 10, 2020

ERCOT Corporate Member:

Your participation in voting matters is hereby requested. Your participation is critical in this process.

Recommendations to the Corporate Members on Four Voting Items

ERCOT is presenting four items to the Corporate Members for vote, as discussed below, specifically:

1. Elections of two new Unaffiliated Directors;
2. Re-election of an Unaffiliated Director; and
3. Amendments to the ERCOT Bylaws.

Elections of Two New Unaffiliated Directors and Re-Election of An Unaffiliated Director

On June 8, 2020, the ERCOT Nominating Committee (Committee) of the ERCOT Board of Directors (Board) unanimously selected Raymond Hepper and Sally Talberg as Unaffiliated Directors to serve their first terms on the Board, beginning January 1, 2021, and Terry Bulger for re-election as Unaffiliated Director to serve his second term on the Board, beginning March 29, 2021, all subject to election by the ERCOT Corporate Members (Members) and final approval by the Public Utility Commission of Texas (PUCT). Information regarding their professional experience is attached for your review and consideration as *Attachments A, B and C*.

Proposed Amendments to the ERCOT Bylaws

On June 9, 2020, the Board unanimously voted to approve proposed amendments to the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*, effective January 17, 2019 (Bylaws), and to recommend and present such proposed Bylaws amendments to the ERCOT Corporate Members for their approval, subject to final approval by the PUCT.

The proposed amendments to the Bylaws would expand the definition of "urgent matters," update the description of the allowable teleconference technology for meetings, update section headings and correct scrivener's errors. The language of the proposed Bylaws amendments is attached for your review and consideration as *Attachment D*.



Additional detailed information on these amendments, including red-lined changes, may be found in the materials associated with Agenda Item 4 of the June 9, 2020 urgent Board meeting, which are available at <http://www.ercot.com/calendar/2020/6/9/181573-BOARD>, under "Key Documents." A direct link to these materials (i.e., Board presentation, Board decision template and legal memorandum for the Board's information) may be found at http://www.ercot.com/content/wcm/key_documents_lists/181574/4_Proposed_Bylaws_Amendments.pdf. In addition, a webcast of the discussion of this agenda item at the June 9, 2020 urgent Board meeting may be found by clicking the "Watch now" button at <http://www.ercot.com/committee/board>, under the archived videos.

Special Meeting of Corporate Members Called by the Board

According to Sections 3.7(b) and (g) of the Bylaws, the Board may call a Special Meeting of the Corporate Members (Special Meeting) to seek approval without an in-person meeting. As provided in Section 3.7(g): "Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Corporate Members may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Corporate Members as would be necessary to take that action at a meeting at which all of the Corporate Members were present and voted."

On June 9, 2020, the Board called a Special Meeting to vote on the elections of Raymond Hepper and Sally Talberg as Unaffiliated Directors, the re-election of Terry Bulger as an Unaffiliated Director, and the proposed amendments to the Bylaws. The Special Meeting will be held on Friday, July 10, 2020, at 10:00 a.m. by teleconference [[Join Meeting](#) / Meeting number (access code): 126 581 3966 / Meeting password: Members].

Request for Corporate Members to Submit Consent and Ballot Form in Lieu of Meeting

We are seeking Corporate Membership approval to have each vote in writing, in lieu of a Special Meeting. Please review the enclosed Official Consent and Ballot form (Ballot). If you agree to take action on the elections of Raymond Hepper and Sally Talberg as Unaffiliated Directors, the re-election of Terry Bulger as an Unaffiliated Director, and the proposed amendments to the Bylaws without a Special Meeting, please indicate your voting preference, sign the Ballot and return it to ERCOT by 5:00 p.m. on Thursday, July 2, 2020. After 5:00 p.m. on Thursday, July 2, 2020, we will count the Ballots received to determine if we have sufficient number to allow a vote on the elections of Raymond Hepper and Sally Talberg as Unaffiliated Directors, the re-election of Terry Bulger as an Unaffiliated Director, and the proposed amendments to the Bylaws in lieu of the Special Meeting. We will post a notice of either a successful vote or of the need to have the July 10, 2020 Special Meeting on the ERCOT website at <http://www.ercot.com/calendar/2020/7/10/207805>, no later than Monday, July 6, 2020, at 10:00 a.m.

ACTION NEEDED: Submit Consent and Ballot Form by 5:00 p.m., Thursday, July 2, 2020



Please note that the requested votes require approval by the Members and the PUCT prior to becoming effective. So that the votes may be approved as soon as possible by the Members and the PUCT, please indicate your vote in favor or against the voting matters, sign the Ballot, and make every effort to return it to ERCOT as noted on the Ballot no later than 5:00 p.m., Thursday, July 2, 2020.

Sincerely,

Lissette Ruiz
Senior Legal Specialist
ERCOT



Biography of Raymond Hepper

Raymond Hepper retired in 2018 as Vice President, General Counsel, and Corporate Secretary for ISO New England, which plans and operates New England's electric system and wholesale markets. Mr. Hepper was responsible for representing the company before the Federal Energy Regulatory Commission, which oversees the design and operation of the roughly \$7 billion electricity market. He led the team of economists and lawyers that litigated and negotiated the design of the nation's first market for electric capacity resources. He oversaw the legal interactions with New England's electric generation and transmission owners, electricity marketers and wholesale customers. In addition to managing the legal staff, Ray served on the Company's senior management team and provided counsel to the board of directors.

Before joining ISO New England in 2004, he was a partner in the firm of Pierce Atwood in Portland, Maine representing utilities and clients in complex energy transactions and regulatory proceedings. Among other matters, he represented the State of California in renegotiating several billion dollars of electricity contracts and represented the buyer of the Seabrook nuclear power plant.

From 1989-2000, he was employed by Central Maine Power Company where he served in varying roles, beginning as Tax Counsel and ultimately serving as General Counsel and Managing Director of Legal and Regulatory affairs. During this time, Mr. Hepper handled the legislative and regulatory proceedings that restructured the region's electric industry from vertical integration to market-based supply and regulated delivery service. He led the company's legal team in the \$850 million sale of its electric generating assets (which closed after successfully defending against the buyer's litigation to void the purchase agreement) and then the \$950 million company merger with Energy East Corporation.

From 1980 through 1988, Mr. Hepper was a litigator for the United States Department of Justice where he handled complex tax cases before the Federal Courts of Appeal. In this role he briefed almost 200 appeals from lower court decisions and argued 70 cases in every circuit.

Mr. Hepper, who is totally blind, currently serves on, and is a vice chair of, the Board of Trustees for Perkins School for the blind where he has been a member for 8 years. Perkins operates with an annual budget of roughly \$75 million and an endowment of \$285 million. In addition to its 200 student on-campus programs for visually impaired and deaf-blind children, Perkins operates numerous international programs that educate children who are multiply disabled and visually impaired and an enterprise designing and implementing accessible websites and apps for businesses and universities. During his time on the Board, Mr. Hepper chaired the Education Committee (which has focused on the development of transition programs to improve college graduation and career success) and served on the search committees for the hiring of both the chief executive officer and the head of Perkins School.

Mr. Hepper earned his law degree from the University of Pennsylvania in 1979. He graduated Summa Cum Laude from Lehigh University in 1976 with a degree in economics.



Biography of
Sally Talberg

Sally A. Talberg was initially appointed by former Governor Rick Snyder to the Michigan Public Service Commission on July 3, 2013, and was appointed chairman on January 4, 2016. Her term ends July 2, 2021.

Prior to her appointment, Chairman Talberg worked in the public and private sectors with a focus on energy policy and utility regulation. Most recently, she served as a senior consultant at Public Sector Consultants focusing on energy policy issues and helping to establish Michigan Saves, a financing organization to support energy waste reduction. Chairman Talberg previously served as an analyst at the Michigan Public Service Commission, managed enforcement and contested cases at the Michigan Department of Environmental Quality, and advised commissioners at the Public Utility Commission of Texas.

Through her involvement with the National Association of Regulatory Utility Commissioners, Chairman Talberg serves on the Committee on Critical Infrastructure, Committee on Gas, and the Federal-State Joint Boards on Jurisdictional Separations, and on Universal Service. She also serves as a member of the U.S. Department of Energy's State Energy Advisory Board (STEAB). From 2013-2019 she served on the NARUC Committee on Telecommunications, and on the board of directors of the Organization of MISO States, including President (2016).

Ms. Talberg holds a bachelor's of science degree in Environmental and Natural Resources Policy Studies from Michigan State University and a master's degree in Public Affairs from the Lyndon B. Johnson School of Public Affairs, University of Texas-Austin.



Biography of
Terrence "Terry" Bulger

Terry Bulger is a seasoned 35+ year banking professional with over 25 years of experience specializing in risk management. Mr. Bulger spent the majority of his career with ABN AMRO Bank wherein he held various risk management positions in the US and Europe. In 2003 he held the role of Executive Vice-President and US Chief Risk Officer for ABN AMRO's US Branch operations and their US domestic operations operating under the banner of LaSalle National Bank. In this role, Mr. Bulger had risk oversight responsibility for the US\$100+ billion combined balance sheet.

Following the 2008 acquisition of ABN AMRO Bank and LaSalle Bank, Mr. Bulger joined Bank of Montreal Financial Group as an Executive Vice President within their risk management group. In 2009 Mr. Bulger undertook the role of US Chief Risk Officer which included risk oversight of BMO Harris Financial Corporation and BMO's US branches. During Mr. Bulger's tenure as Chief Risk Officer, BMO Harris doubled in size to over US\$100+ billion. Mr. Bulger retired from BMO at the end of 2014.

In 2015 Mr. Bulger joined the Board of Utrecht America Holland which oversees Rabobank's US activities and is a member of the Risk Committee (Chair) and Audit Committee. In 2016 Mr. Bulger joined the Board of Rabobank, N.A. (subsidiary) and was a member of the Risk Committee (Chair) and Audit Committee until the sale of the bank in late 2019. In 2018 Mr. Bulger joined the ERCOT Board of Directors as an Unaffiliated Director, and is Chair of the Finance and Audit Committee and a member of the Nominating Committee.



*Attachment D
Proposed Amendments to
Amended and Restated Bylaws*

AMENDED AND RESTATED BYLAWS

OF

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

(A Texas Non-Stock, Non-Profit Corporation)

Approved on ~~January 17, 2019~~ {Month Day, Year – Date of PUCT Approval}

ARTICLE 1 OFFICES

Section 1.1 Principal Office. The principal office of Electric Reliability Council of Texas, Inc., a Texas non-stock, non-profit corporation ("ERCOT"), shall be located at such place in Texas as the ERCOT Board of Directors (the "Board") may determine. Additional offices may be established and maintained at such place or places as the Board may from time to time designate.

Section 1.2 Registered Office and Registered Agent. ERCOT will maintain a registered office and a registered agent in Texas. The Board may change the registered office and the registered agent as permitted by the Texas Business Organizations Code, including Chapter 22 thereof (Nonprofit Corporations).

ARTICLE 2 DEFINITIONS

For purposes of these Bylaws, the following definitions apply:

1. **Affiliate.** Affiliate shall mean, with respect to any person, any other person who, directly or indirectly, through one or more intermediaries: (i) controls, is controlled by, or is under common control with such person, as set forth in Subsection (B) below; or (ii) exercises substantial influence over such person, is substantially influenced by such person, or is under common substantial influence with such person, as set forth in Subsection (C) below. Membership in ERCOT shall not create an affiliation with ERCOT.

(A) Construction

As used in this definition:

(x) "party" shall mean any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint stock company, trust, unincorporated organization, or other entity;

(y) "person" shall mean any party, but shall exclude electric cooperatives and all of the entities listed in Section 11.0042(a)(1)-(4) of the Public Utility Regulatory Act ("PURA"), as well as the entities listed in PURA § 11.0042(a)(5) if the conditions in PURA §11.0042(a)(5)(A) and (B) are satisfied; and

(z) "controls", "controlled by", or "under common control with" shall mean the possession by a person, directly or indirectly, through one or more intermediaries, of the power to direct or cause the direction of the

management and/or policies and procedures of another person, whether through voting securities, contract or otherwise.

(B) Affiliation Through Control

Ownership by a person of equity securities (whether publicly traded or not) of another person shall result in a presumption of no control for purposes of this definition if:

1. the holder owns (in its name or via intermediaries) less than 20 percent of the outstanding securities of the person; or
2. the holder owns (in its name or via intermediaries) 20 percent or more of the outstanding securities of the person, and:
 - a. the securities are held as an investment;
 - b. the holder does not have representation on the person's board of directors (or equivalent governing body) or vice versa; and
 - c. the holder does not in fact exercise influence over day to day management decisions.

An ownership interest of 20 percent or more without all of the conditions set forth in Subsection (B)(2)(a) through (c) above shall create a presumption of control that may be challenged pursuant to Subsection (D) below.

For purposes of determining whether two otherwise unrelated persons are affiliated based on a holder's ownership of equity securities of both persons, the holder's ownership interest shall not result in common control for purposes of this definition if such holder's ownership meets the foregoing conditions for either person.

(C) Affiliation Through Substantial Influence

A person who is not controlling, controlled by or under common control with another person as described in Subsection (B) above, may nonetheless be determined by the Board, pursuant to Subsection (D) below, to be an Affiliate of another person, if allegations brought before the Board are substantiated that such person, directly or indirectly, through one or more intermediaries, exercises substantial influence over such person, is substantially influenced by such person, or is under common substantial influence with such person. Such a determination may be made by the Board only after notice and an opportunity for hearing at an ERCOT Board meeting as set forth in Subsection (D).

(D) Procedure for Board Determinations Regarding Affiliation

1. Any party may challenge the presumption of control pursuant to Subsection (B) above, or allege substantial influence pursuant to Subsection (C) above, to the Board pursuant to the procedure set forth in this Subsection (D).
2. The challenging party shall submit written notice of the challenge to ERCOT's General Counsel. Such written notice shall identify any persons that are the subject of the challenge and shall include a detailed summary of the facts supporting the challenge. ERCOT's General Counsel will provide a recommendation to the Board on the challenge.
3. The Board will hear such matter at the next regularly-scheduled Board meeting that is at least ten (10) Business Days after the date the written notice of challenge is received by ERCOT's General Counsel. Notice of the Board's consideration of the challenge shall be given pursuant to Section 4.6(b) of these Bylaws.
4. The Board shall have discretion to determine whether the persons who are the subject of the challenge are Affiliates of one another for purposes of these Bylaws by reference to the factors set forth in this definition and other persuasive evidence. The challenging party shall bear the burden of proof.

(E) Changes in Affiliates

Members shall notify ERCOT of any change in Affiliates in accordance with Section 3.3(c) of these Bylaws.

2. **Consumers.** Any entity meeting the definition for Residential Consumers, Commercial Consumers or Industrial Consumers as set forth in this Article.
3. **Commercial Consumers.** A commercial consumer in the ERCOT Region: (a) **Small Commercial Consumer** – A commercial consumer having a peak demand of 1000 kilowatts or less (or an organization representing such consumers); (b) **Large Commercial Consumer** – A commercial consumer having a peak demand of greater than 1000 kilowatts. An entity applying for ERCOT membership as either a Small Commercial Consumer or a Large Commercial Consumer is ineligible if that entity has interests in the electric industry in any other capacity than as an end-use consumer or represents the interests of another entity that has interests in the electric industry in any other capacity than as an end-use consumer, such as but not limited to, aggregators, power marketers, retail electric providers, transmission or distribution companies, cooperatives, municipals, or generators

and the interest is of such an extent or nature that its decisions might be affected or determined by it. The three Consumer Directors have the right to determine by majority vote of the Consumer Directors whether any applicant or member is ineligible, as described above, to become or remain a member of the Consumer Segment.

4. **Cooperative.** An entity operating in the ERCOT Region that is:
 - a. a corporation organized under Chapter 161 of the Texas Utilities Code or a predecessor statute to Chapter 161 and operating under that chapter;
 - b. a corporation organized as an electric cooperative in a state other than Texas that has obtained a certificate of authority to conduct affairs in the State of Texas;
 - c. a cooperative association organized under Chapter 251 of the Texas Business Organizations Code or a predecessor to that statute and operating under that statute; or
 - d. a River Authority as defined in Tex. Water Code §30.003.
5. **Director.** A member of the Board of ERCOT.
6. **Eligible Voting Director.** A Seated Director of the Board of ERCOT other than the *ex officio* Director who is the Chairman of the Public Utility Commission of Texas ("PUCT"), pursuant to these Bylaws, who votes in person or by proxy at a meeting properly noticed and held pursuant to these Bylaws.
7. **Eligible Voting Representative.** A Seated Representative, pursuant to these Bylaws, who votes in person or by proxy at a meeting properly noticed and held pursuant to these Bylaws.
8. **Entity.** An Entity includes an organization and all of its Affiliates.
9. **ERCOT Protocols.** The document adopted by ERCOT and approved by the Public Utility Commission of Texas, as amended from time to time that contains the scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, procedures, standards, and criteria of ERCOT.
10. **ERCOT Region.** The geographic area and associated transmission and distribution facilities that are not synchronously interconnected with electric utilities operating outside the jurisdiction of the Public Utility Commission of Texas.
11. **Independent Generator.** Any entity that is not a T&D Entity or Affiliate of a T&D Entity and that (i) owns or controls generation capable of operating at least 10 MW in the ERCOT Region, or (ii) is preparing to operate and control generation of at

least 10 MW, in the ERCOT Region, and has approval of the appropriate governmental authority, has any necessary real property rights, has given the connecting transmission provider written authorization to proceed with construction and has provided security to the connecting transmission provider.

12. **Independent Power Marketer.** Any entity that is not a T&D Entity or Affiliate of a T&D Entity and is registered at the PUCT as a Power Marketer to serve in the ERCOT Region.
13. **Independent REP.** Any entity that is certified by the PUCT to serve in the ERCOT Region as a Retail Electric Provider ("REP") under PURA §39.352 and that is not an Affiliate of a T&D Entity. For the purposes of Segment classification, an aggregator, if such Member does not fit in any other classification, shall participate as an Independent REP.
14. **Industrial Consumers.** An industrial consumer is a consumer with at least one meter with average monthly demand greater than 1 megawatt consumed within the ERCOT Region engaged in an industrial process.
15. **Investor-Owned Utility ("IOU").**
 - a. An investor-held, for-profit "electric utility" as defined in PURA §31.002(6) that (a) operates within the ERCOT Region, (b) owns 345 KV interconnected transmission facilities in the ERCOT Region, (c) owns more than 500 pole miles of transmission facilities in the ERCOT Region, or (d) is an Affiliate of an entity described in (a), (b) or (c); or
 - b. A public utility holding company of any such electric utility.
16. **Market Participant.** For purposes of these Bylaws, a Market Participant is (i) any entity that engages in any activity that is in whole or in part the subject of the ERCOT Protocols and has, or should have, a contract regarding such activities with ERCOT or (ii) any entity that qualifies for ERCOT membership.
17. **Market Segment.** For purposes of these Bylaws, any of the segments (all of which are defined within this Article 2 of these Bylaws) as follows:
 - a. Cooperative;
 - b. Independent Generator;
 - c. Independent Power Marketer;
 - d. Independent REP;
 - e. IOU;
 - f. Municipal; or
 - g. Consumer (including: (1) Commercial Consumer comprised of Small Commercial Consumer and Large Commercial Consumer, (2) Industrial Consumer, or (3) Residential Consumer).

18. **Market Segment Director.** A Director who has been elected by one of the Market Segments.
19. **Member.** A member of ERCOT, the Texas non-stock, non-profit corporation, which has been approved by ERCOT to meet the applicable membership qualifications described in Sections 3.1 and 3.2 of these Bylaws, or the member's appointed representative, as the context so requires.
20. **Municipal.** An entity operating in the ERCOT Region that owns or controls transmission or distribution facilities, owns or controls dispatchable generating facilities, or provides retail electric service and is either:
 - a. a municipal owned utility as defined in PURA §11.003 or
 - b. a River Authority as defined in Tex. Water Code §30.003.
21. **Officer.** An individual elected, appointed, or designated as an officer of an entity by the entity's governing authority or under the entity's governing documents.
22. **PUCT.** The Public Utility Commission of Texas, which is the Texas state agency that has responsibility and oversight of the activities conducted by ERCOT.
23. **Residential Consumers.** The appointed Board Director representing residential consumer interests, an organization or agency representing the interests of residential consumers in the ERCOT Region, or the Residential Consumer Technical Advisory Committee ("TAC") Representative. An entity applying for ERCOT membership as a Residential Consumer is ineligible if that entity has interests in the electric industry in any other capacity than as an end-use consumer or represents the interests of another entity that has interests in the electric industry in any other capacity than as a end-use consumer, such as but not limited to, aggregators, power marketers, retail electric providers, transmission or distribution companies, cooperatives, municipals, or generators. The three Consumer Directors have the right to determine by majority vote of the Consumer Directors whether any applicant or member is ineligible, as described above, to become or remain a member of the Consumer Segment.
24. **Seated Director.** A Director, or the Director's designated Segment Alternate when serving in the Director's stead (if applicable), who is currently serving, having been selected in accordance with these Bylaws, regardless of attendance at meetings. A vacant position shall not be considered a "Seated Director".
25. **Seated Representative.** A TAC Representative (as defined in Section 5.1 of these Bylaws) or a member of a subcommittee of TAC, or the TAC Representative's designated alternate representatives when serving in the TAC Representative's stead (if applicable), who is currently serving, having been selected in accordance

with these Bylaws, regardless of attendance at meetings. A vacant position shall not be considered a "Seated Representative".

26. **Segment.** For purposes of these Bylaws, a "Segment" refers to a Market Segment as defined in this Article 2 of these Bylaws.
27. **Segment Alternate.** A designated alternate Board representative, duly elected by his respective Market Segment, who can attend and vote at meetings in the absence of the respective Market Segment Director (including while such Director is unable to attend a Board meeting or while such Director's seat is vacant). Each Segment Alternate must meet all qualifications of a Director and shall receive all Board materials.
28. **Transmission and Distribution ("T&D") Entity.** Any entity that is an IOU, Cooperative or Municipal that owns or controls transmission and/or distribution facilities including at least 200 pole miles of such facilities in the ERCOT Region or any entity that is a "retail electric utility," as defined in PURA §37.001, operating in the ERCOT Region.
29. **Unaffiliated Director.** A Director who is unaffiliated with a Market Participant and who meets the requirements identified in Section 4.3(b).

ARTICLE 3 MEMBERS

Section 3.1 Membership.

- (a) Members must qualify in one of the following segments as defined in Article 2:
 - (1) Cooperative;
 - (2) Independent Generator;
 - (3) Independent Power Marketer;
 - (4) Independent REP;
 - (5) Investor-Owned Utility;
 - (6) Municipal; or,
 - (7) Consumer in one of three subsegments: (i) Commercial (which is further divided into Large and Small Commercial Consumer); (ii) Industrial; and (iii) Residential.

- (b) Except for the Consumer Segment, Members must have an actual financial interest in the retail or wholesale electric market in the ERCOT Region and be able to do business in one of these markets. A Member must maintain its registration or certification by the PUCT to the extent it is required to do so by statute or PUCT rule.
- (c) The Board may adopt and amend Member application procedures.

Section 3.2 Membership Types and Voting Rights. ERCOT Members may be Corporate Members, Associate Members, or Adjunct Members as hereinafter described:

- (a) Corporate Members – shall have the rights and obligations as described in these Bylaws including the right to vote on all matters submitted to the general membership (such as election of Directors, election of TAC Representatives and amendments to the Certificate of Formation and these Bylaws).
- (b) Associate Members – shall have the rights and obligations as described in these Bylaws excluding the right to vote on any matter submitted to the general Membership (such as election of Directors, election of TAC Representatives and amendments to the Certificate of Formation and these Bylaws).
- (c) Adjunct Members – may be approved for Adjunct Membership by the Board if such entity does not meet the definitions and requirements to join as a Corporate or Associate Member. Adjunct Members shall have no right to vote on any matter submitted to the general Membership nor any right to be elected or appointed to the ERCOT Board, TAC or any subcommittee of the Board or TAC. Adjunct Members shall be bound by the same obligations as other Members of ERCOT.

Section 3.3 Obligations of All Members.

- (a) Each Member must comply with any applicable planning and operating criteria, procedures and guides adopted by or under the direction of the Board to maintain electric system reliability, coordinate planning, promote comparable access to the transmission system by all users and to further the exempt purposes of ERCOT.
- (b) Consistent with applicable laws and regulations, Members must share information at ERCOT's request as necessary for the furtherance of the exempt purposes or activities of ERCOT and consistent with PUCT rules relating to confidentiality.
- (c) Each Member shall fully disclose any Affiliates in its annual Membership application submitted pursuant to procedures adopted under Section 3.1(c). If a Member's Affiliates change prior to submission of the next year's Membership application, the Member shall notify ERCOT of any change in writing by letter to the General Counsel or by the online link found on ERCOT's website on the Membership page. When there is a change to Affiliates previously submitted to ERCOT, the notice must be submitted upon the earliest of: (i) promptly after the

Member's designated representative has obtained actual knowledge; (ii) promptly after any Member's representative who serves on an ERCOT governing body or committee with Membership representation (such as, the Board of Directors, Technical Advisory Committee or TAC subcommittee) has obtained actual knowledge; or (iii) within 90 days of a change to the Member's Affiliates. A Member's designated and voting representatives are responsible for taking steps to remain informed about the Member's Affiliates and for conducting a reasonable inquiry if they have reason to believe that there may have been a change in Affiliates.

Section 3.4 Annual Member Dues. Each Member annually shall pay dues to ERCOT (the "Annual Member Dues"). Each Member shall pay its Annual Member Dues within thirty (30) days after receipt of ERCOT's annual statement of such dues. Failure to do so shall constitute such Member as being in arrears. Except as provided below, Annual Member Dues for Corporate Members shall be \$2,000. Annual Member Dues for Associate Members shall be \$500. Annual Member Dues for Adjunct Members shall be \$500. The Annual Member Dues for Residential and Commercial Consumer Members shall be \$100 for Corporate Membership and \$50 for Associate Membership. Office of Public Utility Counsel ("OPUC") and the appointed Residential Consumer TAC Representative(s) shall be eligible to be Corporate Members without the payment of Annual Member Dues. Any Member may request that the Member's Annual Member Dues be waived by the Board of Directors for good cause shown.

Section 3.5 Representation. Each Member shall appoint a representative to receive notices from ERCOT and shall give to the ERCOT Chief Executive Officer ("CEO") or his designee in writing (signed by a duly authorized representative of the Member) the name of the person thus appointed. For Corporate Members, such appointed representative shall also act on behalf of the Corporate Member at all meetings of the Corporate Members.

Section 3.6 Participation.

- (a) No Entity shall simultaneously hold more than one Corporate Membership. Any Entity may also simultaneously have a maximum of one seat on each of the following: the Board and TAC.
- (b) Except for Adjunct Members, Members must qualify for Membership in a Segment. Entities may join ERCOT in any Segment in which they qualify for Membership provided that an Entity may join as a Corporate Member in only one Segment. In the event that an Entity qualifies for more than one Segment, such Entity may join such other Segments as an Associate Member upon payment of the Associate Annual Member Dues for each Segment in which such Entity desires to participate as an Associate Member. Once an Entity has applied to be and has been approved by ERCOT to meet the minimum qualifications as a Corporate Member of a Segment, the Entity must continue to vote in that Segment for a minimum of one (1) year. If, at any point during the membership year, an Entity no longer meets the

qualifications for the Segment for which it was originally approved by ERCOT, the Entity may not vote in that Segment; however, that Entity may then immediately elect to become a Corporate Member in any Segment for which it does qualify. Except as otherwise provided in these Bylaws, an Associate Member may be selected by the Corporate Members of a Segment in which the Associate Member participates to serve as a voting member of the Board, TAC or any subcommittee of the Board or TAC.

- (c) Subject to any specific provisions in these Bylaws or the Certificate of Formation, each Corporate Member in good standing is entitled to one vote on each matter submitted to a vote of the Corporate Members. A Corporate Member in good standing is one that is not in arrears for payment of its Annual Member Dues for a Corporate Membership or payment of any other fees owed to ERCOT unless in good faith disputed, is not in breach of any contract with ERCOT, and is not suspended or expelled as a Corporate Member as of the record date of the meeting. Corporate Members that are not in good standing are not entitled to vote on any matters unless and until they have regained good standing.

Section 3.7 Meetings of the Corporate Members.

- (a) Corporate Members shall meet at least annually on a date ~~and at a place to be~~ established by the Board ("Annual Meeting"). Except for appointed Directors, the representatives of the Corporate Members shall confirm the members of the Board at the Annual Meeting, and conduct such other business as may be properly brought before them.
- (b) Special meetings of the Corporate Members may be called by the Board.
- (c) Written or printed notice of any meeting of the Corporate Members shall be delivered to each Member at least three weeks prior to the date of the meeting. Notice to Members of such meetings shall be by mail, facsimile, or email. Notice shall include an agenda explaining the purpose of the meeting and any business upon which the Corporate Members will be requested to vote.
- (d) The record date for determining Corporate Members entitled to notice shall be on the Friday which is at least thirty days but not more than thirty-six days prior to the meeting date.
- (e) Representation at any meeting of ERCOT of at least fifty-one percent (51%) of the Corporate Members, in person or by proxy, shall constitute a quorum for the transaction of business at such meeting; and abstentions do not affect calculation of a quorum. Except as otherwise provided in these Bylaws, an act of fifty-one percent (51%) of the Corporate Members shall be the act of the Corporate Members. For purposes of voting of the Corporate Members, Corporate Members who abstain from voting shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action.

- (f) Written proxies may be used for meetings of the Corporate Members in accordance with any relevant provisions in these Bylaws and the Texas Business Organizations Code, including Chapter 22 thereof. For any meeting of the Corporate Members, proxies shall count towards a quorum.
- (g) Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Corporate Members may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Corporate Members as would be necessary to take that action at a meeting at which all of the Corporate Members were present and voted. Corporate Members may participate in and hold a meeting by means of a conference telephone or other similar communications equipment ~~by means of which all, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each persons participating in the meeting can hear each other to communicate with all other persons participating in the meeting,~~ and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Where action is taken without a meeting, notice of the proposed action shall be provided to Corporate Members in accordance with Section 3.7(c).

Section 3.8 Sanction, Suspension, Expulsion, or Termination of Members. No Member, either a Member organization or a Member representative, may be sanctioned, expelled or suspended, and no Membership or Memberships in ERCOT may be terminated or suspended except pursuant to the following procedure, which is intended to be fair and reasonable and carried out in good faith, absent a Board resolution providing an alternative procedure:

- (a) Written notice. An intent to terminate, expel or suspend a Member shall be preceded by twenty (20) days written notice of the date when a hearing will be held to determine whether the Member shall be expelled, suspended, terminated or sanctioned. Such notice shall set forth the reasons therefore. Said notice must be given by first class or certified mail sent to the last address of the Member to be expelled, suspended, terminated or sanctioned, as shown in ERCOT's records.
- (b) Hearing. An opportunity shall be provided for the Member to be heard, orally and in writing. The Member shall be entitled to have counsel present at and to participate in the hearing at his or its own expense, and to present and cross-examine any witnesses. The hearing shall be conducted at the next meeting of the Board for which there is time to give proper notice.

- (c) Liability. A Member who has been sanctioned, expelled, terminated or suspended shall be liable to ERCOT for fees as a result of obligations incurred or commitments made prior to sanction, expulsion, termination or suspension.
- (d) Challenges. Any proceeding challenging an expulsion, suspension, sanction or termination, including a proceeding in which defective notice is alleged, must be commenced within one year after the effective date of the expulsion, suspension, sanction or termination. Any such proceeding before the Board will be subject to the hearing requirements described in (b) of this section.

Section 3.9 Resignation. Any other provision of these Bylaws notwithstanding, any Member may withdraw from participation in the activities of ERCOT at any time upon written notice to the CEO, whereupon it shall cease to be a Member, shall cease to be entitled or obligated to participate in the activities of the Board, TAC or any subcommittee of the Board or TAC and shall have no further obligations as a Member; provided, however, that if such notice is given more than thirty (30) days after such Member's receipt of its statement of Annual Member Dues for a fiscal year, the Member shall be obligated to pay its Annual Member Dues for the full fiscal year within which such termination is effective.

Section 3.10 Reinstatement. A former Member may submit a written request for reinstatement of Membership. The Board may choose to reinstate Membership on any reasonable terms that the Board deems appropriate.

Section 3.11 Property Ownership and Control. Subject to applicable laws, rules, regulations, agreements, and ERCOT Protocols, each Member shall retain sole control of its own facilities and the use thereof, and nothing in these Bylaws shall require a Member to construct or dedicate facilities for the benefit of any other electric system or allow its facilities to be used by any other Member, or to construct or provide any facilities for its own use, and nothing herein shall be deemed to impair the ability or right of any Member to take such actions or to fail to act, as it deems necessary or desirable, with respect to the management, extension, construction maintenance and operation of its own facilities, present and future. A Member has no interest in specific property of ERCOT and waives the right to require a partition of any ERCOT property.

ARTICLE 4 BOARD OF DIRECTORS

Section 4.1 Powers. The affairs of ERCOT shall be managed by the Board ("Board").

Section 4.2 The Board. The Board shall be composed of a total of sixteen (16) Directors as follows:

- (a) The Chair of the PUCT as an *ex officio* non-voting Director;

- (b) The Public Counsel of OPUC as an *ex officio* voting Director representing Residential Consumers and Small Commercial Consumers;
- (c) The CEO as an *ex officio* voting Director;
- (d) Six (6) voting Directors elected by their respective Segments as follows:
 - 1. One (1) Independent Generator and one (1) Segment Alternate;
 - 2. One (1) IOU and one (1) Segment Alternate;
 - 3. One (1) Independent Power Marketer and one (1) Segment Alternate;
 - 4. One (1) Independent REP and one (1) Segment Alternate;
 - 5. One (1) Municipal and one (1) Segment Alternate;
 - 6. One (1) Cooperative and one (1) Segment Alternate;
- (e) One (1) voting Director representing Industrial Consumers and one (1) Segment Alternate;
- (f) One (1) voting Director representing Large Commercial Consumers and one (1) Segment Alternate; and
- (g) Five (5) voting Directors selected as Unaffiliated Directors.

Section 4.3 Selection, Tenure, and Requirements of Directors and Segment Alternates.

- (a) Selection of Market Segment Directors and Segment Alternates.
 - (1) For Consumer Directors, the following shall apply: The Director and Segment Alternate from the Commercial Consumer subsegment shall be elected by the Large Commercial Consumer Corporate Members. If there are no Large Commercial Consumer Corporate Members eligible or willing to serve, then the current Large Commercial Consumer Director shall appoint the Large Commercial Consumer Director and Segment Alternate. The Industrial Consumer Director and Segment Alternate shall be elected by the Industrial Consumer Corporate Members.
 - (2) Within each Market Segment represented on the Board (except for the Consumer Segment which follows the process described in Section 4.3(a)(1)), only Corporate Members of the respective Membership Segment for the available Board seat shall be allowed to elect a Director and a Segment Alternate for that seat.

- (3) The Board shall establish procedures for the election and appointment of new Directors, Segment Alternates and Representatives of TAC. A Segment may choose an alternate election procedure for the year by an affirmative vote of at least two-thirds of members of that Segment and may conduct elections as needed to fill any Director or Segment Alternate vacancies.
- (4) With regard to eligibility of Consumer Directors (other than the *ex officio* Consumer Director representing Residential and Small Commercial Consumers), Market Segment Directors and Segment Alternates, the following shall apply:
 - (i) Each Director and Segment Alternate respectively elected by the Industrial Consumer subsegment or the Independent Generator, Independent Power Marketer, Independent Retail Electric Provider, or Investor Owned Utility Market Segments must be an employee of:
 - a. a Corporate or Associate Member; or
 - b. an Affiliate of a Corporate or Associate Member of the respective Market Segment or subsegment which provides services through the Affiliate's employees to such Corporate or Associate Member.
 - (ii) Each Director and Segment Alternate respectively elected by the Large Commercial Consumer subsegment as described in Section 4.3(a)(1) or by the Cooperative or Municipal Market Segments must be an employee of a Corporate or Associate Member.
 - (iii) Unless otherwise provided in these Bylaws, if a Director or Segment Alternate is elected or appointed to serve on the Board, such person is only eligible to serve in such capacity so long as he or she is an employee of the same Member or Affiliate as described in Section 4.3(a)(4)(i) (as applicable), as he or she was at the time of such election or appointment. If the Member or Affiliate as described in Section 4.3(a)(4)(i)(b) (as applicable) is subject to a corporate restructure for tax or operational purposes which is not the result of a merger or acquisition, then such restructure shall not affect the eligibility of the Director or Segment Alternate.

(b) Selection of Unaffiliated Directors.

- (1) The Nominating Committee shall consist of all of the voting Directors, other than the CEO. The Chair and Vice-Chair of the Nominating Committee shall

be the Chair and Vice-Chair of the Board, respectively, absent a request for an election of these positions by a member of the Nominating Committee.

- (2) The Nominating Committee shall retain an executive search firm to locate and present candidates with the required qualifications. Qualifications for Unaffiliated Directors shall be as follows:
- (i) Experience in one or more of these fields: senior corporate leadership; professional disciplines of finance, accounting, engineering or law; regulation of utilities; risk management; and information technology.
 - (ii) Independence of any Market Participant in the ERCOT Region. Requirements of such independence include, but are not limited to, the following:
 - a. An Unaffiliated Director or family member (any spouse, parent, spouse of a parent, child or sibling, including step and adoptive relatives and household member) shall not have the following:
 1. Current or recent ties (within the last two years) as a director, or Officer of a Market Participant or its Affiliates;
 2. Current or recent ties (within the last two years) as an employee of an ERCOT Member or NERC-Registered Entity operating in the ERCOT Region;
 3. Direct business relationships, other than retail customer relationships, with a Market Participant or its Affiliates; and
 4. To the extent that an Unaffiliated Director or family member (any spouse, parent, spouse of a parent, child or sibling, including step and adoptive relatives) living in the same household or any other household member owns stocks or bonds of Market Participants, these must be divested or placed in a blind trust prior to being seated on the Board.
 - b. An Unaffiliated Director shall not have any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of an ERCOT board member, including the Delegated Authority pursuant to these Bylaws.

- (iii) Residence in the State of Texas preferred.
 - (iv) Other criteria as approved by the Board.
- (3) The Nominating Committee or its subcommittee shall interview the qualified candidates; and the Nominating Committee shall select, by at least a two-thirds majority, an Unaffiliated Director(s) (as such seat is vacant) to present to ERCOT Membership for its approval.
- (4) The Membership shall vote by Segment as described in Section 13.1(d) in favor or against the proposed Unaffiliated Director(s) as needed to fill Unaffiliated Director positions. A proposed Unaffiliated Director(s) that is approved by at least four out of seven Segments shall be elected as an Unaffiliated Director(s). Upon election by the Membership, ERCOT staff shall file a petition for approval of the Unaffiliated Director(s) with the PUCT.
- (5) The Membership-elected Unaffiliated Director(s) shall be seated only upon approval by the PUCT. If elected by the Membership, an Unaffiliated Director shall not begin service for his initial term and be seated on the Board until the PUCT approves such election. An Unaffiliated Director who has been elected by the Membership for any renewal term shall cease service on the Board upon expiration of the Unaffiliated Director's current term and shall not be re-seated on the Board for a renewal term until the PUCT approves such election of the Unaffiliated Director for a renewal term. If the PUCT does not approve of the Unaffiliated Director for any of the initial or renewal terms, then the Nominating Committee shall recommend another Unaffiliated Director candidate to the Membership for election and, if elected by the Membership, for approval by the PUCT as soon as reasonably possible.
- (c) Terms. The term for all Market Segment Directors shall be for one year. Any Market Segment Director may be reappointed or reelected for consecutive terms. The term for all Unaffiliated Directors shall be three year terms, which shall be staggered to the extent possible, unless changed by Amendment to these Bylaws. An Unaffiliated Director may be reelected for up to two consecutive terms. In order to serve on the Board during their terms, all Directors and Segment Alternates shall continuously remain in good standing and meet their respective minimum requirements and qualifications of their Director and Segment Alternate positions, respectively.
- (d) Director Voting Weights. All voting Directors shall have a single vote each.
- (e) Alternates and Proxies. Market Segment Directors with a Segment Alternate may not designate other alternate representatives and may not designate another Director as a proxy unless their Segment Alternate is unavailable. Unaffiliated

Directors may designate another Director, preferably an Unaffiliated Director whenever possible, as a proxy if unable to attend a Board meeting. Consumer Directors and *ex officio* Directors may designate a proxy or an alternate representative who may attend meetings and vote (if applicable) in the absence of such Director.

- (f) Prohibitions on Certain Stakeholder Memberships and Representation. With the exception of the Public Counsel and representatives of OPUC, no Director or Segment Alternate shall vote or otherwise become or hold themselves out as a member, representative or alternate of TAC; any of TAC's subcommittees, task forces or working groups; or any other group the decisions of which may ultimately be appealed to the Board. For a period of one year from the last date of service as an Unaffiliated Director, the former Unaffiliated Director shall not represent a Market Participant before the Board, TAC, any of TAC's subcommittees, task forces or working groups.

Section 4.4 Chair and Vice Chair. Annually and as needed, the Board shall elect, from the Board's membership, by an act of the Board as set forth in Section 4.7, a Chair and a Vice Chair. The Chair shall be one of the Unaffiliated Directors. The Vice Chair shall be an Unaffiliated Director who may serve as needed in the Chair's absence (including a vacancy of the Chair position). The CEO shall not be qualified to act as the Vice Chair.

Section 4.5 Vacancies and Removal.

- (a) A vacancy of a Director or Segment Alternate position will occur if: (1) the respective Director, other than an Unaffiliated Director, or Segment Alternate elected or appointed is no longer employed by the Entity for which the Director or Segment Alternate was employed at the time of his election or appointment; (2) the respective Director or Segment Alternate resigns his Director or Segment Alternate position from the Board; or (3) the Director or Segment Alternate is removed from the Board in accordance with the provisions of Section 4.5(b).
- (b) A Director or Segment Alternate may be removed: (1) with or without cause at any time by whomever had the right to appoint such respective Director or Segment Alternate, or if elected, by an affirmative vote of sixty percent (60%) of the Members allowed to elect that Director or Segment Alternate; or (2) with cause by the Board upon at least seventy-five percent (75%) affirmative votes of the eligible, remaining voting Directors. Removal shall occur if: (1) a Director, other than an Unaffiliated Director, a Segment Alternate, or the organization that a Director, other than an Unaffiliated Director, or Segment Alternate represents no longer meets the criteria of their representative Segment; or (2) an Unaffiliated Director, a Director, a Segment Alternate, or the organization that a Director or Segment Alternate represents is: (A) found by the Board to have committed a prohibited act as identified in Section 9.3 of these Bylaws pursuant to and after completion of a hearing process as described in Section 9.3 of these Bylaws, and (B) the Board recommends removal of an Unaffiliated Director, a Director or a Segment Alternate

from the Board. Any Board action to remove a Director or a Segment Alternate from the Board shall be subject to review by the PUCT. An Unaffiliated Director may be removed by the PUCT in accordance with applicable law.

- (c) The right to elect Directors or Segment Alternates may not be assigned, sold, pledged or transferred in any manner.
- (d) A vacancy may be filled only by the persons authorized to elect or appoint such Director or Segment Alternate.
- (e) The Chair of the Nominating Committee shall notify the PUCT Commissioners when a vacancy of an Unaffiliated Director position occurs and shall provide information to the PUCT Commissioners as required by the PUCT.
- (f) Any Director or Segment Alternate so chosen shall serve in his respective Director or Segment Alternate position until the earlier of the expiration of his term, resignation, ineligibility, inability to serve or removal.

Section 4.6 Meetings.

- (a) The Board shall meet at least quarterly, with at least one meeting occurring in conjunction with the Annual Meeting of the Members. Additional meetings of the Board shall be held at such time and at such place or (for meetings held in accordance with Section 4.7(e)) via such means as may from time to time be determined by the Board. Special meetings of the Board may be called by the Chair, or Vice Chair of the Board, or the CEO or his designee. Special meetings of any subcommittee having at least one Director may be called by the Chair or Vice Chair of the subcommittee, or the CEO or his designee.
- (b) Notice stating the purpose, business to be transacted, place or (for meetings held in accordance with Section 4.7(e)) access information, date and hour of any meeting of the Board or any Board subcommittee where at least one Board Director is present shall be given to each Director and made available electronically to the public on the Internet not less than one week before the date of the meeting; provided, however, the Board or any subcommittee having at least one Director may meet on urgent matters on such shorter notice, not less than 21 hours, as the person or persons calling such meeting reasonably may deem necessary or appropriate for urgent matters. (For purposes of these Bylaws, an urgent matter is an emergency conditions threatening public health or safety or public necessity (including but not limited to an imminent threat to public health and safety or to the ERCOT market or system), or a reasonably unforeseen situation. A matter shall be considered an urgent matter if it would be difficult or impossible for a quorum of Directors or subcommittee members to physically convene in one location and failure to consider the matter without delay may result in operational (including but not limited to those activities and functions affecting

the ERCOT market or system), regulatory, legal, organizational or governance risk).

- (c) The Board and its subcommittees having at least one Director may meet by ~~teleconference~~ to consider urgent matters in accordance with Section 4.7(e). The Board must ratify any action taken on notice of less than one week or ~~by teleconference~~ at a meeting held in accordance with Section 4.7(e) at its next regularly scheduled meeting.
- (d) The Board shall promulgate procedures allowing public access to meetings of the Board and Board subcommittees and allowing for members of the public to provide comment on the matters under discussion at public portions of meetings of the Board and subcommittees.
- (e) Meetings of the Board or Board subcommittees shall be open to the public provided that the Board or Board subcommittee on which at least one Board Director sits may, at its discretion, exclude any persons who are not Directors from any meeting or portion of any meeting held in Executive Session, including for purposes of voting. An Executive Session shall be held at the discretion of the Board or Board subcommittee for sensitive matters including, but not limited to, confidential personnel information, contracts, lawsuits, deliberation of purchase of real property, competitively sensitive information, deployment or implementation of security devices or other information related to the security of ERCOT's regional electrical network and discussion of any matters on which the Board receives legal advice from its attorney(s) in which the Texas Disciplinary Rules of Professional Conduct impose on the attorney(s) a duty to preserve confidentiality, including but not limited to anticipated or pending litigation, administrative agency contested cases, and other regulatory matters.
- (f) The Secretary or his designee shall keep minutes of every Board meeting.

Section 4.7 Quorum; Action by Directors; Abstentions; Proxies; Seated Directors; Actions Without a Meeting; and Meetings by Telephone.

- (a) Except as may be otherwise specifically provided by law, the Certificate of Formation or these Bylaws, at all meetings of the Board, fifty percent (50%) of the Seated Directors shall constitute a quorum for the transaction of business; and abstentions do not affect calculation of a quorum.
- (b) The act of: (i) at least two-thirds of the affirmative votes of the Eligible Voting Directors; and (ii) at least 50% of the total Seated Directors shall be the act of the Board, unless the act of a greater number is otherwise required by law, the Certificate of Formation, or these Bylaws. If a quorum shall not be present at any meeting of the Board, the Directors present may adjourn the meeting.

- (c) For purposes of voting on the Board, Directors who abstain from voting shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action.
- (d) Written proxies may be used for meetings of the Board or any subcommittees of the Board in accordance with any relevant provisions in these Bylaws and the Texas Business Organizations Code, including Chapter 22 thereof. For any meeting of the Board or any subcommittee of the Board, a Segment Alternate or designated alternate representative, where permitted by these Bylaws, attending in place of a member shall be counted towards a quorum, while proxies shall not be counted towards a quorum.
- (e) Directors (for urgent matters in accordance with Section 4.6) may participate in and hold a meeting by means of a conference telephone or other similar communications equipment by means of which all, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each persons participating in the meeting can hear each other to communicate with all other persons participating in the meeting, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 4.8 Subcommittees. The Board shall confirm the Representatives of the Technical Advisory Committee (TAC) and may appoint subcommittees as it deems necessary and appropriate to conduct the business of ERCOT. The designation of subcommittees and the delegation thereto of authority shall not operate to relieve the Board or any individual Director of any responsibility imposed upon it or him by law.

Section 4.9 Other Appointments. If requested by the North American Electric Reliability Corporation ("NERC"), the Board shall elect, from among its members, persons to serve on the NERC Member Representatives Committee or its successor. The selection of the representatives shall require an act of the Board as set forth in Section 4.7. If more than one representative is requested, such representatives shall be from different Segments.

Section 4.10 Duties. It shall be the duty of the Board to initiate any specific action required, in its opinion, to fulfill the exempt purposes of ERCOT as stated in the Articles of Incorporation, within the limitations of the Certificate of Formation, applicable law, and these Bylaws. Such action may be taken by the Board, by such subcommittee(s) as may be formed by the Board, the CEO as directed by the Board or by individuals appointed by the Board provided that the following actions of the Board may not be delegated: (a) approval of the Budget (as defined in Section 10.3); (b) approval of the employment and terms for the CEO, as well as termination of CEO's employment; (c) ratification of other Officers of ERCOT; (d) annual selection of a qualified independent public accounting firm ("Auditor") to audit the financial statements of ERCOT; (e) approval of the initiation of any

non-routine filing to a regulatory agency that requests regulatory action; and (f) initiation of any lawsuit. The Board shall adopt policies regarding the delegation of the following actions: (a) the acquisition of real property; (b) the sale of ERCOT assets; (c) the execution of contracts; (d) large purchases; and (e) borrowing money or establishing a line of credit in the name of ERCOT.

ARTICLE 5 TECHNICAL ADVISORY COMMITTEE

Section 5.1 TAC Representatives.

- (a) For the purposes of this section, membership in the TAC shall be divided in accordance with the definitions of the Segments described in Section 3.1. TAC shall be comprised of the following ("Representatives"):
 - (1) Representatives of four Members elected from each of the six Segments (other than as described for the Consumer Segment) listed in Section 3.1.
 - (2) For the Consumer Segment, Corporate Members of each subsegment shall elect its Representatives. For any subsegment in which there are no Corporate Members, the Consumer Director of that subsegment shall appoint such Representatives. For the Residential, Commercial and Industrial subsegments, the TAC Representative seats are as follows:
 - (i) Two Representatives of Industrial Consumers;
 - (ii) One Representative of Small Commercial Consumers;
 - (iii) One Representative of Large Commercial Consumers;
 - (iv) One Representative of Residential Consumers; and
 - (v) The Public Counsel's designee as an *ex officio* voting member.
- (b) Each TAC Representative shall be entitled to one vote on matters submitted to TAC.
- (c) Fifty-one percent (51%) of the eligible, Seated Representatives of TAC shall constitute a quorum for the transaction of business; and abstentions do not affect calculation of a quorum. Affirmative votes of: (i) two-thirds of the Eligible Voting Representatives of TAC; and (ii) at least 50% of the total Seated Representatives shall be the act of TAC. For purposes of voting on TAC, TAC Representatives shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action if: (i) they are not present and have not designated a proxy, or (ii) they abstain from voting.

- (d) Written proxies may be used for meetings of TAC or any subcommittees of TAC in accordance with any relevant provisions in these Bylaws and the Texas Business Organizations Code, including Chapter 22 thereof. For any meeting of TAC or any subcommittee of TAC, where permitted by these Bylaws, attending in place of a member shall be counted towards a quorum, while proxies shall not be counted towards a quorum.
- (e) Unless otherwise provided by law, any action required or permitted to be taken at any meeting of TAC Representatives or any subcommittee of TAC may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of TAC Representatives or subcommittee members as would be necessary to take that action at a meeting at which all of the TAC Representatives and subcommittee members were present and voted. TAC Representatives or subcommittee members may participate in and hold a meeting by means of a conference telephone or other similar communications equipment by means of which all, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each persons participating in the meeting can hear each other to communicate with all other persons participating in the meeting, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Where action is taken by TAC without a meeting, notice of the proposed action shall be provided to the TAC Representatives in accordance with Section 5.3.
- (f) Each Segment may choose to participate in "Participatory Voting" as described herein. If a Segment chooses to engage in Participatory Voting, each TAC Representative elected by that Segment shall be required to present the decision of the Corporate Members of that Segment. A Corporate Member may delegate an employee or agent other than the Member representative described in Section 3.5 to vote on its behalf for purposes of Participatory Voting. If a Corporate Member of a Segment using Participatory Voting is unable or does not wish to attend a TAC meeting that Member may deliver a written proxy, at any time prior to the start of the meeting at which it will be voted, to a Participatory Voting delegate of any Member of the same Segment. A Corporate Member delegate in attendance at a TAC meeting may give a written proxy to a Participatory Voting delegate of any Member of the same Segment during such meeting.
- (g) All TAC Representatives shall be appointed or elected annually by the Corporate Members of their respective Segments. The term for all TAC Representatives shall be one year. Any TAC Representative may be reappointed or reelected for consecutive terms, without limitation. A vacancy shall be filled by the same means used to elect or appoint the previous TAC Representative. No Entity shall participate in more than one Segment of TAC. The Representatives of TAC shall elect from amongst themselves a Chair and Vice Chair subject to confirmation by

the Board. The Chair and Vice Chair shall provide full disclosure pursuant to Section 9.2 (Potential Conflicts of Interest) of these Bylaws during the confirmation process, and any person speaking on behalf of TAC before the Board shall provide full disclosure pursuant to Section 9.2 (Potential Conflicts of Interest) of these Bylaws before speaking on behalf of TAC.

- (h) Each person (other than the Residential Consumers Representative) serving on TAC or any subcommittee thereof must be an employee or agent of a Corporate or Associate Member. Unless otherwise provided in these Bylaws, if an employee or agent of a Member is elected or appointed to serve on TAC or any subcommittee thereof, such person is only eligible to serve in such capacity so long as he or she is an employee or agent of the same Member as he or she was at the time of such election or appointment.
- (i) In the event that a Small Commercial Consumer Representative cannot be identified to serve on TAC, that seat may be filled by any other Commercial Consumer representative appointed by the Consumer Director of the Small Commercial subsegment provided that such representative represents at least one consumer in the ERCOT Region. Any Representative of the Consumer Segment appointed to TAC by a Consumer Director, if not otherwise a Member of ERCOT, shall be allowed to vote on TAC without the payment of the Annual Member Service Fees. An appointed Commercial Consumer TAC Representative is eligible to serve in such capacity so long as he or she is an employee or representative of the same company as he or she was at the time of such appointment.

Section 5.2 Functions of TAC. TAC shall have the authority to create subcommittees, task forces and study groups ("subcommittees"). TAC shall determine the eligibility requirements, quorum requirements and voting structure for each subcommittee. TAC shall (a) through its subcommittees make such studies and plans as it deems appropriate to accomplish the purposes of ERCOT, the duties of its subcommittees and the policies of the Board, (b) report the results of such studies and plans to the Board as required by the Board, (c) review and coordinate the activities and reports of its subcommittees, (d) make such recommendations to the Board as it deems appropriate or as required by the Board, (e) perform such other duties as directed by the Board and (f) make recommendations regarding ERCOT expenditures and projects. In accordance with ERCOT procedures and applicable law and regulations, certain guidelines, criteria and other actions approved by TAC may be effective upon approval by TAC; provided however, that such actions are reported to the Board for review and nothing herein shall affect the ability of the Board to independently consider such guidelines, criteria and actions, and to take such action with respect thereto as the Board deems appropriate, including revocation and remand with instructions.

Section 5.3 Meetings. TAC and its subcommittees shall meet as often as necessary to perform their duties and functions. All meetings of TAC and its subcommittees shall be called by their respective chairmen and all such meeting notices shall be sent in writing to each member at least one week prior to the meeting, unless an emergency condition

should suggest otherwise (such emergency to be by mutual consent of a majority of the Seated Representatives of TAC or subcommittee). Any Member may request notification of any such meetings and may have an employee or a TAC-approved representative for that Member attend as an observer. Each Representative of TAC may designate in writing an alternate representative who may attend meetings in the absence of the Representative and vote on the Representative's behalf.

Section 5.4 Other Appointments. TAC shall elect representatives to the various NERC committees and associated subcommittees, task forces, and working groups whose members are appointed by the NERC Regions. The selection of TAC representatives to NERC shall require an act of TAC as set forth in Section 5.1(c). If more than one representative is requested, TAC should consider selecting representatives from different Segments.

ARTICLE 6

Intentionally Omitted.

ARTICLE 7 CHIEF EXECUTIVE OFFICER

Section 7.1 CEO Hiring and Duties. The Board shall hire a Chief Executive Officer ("CEO") who, under the Board's supervision and direction shall carry on the general affairs of ERCOT. The CEO shall be a member of the staff of ERCOT and shall be an *ex officio* voting Director. It shall be his duty to approve the expenditure of the monies appropriated by the Board in accordance with the Budget approved by the Board. The CEO shall make an annual report and periodic reports to the Board concerning the activities of ERCOT. The CEO shall serve as President of ERCOT. He or she shall comply with all orders of the Board. All agents and employees of ERCOT shall report, and be responsible, to the CEO. The CEO shall perform such other duties as may be determined from time to time by the Board.

Section 7.2 Notice of CEO Vacancy. The Board Chair or the Board Chair's designee shall notify the PUCT Commissioners when a vacancy occurs for the CEO.

Section 7.3 CEO Selection. The Board Chair or the Board Chair's designee shall provide information to the PUCT Commissioners regarding selection of the CEO requested by any of the PUCT Commissioners as required by the PUCT.

Section 7.4 CEO Compensation. The compensation of the CEO shall be approved by the Board.

ARTICLE 8

OFFICERS

Section 8.1 General. The Officers of ERCOT shall consist of a President, one or more Vice Presidents, a Secretary, and such Officers and assistant Officers as the Board may create. The CEO shall serve as President of ERCOT. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. A subcommittee duly designated may perform the functions of any officer and the functions of two or more officers may be performed by a single subcommittee.

Section 8.2 Tenure. The CEO of ERCOT shall be elected and the other Officers of ERCOT shall be ratified by the Board at such time and in such manner and for such a term not exceeding one (1) one year, as shall be determined from time to time by the Board. Any Officer may be re-elected or re-ratified for consecutive terms, without limitation. All Officers of ERCOT shall hold office until their successors are chosen and qualified or until their earlier resignation or removal. Any Officer elected or appointed may be removed by the persons authorized to elect or appoint such Officer whenever in their judgment the best interests of ERCOT will be served thereby.

ARTICLE 9 TRANSACTIONS OF CORPORATION

Section 9.1 Deposits and Checks. All of ERCOT's funds will be deposited to the credit of ERCOT in banks, trust companies, or other depositories that the Board approves.

Section 9.2 Potential Conflicts of Interest. Each Director, Segment Alternate, TAC Representative and subcommittee member shall have an affirmative duty to disclose to the Board, TAC or subcommittee (as the case may be) any actual or potential conflicts of interest of the Director, Segment Alternate, TAC Representative or subcommittee member or his employer where, and to the extent that, such conflicts or potential conflicts directly or indirectly affect any matter that comes before the Board, TAC or subcommittee, as the case may be. A Director or Segment Alternate with a direct interest in a matter, personally or via his employer, or by having a substantial financial interest in a person with a direct interest in a matter, shall recuse himself from deliberations and actions on the matter in which the conflict arises and shall abstain on any vote on the matter and not otherwise participate in a decision on the matter. A direct interest is a specific interest of a person or entity in a particular matter, provided that an interest that is common to entities in the Market Segment of a Director or Segment Alternate or a general interest of some or all Market Segment Directors or Segment Alternates in a matter does not constitute direct interest. Any disclosure of a direct interest by a Director or Segment Alternate shall be noted in the minutes of the Board meeting at which the direct interest is disclosed. Mere attendance at the meeting, if the Director, Segment Alternate, TAC Representative or subcommittee member recuses himself or herself from the deliberation and action on the matter in which the conflict arises, shall not constitute participation.

ERCOT may not make any loan to a Director, Segment Alternate or Officer of ERCOT. A Member, Director, Segment Alternate, TAC Representative, Officer, or subcommittee member of ERCOT may lend money to and otherwise transact business with ERCOT except as otherwise provided by these Bylaws, the Certificate of Formation, and applicable law. Such a person transacting business with ERCOT has the same rights and obligations relating to those matters as other persons transacting business with ERCOT. ERCOT may not borrow money from, or otherwise transact business with, a Member, Director, Segment Alternate, TAC Representative, Officer, or subcommittee member of ERCOT unless the transaction is described fully in a legally binding instrument and is in ERCOT's best interests. ERCOT may not borrow money from, or otherwise transact business with, a Member, Director, Segment Alternate, Officer, TAC Representative or subcommittee member of ERCOT without full disclosure of all relevant facts and without the Board's approval, not including the vote of any person having a personal interest in the transaction.

Section 9.3 Prohibited Acts. As long as ERCOT exists, no Member, Director, Segment Alternate, Officer, or subcommittee member of ERCOT may:

- (a) Do any act in violation of the Certificate of Formation or these Bylaws;
- (b) Do any act in violation of a binding obligation of ERCOT except with the Board's prior approval;
- (c) Do any act with the intention of harming ERCOT or any of its operations;
- (d) Receive an improper personal benefit from the operation of ERCOT;
- (e) Use ERCOT's assets, directly or indirectly, for any purpose other than in furtherance of ERCOT's exempt purposes;
- (f) Wrongfully transfer or dispose of ERCOT property, including intangible property such as good will;
- (g) Use ERCOT's name (or any substantially similar name) or any trademark or trade name adopted by ERCOT, except on behalf of ERCOT in the ordinary course of its business or as a reference to the ERCOT region;
- (h) Disclose any of ERCOT's or Members' business practices, trade secrets, or any other confidential or proprietary information not generally known to the business community to any person not authorized to receive it;
- (i) Take any action, without written notice to Members and reasonable time for Members to respond, that would cause another ERCOT Member that is not a "public utility" under the Federal Power Act or ERCOT itself to become a "public utility" under the Federal Energy Regulatory Commission ("FERC") rules or become subject to any plenary jurisdiction of FERC;

- (j) With regard to the Directors and Segment Alternates, do any act in violation of an ERCOT rule [as that term is defined in PUCT Substantive Rule Section 25.361(a)], PUCT rule, or applicable statute.

Violations of these prohibited acts may lead to sanction, suspension, expulsion or termination after a hearing conducted using the same procedure as described in Article 3 of these Bylaws.

ARTICLE 10 EXPENSES, BOOKS AND RECORDS

Section 10.1 Member Representatives' Expenses and Compensation of Certain Directors and TAC Representatives.

- (a) Except as described below, ERCOT shall not bear the personal and travel expenses of each person who serves as a representative of a Member or as a Director, Segment Alternate, TAC Representative or subcommittee member. Except as provided below, no such person shall receive any salary or other compensation from ERCOT.
- (b) The Board shall have the authority to fix the compensation of its Unaffiliated Directors who may be paid a fixed sum plus reimbursement of travel expenses for attendance at each meeting of the Board, or a stated compensation as a member thereof, or any combination of the foregoing. Unaffiliated Directors, who are members of standing or special committees, may be allowed like compensation and reimbursement of travel expenses for attending committee meetings. Unaffiliated Directors and Consumer Directors may be reimbursed for registration, travel, lodging and related expenses for training activities and Unaffiliated Directors shall be reimbursed for travel lodging and related expenses for attending each meeting of the Board. The reimbursement of travel expenses by ERCOT shall be in accordance with ERCOT policies on the reimbursement of appropriate and reasonable, documented travel expenses.
- (c) The Board shall fix the compensation for the appointed Residential Consumer TAC Representative for attendance at each meeting of the Board, TAC, or any standing or special committee of such on an annual basis. Any Residential Consumer TAC Representative shall not be an agent of ERCOT for any purpose and shall not be considered to be serving at ERCOT's request, even though compensated by ERCOT.

Section 10.2 ERCOT Expenses. The expenses of ERCOT shall include, but not be limited to, administrative expenses, operational costs and debt service.

Section 10.3 Budget. A budget (the "Budget") for ERCOT for the ensuing one or more fiscal years shall be adopted by the Board. In connection with the Board's approval, the Budget, including cost of liability insurance, for ERCOT shall be compiled by the CEO and submitted to the Board. To be effective, the Budget must be approved by an act of the Board as set forth in Section 4.7. The representatives of each Member shall be promptly notified of the Budget following adoption of the Budget by the Board.

Section 10.4 Loans and Guarantees. Neither participation in the activities of ERCOT nor any provision of these Bylaws or of the Certificate of Formation shall be deemed to constitute a pledge or loan of the credit of any Member for the benefit of ERCOT or a guarantee by any Member of any obligation of ERCOT.

Section 10.5 Access to Books and Records. All Members of ERCOT will have access to the books and records of the organization, including financial statements and budgets; however, the Board shall establish procedures by which a Member, upon written demand stating the purpose of the demand may examine and copy the books and records of ERCOT. If necessary to protect the confidential information of ERCOT, a Member requesting examination of ERCOT's books and records may be required to sign a confidentiality and non-disclosure agreement before viewing such information. The procedures shall include policies that provide reasonable protection against the unnecessary disclosure of information related to individual employees, including their compensation.

Section 10.6 Audit. At least annually, an audit of the financial statements of ERCOT shall be performed by the Auditor approved by the Board. The Auditor's opinion and the audited financial statements will be made available to all Members as described in Section 10.5.

Section 10.7 Fiscal Year. The fiscal year of ERCOT shall be from January 1 through the following December 31, or as otherwise fixed by resolution of the Board.

ARTICLE 11 INDEMNIFICATION

Section 11.1 Indemnification. EACH PERSON WHO AT ANY TIME SHALL SERVE, OR SHALL HAVE SERVED, AS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF ERCOT, OR ANY PERSON WHO, WHILE A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF ERCOT, IS OR WAS SERVING AT ITS REQUEST AS A DIRECTOR, OFFICER, PARTNER, VENTURER, PROPRIETOR, TRUSTEE, EMPLOYEE, AGENT OR SIMILAR FUNCTIONARY OF ANOTHER FOREIGN OR DOMESTIC CORPORATION, PARTNERSHIP, JOINT VENTURE, SOLE PROPRIETORSHIP, TRUST, EMPLOYEE BENEFIT PLAN OR OTHER ENTERPRISE, SHALL BE ENTITLED TO INDEMNIFICATION AS, AND TO THE FULLEST EXTENT, PERMITTED BY CHAPTER 8 OF THE TEXAS BUSINESS ORGANIZATIONS CODE OR ANY SUCCESSOR STATUTORY PROVISION, AS FROM TIME TO TIME AMENDED, SUCH ARTICLE OR SUCCESSOR PROVISION, AS SO AMENDED, BEING INCORPORATED

IN FULL IN THESE BYLAWS BY REFERENCE. THE FOREGOING RIGHT OF INDEMNIFICATION SHALL NOT BE DEEMED EXCLUSIVE OF ANY OTHER RIGHTS TO WHICH THOSE TO BE INDEMNIFIED MAY BE ENTITLED AS A MATTER OF LAW OR UNDER ANY AGREEMENT, VOTE OF DISINTERESTED DIRECTORS, OR OTHER ARRANGEMENT.

ARTICLE 12 NOTICES

Section 12.1 Form. Unless otherwise provided in these Bylaws, any notice required by these Bylaws to be given to a Member, Director, Segment Alternate, committee or subcommittee member, TAC Representative, member of a subcommittee of TAC, or Officer of ERCOT must be given by at least two of the following methods: mail, facsimile, email, or website posting. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his address as it appears on the corporate records, with postage prepaid. A person may change his address in the corporate records by giving written notice of the change to the CEO.

Section 12.2 Signed Waiver of Notice. Whenever any notice is required by law or under ERCOT's Certificate of Formation or these Bylaws, a written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice that was to be given.

Section 12.3 Waiver of Notice by Attendance at a Meeting. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 12.4 Objection. If any person, who is a voting member of a group holding a meeting, reasonably objects to the transaction of business regarding a specific issue, or issues, at a meeting on the grounds that the meeting is not properly called or convened or that the issue, or issues, was improperly noticed, the issue or issues in question may not be addressed at that meeting. The Chair of such meeting shall determine if such objection is reasonable.

ARTICLE 13 AMENDMENTS

Section 13.1 Amendments to these Bylaws. Subject to the provision that no amendment to these Bylaws may limit the rights of a Member to resign from Membership and subject to approval by the PUCT, these Bylaws may be amended, altered, or repealed by the voting Segments through the following procedure:

- (a) Any Corporate Member suggesting amendments to these Bylaws must submit a proposal of the amendment, including any necessary supporting documents, to the CEO.
- (b) The CEO shall place the proposal on the agenda for a Board meeting in the time and manner prescribed by the Board.
- (c) If the proposal is approved by an act of the Board as set forth in Section 4.7, the Board shall place the proposal on the agenda of the next Annual Meeting of the Corporate Members unless the Board in its discretion calls a Special Meeting of the Corporate Members to vote on the proposal or determines to seek Membership approval without a meeting as provided in Section 3.7(g).
- (d) Corporate Members must vote to enact the Board-approved amendment by the following voting procedure:
 - (1) For the purposes of voting on Bylaws, each Segment shall have one whole vote.
 - (2) Except for the Consumer Segment, an affirmative vote of at least two-thirds of the Corporate Members of a Segment present constitutes an affirmative vote by that Segment.
 - (3) For purposes of voting on Bylaws amendments, the Consumer Segment shall be subdivided into the following Consumer subgroups:
 - (i) Residential Consumers;
 - (ii) Commercial Consumers; and
 - (iii) Industrial Consumers.

An affirmative vote of the majority of the Corporate Members within a Consumer subgroup shall constitute an affirmative vote of that subgroup. An affirmative vote of at least two of the three Consumer subgroups shall constitute an affirmative vote of the Consumer Segment.
 - (4) An affirmative vote by at least four of the seven Segments shall be necessary to amend these Bylaws.

Section 13.2 Amendments to the Certificate of Formation. In accordance with the procedures set forth in the Texas Business Organizations Code, including Section 22.164(b)(1), an affirmative vote of at least two-thirds of all Corporate Members shall be required to amend the Certificate of Formation.

ARTICLE 14 MISCELLANEOUS PROVISIONS

Section 14.1 Legal Authorities Governing Construction of Bylaws. These Bylaws shall be construed under Texas law. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

Section 14.2 Legal Construction. Any question as to the application or interpretation of any provision of these Bylaws shall be resolved by the Board. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit corporations. If any Bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and these Bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

Section 14.3 Headings. The headings used in these Bylaws are for convenience and may not be considered in construing these Bylaws.

Section 14.4 Number and Gender. All singular words include the plural, and all plural words include the singular. All pronouns of one gender include reference to the other gender.

Section 14.5 Parties Bound. These Bylaws will bind and inure to the benefit of the Members, Directors, Segment Alternates, TAC Representatives, Officers, subcommittee members, employees, and agents of ERCOT and their respective administrators, legal representatives, successors, and assigns except as these Bylaws otherwise provide.

Section 14.6 Effective Date. The effective date of these Amended and Restated Bylaws is ~~January 17, 2019~~{Month Day, Year – Date of PUCT Approval}, provided that the Board may implement transition procedures before the effective date in order to ensure a smooth transition to the structure described in these Bylaws.