

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: June 18, 2018
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 26, 2018
5:30 p.m.
South Texas Water Authority
2302 East Sage Road, Kingsville, Texas

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

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Approval of Minutes. (Attachment 1)
4. Treasurer's Report/Payment of Bills. (Attachment 2)
5. Consideration of offers made to Linebarger, Goggan, Blair & Sampson, LLP for Tax Resale properties in Nueces County. (Attachment 3)
6. **Resolution 18-08.** Resolution approving the sale of delinquent tax properties for less than the amount of taxes owed or the most recent value determined by the appraisal district, whichever is less. (Attachment 4)
7. Water District Truth in Taxation Notices, Effective Tax Rate Calculation, and Meeting/Hearing Schedule. (Attachment 5)
8. Preliminary Fiscal Year 2019 Budget. (Attachment 6)
9. Update on TCEQ Enforcement Action and State Office of Administrative Hearings. (Attachment 7)

10. Update on Driscoll Pump Station LAS Chemical Feed System Addition. (Attachment 8)
11. Water Supply Contract with the City of Bishop. (Attachment 9)
12. Update on offer for Supplemental Easement on CR 38 in Agua Dulce for the AEP Texas Banquete to Stadium Transmission Line Project in Nueces and Jim Wells Counties pertaining to the Agua Dulce Pump Station. (Attachment 10)
13. NewGen Strategies and Solutions Consultant Services Associated with the City of Corpus Christi Annual Rate True Up. (Attachment 11)
14. Adjournment.

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

KL/CGS/fdl
Attachments

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
2:45 am/pm on June 22, 2018
Francis De Leon
Assistant Secretary

ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
May 22, 2018
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Rudy Galvan
Lupita Perez
Patsy Rodgers
Charles Schultz

Board Members Absent:

Filiberto Treviño
Steven Vaughn

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Jacob Hinojosa

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 5:31 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Mr. Galvan made a motion to approve the minutes of the April 24, 2018 Regular Meeting as presented. Mr. Schultz 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, 2018
Revenue Fund Income Statement for period ending April 30, 2018
Tax Fund Income Statement for period ending April 30, 2018
Special Services Income Statement for period ending April 30, 2018
STWA Revenue Fund Balance Sheet – April 30, 2018
STWA Revenue Fund GL Account Summary Report as of April 30, 2018
STWA Debt Service Fund Income Statement for period ending April 30, 2018
STWA Debt Service Fund Balance Sheet April 30, 2018
STWA Debt Service Fund GL Account Summary Report as of April 30, 2018
STWA Capital Projects Fund Income Statement for period ending April 30, 2018
STWA Capital Projects Fund Balance Sheet – April 30, 2018

STWA Capital Projects Fund GL Account Summary Report as of April 30, 2018
STWA 2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

| | |
|------------------------------------|---------------|
| • Willatt & Flickinger, PLLC | \$ 793.60 |
| • Mercer Controls, Inc. | \$ 4,438.00 |
| • Russell Corrosion Consultants | \$ 1,903.08 |
| • City of Corpus Christi | \$ 109,788.99 |
| • Underwater Services, LLC | \$ 6,730.00 |
| • Kevin Kieschnick-NC Tax Assessor | \$ 416.43 |
| • Mercer Controls, Inc. | \$ 4,972.32 |

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

5. Resolution 18-04. Resolution appointing Carola G. Serrato, Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority.
6. Resolution 18-05. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
7. Resolution 18-06. 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 18-07. 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 18-04, 18-05, 18-06 and 18-07 as housekeeping items for the tax year. Mr. Schultz made a motion to adopt Resolutions 18-04, 18-05, 18-06 and 18-07. The motion was seconded by Ms. Perez 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 \$105,936,851 increase compared to last year's certified values. She added that this increase multiplied by the current Maintenance and Operations tax rate results in approximately \$64,700 in additional revenue. She noted that these 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. Update on TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that the Quarterly Report was submitted to TCEQ on May 21st and the next conference call with TCEQ has been scheduled for June 7, 2018. In addition, Texas Rural Water Association has made arrangements for training of STWA's field personnel as part of TCEQ's Financial, Managerial and Technical Program.

11. Update on Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato provided an update on the Driscoll LAS project. She reported that the system is being monitored very closely and she continues providing information to Ms. Shay Roalson of HDR Engineering at Ms. Roalson's request. Ms. Serrato and Ms. Roalson have discussed several factors in hopes of determining what may be preventing the system from reaching the desired residual. These discussions include factors such as nitrification of certain segments of the 42" line, any impact of LAS dosing during the initial project start-up, any issues with the City of Corpus Christi's finished water, operation of the system in a manner that does not create any unintended issues with nitrification or disinfection byproducts, and last year's improvement in residuals prior to initiating use of the Driscoll LAS system and resulting from the City's use of chlorine dioxide and free chlorine burn. Ms. Roalson has also requested pH and dichloramine readings. Mr. Gabriel Ramirez, Corpus Christi Assistant Director of Water Quality and Treatment, has provided pH readings from the O.N. Stevens Plant, but advised that the City has been unsuccessful in locating a lab that tests for dichloramines. Mr. Galvan asked if San Patricio Municipal Water District might conduct such testing and Ms. Serrato responded that she would check with them.

12. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that the May 14th meeting with the City of Bishop has been postponed. The City of Bishop has hired another attorney, Ken Fields, to continue negotiations on the Water Supply Contract. City Secretary Cynthia Contreras has indicated that Mr. Fields needs time to become familiar with the matter. Ms. Serrato stated that she would update the Board as information becomes available.

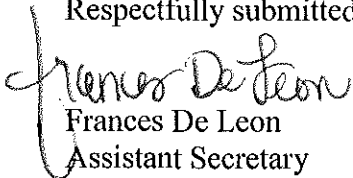
13. Update on offer for Supplemental Easement on CR 38 in Agua Dulce for the AEP Texas Banquete to Stadium Transmission Line Project in Nueces and Jim Wells Counties pertaining to the Agua Dulce Pump Station.

Ms. Serrato provided photographs showing that the southeast and southwest corners of the proposed easement are about twelve feet into the fenced area of the Agua Dulce Pump Station. She stated that she notified Brent Star of Right of Way Service, Inc. that STWA is still willing to consider an easement amendment, but the south line would need to be moved north. Mr. Starr responded that he would see what can be done to move the boundary out of the fenced area. Ms. Serrato stated that she will continue working towards negotiating an amendment that will not infringe within the fenced area of the Agua Dulce Pump Station as authorized by the Board.

14. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 5:52 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, 2018

STWA Water Sales:

| <u>Entity</u> | <u>Water Usage (1,000 g)</u> | <u>Cost of Water from City of Corpus Christi \$2.396732 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 | 13,274 | \$31,814.22 | \$5,659.85 | \$0.00 | -\$11.13 | \$37,462.94 |
| Bishop | 6,264 | \$15,013.13 | \$2,670.88 | \$2,670.88 | \$0.00 | \$20,354.89 |
| Agua Dulce | 2,860 | \$6,854.73 | \$1,219.48 | \$0.00 | \$0.00 | \$8,074.20 |
| RWSC | 10,058 | \$24,106.33 | \$4,288.59 | \$0.00 | \$0.00 | \$28,394.92 |
| Driscoll | 4,611 | \$11,051.81 | \$1,966.15 | \$1,966.15 | -\$72.85 | \$14,911.26 |
| NCWCID #5 | 2,325 | \$5,571.63 | \$991.21 | \$991.21 | \$731.47 | \$8,285.53 |
| NWSC | 16,634 | \$39,868.01 | \$7,092.64 | \$0.00 | \$0.00 | \$46,960.65 |
| TOTAL | 56,026 | \$134,279.86 | \$23,888.80 | \$5,628.24 | \$647.49 | \$164,444.39 |

Water Cost and Usage for Period of:

| | | | |
|--|-----------------|-----------|-----------------|
| | 04/30/18 | to | 06/01/18 |
| City of Corpus Christi Invoice for Cost of Water Purchased: | | | \$96,947.79 |
| Gallons of Water Recorded by City of Corpus Christi: | | | 40,450,000 |
| Gallons of Water Recorded by STWA from Customer's Master Meters: | | | 56,026,230 |
| Water Loss Percentage: | | | -38.51% |

Annual Usage for FY 2018

| | |
|--|---------------|
| | Annual |
| Gallons of Water Recorded by City of Corpus Christi: | 322,800,000 |
| Gallons of Water Recorded by STWA from Customer's Master Meters: | 343,645,720 |
| Water Loss Percentage: (year to date) | -6.46% |

**REVENUE FUND
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2018**

66.67%

| | MONTHLY | YEAR TO DATE | 2018 AMENDED BUDGET | % OF 2018 AMENDED BUDGET | 2017 YEAR TO DATE | 2017 FINAL BUDGET |
|---------------------------------------|----------------|------------------|---------------------|--------------------------|-------------------|-------------------|
| REVENUES | | | | | | |
| Water Service Revenue | 134,280 | 828,231 | 1,257,962 | 66% | 798,034 | 1,240,206 |
| Handling Charge Revenue | 23,889 | 148,982 | 220,170 | 68% | 146,982 | 228,517 |
| Premium Incremental Increase | 5,628 | 27,551 | 35,000 | 0% | 0 | 0 |
| Surcharge - Out of District | 552 | 4,413 | 6,619 | 67% | 3,852 | 5,778 |
| Interest Income | 3,300 | 18,458 | 22,000 | 84% | 7,354 | 13,500 |
| Other Revenue | | | | | | |
| Operating & Maintenance Fees | 0 | 0 | 0 | 0% | 0 | 0 |
| Miscellaneous Revenues | 75 | 1,406 | 5,000 | 28% | 6,605 | 6,750 |
| TOTAL REVENUES | 167,723 | 1,029,041 | 1,546,751 | 67% | 962,827 | 1,494,751 |
| EXPENDITURES | | | | | | |
| Water Service Expenditures: | | | | | | |
| Bulk Water Purchases | 96,948 | 764,889 | 1,257,962 | 61% | 798,916 | 1,233,414 |
| Payroll Costs | | | | | | |
| Salaries & Wages - Reg. Employees | 29,717 | 200,268 | 313,366 | 64% | 191,122 | 285,123 |
| Salaries & Wages - Part-Time | 113 | 1,002 | 1,607 | 62% | 3,166 | 5,851 |
| Overtime - NWSC | 0 | (0) | 0 | 0% | 0 | 0 |
| Stand-by Pay - NWSC | 0 | 0 | 0 | 0% | 0 | 0 |
| Overtime - RWSC | 0 | (0) | 0 | 0% | 0 | 0 |
| Stand-by Pay - RWSC | 0 | 0 | 0 | 0% | 0 | 0 |
| Overtime - STWA | 1,202 | 12,477 | 20,300 | 61% | 11,208 | 17,910 |
| Stand-by Pay - STWA | 100 | 850 | 1,300 | 65% | 850 | 1,300 |
| Employee Retirement Premiums | 2,802 | 31,717 | 54,023 | 59% | 16,353 | 36,612 |
| Group Insurance Premium | 12,023 | 103,147 | 156,292 | 66% | 101,395 | 147,404 |
| Unemployment Compensation | 1 | 1,153 | 1,115 | 103% | 73 | 300 |
| Workers' Compensation | (603) | 3,258 | 6,498 | 50% | 9,298 | 7,252 |
| Car Allowance | 500 | 3,900 | 5,900 | 66% | 3,200 | 4,800 |
| Hospital Insurance Tax | 270 | 2,249 | 3,825 | 59% | 2,194 | 3,388 |
| Supplies & Materials | | | | | | |
| Repairs & Maintenance | 12,163 | 55,874 | 80,000 | 70% | 97,961 | 126,500 |
| Meter Expense | 5,479 | 12,523 | 11,500 | 109% | 7,140 | 7,140 |
| Tank Repairs | 26,140 | 26,140 | 20,000 | 131% | 0 | 7,800 |
| Major Repairs | 0 | 0 | 25,000 | 0% | 0 | 25,000 |
| Other Operating Expenditures: | | | | | | |
| Professional Fees | | | | | | |
| Legal | 0 | 6,148 | 30,000 | 20% | 13,768 | 30,000 |
| Auditing | 0 | 9,369 | 9,370 | 100% | 9,155 | 9,155 |
| Engineering | 0 | 58,901 | 70,000 | 84% | 0 | 60,000 |
| Management & Consulting | 0 | 2,778 | 10,000 | 28% | 4,010 | 14,550 |
| Inspection | 0 | 2,725 | 3,725 | 73% | 1,473 | 1,600 |
| Leak Detection | 0 | 55,440 | 55,440 | 100% | 0 | 20,000 |
| Consum Supplies/Materials | | | | | | |
| Postage | 332 | 3,585 | 6,500 | 55% | 5,895 | 8,950 |
| Printing/Office Supplies/Tech Support | 728 | 17,145 | 26,500 | 65% | 13,321 | 18,650 |
| Janitorial/Site Maintenance | 544 | 3,721 | 6,000 | 62% | 1,679 | 4,350 |
| Fuel/Lubricants/Repairs | 2,153 | 18,311 | 33,000 | 55% | 15,908 | 24,335 |
| Chemicals/Water Samples | 210 | 25,662 | 58,000 | 44% | 34,120 | 49,900 |
| Safety Equipment | 157 | 157 | 1,500 | 10% | 678 | 1,500 |
| Small Tools | 0 | 1,226 | 4,500 | 27% | 249 | 1,000 |

| | MONTHLY | YEAR TO DATE | 2018 AMENDED BUDGET | % OF 2018 AMENDED BUDGET | 2017 YEAR TO DATE | 2017 FINAL BUDGET |
|--|-----------------|--------------------|---------------------|--------------------------|-------------------|-------------------|
| Recurring Operating Costs | | | | | | |
| Telephone/Communications | 1,143 | 11,842 | 23,500 | 50% | 10,730 | 23,700 |
| Utilities | 8,272 | 57,036 | 115,000 | 50% | 70,657 | 108,500 |
| D & O Liability Insurance | 0 | 1,306 | 3,500 | 37% | 1,577 | 2,100 |
| Property Insurance | 0 | 19,229 | 20,000 | 96% | 33,247 | 33,247 |
| General Liability | 0 | 2,617 | 2,750 | 95% | 2,247 | 2,750 |
| Auto Insurance | 0 | 2,050 | 2,050 | 100% | 2,050 | 2,050 |
| Travel/Training/Meetings | 1,981 | 6,297 | 10,000 | 63% | 4,196 | 6,300 |
| Rental-Equipment/Uniforms | 550 | 2,294 | 5,000 | 46% | 1,531 | 3,500 |
| Dues/Subscriptions/Publication | 0 | 7,318 | 15,000 | 49% | 5,760 | 9,300 |
| Pass Through Cost | 84 | 426 | 800 | 53% | 356 | 780 |
| Educational Materials | 0 | 0 | 0 | 0% | 0 | 0 |
| Miscellaneous | | | | | | |
| Miscellaneous Expenditures | 485 | 3,566 | 11,647 | 31% | 6,613 | 9,000 |
| Total Administrative & Operations Exp. | 203,492 | 1,538,595 | 2,482,470 | 62% | 1,482,096 | 2,355,011 |
| Capital Outlay | | | | | | |
| Capital Acquisition | 0 | 88,759 | 89,000 | 100% | 79,269 | 114,500 |
| Engineering | 0 | 0 | 0 | 0% | 798 | 1,000 |
| TOTAL EXPENDITURES (w/o D.S. exp.) | 203,492 | 1,627,353 | 2,571,470 | 63% | 1,562,163 | 2,470,511 |
| Excess (Deficiencies) of Revenue Over Expenditures | (35,769) | (598,312) | (1,024,719) | 58% | (599,336) | (975,760) |
| OTHER FINANCE SOURCE (USES) | | | | | | |
| Transfer to Other Funds | | | | | | |
| Transfer from Tax Account | 0 | (1,024,199) | (1,055,703) | 97% | (939,657) | (991,729) |
| Extra Ordinary Income | | | | | | |
| Disposition of Assets (Surplus Sale) | 0 | (4,432) | (4,432) | 0% | 0 | 0 |
| TOTAL OTHER FINANCING SOURCES (USES) | 0 | (1,028,631) | (1,060,135) | 97% | (939,657) | (991,729) |
| EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES) | | | | | | |
| | (35,769) | 430,319 | 35,416 | | 340,321 | 15,969 |
| NET INCOME | (35,769) | 430,319 | 35,416 | | 340,321 | 15,969 |

**TAX FUND
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2018**

66.67%

| | MONTHLY | YEAR TO DATE | 2018 AMENDED BUDGET | % OF 2018 AMENDED BUDGET | 2017 YEAR TO DATE | 2017 FINAL BUDGET |
|--|---------------|------------------|---------------------|--------------------------|-------------------|-------------------|
| REVENUES | | | | | | |
| Ad-Valorem - Current | 13,142 | 1,064,974 | 1,070,008 | 100% | 972,411 | 989,500 |
| Delinquent Tax Revenue | 2,656 | 24,292 | 27,500 | 88% | 24,579 | 33,850 |
| Penalty & Interest - Tax Accounts | 2,475 | 16,886 | 16,000 | 106% | 16,096 | 22,050 |
| Miscellaneous | 0 | 0 | 0 | 0% | 0 | 0 |
| TOTAL TAXES & INTEREST | 18,273 | 1,106,152 | 1,113,508 | 99% | 1,013,086 | 1,045,400 |
| EXPENDITURES | | | | | | |
| Tax Collector Fees | 1,342 | 35,426 | 37,215 | 95% | 33,929 | 35,371 |
| Appraisal Districts | 5,207 | 15,252 | 20,590 | 74% | 9,802 | 18,300 |
| TOTAL EXPENDITURES | 6,549 | 50,678 | 57,805 | 88% | 43,731 | 53,671 |
| Transfer to General Fund | 0 | 1,024,199 | 1,055,703 | 97% | 939,657 | 991,729 |
| EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES | 11,724 | 31,275 | 0 | | 29,698 | 0 |

**SPECIAL SERVICES
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2018**

66.67%

| | MONTHLY | YEAR TO DATE | 2018 AMENDED BUDGET | % OF 2018 AMENDED BUDGET | 2017 YEAR TO DATE | 2017 FINAL BUDGET |
|--|---------------|-----------------|---------------------------|--------------------------------|-------------------------|-------------------------|
| REVENUES | | | | | | |
| Ricardo Water Supply Corporation | 18,617 | 163,526 | 293,020 | 56% | 161,446 | 271,554 |
| Nueces Water Supply Corporation | 20,150 | 181,699 | 275,134 | 66% | 181,673 | 250,665 |
| TOTAL REVENUES | 38,767 | 345,224 | 568,154 | 61% | 343,119 | 522,219 |
| EXPENDITURES | | | | | | |
| Personnel | 20,881 | 196,923 | 304,185 | 65% | 192,753 | 288,626 |
| Overhead | 19,380 | 163,372 | 263,969 | 62% | 139,717 | 233,593 |
| TOTAL EXPENDITURES | 40,261 | 360,295 | 568,154 | 63% | 332,470 | 522,219 |
| EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES | | | | | | |
| | (1,494) | (15,071) | 0 | | 10,649 | 0 |

South Texas Water Authority
Balance Sheet
May 31, 2018

ASSETS

Current Assets

| | | | |
|--------------------------------|-----------|--------------|-----------------------------------|
| STWA - General | \$ | 158,173.68 | |
| STWA - Payroll | | 33,470.50 | |
| STWA - Operations | | 26,120.73 | |
| Petty Cash | | 150.00 | |
| TexPool - STWA General | | 2,196,710.82 | |
| Due From Capital Projects Fund | | 35,497.09 | |
| Due from Debt Service Fund | | 5,900.45 | |
| Due from D.S.-Collect Service | | 16,743.73 | |
| Tax Accounts Receivable | | 165,274.52 | |
| Allowance for Uncollect Taxes | | (66,653.05) | |
| Service accts receivable | | 284,406.22 | |
| Interlocal Rec-Ricardo | | 3,806.09 | |
| Interlocal Rec-Nueces | | 7,299.18 | |
| Interlocal Rec. - Tax Assessor | | 4,997.62 | |
| Inventory | | 17,836.50 | |
| | | | |
| Total Assets | \$ | | <u><u>2,889,734.08</u></u> |

LIABILITIES AND FUNDS EQUITY

Current Liabilities

| | | | |
|--------------------------|----|------------|-------------------|
| Trade Accounts Payable | \$ | 115,817.93 | |
| Salaries & Wages Payable | | 12,785.86 | |
| Unemployment Comp. Pbl. | | 10.18 | |
| Miscellaneous Payables | | 1,156.45 | |
| Compensated Absences | | 17,620.65 | |
| Deferred tax revenue | | 98,621.47 | |
| Due to Debt Service Fund | | 116.66 | |
| | | | |
| Total Liabilities | | | 246,129.20 |

Fund Equity

| | | | |
|--|-----------|--------------|-----------------------------------|
| Unassigned Fund Balance | | 2,179,245.44 | |
| Assigned Fund Bal. - Inventory | | 17,836.50 | |
| Current Earning | | 446,522.94 | |
| | | | |
| Total Fund Equity | | | <u><u>2,643,604.88</u></u> |
| Total Liabilities & Fund Equity | \$ | | <u><u>2,889,734.08</u></u> |

South Texas Water Authority
GI Account Summary Report
As of: May 31, 2018

| <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 | 322,208.06 | \$ 153,349.80 | \$ (317,384.18) | \$ (164,034.38) | \$ 158,173.68 |
| STWA - Payroll | 30,668.40 | 30,009.17 | (27,207.07) | 2,802.10 | 33,470.50 |
| STWA - Operations | 20,050.98 | 50,012.91 | (43,943.16) | 6,069.75 | 26,120.73 |
| Petty Cash | 150.00 | 0.00 | 0.00 | 0.00 | 150.00 |
| Transfers | 0.00 | 80,000.00 | (80,000.00) | 0.00 | 0.00 |
| TexPool - STWA General | 2,178,493.72 | 18,353.70 | (136.60) | 18,217.10 | 2,196,710.82 |
| Due From Capital Projects Fund | 35,497.09 | 0.00 | 0.00 | 0.00 | 35,497.09 |
| Due from Debt Service Fund | 5,552.56 | 527.78 | (179.89) | 347.89 | 5,900.45 |
| Due from D.S. -Collect Service | 14,607.87 | 2,135.86 | 0.00 | 2,135.86 | 16,743.73 |
| Tax Accounts Receivable | 165,274.52 | 0.00 | 0.00 | 0.00 | 165,274.52 |
| Allowance for Uncollect Taxes | (66,653.05) | 0.00 | 0.00 | 0.00 | (66,653.05) |
| Service accts receivable | 214,900.03 | 193,145.52 | (123,639.33) | 69,506.19 | 284,406.22 |
| Interlocal Rec-Ricardo | 6,164.88 | 3,804.03 | (6,162.82) | (2,358.79) | 3,806.09 |
| Interlocal Rec-Nueces | 16,677.07 | 7,299.18 | (16,677.07) | (9,377.89) | 7,299.18 |
| Interlocal Rec. - Tax Assessor | 2,140.70 | 4,997.62 | (2,140.70) | 2,856.92 | 4,997.62 |
| Inventory | 17,836.50 | 0.00 | 0.00 | 0.00 | 17,836.50 |
| Total Assets | 2,963,569.33 | 543,635.57 | (617,470.82) | (73,835.25) | 2,889,734.08 |
| Current Liabilities | | | | | |
| Trade Accounts Payable | (170,422.25) | 258,364.68 | (203,760.36) | 54,604.32 | (115,817.93) |
| Salaries & Wages Payable | (6,360.72) | 6,360.72 | (12,785.86) | (6,425.14) | (12,785.86) |
| Hospital Ins Tax Payable | 0.00 | 1,113.53 | (1,113.53) | 0.00 | 0.00 |
| Withholding Taxes Payable | 0.00 | 3,649.03 | (3,649.03) | 0.00 | 0.00 |
| Emply Retire Prem Payable | 0.00 | 9,903.46 | (9,903.46) | 0.00 | 0.00 |
| Unemployment Comp. Pbl. | 0.00 | 0.00 | (10.18) | (10.18) | (10.18) |
| Miscellaneous Payables | (1,400.53) | 9,966.96 | (9,722.88) | 244.08 | (1,156.45) |
| Compensated Absences | (17,620.65) | 0.00 | 0.00 | 0.00 | (17,620.65) |
| Deferred tax revenue | (98,621.47) | 0.00 | 0.00 | 0.00 | (98,621.47) |
| Due to Debt Service Fund | 0.00 | 0.00 | (116.66) | (116.66) | (116.66) |
| Total Liabilities | (294,425.62) | 289,358.38 | (241,061.96) | 48,296.42 | (246,129.20) |
| Fund Equity | | | | | |
| Unassigned Fund Balance | (2,179,245.44) | 0.00 | 0.00 | 0.00 | (2,179,245.44) |
| Assigned Fund Bal. - Inventory | (17,836.50) | 0.00 | 0.00 | 0.00 | (17,836.50) |
| Total Fund Equity | (2,197,081.94) | 0.00 | 0.00 | 0.00 | (2,197,081.94) |
| Totals | 472,061.77 | \$ 832,993.95 | \$ (858,532.78) | \$ (25,538.83) | \$ 446,522.94 |

**DEBT SERVICE FUND
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2018**

66.67%

| | MONTHLY | YEAR TO DATE | 2018 AMENDED BUDGET | % OF 2018 AMENDED BUDGET | 2017 YEAR TO DATE | 2017 FINAL BUDGET |
|--|--------------|-----------------|---------------------------|--------------------------------|-------------------------|-------------------------|
| REVENUES | | | | | | |
| Ad-Valorem - Current | 4,285 | 347,335 | 366,174 | 95% | 348,332 | 354,529 |
| Delinquent Tax Revenue | 800 | 7,685 | 7,000 | 110% | 7,184 | 10,400 |
| Penalty & Interest - Tax Accounts | 643 | 4,816 | 5,500 | 88% | 3,990 | 5,675 |
| Out-of-District Surcharge | 180 | 1,439 | 2,159 | | 1,380 | 2,070 |
| Interest on Temporary Investments | 472 | 2,058 | 2,280 | 90% | 816 | 1,450 |
| Miscellaneous | <u>0</u> | <u>0</u> | <u>0</u> | 0% | <u>0</u> | <u>0</u> |
| TOTAL TAXES & INTEREST | 6,379 | 363,333 | 383,113 | 95% | 361,702 | 374,124 |
| 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 | 374,124 |
| TOTAL REVENUE AND OTHER FINANCE SOURCES | 6,379 | 363,333 | 383,113 | 95% | 361,702 | 374,124 |
| EXPENDITURES | | | | | | |
| Fiscal Agent Fees | 0 | 100 | 200 | 50% | 100 | 200 |
| Bond Interest Expense | 0 | 63,375 | 126,750 | 50% | 65,525 | 131,050 |
| Bond Principal Payments | 0 | 0 | 220,000 | 0% | 0 | 215,000 |
| Tax Collector Fees | 438 | 11,606 | 12,189 | 95% | 12,154 | 12,676 |
| Appraisal District Fees | 1,698 | 5,137 | 6,714 | 77% | 3,511 | 6,555 |
| Miscellaneous | <u>0</u> | <u>0</u> | <u>0</u> | 0% | <u>0</u> | <u>0</u> |
| TOTAL EXPENDITURES | 2,136 | 80,219 | 365,853 | 22% | 81,290 | 365,481 |
| EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES | 4,243 | 283,114 | 17,260 | | 280,412 | 8,643 |

STWA Debt Service Fund
Balance Sheet
May 31, 2018

ASSETS

Current Assets

| | |
|------------------------------|---------------|
| Debt Service Acct. - TexPool | \$ 326,690.20 |
| Due from General | 116.66 |
| Due from Other Governments | 200.83 |
| Taxes Receivable | 31,632.31 |
| Allowance for Uncollectibles | (8,581.46) |

Total Current Assets **350,058.54**

Other Assets

Total Other Assets **0.00**

Total Assets **\$ 350,058.54**

LIABILITIES AND FUNDS EQUITY

Current Liabilities

| | |
|----------------------|--------------|
| Deferred Tax Revenue | \$ 21,610.10 |
| Due to General Fund | 22,644.19 |

Total Current Liabilities **44,254.29**

Long-Term Liabilities

Total Long-Term Liabilities **0.00**

Total Liabilities **44,254.29**

Funds Equity

| | |
|--------------|------------|
| Fund Balance | 22,690.35 |
| Net Income | 283,113.90 |

Total Funds Equity **305,804.25**

Total Liabilities & Funds Equity **\$ 350,058.54**

STWA Debt Service Fund
 GI Account Summary Report
 As of: May 31, 2018

| <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 | 321,022.76 | \$ 5,667.44 | \$ 0.00 | \$ 5,667.44 | \$ 326,690.20 |
| 12200 | Due from General | 0.00 | 116.66 | 0.00 | 116.66 | 116.66 |
| 13100 | Due from Other Government | 200.83 | 0.00 | 0.00 | 0.00 | 200.83 |
| 13300 | Taxes Receivable | 30,689.44 | 1,641.58 | (698.71) | 942.87 | 31,632.31 |
| 13301 | Allowance for Uncollectibles | (8,581.46) | 0.00 | 0.00 | 0.00 | (8,581.46) |
| 21700 | Deferred Tax Revenue | (21,610.10) | 0.00 | 0.00 | 0.00 | (21,610.10) |
| 24000 | Due to General Fund | (20,160.44) | 179.89 | (2,663.64) | (2,483.75) | (22,644.19) |
| 39100 | Fund Balance | (22,690.35) | 0.00 | 0.00 | 0.00 | (22,690.35) |
| | Totals | <u>278,870.68</u> | <u>\$ 7,605.57</u> | <u>\$ (3,362.35)</u> | <u>\$ 4,243.22</u> | <u>\$ 283,113.90</u> |

**CAPITAL PROJECTS FUND
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2018**

66.67%

| | MONTHLY | YEAR TO DATE | 2018 ADOPTED BUDGET | % OF 2018 ADOPTED BUDGET | 2017 YEAR TO DATE | 2017 FINAL BUDGET |
|--|----------|-----------------|---------------------------|--------------------------------|-------------------------|-------------------------|
| REVENUES | | | | | | |
| Bond Proceeds | 0 | 0 | 0 | 0% | 0 | 0 |
| Interest Income | 1,492 | 11,120 | 12,500 | 89% | 6,633 | 11,750 |
| TOTAL REVENUE AND OTHER FINANCE SOURCES | 1,492 | 11,120 | 12,500 | 89% | 6,633 | 11,750 |
| EXPENDITURES | | | | | | |
| Right of Way Acquisition | 0 | 0 | 7,264 | 0% | 0 | 0 |
| Engineering Fees | 0 | 5,400 | 228,320 | 2% | 84,975 | 125,000 |
| Construction Costs | 0 | 228,484 | 643,232 | 36% | 197,288 | 678,066 |
| Pipeline Condition Assessment | 0 | 0 | 194,100 | 0% | 5,295 | 5,295 |
| Legal & Administrative Fees | 0 | 0 | 181,712 | 0% | 0 | 0 |
| Cost of Bond Issuance | 0 | 0 | 0 | 0% | 0 | 0 |
| Miscellaneous Fees | <u>0</u> | <u>0</u> | <u>0</u> | 0% | <u>0</u> | <u>0</u> |
| TOTAL EXPENDITURES | 0 | 233,884 | 1,254,628 | 19% | 287,558 | 808,361 |
| EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES | | | | | | |
| | 1,492 | (222,764) | (1,242,128) | | (280,925) | (796,611) |

**STWA Capital Projects Fund
Balance Sheet
May 31, 2018**

ASSETS

Current Assets

| | | |
|-----------------------------|-----------------|--------------|
| TexSTAR - Construction Fund | \$ 1,019,396.90 | |
| | | |
| Total Current Assets | | 1,019,396.90 |

Property and Equipment

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

Other Assets

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

| | | |
|--------------|-----------------|--------------|
| Total Assets | \$ 1,019,396.90 | |
| | | |
| | | 1,019,396.90 |

LIABILITIES AND FUNDS EQUITY

Current Liabilities

| | | |
|---------------------------|--------------|-----------|
| Due to General Fund | \$ 35,497.09 | |
| | | |
| Total Current Liabilities | | 35,497.09 |

Long-Term Liabilities

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

| | | |
|-------------------|--|-----------|
| Total Liabilities | | 35,497.09 |
|-------------------|--|-----------|

Fund Balance

| | | |
|--------------------|--------------|------------|
| Fund Balance | 1,206,663.20 | |
| Net Income | (222,763.39) | |
| | | |
| Total Fund Balance | | 983,899.81 |

| | | |
|----------------------------------|-----------------|--------------|
| Total Liabilities & Fund Balance | \$ 1,019,396.90 | |
| | | |
| | | 1,019,396.90 |

STWA Capital Projects Fund
 GI Account Summary Report
 As of: May 31, 2018

| <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 | 1,017,904.86 | \$ 1,492.04 | \$ 0.00 | \$ 1,492.04 | \$ 1,019,396.90 |
| 2400 | Due to General Fund | (35,497.09) | 0.00 | 0.00 | 0.00 | (35,497.09) |
| 39100 | Fund Balance | (1,206,663.20) | 0.00 | 0.00 | 0.00 | (1,206,663.20) |
| | Totals | <u>(224,255.43)</u> | <u>\$ 1,492.04</u> | <u>\$ 0.00</u> | <u>\$ 1,492.04</u> | <u>\$ (222,763.39)</u> |

OUTSTANDING INVOICES FOR BOARD APPROVAL

| INV DATE | VENDOR | INV # | DESCRIPTION | STATUS | AMOUNT |
|-----------|-----------------------------------|-------|-----------------------|---------|-------------------|
| 6/1/2018 | Kleberg County Appraisal District | | 3rd Qtr. Payment | pending | \$5,213.19 |
| 6/1/2018 | Nueces County Appraisal District | | 3rd Qtr. Payment | pending | \$1,692.00 |
| 6/4/2018 | City of Corpus Christi | | May water usage | pending | \$96,947.79 |
| 6/12/2018 | Kevin Kieschnick-NC Tax Assessor | | April per parcel fees | pending | <u>\$1,779.54</u> |
| | | | | | \$105,632.52 |

RECEIVED

JUN 04 2018

KLEBERG COUNTY APPRAISAL DISTRICT SOUTH TEXAS WATER AUTHORITY

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

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

TO: South Texas Water Authority
FROM: Kleberg County Appraisal District
DATE: June 1, 2018
SUBJECT: 2018 Appraisal District Payment Information

The third payment from your taxing unit toward the 2018 Appraisal District Operating Budget is due to be paid by June 30, 2018. Thank you for your attention to this matter.

Amount due if paid by 6/30/2018: \$ 5,213.19

Amount due if paid after 6/30/2018: \$ 5,517.29

| | | |
|------|-----------------|--------------------|
| \$ | 5,213.19 | |
| + \$ | 260.66 | (5% Penalty) |
| + \$ | 43.44 | (10% Interest /Mo) |
| \$ | <u>5,517.29</u> | |

POSTED
6/19/18

RECEIVED

MAY 24 2018

SOUTH TEXAS WATER AUTHORITY



*Nueces County Appraisal District
201 N. Chaparral, Ste. 206
Corpus Christi, Texas 78401-2503*

*Ramiro "Ronnie" Canales
Nueces County Chief Appraiser*

*Office: (361) 881-9978
Fax: (361) 887-6721
info@nuecescad.net*

**NUECES COUNTY APPRAISAL DISTRICT
2018 BUDGET ALLOCATION**

INVOICE #063018

Taxing Unit: South Texas Water Authority
Due Date: June 30, 2018
3rd Quarter Amount Due: \$1,692.00

POSTED
6/19/18



Monthly Statement of Utility Services
 City of Corpus Christi
 P.O. Box 9257 • Corpus Christi, TX 78469-9097
 (361) 826-CITY • www.cctexas.com

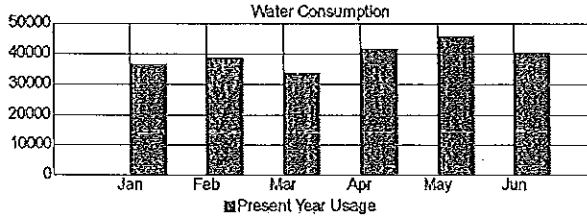
Account Name: SOUTH TX WATER AUTH
 Account Number: 20004093
 Service Address: 0 END DR WTR5 RAW
 Account Type: PA
 Bill Date: 06/04/2018

METER INFORMATION

| Meter ID | Service Type | Current Read | Previous Read | Consumption 5/2018 |
|----------|--------------|--------------|---------------|--------------------|
| WT200006 | WA | 4229800 | 4189350 | E 40450 |

SERVICE PERIOD: 4/30/18 5/31/18 31 DAYS

CONSUMPTION HISTORY



IMPORTANT MESSAGE

Gas Customers - Please note there is a one-time billing adjustment due to a billing error. We apologize for this inconvenience and are available for any questions at (361) 826-CITY (2489) or by email at uboresolutions@cctexas.com.

ACCOUNT ACTIVITY

| | |
|----------------------------|---------------|
| LAST BILL | \$109,788.99 |
| TOTAL PAID SINCE LAST BILL | -\$109,788.99 |
| ADJUSTMENTS | \$0.00 |
| BALANCE FORWARD DUE NOW | \$0.00 |
| NEW CHARGES | |
| WATER | \$57,549.49 |
| RWCA \$0.974/TGAL | \$39,398.30 |
| TOTAL WATER | \$96,947.79 |

PAY THIS AMOUNT BY 06/25/2018: \$96,947.79

ACCOUNT BALANCE \$96,947.79

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

RECEIVED

JUN 18 2018

SOUTH TEXAS WATER AUTHORITY

PLEASE FOLD ON PERFORATION BEFORE TEARING -- RETURN BOTTOM PORTION WITH YOUR PAYMENT. MAKE CHECKS PAYABLE TO CITY OF CORPUS CHRISTI. INCLUDE ACCOUNT NUMBER ON THE CHECK.



P.O. Box 9257 • Corpus Christi, TX 78469-9097
 (361) 826-CITY • www.cctexas.com

Working to Serve You Better.

16-2
 SOUTH TX WATER AUTH
 P O BOX 1701
 KINGSVILLE TX 78364-1701



Account Number: 20004093
 Service Address: 0 END DR WTR5 RAW
 Cycle-Route #: 01-60

| | |
|-------------|-------------|
| DUE DATE: | 06/25/2018 |
| AMOUNT DUE: | \$96,947.79 |

AFTER DUE DATE PAY: \$101,795.18



Remit to: CITY OF CORPUS CHRISTI
 P.O. BOX 659880
 SAN ANTONIO TX 78265-9143

When making payment in person, please bring entire statement.

200040930096947799



RECEIVED

JUN 19 2018

SOUTH TEXAS WATER AUTHORITY

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

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

Kevin Kieschnick
Assessor and Collector of Taxes

June 12, 2018

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

**Fees for Collection of Ad Valorem Taxes
during the month of May 2018**

| | | |
|---------------------------|---------------|--------------------------|
| Total collected parcels | | 1,282 |
| Collection Fee per Parcel | POSTED | <u>\$1.3881</u> |
| Total for MAY | | <u><u>\$1,779.54</u></u> |

Please Make Checks Payable To:
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

**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 | Percent Expended | Amount Expended | Amount Remaining |
|-----------------------------------|----------------------|-----------------------|---------------------|-----------------------|---------------------|
| TOTAL PROPOSITION #1: | \$1,900,000.00 | | | | |
| Construction: Lewis Construction | | \$1,035,100.00 | | \$1,035,100.00 | |
| Change Order #1 | | \$4,320.85 | | \$4,320.85 | |
| 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> | 100.00% | <u>\$1,079,090.18</u> | |
| ROW Acquisition: | | \$60,541.31 | 100.00% | \$60,541.31 | |
| | | <u>\$1,139,631.49</u> | | <u>\$1,139,631.49</u> | \$760,368.51 |
| HDR Pipeline Condition Assessment | | \$105,900.00 | 100.00% | \$105,900.00 | |
| HDR LAS Booster -Driscoll | | \$71,100.00 | 98.73% | \$70,200.00 | |
| LAS Booster - Construction | | \$369,000.00 | | | |
| Change Order #1 | | \$45,586.84 | | | |
| Change Order #2 | | \$1,705.00 | | | |
| Change Order #3 | | \$10,650.00 | | | |
| | | <u>\$426,941.84</u> | 100.00% | \$426,941.84 | |
| Rock Engineering | | \$1,051.00 | | \$1,051.00 | |
| Rock Engineering | | \$2,026.00 | | \$2,026.00 | |
| | | | | <u>\$430,018.84</u> | |
| Non-Construction Related Costs: | | <u>\$36,076.45</u> | 100.00% | <u>\$36,076.45</u> | <u>\$0.00</u> |
| TOTAL Proposition #1 | \$1,900,000.00 | \$1,782,726.78 | | \$1,781,826.78 | \$116,222.22 |

Proposition #2: KINGSVILLE PUMP STATION

56.25%

| | Engineer Estimate | Contract Amount | Percent Expended | Amount Expended | Amount Remaining |
|--|---------------------|--------------------|------------------|--------------------|---------------------|
| ROW Acquisition: | | | | | |
| Construction Related Costs: | | | | | |
| Ground Storage Tank - PreLoad | \$1,894,460.00 | \$1,248,602.55 * | 100.00% | \$1,206,897.95 | |
| Final - Payment #8 | | | | <u>\$41,704.60</u> | |
| | | | | \$1,248,602.55 | \$645,857.45 |
| New Pumps - ACP | \$327,378.00 | \$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 | 100.00% | \$327,472.75 | -\$94.75 |
| Emergency Generator | \$0.00 | \$123,586.38 | 100.00% | \$123,586.39 | -\$123,586.39 |
| Engineering Costs: | \$560,500.00 | | | | |
| Engineering - GST* | | \$234,800.00 | 100.00% | \$234,800.00 | |
| Engineering - GST additional work by HDR | | \$48,000.00 | 100.00% | \$48,000.00 | |
| Engineering - Pump Station | | \$91,600.00 | 100.00% | \$91,600.00 | |
| Rock Engineering, Inc. | | | | \$1,121.00 | |
| LNV - Generator | | \$30,000.00 | 100.00% | <u>\$30,000.00</u> | |
| | | | | \$405,521.00 | \$154,979.00 |
| Non-Construction Related Costs: | <u>\$122,500.00</u> | <u>\$60,404.85</u> | | <u>\$60,404.85</u> | <u>\$62,095.15</u> |
| TOTAL Proposition #2 | \$2,904,838.00 | \$2,164,466.53 | | \$2,165,587.54 | \$739,250.46 |

*Reduced by Change Order #1

Proposition #3: BISHOP FACILITY

7.21%

| | Engineer Estimate | Contract Amount | Percent Expended | Amount Expended | Amount Remaining |
|---------------------------------|--------------------|--------------------|------------------|--------------------|---------------------|
| Construction: Mercer | \$277,100.00 | \$109,900.00 | 100.00% | \$117,596.50 | \$159,503.50 |
| Change Order: Painting building | | \$3,996.00 | | | |
| Change to WYE | | <u>\$3,700.00</u> | | | |
| | | \$117,596.00 | | | |
| Construction Related Costs: | \$69,300.00 | \$52,200.00 | 100.00% | \$52,200.00 | \$17,100.00 |
| LNV Engineering | | | | | |
| Non-Construction Related Costs: | <u>\$28,600.00</u> | <u>\$13,330.35</u> | 100.00% | <u>\$13,330.35</u> | <u>\$15,269.65</u> |
| TOTAL Proposition #3 | \$375,000.00 | \$183,126.35 | | \$183,126.85 | \$191,873.15 |

TOTAL \$1,047,345.83

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-17 | \$0.426386 | \$2.4362 | \$2.8626 | \$0.426386 | \$2.312247 | \$2.738633 | -\$0.1239 |
| Nov-17 | \$0.426386 | \$2.4380 | \$2.8644 | \$0.426386 | \$2.316174 | \$2.742560 | -\$0.1218 |
| Dec-17 | \$0.426386 | \$2.4383 | \$2.8647 | \$0.426386 | \$2.349496 | \$2.775882 | -\$0.0888 |
| Jan-18 | \$0.426386 | \$2.4381 | \$2.8645 | \$0.426386 | \$2.397528 | \$2.823914 | -\$0.0405 |
| Feb-18 | \$0.426386 | \$2.4398 | \$2.8662 | \$0.426386 | \$2.400483 | \$2.826869 | -\$0.0393 |
| Mar-18 | \$0.426386 | \$2.4376 | \$2.8640 | \$0.426386 | \$2.396127 | \$2.822513 | -\$0.0415 |
| Apr-18 | \$0.426386 | \$2.4359 | \$2.8623 | \$0.426386 | \$2.394525 | \$2.820911 | -\$0.0414 |
| May-18 | \$0.426386 | \$2.4358 | \$2.8622 | \$0.426386 | \$2.396732 | \$2.823118 | -\$0.0391 |
| Jun-18 | \$0.426386 | \$2.4350 | \$2.8614 | \$0.426386 | | \$0.426386 | -\$2.4350 |
| Jul-18 | \$0.426386 | \$2.4335 | \$2.8599 | \$0.426386 | | \$0.426386 | -\$2.4335 |
| Aug-18 | \$0.426386 | \$2.4330 | \$2.8594 | \$0.426386 | | \$0.426386 | -\$2.4330 |
| Sep-18 | \$0.426386 | \$2.4360 | \$2.8624 | \$0.426386 | | \$0.426386 | -\$2.4360 |
| Avg Cost | \$0.426386 | \$2.4364 | \$2.8628 | \$0.426386 | \$2.370414 | \$2.796800 | -\$0.0660 |

ANTICIPATED (BUDGETED) vs. ACTUAL WATER USAGE

All

| Customers | Budgeted | Actual | Difference | NWSC | Budgeted | Actual | Difference |
|--------------|--------------------|--------------------|-------------------|--------------|--------------------|--------------------|-------------------|
| Oct-17 | 43,106,064 | 49,257,770 | 6,151,706 | Oct-17 | 11,406,490 | 13,839,280 | 2,432,790 |
| Nov-17 | 39,010,208 | 41,240,370 | 2,230,162 | Nov-17 | 10,288,004 | 12,528,080 | 2,240,076 |
| Dec-17 | 38,272,268 | 37,196,850 | -1,075,418 | Dec-17 | 10,329,528 | 11,526,840 | 1,197,312 |
| Jan-18 | 39,270,789 | 41,006,500 | 1,735,711 | Jan-18 | 10,835,370 | 13,263,230 | 2,427,860 |
| Feb-18 | 35,570,793 | 38,505,650 | 2,934,857 | Feb-18 | 9,334,104 | 11,186,170 | 1,852,066 |
| Mar-18 | 39,754,343 | 42,148,523 | 2,394,180 | Mar-18 | 10,296,803 | 13,521,510 | 3,224,707 |
| Apr-18 | 43,693,987 | 47,151,371 | 3,457,384 | Apr-18 | 11,536,949 | 13,717,040 | 2,180,091 |
| May-18 | 44,073,875 | 56,026,230 | 11,952,355 | May-18 | 12,015,101 | 16,634,320 | 4,619,219 |
| Jun-18 | 46,279,865 | 0 | | Jun-18 | 12,879,697 | 0 | |
| Jul-18 | 50,891,700 | 0 | | Jul-18 | 14,328,969 | 0 | |
| Aug-18 | 52,856,325 | 0 | | Aug-18 | 14,308,455 | 0 | |
| Sep-18 | 43,581,741 | 0 | | Sep-18 | 12,438,360 | 0 | |
| TOTAL | 516,361,957 | 352,533,264 | 29,780,938 | TOTAL | 139,997,830 | 106,216,470 | 20,174,121 |

Kingsville

RWSC

| | Budgeted | Actual | Difference | | Budgeted | Actual | Difference |
|--------------|--------------------|-------------------|-------------------|--------------|--------------------|-------------------|-------------------|
| Oct-17 | 10,188,919 | 13,323,000 | 3,134,081 | Oct-17 | 8,892,000 | 8,533,000 | -359,000 |
| Nov-17 | 10,188,919 | 8,716,000 | -1,472,919 | Nov-17 | 7,675,200 | 7,776,000 | 100,800 |
| Dec-17 | 10,188,919 | 6,734,000 | -3,454,919 | Dec-17 | 7,091,800 | 7,006,000 | -85,800 |
| Jan-18 | 10,188,919 | 7,519,000 | -2,669,919 | Jan-18 | 7,211,600 | 6,986,000 | -225,600 |
| Feb-18 | 10,188,919 | 8,188,000 | -2,000,919 | Feb-18 | 6,276,600 | 5,462,000 | -814,600 |
| Mar-18 | 10,188,919 | 9,466,000 | -722,919 | Mar-18 | 8,122,200 | 6,669,000 | -1,453,200 |
| Apr-18 | 10,188,919 | 11,438,000 | 1,249,081 | Apr-18 | 9,168,400 | 7,887,000 | -1,281,400 |
| May-18 | 10,188,919 | 13,274,000 | 3,085,081 | May-18 | 9,261,200 | 10,058,000 | 796,800 |
| Jun-18 | 10,188,919 | 0 | | Jun-18 | 10,412,600 | 0 | |
| Jul-18 | 10,188,919 | 0 | | Jul-18 | 11,164,600 | 0 | |
| Aug-18 | 10,188,919 | 0 | | Aug-18 | 11,785,400 | 0 | |
| Sep-18 | 10,188,919 | 0 | | Sep-18 | 8,403,600 | 0 | |
| TOTAL | 122,267,026 | 78,658,000 | -2,853,351 | TOTAL | 105,465,200 | 60,377,000 | -3,322,000 |

| Bishop | Budgeted | Actual | Difference | |
|---------------|-------------------|-------------------|-------------------|-----------|
| Oct-17 | 5,417,400 | 5,521,000 | 103,600 | |
| Nov-17 | 4,275,800 | 4,247,000 | -28,800 | |
| Dec-17 | 4,314,400 | 4,005,000 | -309,400 | |
| Jan-18 | 4,635,200 | 4,873,000 | 237,800 | |
| Feb-18 | 3,702,800 | 6,598,000 | 2,895,200 | |
| Mar-18 | 4,623,400 | 4,135,333 | -488,067 | Estimated |
| Apr-18 | 5,871,600 | 5,380,111 | -491,489 | Estimated |
| May-18 | 5,176,600 | 6,264,000 | 1,087,400 | |
| Jun-18 | 4,661,600 | 0 | | |
| Jul-18 | 6,609,800 | 0 | | |
| Aug-18 | 8,080,400 | 0 | | |
| Sep-18 | 5,338,000 | 0 | | |
| TOTAL | 62,707,000 | 41,023,444 | 3,006,244 | |

| Banquete | Budgeted | Actual | Difference |
|-----------------|-------------------|-------------------|-------------------|
| Oct-17 | 2,393,856 | 2,107,860 | -285,996 |
| Nov-17 | 2,168,468 | 1,979,060 | -189,408 |
| Dec-17 | 2,078,142 | 2,033,820 | -44,322 |
| Jan-18 | 2,037,054 | 2,288,560 | 251,506 |
| Feb-18 | 1,971,256 | 1,929,340 | -41,916 |
| Mar-18 | 2,043,050 | 2,270,690 | 227,640 |
| Apr-18 | 2,106,092 | 2,277,260 | 171,168 |
| May-18 | 2,278,536 | 2,324,680 | 46,144 |
| Jun-18 | 2,477,094 | 0 | |
| Jul-18 | 2,533,790 | 0 | |
| Aug-18 | 2,561,114 | 0 | |
| Sep-18 | 2,232,010 | 0 | |
| TOTAL | 26,880,462 | 17,211,270 | 134,816 |

| Driscoll | Budgeted | Actual | Difference |
|-----------------|-------------------|-------------------|-------------------|
| Oct-17 | 2,440,991 | 3,788,900 | 1,347,909 |
| Nov-17 | 2,318,365 | 3,995,000 | 1,676,635 |
| Dec-17 | 2,240,349 | 3,669,100 | 1,428,751 |
| Jan-18 | 2,422,620 | 3,925,000 | 1,502,380 |
| Feb-18 | 2,237,900 | 3,316,400 | 1,078,500 |
| Mar-18 | 2,467,160 | 3,731,100 | 1,263,940 |
| Apr-18 | 2,610,900 | 4,109,200 | 1,498,300 |
| May-18 | 2,832,220 | 4,611,200 | 1,778,980 |
| Jun-18 | 3,105,320 | 0 | |
| Jul-18 | 3,369,200 | 0 | |
| Aug-18 | 3,091,193 | 0 | |
| Sep-18 | 2,683,790 | 0 | |
| TOTAL | 31,820,009 | 31,145,900 | 11,575,395 |

| Agua Dulce | Budgeted | Actual | Difference |
|-------------------|-------------------|-------------------|-------------------|
| Oct-17 | 2,366,408 | 2,144,730 | -221,678 |
| Nov-17 | 2,095,452 | 1,999,230 | -96,222 |
| Dec-17 | 2,029,130 | 2,222,090 | 192,960 |
| Jan-18 | 1,940,026 | 2,151,710 | 211,684 |
| Feb-18 | 1,859,214 | 1,825,740 | -33,474 |
| Mar-18 | 2,012,811 | 2,354,890 | 342,079 |
| Apr-18 | 2,211,127 | 2,342,760 | 131,633 |
| May-18 | 2,321,299 | 2,860,030 | 538,731 |
| Jun-18 | 2,554,636 | 0 | |
| Jul-18 | 2,696,422 | 0 | |
| Aug-18 | 2,840,844 | 0 | |
| Sep-18 | 2,297,062 | 0 | |
| TOTAL | 27,224,431 | 17,901,180 | 1,065,713 |

Kingsville Actual Usage vs. Bell Chart Volume

| | Target Volume | Actual Volume | Difference |
|--------------|--------------------------|--------------------------|-------------------|
| Oct-17 | 12,451,513 | 13,323,000 | 871,487 |
| Nov-17 | 7,362,963 | 8,716,000 | 1,353,037 |
| Dec-17 | 5,893,607 | 6,734,000 | 840,393 |
| Jan-18 | 4,650,000 | 7,519,000 | 2,869,000 |
| Feb-18 | 6,760,471 | 8,188,000 | 1,427,529 |
| Mar-18 | 8,319,028 | 9,466,000 | 1,146,972 |
| Apr-18 | 10,906,161 | 11,438,000 | 531,839 |
| May-18 | 12,497,858 | 13,274,000 | 776,142 |
| Jun-18 | 14,240,055 | 0 | |
| Jul-18 | 15,711,155 | 0 | |
| Aug-18 | 15,911,986 | 0 | |
| Sep-18 | 13,866,300 | 0 | |
| TOTAL | 128,571,097 | 78,658,000 | 9,816,399 |

Net Revenue per Thousand (1,000) Gallons

| Kingsville | | | | NWSC | | | |
|-------------------|-------------------|--------------------|-----------------|--------------|-------------------|--------------------|-----------------|
| | Actual | Net Rev | Per 1000g | | Actual | Net Rev | Per 1000g |
| Oct-17 | 13,323,000 | \$4,456.79 | \$0.3345 | Oct-17 | 13,839,280 | \$3,919.47 | \$0.2832 |
| Nov-17 | 8,716,000 | \$2,145.93 | \$0.2462 | Nov-17 | 12,528,080 | \$3,932.40 | \$0.3139 |
| Dec-17 | 6,734,000 | \$1,213.48 | \$0.1802 | Dec-17 | 11,526,840 | \$3,182.96 | \$0.2761 |
| Jan-18 | 7,519,000 | \$2,137.00 | \$0.2842 | Jan-18 | 13,263,230 | \$3,938.08 | \$0.2969 |
| Feb-18 | 8,188,000 | \$2,309.87 | \$0.2821 | Feb-18 | 11,186,170 | \$2,841.79 | \$0.2540 |
| Mar-18 | 9,466,000 | \$2,968.91 | \$0.3136 | Mar-18 | 13,521,510 | \$3,919.29 | \$0.2899 |
| Apr-18 | 11,438,000 | \$3,691.61 | \$0.3227 | Apr-18 | 13,717,040 | \$4,004.40 | \$0.2919 |
| May-18 | 0 | | #DIV/0! | May-18 | 0 | | #DIV/0! |
| Jun-18 | 0 | | #DIV/0! | Jun-18 | 0 | | #DIV/0! |
| Jul-18 | 0 | | #DIV/0! | Jul-18 | 0 | | #DIV/0! |
| Aug-18 | 0 | | #DIV/0! | Aug-18 | 0 | | #DIV/0! |
| Sep-18 | 0 | | #DIV/0! | Sep-18 | 0 | | #DIV/0! |
| TOTAL | 65,384,000 | \$18,923.59 | \$0.2894 | TOTAL | 89,582,150 | \$25,738.39 | \$0.2873 |

| Bishop | | | | RWSC | | | |
|---------------|-------------------|-------------------|-----------------|--------------|-------------------|--------------------|-----------------|
| | Actual | Net Rev | Per 1000g | | Actual | Net Rev | Per 1000g |
| Oct-17 | 5,521,000 | \$1,015.42 | \$0.1839 | Oct-17 | 8,533,000 | \$538.11 | \$0.0631 |
| Nov-17 | 4,247,000 | \$425.49 | \$0.1002 | Nov-17 | 7,776,000 | \$1,907.85 | \$0.2454 |
| Dec-17 | 4,005,000 | \$608.07 | \$0.1518 | Dec-17 | 7,006,000 | \$1,660.87 | \$0.2371 |
| Jan-18 | 4,873,000 | \$1,017.40 | \$0.2088 | Jan-18 | 6,986,000 | \$1,612.65 | \$0.2308 |
| Feb-18 | 6,598,000 | \$594.49 | \$0.0901 | Feb-18 | 5,462,000 | \$1,038.33 | \$0.1901 |
| Mar-18 | 4,135,333 | \$671.87 | \$0.1625 | Mar-18 | 6,669,000 | \$1,430.82 | \$0.2145 |
| Apr-18 | 5,380,111 | \$1,283.20 | \$0.2385 | Apr-18 | 7,887,000 | \$1,814.00 | \$0.2300 |
| May-18 | 0 | | #DIV/0! | May-18 | 0 | | #DIV/0! |
| Jun-18 | 0 | | #DIV/0! | Jun-18 | 0 | | #DIV/0! |
| Jul-18 | 0 | | #DIV/0! | Jul-18 | 0 | | #DIV/0! |
| Aug-18 | 0 | | #DIV/0! | Aug-18 | 0 | | #DIV/0! |
| Sep-18 | 0 | | #DIV/0! | Sep-18 | 0 | | #DIV/0! |
| TOTAL | 34,759,444 | \$5,615.94 | \$0.1616 | TOTAL | 50,319,000 | \$10,002.63 | \$0.1988 |

| Driscoll | | | | Banquete | | | |
|-----------------|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|-----------------|
| | Actual | Net Rev | Per 1000g | | Actual | Net Rev | Per 1000g |
| Oct-17 | 3,788,900 | \$847.98 | \$0.2238 | Oct-17 | 2,107,860 | \$243.69 | \$0.1156 |
| Nov-17 | 3,995,000 | \$979.64 | \$0.2452 | Nov-17 | 1,979,060 | \$386.16 | \$0.1951 |
| Dec-17 | 3,669,100 | \$945.70 | \$0.2577 | Dec-17 | 2,033,820 | \$295.27 | \$0.1452 |
| Jan-18 | 3,925,000 | \$1,090.72 | \$0.2779 | Jan-18 | 2,288,560 | \$473.32 | \$0.2068 |
| Feb-18 | 3,316,400 | \$672.03 | \$0.2026 | Feb-18 | 1,929,340 | \$330.66 | \$0.1714 |
| Mar-18 | 3,731,100 | \$925.87 | \$0.2481 | Mar-18 | 2,270,690 | \$500.04 | \$0.2202 |
| Apr-18 | 4,109,200 | \$1,146.87 | \$0.2791 | Apr-18 | 2,277,260 | \$489.09 | \$0.2148 |
| May-18 | 0 | | #DIV/0! | May-18 | 0 | | #DIV/0! |
| Jun-18 | 0 | | #DIV/0! | Jun-18 | 0 | | #DIV/0! |
| Jul-18 | 0 | | #DIV/0! | Jul-18 | 0 | | #DIV/0! |
| Aug-18 | 0 | | #DIV/0! | Aug-18 | 0 | | #DIV/0! |
| Sep-18 | 0 | | #DIV/0! | Sep-18 | 0 | | #DIV/0! |
| TOTAL | 26,534,700 | \$6,608.81 | \$0.2491 | TOTAL | 14,886,590 | \$2,718.23 | \$0.1826 |

| Agua Dulce | Actual | Net Rev | Per 1000g |
|-------------------|-------------------|-------------------|------------------|
| Oct-17 | 2,144,730 | \$475.40 | \$0.2217 |
| Nov-17 | 1,999,230 | \$477.13 | \$0.2387 |
| Dec-17 | 2,222,090 | \$387.81 | \$0.1745 |
| Jan-18 | 2,151,710 | \$512.72 | \$0.2383 |
| Feb-18 | 1,825,740 | \$318.93 | \$0.1747 |
| Mar-18 | 2,354,890 | \$545.11 | \$0.2315 |
| Apr-18 | 2,342,760 | \$577.58 | \$0.2465 |
| May-18 | 0 | | #DIV/0! |
| Jun-18 | 0 | | #DIV/0! |
| Jul-18 | 0 | | #DIV/0! |
| Aug-18 | 0 | | #DIV/0! |
| Sep-18 | 0 | | #DIV/0! |
| TOTAL | 15,041,150 | \$3,294.68 | \$0.2190 |

| All Customers | Actual | Net Rev | Per 1000g |
|----------------------|--------------------|--------------------|------------------|
| Oct-17 | 49,257,770 | \$11,496.86 | \$0.2334 |
| Nov-17 | 41,240,370 | \$10,254.60 | \$0.2487 |
| Dec-17 | 37,196,850 | \$8,294.16 | \$0.2230 |
| Jan-18 | 41,006,500 | \$10,781.89 | \$0.2629 |
| Feb-18 | 38,505,650 | \$8,106.10 | \$0.2105 |
| Mar-18 | 42,148,523 | \$10,961.91 | \$0.2601 |
| Apr-18 | 47,151,371 | \$13,006.75 | \$0.2759 |
| May-18 | 0 | | #DIV/0! |
| Jun-18 | 0 | | #DIV/0! |
| Jul-18 | 0 | | #DIV/0! |
| Aug-18 | 0 | | #DIV/0! |
| Sep-18 | 0 | | #DIV/0! |
| TOTAL | 296,507,034 | \$72,902.27 | \$0.2459 |

INTER-OFFICE MEMO

TO: Carola G. Serrato, Executive Director
FROM: Jacob Hinojosa, O&M Supervisor
DATE: June 22, 2018
RE: Maintenance & Technical Report

During the week of May 14, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for the Driscoll Booster station project.
- Took photos of where the AEP proposed ROW will be compared to the Agua Dulce Pump Station.
- Contractors painted the exterior of GST at Agua Dulce Pump Station.
- Greased equipment.
- Took Bac-T water samples.
- Employees took one of three written CDL exam.
- Mowed grass at office.
- Dropped off Unit #6 for brake work.
- Picked up safety equipment at Grainger.

During the week of May 21, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Picked up and installed heating regulator for a heating tape for the air compressor at Central Pump Station.
- Employee went to a Water Distribution class in San Antonio.
- Took residuals for the Driscoll Booster Station project.
- Picked up and installed new UPS back up for the SCADA computer at the Kingsville office.
- Mowed the grass inside the pump stations.
- Cleaned out the pump houses at the stations.
- Took Bac-T water samples.

During the week of May 28, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Half of Field Crew attended a TRWA class at the Kingsville office.
- Took residuals for the Driscoll booster station project.
- Sprayed Round-Up at all pump stations.
- Took DBP samples with 3rd Coast Environmental.

During the week of June 4, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for the Driscoll Booster Station project.
- One Half of Field Crew Employees attended a TRWA training class at the office.
- Took Unit #4 to get tire repaired.
- Took Unit #3 to get oil change and AC looked into.
- Took Unit #4 to get new set of tires.
- Took Unit #5 to get tire repaired.
- Employees took one of three written exams for CDL.
- Pick up and installed tool box on Unit #1.
- Repaired leak on the spur line South of Banquete on FM 666.

During the week of June 11, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for the Driscoll Booster Station project.
- Employee attended a Water Distribution Class in Harlingen.
- Mercer Controls installed antenna at Central Pump Station for SCADA Project – elimination of repeater station at City of Driscoll Elevated Storage Tank.
- Second one-half of field crew attended a TRWA class at office.
- Took Bac-T water samples.
- Sprayed fungus remover on flower beds.
- Mercer Controls came in to work on SCADA computer.

ATTACHMENT 3

Tax Resale Properties – Nueces County

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 20, 2018
Re: Tax Sale—Struck Off Properties, Nueces County

Background:

The last time the Board considered action on this type of matter was in June of 2017. South Texas Water Authority has once again been contacted by our delinquent tax attorney firm, Linebarger, Goggan, Blair, and Sampson, LLP (LGBS, LLP), about accepting offers on struck off properties for an amount less than the taxes owed. Enclosed is the letter from Marvin Leary, LGBS, LLP Area Manager, notifying STWA of those specific offers with details on each property.

Analysis:

As in the past, the highest bids will not recoup the outstanding taxes owed. However, the properties will be placed back on the tax rolls to begin generating tax revenue. As outlined in Mr. Leary's letter, STWA will be paid \$1,778.17 in taxes. A value based on the current assessment of \$103,251 will be placed on the rolls. At STWA's current tax rate, this would generate about \$88 in annual property taxes.

Staff Recommendation:

Approve the Resolution 18-08 for the sale of the eleven (11) properties for an amount less than the taxes owed.

Board Action:

Determine whether to adopt Resolution 18-08.

Summarization:

The long-term benefit likely outweighs the initial tax payment since the new property owners will pay their taxes annually and possibly increase their values through proper care and improvements.

LINEBARGER GOGGAN BLAIR & SAMPSON, LLP

ATTORNEYS AT LAW
500 N. Shoreline Blvd.
Suite 1111 (78401-0357)
P. O. Box 2991
Corpus Christi, TX 78403-2991

(361) 888-6898
(361) 888-4405 - FAX

June 14, 2018

Mrs. Carola Serrato
Executive Director
South Texas Water Authority
POB 1701
Kingsville, Texas 78364-1701

Re: Consideration of offers made for Tax Resale properties

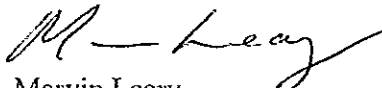
Dear Carola,

As you are aware, our firm represents the South Texas Water Authority in the collection of delinquent property taxes. As part of our overall effort to collect delinquent taxes for all our clients in Nueces County, we regularly post properties for tax sale on a monthly basis. At the sale, if nobody willing to offer the minimum opening bid amount, the property is "Struck Off" to the Nueces County taxing entities for the amount due against it. A Sheriff's Tax Deed is filed in the name of Nueces County, as Trustee for all of the taxing entities owed taxes on the property. We then continue to try to sell these struck off properties, and when we receive a purchase offer, we bring it forward to the taxing entities for their consideration and action, in accordance with the Texas Property Tax Code.

Enclosed please find bid analyses and maps on eleven tax resale properties for which we have received purchase offers. We respectfully request that you place these offers on your Board of Directors agenda for consideration and action at their June meeting. If the Board approves the offers as submitted, STWA will receive at least \$1,778.17 in delinquent taxes from the sale proceeds, and restore as much as \$103,251.00 in taxable property value to your active tax rolls.

Your courtesy and cooperation in expediting this request is greatly appreciated. Should you have questions regarding any of the above, please contact me at your convenience.

Respectfully yours,



Marvin Leary
Area Manager

Enclosures: Bid analyses and map for 11 tax resale properties

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
Tax ID# & Legal: 7099-0002-0240; Lot 24, Block 2, Rancho Amistad

Property Location: FM 666 @ County Road 44 - Banquete area

Date of Sale: August 6, 2013
Amount Due All Entities: 8,616.66
Amount of Offer: 4,500.00
Cost of Sale: 100.00
Current Value: 3,750.00
% of Total Due: 52.22%
% of Current Value: 120.00%

| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--------------------------------------|------------------------|-------------------------|
| Nueces County | 2,312.21 | 1,180.70 |
| | | |
| | | |
| Banquete Independent School District | 5,861.85 | 2,993.29 |
| South Texas Water Authority | 442.60 | 226.01 |
| | | |

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, AND NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

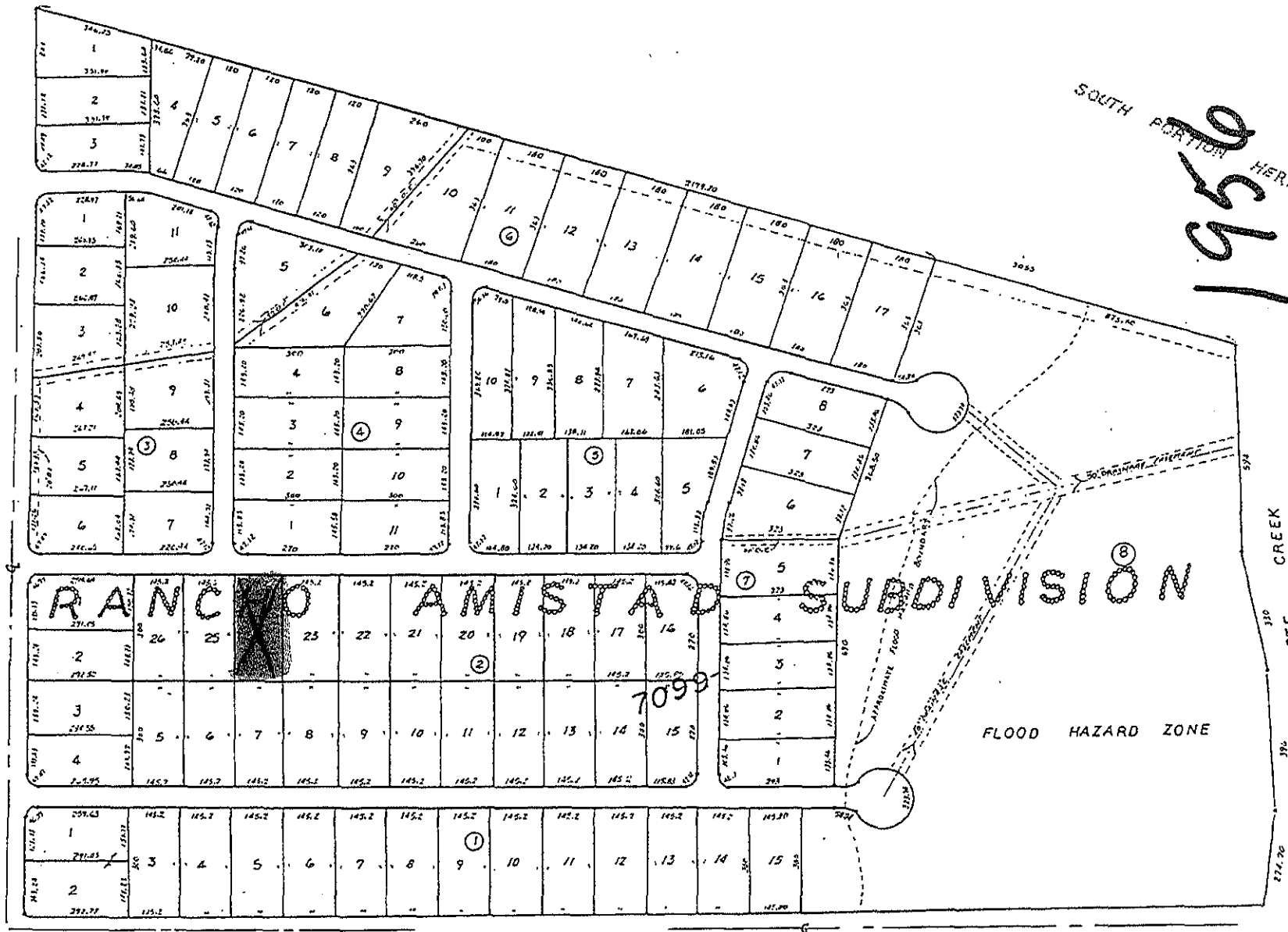
THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS

SOUTH PART OF HERRERA

1956

R-229

CO. RD. 44



RANCHO AMISTAD SUBDIVISION

FLOOD HAZARD ZONE

CREEK BANQUETE

F.M. 666

3927.68'

ROBERTS & WHITE SUBD. OF THE ELLIFF TR.

R-180-A

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
 Tax ID# & Legal: 7099-0002-0250; Lot 25, Block 2, Rancho Amistad

Property Location: FM 666 @ County Road 44 - Banquete area

Date of Sale: August 6, 2013
 Amount Due All Entities: 8,616.66
 Amount of Offer: 4,500.00
 Cost of Sale: 100.00
 Current Value: 3,750.00
 % of Total Due: 52.22%
 % of Current Value: 120.00%

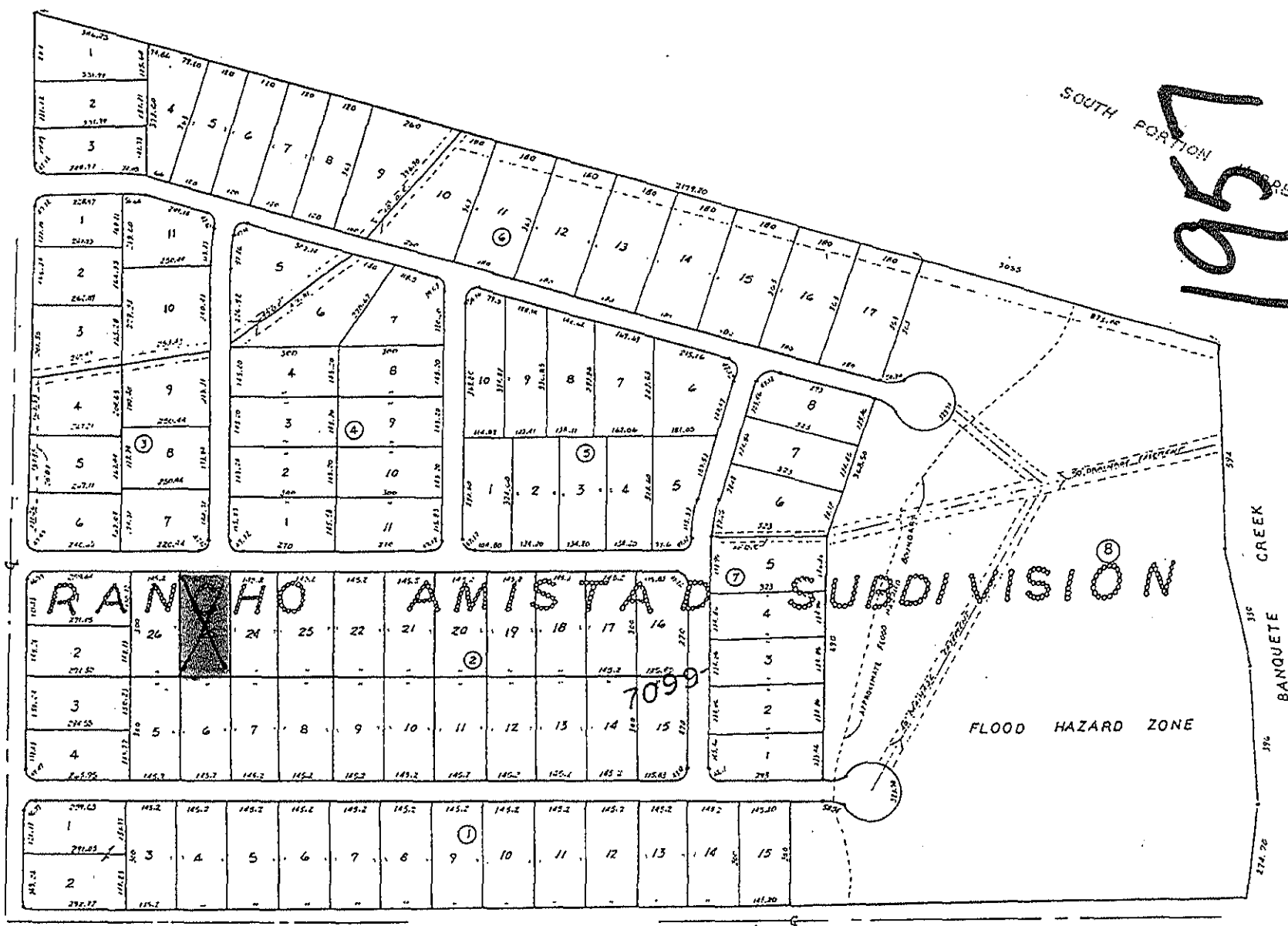
| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--------------------------------------|------------------------|-------------------------|
| Nueces County | 2,312.21 | 1,180.70 |
| | | |
| | | |
| Banquete Independent School District | 5,861.85 | 2,993.29 |
| South Texas Water Authority | 442.60 | 226.01 |
| | | |

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, AND NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS

SOUTH PORTION
1951
PERERA

R-229
CO. RD. 44



RANCHO AMISTAD SUBDIVISION

FLOOD HAZARD ZONE

F.M. 666

3527.65'

ROBERTS & WHITE SUBD. OF THE ELLIFF TR.

R-180-A

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
 Tax ID# & Legal: 7099-0002-0260; Lot 26, Block 2, Rancho Amistad

Property Location: FM 666 @ County Road 44 - Banquete area

Date of Sale: August 6, 2013
 Amount Due All Entities: 8,616.66
 Amount of Offer: 4,500.00
 Cost of Sale: 100.00
 Current Value: 3,750.00
 % of Total Due: 52.22%
 % of Current Value: 120.00%

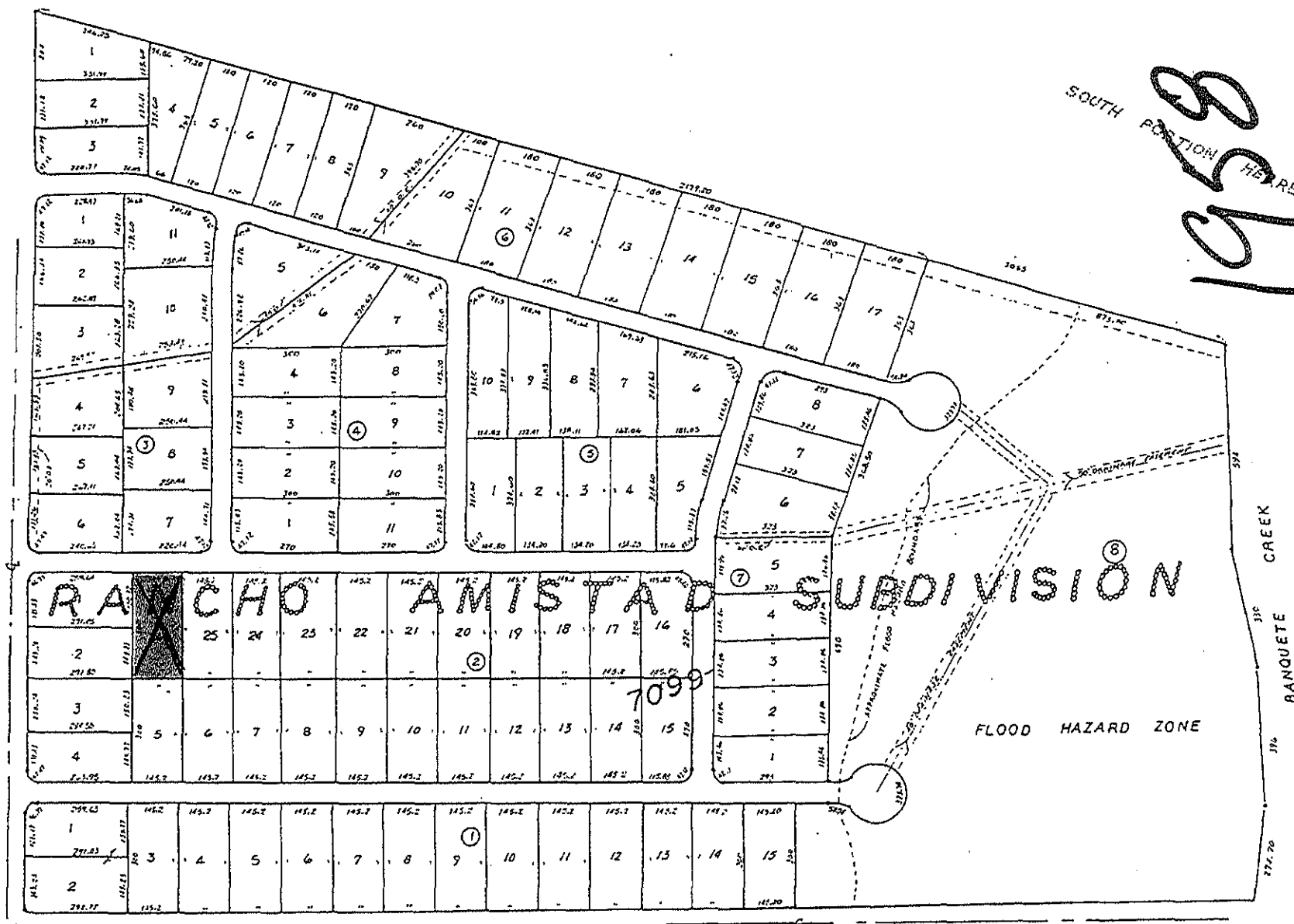
| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--------------------------------------|------------------------|-------------------------|
| Nueces County | 2,312.21 | 1,180.70 |
| | | |
| | | |
| Banquete Independent School District | 5,861.85 | 2,993.29 |
| South Texas Water Authority | 442.60 | 226.01 |
| | | |

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, AND NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS

SOUTH PORTION HEARE TR.
1999

R-229
CO. RD. 44



F.M. 666

3527.68'

ROBERTS & WHITE SUBD. OF THE ELLIFF TR.

R-180-A

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
 Tax ID# & Legal: 7099-0006-0040; Lot 4, Block 6, Rancho Amistad

Property Location: FM 666 @ County Road 44 - Banquete area

Date of Sale: August 6, 2013
 Amount Due All Entities: 8,175.85
 Amount of Offer: 4,500.00
 Cost of Sale: 100.00
 Current Value: 3,751.00
 % of Total Due: 55.04%
 % of Current Value: 119.97%

| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--------------------------------------|------------------------|-------------------------|
| Nueces County | 2,195.09 | 1,181.33 |
| | | |
| | | |
| Banquete Independent School District | 5,564.45 | 2,994.62 |
| South Texas Water Authority | 416.31 | 224.05 |
| | | |

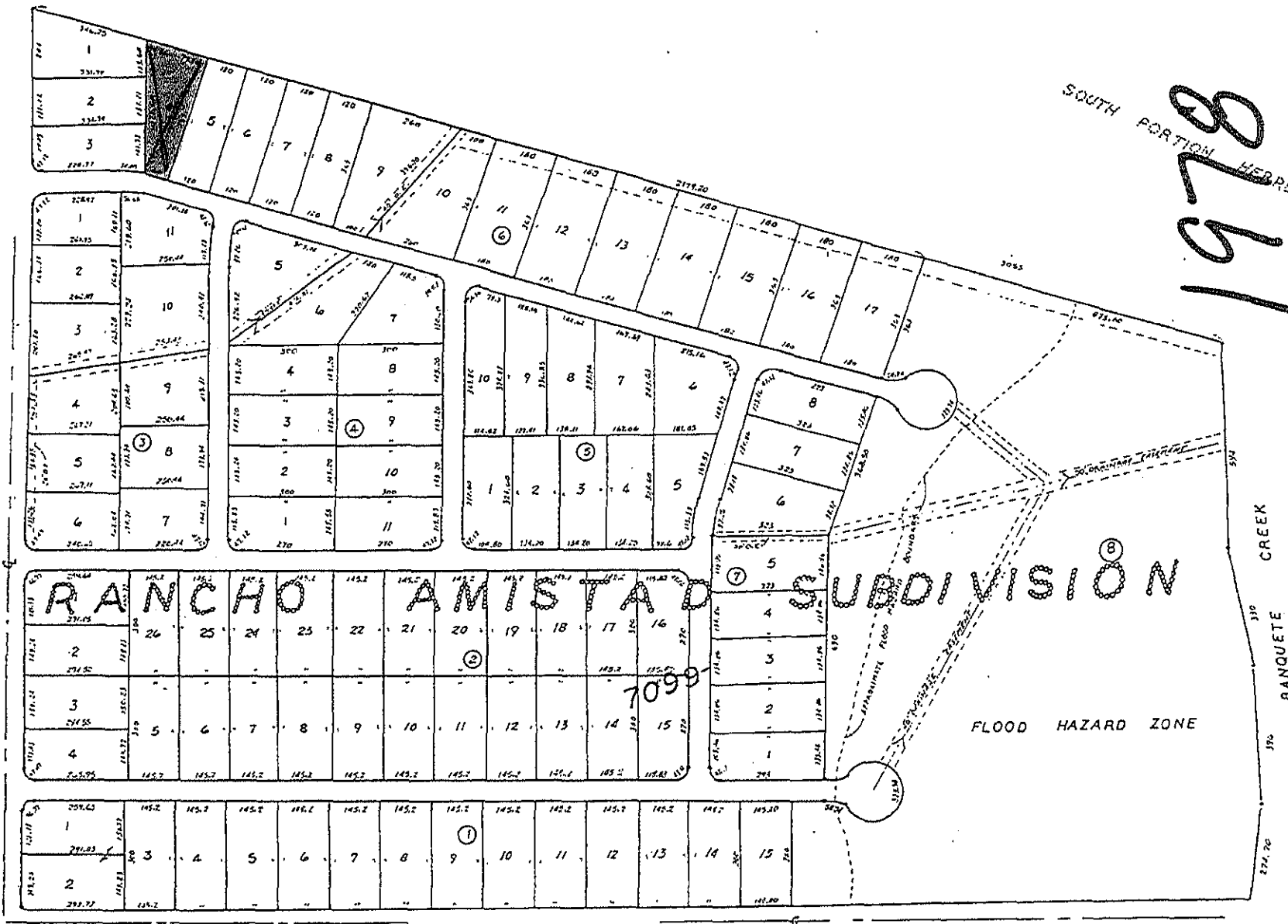
THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, AND NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS

SOUTH PORTION HERRERA
8761
1978

R-229

CO. RD. 44



RANCHO AMISTAD SUBDIVISION

FLOOD HAZARD ZONE

F.M. 666

3527.68'

ROBERTS & WHITE SUBD. OF THE ELLIFF TR.

R-180-A

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
 Tax ID# & Legal: 7099-0006-0050; Lot 5, Block 6, Rancho Amistad

Property Location: FM 666 @ County Road 44 - Banquete area

Date of Sale: August 6, 2013
 Amount Due All Entities: 8,616.66
 Amount of Offer: 4,500.00
 Cost of Sale: 100.00
 Current Value: 3,750.00
 % of Total Due: 52.22%
 % of Current Value: 120.00%

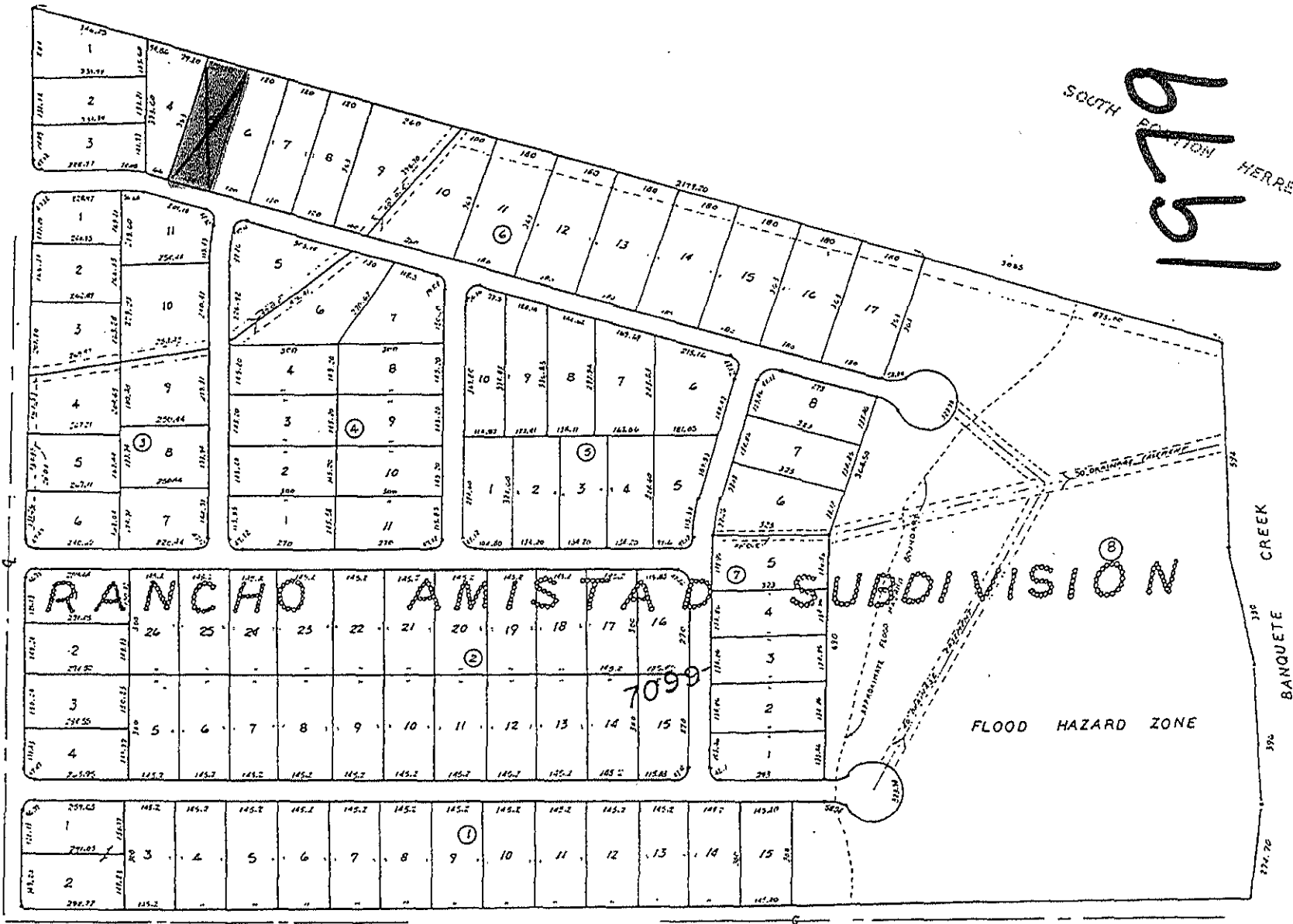
| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--------------------------------------|------------------------|-------------------------|
| Nueces County | 2,312.21 | 1,180.70 |
| | | |
| | | |
| Banquete Independent School District | 5,861.85 | 2,993.29 |
| South Texas Water Authority | 442.60 | 226.01 |
| | | |

THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, AND NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS

SOUTH PORTION HERRERA
6579
1979

R-229
CO. RD. 44



F.M. 666

ROBERTS & WHITE SUBD. OF THE ELLIFF TR.

R-180-A

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2011DCV-2094-C; Nueces County vs Hector Gonzalez
 Tax ID# & Legal: 7099-0006-0060; Lot 6, Block 6, Rancho Amistad

Property Location: FM 666 @ County Road 44 - Banquete area

Date of Sale: August 6, 2013
 Amount Due All Entities: 8,616.66
 Amount of Offer: 4,500.00
 Cost of Sale: 100.00
 Current Value: 3,750.00
 % of Total Due: 52.22%
 % of Current Value: 120.00%

| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--------------------------------------|------------------------|-------------------------|
| Nueces County | 2,312.21 | 1,180.70 |
| | | |
| | | |
| Banquete Independent School District | 5,861.85 | 2,993.29 |
| South Texas Water Authority | 442.60 | 226.01 |
| | | |

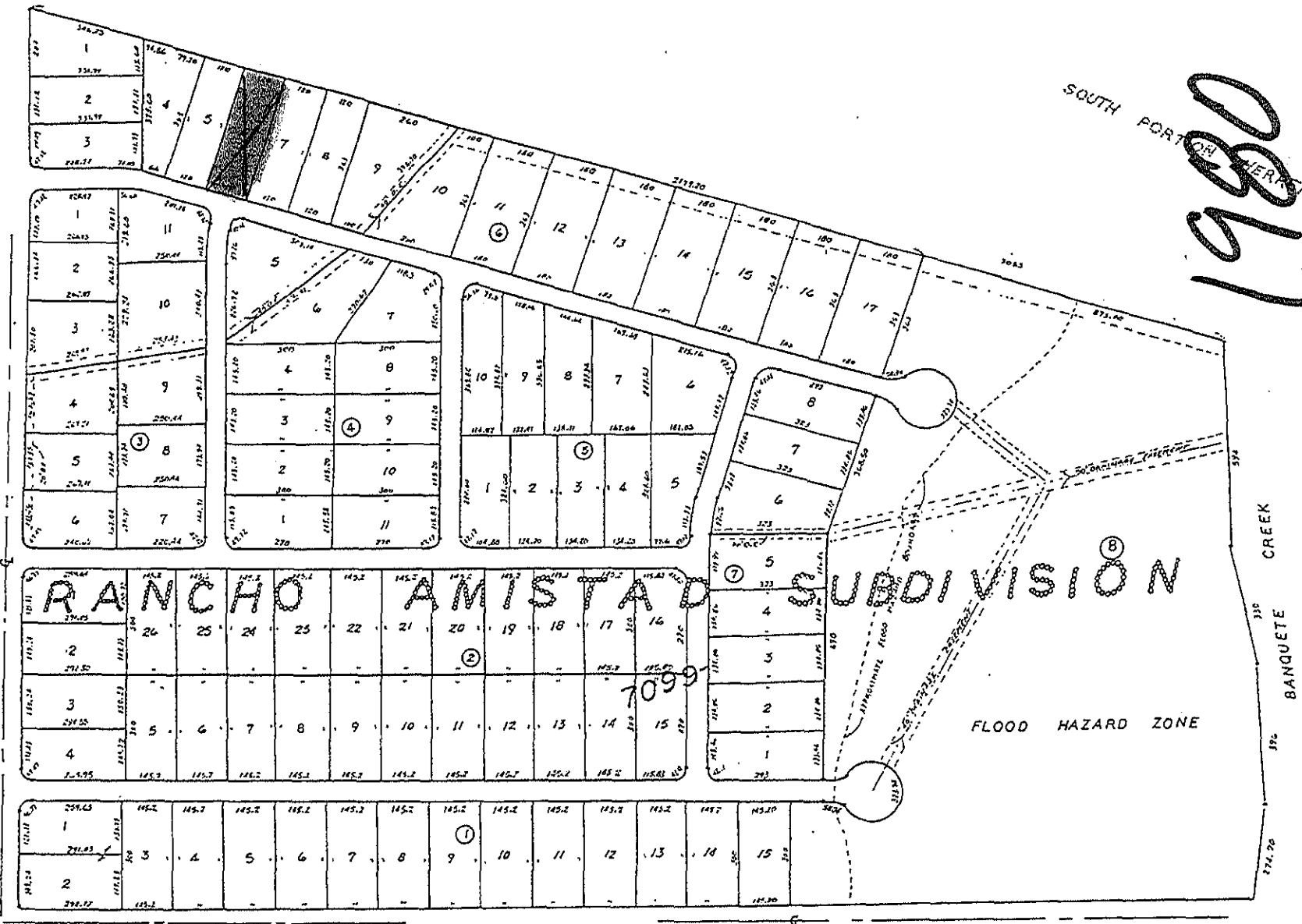
THIS IS A VACANT LOT, 1 ACRE MORE OR LESS, IN A SUBDIVISION THAT WAS NEVER FULLY DEVELOPED, AND NO PUBLIC ROAD ACCESS. THE PROPERTY IS LOCATED NORTH OF BANQUETE NEAR THE INTERSECTION OF FARM ROAD 666 AND COUNTY ROAD 44.

THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS

SOUTH PORTION HERBERT
1990

R-229

CO. RD. 44



F.M. 666

ROBERTS & WHITE SUBD. OF THE ELLIFF TR.

R-180-A

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

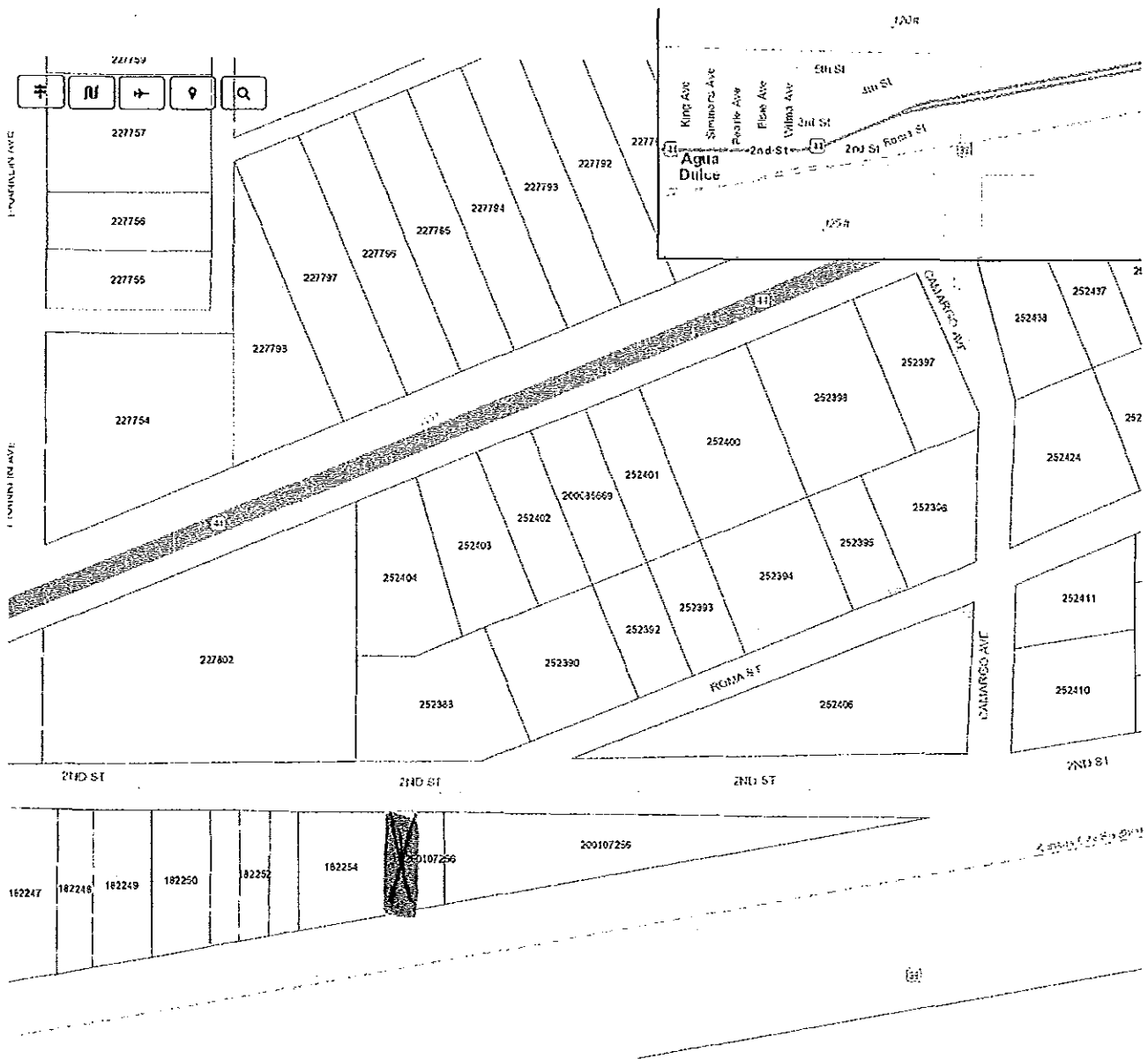
Suit Number & Style: 2012DCV-5442-B; Nueces County vs. Rachel C Aldrich
Tax ID# & Legal: 0058-0000-0250; Lot 25, Agua Dulce Gin Company's
 Subdivision
Property Location: 2138 Second St. - Agua Dulce

Date of Sale: April 4, 2017
Amount Due All Entities: 6,660.05
Amount of Offer: 2,000.00
Cost of Sale: 1,860.98
Current Value: 6,488.00
% of Total Due: 30.03%
% of Current Value: 30.83%

| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--|---------------------------|----------------------------|
| Nueces County | 1,309.19 | 27.33 |
| | | |
| City of Agua Dulce | 1,379.40 | 28.79 |
| Agua Dulce Independent School District | 3,790.56 | 79.12 |
| South Texas Water Authority | 180.90 | 3.78 |
| | | |

*A RAMSHACKLE HOUSE SITTING ON A 25 FT. X 88 FT. LOT THAT BACKS UP TO
 THE KCS RAILROAD RIGHT OF WAY.
 THE HOUSE IS BEYOND REPAIR, IN MY OPINION, AND SHOULD BE
 DEMOLISHED.*

THE PROSPECTIVE PURCHASER IS ENRIQUE CEPEDA OF AGUA DULCE.



2197

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 10-2407-H; Nueces County vs Ray Gonzales
Tax ID# & Legal: 9377-0074-0190; Lot 19, Block 74, West End Addition to Bishop
Property Location: 811 W. Second Place - Bishop

Date of Sale: November 7, 2017
Amount Due All Entities: 4,519.07
Amount of Offer: 1,000.00
Cost of Sale: 959.75
Current Value: 5,625.00
% of Total Due: 22.13%
% of Current Value: 17.78%

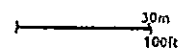
| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|-----------------------------|------------------------|-------------------------|
| Nueces County | 1,332.50 | 11.87 |
| | | |
| City of Bishop | 3,063.27 | 27.28 |
| | | |
| South Texas Water Authority | 123.30 | 1.10 |
| | | |

A RESIDENTIAL LOT, 50 FT X 75 FT, ON THE WEST SIDE OF BISHOP.

THE PROSPECTIVE PURCHASER IS ROBERT GONZALEZ OF BISHOP, TX.



2219



ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

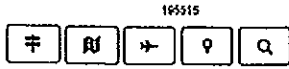
Suit Number & Style: 10-2407-H; Nueces County vs Ray Gonzales
Tax ID# & Legal: 9377-0074-0240; Lot 24, Block 74, West End Addition to Bishop
Property Location: 810 W. Second Street - Bishop

Date of Sale: November 7, 2017
Amount Due All Entities: 2,917.59
Amount of Offer: 1,000.00
Cost of Sale: 959.75
Current Value: 5,625.00
% of Total Due: 34.27%
% of Current Value: 17.78%

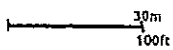
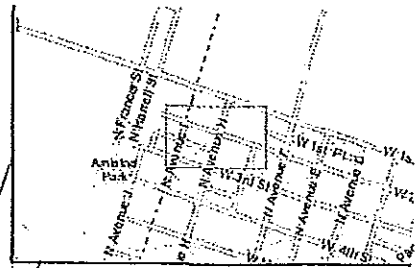
| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|---|------------------------|-------------------------|
| Nueces County | 573.06 | 7.91 |
| | | |
| City of Bishop | 834.84 | 11.52 |
| Bishop Consolidated Independent School District | 1,445.04 | 19.94 |
| South Texas Water Authority | 64.65 | 0.89 |
| | | |

A RESIDENTIAL LOT, 50 FT X 75 FT, WITH A SMALL STORAGE SHED, ON THE WEST SIDE OF BISHOP.

THE PROSPECTIVE PURCHASER IS ROBERT GONZALEZ OF BISHOP, TX.



165514



2220

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2014DCV-5133-E; Nueces County vs Billie G. Crisp
 Tax ID# & Legal: 0043-0014-0110; The North 6 feet of Lot 10, and all of
 Lots 11 and 12, Block 14, Town of Agua Dulce
 Property Location: 223 N. Pearle Ave. - Agua Dulce

Date of Sale: November 7, 2017
 Amount Due All Entities: 13,744.16
 Amount of Offer: 13,000.00
 Cost of Sale: 1,909.50
 Current Value: 57,072.00
 % of Total Due: 94.59%
 % of Current Value: 22.78%

| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--|------------------------|-------------------------|
| Nueces County | 2,764.08 | 2,230.40 |
| | | |
| City of Agua Dulce | 2,701.71 | 2,180.08 |
| Agua Dulce Independent School District | 7,847.00 | 6,331.94 |
| South Texas Water Authority | 431.37 | 348.08 |
| | | |

A SINGLE STORY WOOD FRAME HOUSE IN POOR CONDITION ON A 56 FT X 140 FT CORNER LOT IN AGUA DULCE. THE HOUSE HAS BEEN VACANT FOR SEVERAL YEARS AND NEEDS MAJOR REPAIRS AND RENOVATION THROUGHOUT.

THE PROSPECTIVE PURCHASER IS JOSE E. HERRERA OF AGUA DULCE, TX.



2227

ANALYSIS OF OFFER RECEIVED FOR TAX RESALE PROPERTY

Suit Number & Style: 2014DCV-5356-F; Nueces County vs Ray Herro
Tax ID# & Legal: 6489-0074-2001; 1.08 acres, more or less, out of Tract 1, Block 'B', Lost Creek, an unrecorded subdivision
Property Location: 4945 Alice Rd. - Robstown

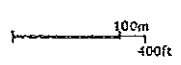
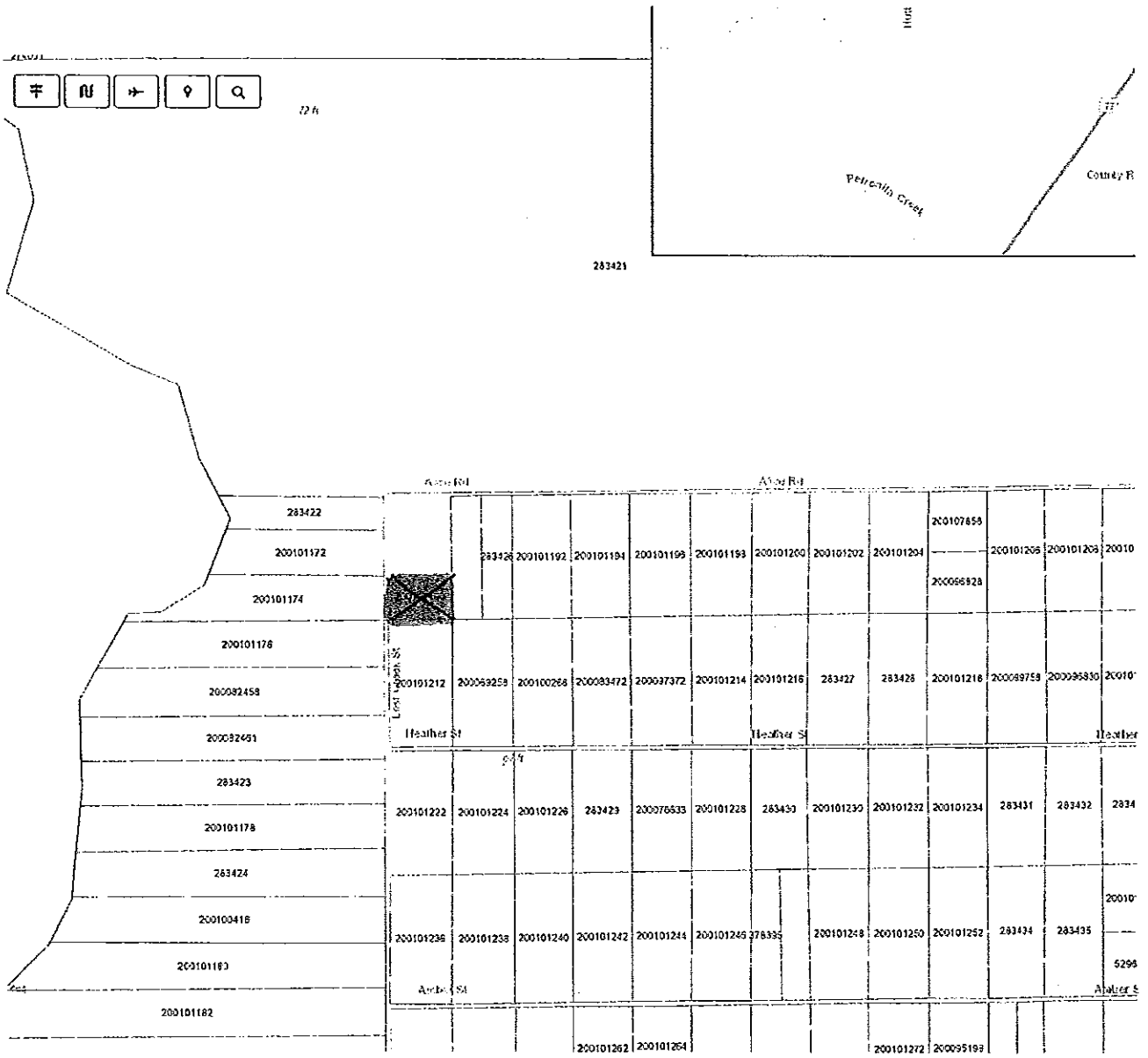
Date of Sale: March 6, 2018
Amount Due All Entities: 9,923.21
Amount of Offer: 4,100.00
Cost of Sale: 2,102.50
Current Value: 5,940.00
% of Total Due: 41.32%
% of Current Value: 69.02%

| Entity Name | Amount Due Each Entity | Amount You Will Receive |
|--------------------------------------|------------------------|-------------------------|
| Nueces County | 3,404.62 | 685.34 |
| | | |
| | | |
| Driscoll Independent School District | 6,169.73 | 1,241.94 |
| South Texas Water Authority | 348.86 | 70.22 |
| | | |

1.08 ACRE LOT IN A RURAL COLONIA TYPE SUBDIVISION, LOCATED OFF OF COUNTY RD 81 BETWEEN ROBSTOWN AND DRISCOLL.

THE LOT IS BRUSHY AND UNDEVELOPED.

THE PROSPECTIVE PURCHASER IS NEXTLOTS NOW, LLC OF LANCASTER, TEXAS.



2239

ATTACHMENT 4

Resolution 18-08

SOUTH TEXAS WATER AUTHORITY

Resolution 18-08

RESOLUTION APPROVING THE SALE OF DELINQUENT TAX PROPERTIES FOR LESS THAN THE AMOUNT OF TAXES OWED OR THE MOST RECENT VALUE DETERMINED BY THE APPRAISAL DISTRICT, WHICHEVER IS LESS.

WHEREAS, on March 11, 1991 the Authority passed Resolution 91-04 approving the sale of delinquent tax properties for less than the amount of taxes owed or the most recent value placed on the property by the appraisal district, whichever is less.

WHEREAS, the Authority's tax attorneys have previously recommended that on a regular basis, perhaps quarterly, the properties could be offered by all taxing entities for resale at 50% of the amount owed or the adjudged value, whichever is less, and

WHEREAS, a bid has been received for the following properties in the Authority's District in Nueces County, Texas for an amount less than the current value:

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0002-0240; Lot 24, Block 2, Rancho Amistad Subdivision
Property Location: FM 666 @ County Road 44 – Banquete area
Amount due all entities: \$8,616.66; Current Value: \$3,750.00; Amount of Bid: \$4,500.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0002-0250; Lot 25, Block 2, Rancho Amistad Subdivision
Property Location: FM 666 @ County Road 44 – Banquete area
Amount due all entities: \$8,616.66; Current Value: \$3,750.00; Amount of Bid: \$4,500.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0002-0260; Lot 26, Block 2, Rancho Amistad Subdivision
Property Location: FM 666 @ County Road 44 – Banquete area
Amount due all entities: \$8,616.66; Current Value: \$3,750.00; Amount of Bid: \$4,500.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0006-0040; Lot 4, Block 6, Rancho Amistad Subdivision
Property Location: FM 666 @ County Road 44 – Banquete area
Amount due all entities: \$8,175.85; Current Value: \$3,751.00; Amount of Bid: \$4,500.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0006-0050; Lot 5, Block 6, Rancho Amistad Subdivision
Property Location: FM 666 @ County Road 44 – Banquete area
Amount due all entities: \$8,616.66; Current Value: \$3,750.00; Amount of Bid: \$4,500.00

Suit Number & Style: 2011DCV-2094-C; Nueces County vs. Hector Gonzalez
Tax ID # & Legal: 7099-0006-0060; Lot 6, Block 6, Rancho Amistad Subdivision
Property Location: FM 666 @ County Road 44 – Banquete area
Amount due all entities: \$8,616.66; Current Value: \$3,750.00; Amount of Bid: \$4,500.00

Suit Number & Style: 2012DCV-5442-B; Nueces County vs. Rachel C Aldrich
Tax ID # & Legal: 0058-0000-0250; Lot 25, Agua Dulce Gin Company's Subdivision
Property Location: 2138 Second St. – Agua Dulce
Amount due all entities: \$6,660.05; Current Value: \$6,488.00; Amount of Bid: \$2,000.00

Suit Number & Style: 10-2407-H; Nueces County vs. Ray Gonzales
Tax ID # & Legal: 9377-0074-0190; Lot 19, Block 74, West End Addition to Bishop
Property Location: 811 W. Second Place – Bishop
Amount due all entities: \$4,519.07; Current Value: \$5,625.00; Amount of Bid: \$1,000.00

Suit Number & Style: 10-2407-H; Nueces County vs. Ray Gonzales
Tax ID # & Legal: 9377-0074-0240; Lot 24, Block 74, West End Addition to Bishop
Property Location: 810 W. Second Street – Bishop
Amount due all entities: \$2,917.59; Current Value: \$5,625.00; Amount of Bid: \$1,000.00

Suit Number & Style: 2014DCV-5133-E; Nueces County vs. Billie G. Crisp
Tax ID # & Legal: 0043-0014-0110; The North 6 feet of Lot 10, and all of Lots 11 and 12,
Block 14, Town of Agua Dulce
Property Location: 223 N. Pearle Ave. – Agua Dulce
Amount due all entities: \$13,744.16; Current Value: \$57,072.00; Amount of Bid: \$13,000.00

Suit Number & Style: 2014DCV-5356-F; Nueces County vs. Ray Herro
Tax ID # & Legal: 6489-0074-2001; 1.08 acres, more or less, out of Tract 1, Block 'B', Lost
Creek, an unrecorded subdivision
Property Location: 4945 Alice Rd. – Robstown
Amount due all entities: \$9,923.21; Current Value: \$5,940.00; Amount of Bid: \$4,100.00

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas
Water Authority approves the sale of the above listed properties.

Duly adopted this 26th day of June, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 5

Truth in Taxation, Effective Tax Rate, Meeting/Hearing Schedule

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 19, 2018
Re: Truth in Taxation (TNT) Notice, Effective Tax Rate Calculation (ETR) and Meeting/Hearing Schedule

Background:

As a water district, the Truth in Taxation (TNT) requirements for STWA are different from other taxing units. STWA does not compare the total taxable value from one tax year to the next. Instead, water districts compare only the *average home value* from last year to this year. Tax Year 2018 Average Home Value is not yet available. Last year, the average home value after the \$5,000 homestead exemption was \$82,680. For Tax Year 2016, the average home value was \$80,513.

For STWA, the Effective Tax Rate (ETR) is calculated by multiplying the average home value (after deducting the homestead exemption) by the proposed tax rate to arrive at a proposed tax bill. The result is compared to the tax bill that would be generated multiplying last year's average home value by last year's tax rate. State law allows up to an 8% increase on the M&O portion of a property tax without being subject to a rollback. Staff calculates a value just below the 8% maximum for the publication which provides the greatest degree of flexibility in terms of actually adopting a rate. It is always possible to adopt a lower rate without another newspaper publication and public hearing.

Analysis:

In order to comply with the necessary TNT laws the following are essential:

1. By Wednesday, July 25th, the Nueces County and Kleberg County Certified Appraisal Rolls should be delivered. The Board has agreed to meet on July 31st rather than Tuesday, July 24th.
2. During the July 31st Board 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 July 31st meeting which will be mailed to STWA's wholesale customers the following day, if approved. 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 4th. Publications will occur on August 26th. This will provide the seven (7) days advance notice. Finally, it is important to note that the Nueces County Tax Office has issued a letter notifying STWA of a September 11th deadline for providing the adopted tax rate including a statement that failure to meet the deadline will result in STWA paying to issue separate tax bills.

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 insure that a quorum will be available for the necessary meetings and public hearing.

| Date | Event | Action |
|--------------------|---|--|
| June 26, 2018 | Board Meeting | Agree on calendar, confirm quorums, review preliminary FY 2019 Budget |
| July 25, 2018 | CADs deliver Rolls | Staff calculates ETR using Average Home Values |
| July 31, 2018 | Board Meeting | Board votes on proposed rate, sets date/time of hearing, approves sending out Proposed Budget to Wholesale Customers |
| August 1, 2018 | Staff Prep | Proposed Budget is sent to Wholesale Customers for 30-day written comment period |
| Aug 2 – Sep 3 | 30 – day Comment Period | Wholesale Customers review and provide written comments on the Proposed Budget |
| August 26, 2018 | Publish newspaper notices | Publication must be 7 days before the hearing |
| September 4, 2018 | Public Hearing followed by Board Meeting | Board Approves Tax Rates, FY 2019 Budget, including Water Rates and Handling Charge. |
| September 11, 2018 | Nueces County Tax Collector 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 detailed schedule.

Summarization:

Staff hopes that this outline will assist in insuring quorums for the necessary hearing and meetings.



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

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

Kevin Kieschnick
Assessor and Collector of Taxes

RECEIVED

JUN 19 2018

SOUTH TEXAS WATER AUTHORITY

June 14, 2018

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

RE: 2018 Tax Rate Calculations

Dear Ms. Serrato:

In preparation for the 2018 tax year, the enclosed Information sheet and planning calendar must be completed and mailed to our office no later than July 25, 2018.

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 2018 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 ETR & RTR rates or other worksheets used to determine your rate**
- Any notices to be published in the newspaper**

In order to mail tax bills by Oct. 1, our deadline to receive adopted tax rates will be September 11, 2018. Failure to meet this deadline will result in a separate billing for your jurisdiction for which you will be invoiced.

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

ATTACHMENT 6

FY 2019 Budget

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 22, 2018
Re: Preliminary Fiscal Year 2019 Budget

Background:

Enclosed please find the Preliminary Fiscal Year 2019 Budgets.

At this point in the budget and tax rate calendar schedule, there are quite a few important items not yet available:

1. **The Cost of Raw and Treated Water from the City of Corpus Christi** – STWA continues to pass through the cost of water from the City to Wholesale Customers. Even though the cost is passed through, it does affect the volume the City of Kingsville purchases and the revenue generated from STWA's Handling Charge.
2. **Kleberg County and Nueces County Certified Appraisal Rolls** – The rolls contain the Taxable Values and that data is used to calculate the Average Home Values which is used to determine the Effective Tax Rate. On Thursday, June 21st, KCAD delivered updated values from the figures provided in April. The more recent value is an increase from April's number.
3. **Certain Budgeted Costs** – these include Nueces County's per parcel tax collection fees and insurance costs. Most other expenses are based on historical figures and anticipated costs.

Analysis:

This preliminary budget is based on the same Handling Charge rate of \$0.426386/1000g. It is also based on preliminary appraisal district values. It continues to include a **Special Services Budget**, related to the services provided to the Nueces Water Supply Corporation (NWSC) and Ricardo Water Supply Corporation (RWSC). Please note that there is no impact on the General Fund budget since the revenues generated from providing those services are equal to the associated expenses. Finally, the preliminary budget is based on an overall 2% cost of living adjustment with the exception of my salary.

If the same Handling Charge is adopted in FY 2019, it would be the *ninth* year that the same rate is charged. This Preliminary Budget is based on a sales volume of approximately 527 million gallons and generates about \$225,000 in Handling Charge revenues. As before, the Handling Charge is calculated as follows:

Total Expenses – (O&M taxes + interest + miscellaneous revenues not associated with Management Services)
Estimated Sales Volume per thousand gallons based on a 5-year running average¹

This year, Jo Ella Wagner, Finance Manager, will perform the biennial assessment of the Authority's management fees charged to NWSC and RWSC. The expense figures in the preliminary budget will be used to determine whether the current fees that STWA charges the Corporations generate the necessary revenues – including any growth in the Corporations' customer counts – or if the fees need to be adjusted.

¹ The City of Kingsville is based on the number of gallons that can be purchased for \$370,000.

The Interest and Sinking taxes will be calculated based on the debt service schedule and a rate that will generate the required amount. At this time, based on the preliminary figures, it appears the I&S rate will likely decrease.

Using the preliminary tax values and maintaining the same M&O Tax rate results in approximately \$114,000 in additional tax revenues. Typically, a preliminary budget will include about \$100,000 in capital items. The enclosed budget details \$222,500 in capital items, including rehabilitating the Kingsville PS building, purchasing a new truck, purchasing three (3) computers, constructing a second equipment barn, replacing the current track excavator, and installing a hydro-pneumatic tank at the Banquete (District #5) Pump Station. Demolition of the Banquete elevated storage tank is also included. It warrants mention that staff has discussed various options for use of bond funds related to the upcoming CP in-house project including the purchase of a *second* track excavator with a haul truck/trailer and constructing the equipment barn with bond funds instead of General Funds.

Staff Recommendation:

Review the preliminary budget and provide feedback to staff.

Board Action:

Determine what revenues and expenditures need further review or adjustment.

Summarization:

As indicated above, additional revenues (\$114,000) could be generated based on preliminary property values and adopting the FY 2018 M&O rate. Even with the proposed capital items totaling \$222,500, this draft budget reflects an ending balance that would add approximately \$71,000 to Reserves. However, staff doubts it will be possible to adopt the same M&O rate since the Average Home Value has typically increased and adopting the same M&O tax rate would exceed the rollback rate.

STWA FY 2019 WATER RATE CALCULATION USING SALES VOLUME METHOD

| | | FY 19 Proposed | FY 18 Adopted | |
|---|--------------------------------------|-----------------------|----------------------|---------------|
| Based On | Tax Base-- | \$1,935,479,957 | \$1,748,222,320 | \$187,257,637 |
| | Annual Debt Service | \$367,021 | \$366,174 | \$847 |
| | Estimated Tax Levy for M&O - Current | \$1,184,620 | \$1,070,008 | \$114,612 |
| | Major Repairs-- | \$25,000 | \$25,000 | |
| | Capital Outlay-- | \$222,500 | \$79,000 | |
| | Special Services Fees-- | \$597,563 | \$554,475 | |
| | Deferred Revenue-- | | \$0 | |
| | Reserve Supplement-- | (\$71,079) | \$60,741 | |
| Maintenance & Operations (M&O) Tax Rate/\$100 valuation | | \$0.064224 | \$0.064224 | \$0.000000 |
| Interest & Sinking (I&S) Tax Rate/\$100 valuation | | <u>\$0.018963</u> | <u>\$0.020946</u> | -\$0.001983 |
| | TOTAL | \$0.083187 | \$0.085170 | |
| Corpus Christi Cost of Water | | \$2.425366 | \$2.433995 | |
| Handling Charge | | <u>\$0.426386</u> | <u>\$0.426386</u> | \$225,001 |
| | TOTAL | \$2.851751 | \$2.860381 | |

| Water Usage (Volume) | FY 18 Gallons | Percentage Usage | FY 17 Gallons | Difference |
|--------------------------------|--------------------------|-----------------------------|--------------------------|-------------------|
| KINGSVILLE | 129,744,828 | 9.7677% | 122,267,026 | 7,477,802 |
| BISHOP | 59,300,400 | 100.00% | 62,707,000 | -3,406,600 |
| DRISCOLL | 34,971,079 | 100.00% | 31,820,009 | 3,151,070 |
| AGUA DULCE | 26,516,633 | 100.00% | 27,224,431 | -707,798 |
| NWSC | 148,179,918 | 100.00% | 139,997,830 | 8,182,088 |
| RWSC | 102,940,000 | 100.00% | 105,465,200 | -2,525,200 |
| NWC&ID #5 | <u>26,039,712</u> | 100.00% | <u>26,880,462</u> | <u>-840,750</u> |
| | 527,692,569 | | 516,361,958 | 11,330,611 |
| Sale of Gallons (Double check) | 527,692,569 | | | 11,330,611 |
| | 527,692,569 | | | |

| Estimated Annual Invoice based on 5 year avg and \$350k CoK | Annual Amt Based on % | Proposed Gallons |
|--|----------------------------------|-----------------------------|
| Kingsville - \$370k for FY 19 | \$370,000.00 | 129,744,828 |
| Bishop | \$169,110.00 | 59,300,400 |
| Driscoll | \$99,728.82 | 34,971,079 |
| Agua Dulce | \$75,618.85 | 26,516,633 |
| NWSC | \$422,572.30 | 148,179,918 |
| RWSC | \$293,559.30 | 102,940,000 |
| NCWCID #5 | <u>\$74,258.79</u> | <u>26,039,712</u> |
| TOTAL | \$1,504,848.05 | 527,692,569 |

Estimated Handling Charge Revenue \$225,001

Revenues

| | |
|---------------------------|----------------|
| Water Revenue | \$1,285,370 |
| Handling Charge | \$225,001 |
| Interest | \$27,500 |
| M&O Taxes & Interest | \$1,228,120 |
| Misc. Rev. | \$5,000 |
| Management Fees | \$0 |
| Out of District Surcharge | \$6,619 |
| Disposition of Assets | <u>\$1,500</u> |
| TOTAL | \$2,779,109 |

Expenses

| | |
|-------------------------|-----------------|
| Cost of Water | \$1,285,370 |
| Water Loss | \$0 |
| Total Admin, Operations | \$1,160,084 |
| Capital Outlay | \$222,500 |
| Appraisal & Tax A/C | <u>\$60,077</u> |
| TOTAL | \$2,728,031 |

| | |
|--------------------------------|----------|
| Excess Revenues or (Shortfall) | \$51,078 |
| Water Rev - Cost of Water | \$0 |
| O&M Taxes-Total Admin, Oper. | \$68,036 |

FY 19 Estimated Percentage of Total Invoices

| | |
|------------|--------------|
| KINGSVILLE | 24.59% |
| BISHOP | 11.24% |
| DRISCOLL | 6.63% |
| AGUA DULCE | 5.03% |
| NWSC | 28.08% |
| RWSC | 19.51% |
| NWC&ID #5 | <u>4.93%</u> |
| | 100.00% |

MONTHLY CHARGES

| | Total | Handling Charge | CC Cost of Water |
|--------------|------------|-----------------|------------------|
| October-18 | \$2.862436 | \$0.426386 | \$2.436051 |
| November-18 | \$2.864024 | \$0.426386 | \$2.437639 |
| December-18 | \$2.863881 | \$0.426386 | \$2.437495 |
| January-19 | \$2.864462 | \$0.426386 | \$2.438076 |
| February-19 | \$2.864995 | \$0.426386 | \$2.438609 |
| March-19 | \$2.863269 | \$0.426386 | \$2.436884 |
| April-19 | \$2.862427 | \$0.426386 | \$2.436041 |
| May-19 | \$2.861875 | \$0.426386 | \$2.435490 |
| June-19 | \$2.861525 | \$0.426386 | \$2.435139 |
| July-19 | \$2.859410 | \$0.426386 | \$2.433025 |
| August-19 | \$2.859472 | \$0.426386 | \$2.433086 |
| September-19 | \$2.861892 | \$0.426386 | \$2.435507 |

**STWA FY 2019 CHANGES TO FUND BALANCE
 BASED ON SAME HANDLING CHARGE, M&O TAX RATE, I & S TAX RATE, AND CURRENT CC RATES**

| BEGINNING BALANCE | REVENUES | EXPENSES | NET INCOME & BALANCE |
|---|--|---|---------------------------------------|
| General/ Revenue Fund \$2,103,681 | Water Revenue (Pass thru) \$1,285,370 | Cost of Corpus Christi Water \$1,285,370 | FY 2018 Net Income/(Loss) \$71,078 |
| Direct Delivery Water Cost \$2.42537 | Handling Charge Revenue \$225,001 | Water Loss \$0 | END FUND BALANCE \$2,174,760 |
| Handling Charge \$0.426386 | Interest Revenues \$27,500 | M & O/Administrative \$1,160,084 | |
| | Special Services Fees \$597,563 | Special Services Expenses \$597,563 | |
| | Premium, Misc, Tax Sur, Asset Disp \$33,119 | Capital Outlay/Acquisition \$222,500 | |
| | Transfer from Tax Fund \$1,168,043 | | |
| | Total General Revenues \$3,336,595 | Total Expenses \$3,265,517 | |

| | | | |
|------------------------------------|---|---|-----------------|
| M&O Tax Fund \$0 | M&OTax Revenues \$1,184,620 | Transfer to Revenue Fund \$1,168,043 | Tax Fund \$0 |
| Tax Base Value \$1,935,479,957 | M&O Delinquent Taxes + P&I \$43,500 | Appraisal Districts \$22,862 | |
| Kleberg County \$1,178,955,229 | Interest Earned \$0 | Tax Collector's Fees \$37,215 | |
| Nueces County \$756,524,728 | Transfer from Reserve Fund \$0 | Miscellaneous \$0 | |
| "Current Tax" Collection 95.30% | Miscellaneous \$0 | Total Expenses \$1,228,120 | |
| M&O Tax Rate @ \$0.064224 | Total M&O Tax Fund Revenue \$1,228,120 | | |

| | | | |
|-------------------------------------|---|---|---------------------------------------|
| I&S Tax Fund \$31,043 | I &STax Revenues \$367,021 | Transfer to Revenue Fund \$0 | I&S Tax Fund Est. Balance \$48,747 |
| Tax Base Value \$1,935,479,957 | I&S Delinquent Taxes + P&I \$12,500 | Appraisal Districts \$7,350 | |
| Kleberg County \$1,178,955,229 | Interest Earned \$3,250 | Tax Collector's Fees \$12,121 | |
| Nueces County \$756,524,728 | Transfer from Reserve Fund \$0 | Principal, Interest, Fiscal Fees \$347,550 | |
| "Current Tax" Collection 100.00% | Fee in Lieu of Taxes \$1,954 | Total Expenses \$367,021 | |
| I&STax Rate @ \$0.018963 | Total I&S Tax Fund Revenue \$384,725 | Financing Sources Over (Under) \$17,704 | |

SOUTH TEXAS WATER AUTHORITY
GENERAL FUND
PROPOSED FY2019 BUDGET

2018 ADOPTED RATES

| | |
|------------------|------------|
| O & M TAX RATE: | \$0.064224 |
| I & S TAX RATE: | \$0.020946 |
| HANDLING CHARGE: | \$0.426386 |
| WATER RATE: | \$2.436121 |

*City of Corpus Christi has not set the water rates for FY19. The FY18 rate was used for budget purposes.

| | 2018 ADOPTED BUDGET | 2018 AMENDED BUDGET | 2019 PRELIMINARY BUDGET |
|---------------------------------------|---------------------------|---------------------------|-------------------------------|
| REVENUES | | | |
| Water Service Revenue | \$1,257,962 | \$1,257,962 | \$1,285,370 |
| Handling Charge Revenue | \$220,170 | \$220,170 | \$225,001 |
| Premium Incremental Increase | \$0 | \$35,000 | \$20,000 |
| Surcharge - Out of District | \$6,619 | \$6,619 | \$6,619 |
| Interest Income | \$10,000 | \$22,000 | \$27,500 |
| Other Revenue | | | |
| Operating & Maintenance Fees | \$0 | \$0 | \$0 |
| Miscellaneous Revenues | \$5,000 | \$5,000 | \$5,000 |
| TOTAL REVENUES | \$1,499,751 | \$1,546,751 | \$1,569,490 |
| EXPENDITURES | | | |
| Water Service Expenditures: | | | |
| Bulk Water Purchases | \$1,254,637 | \$1,257,962 | \$1,285,370 |
| Water Loss | \$3,325 | \$0 | \$0 |
| TOTAL WATER SERVICE | \$1,257,962 | \$1,257,962 | \$1,285,370 |
| Payroll Costs | | | |
| Salaries & Wages - | | | |
| Permanent Employees | \$328,813 | \$313,366 | \$328,749 |
| Part-Time Employee | \$1,607 | \$1,607 | \$1,677 |
| Overtime - NWSC | \$0 | \$0 | \$0 |
| Stand-by Pay - NWSC | \$0 | \$0 | \$0 |
| Overtime - RWSC | \$0 | \$0 | \$0 |
| Stand-by Pay - RWSC | \$0 | \$0 | \$0 |
| Overtime - STWA | \$12,500 | \$12,500 | \$12,500 |
| Stand-by Pay - STWA | \$1,300 | \$1,300 | \$1,300 |
| Janitorial Pay - STWA Overtime | \$8,500 | \$7,800 | \$8,500 |
| Employee Retirement Premiums | \$44,452 | \$54,023 | \$44,887 |
| Group Insurance Premium | \$169,122 | \$156,292 | \$178,416 |
| Unemployment Compensation | \$874 | \$1,115 | \$1,034 |
| Workers' Compensation | \$6,498 | \$6,498 | \$6,807 |
| Car Allowance | \$4,800 | \$5,900 | \$6,000 |
| Hospital Insurance Tax | \$3,757 | \$3,825 | \$3,809 |
| TOTAL PERSONNEL | \$582,223 | \$564,226 | \$593,678 |
| Supplies & Materials | | | |
| Repairs & Maintenance | \$80,000 | \$80,000 | \$80,000 |
| Meter Expense | \$5,000 | \$11,500 | \$5,000 |
| Tank Repairs | \$20,000 | \$20,000 | \$25,000 |
| Major Repairs | \$25,000 | \$25,000 | \$25,000 |
| TOTAL SUPPLIES & MATERIALS | \$130,000 | \$136,500 | \$135,000 |
| Other Operating Expenditures: | | | |
| Professional Fees | | | |
| Legal | \$40,000 | \$30,000 | \$30,000 |
| Auditing | \$9,500 | \$9,370 | \$9,750 |
| Engineering | \$90,000 | \$70,000 | \$12,500 |
| Management & Consulting | \$10,000 | \$10,000 | \$7,500 |
| Inspections | \$5,500 | \$3,725 | \$4,000 |
| Leak Detection | \$75,000 | \$55,440 | \$0 |
| Banquete Overhead Tank Demolition | \$0 | \$0 | \$30,000 |
| TOTAL PROFESSIONAL FEES | \$230,000 | \$178,535 | \$93,750 |

| | 2018 ADOPTED BUDGET | 2018 AMENDED BUDGET | 2019 PRELIMINARY BUDGET |
|--|---------------------------|---------------------------|-------------------------------|
| Consum Supplies/Materials | | | |
| Postage | \$11,500 | \$6,500 | \$6,500 |
| Printing/Office Supplies/Tech Support | \$19,000 | \$26,500 | \$27,500 |
| Janitorial/Site Maintenance | \$5,000 | \$6,000 | \$6,000 |
| Fuel/Lubricants/Repairs | \$33,000 | \$33,000 | \$34,000 |
| Chemicals/Water Samples | \$58,000 | \$58,000 | \$52,500 |
| Safety Equipment | \$1,500 | \$1,500 | \$1,500 |
| Small Tools | \$1,000 | \$4,500 | \$2,000 |
| TOTAL CON. SUPPLIES/MATERIALS | \$129,000 | \$136,000 | \$130,000 |
| Recurring Operating Costs | | | |
| Telephone/Communications | \$21,100 | \$23,500 | \$18,755 |
| Utilities | \$115,000 | \$115,000 | \$112,500 |
| D & O Liability Insurance | \$3,500 | \$3,500 | \$3,500 |
| Property Insurance | \$33,247 | \$20,000 | \$30,000 |
| General Liability | \$2,750 | \$2,750 | \$2,750 |
| Auto Insurance | \$2,050 | \$2,050 | \$2,050 |
| Travel/Training/Meetings | \$10,000 | \$10,000 | \$10,000 |
| Rental-Equipment/Uniforms | \$5,000 | \$5,000 | \$5,000 |
| Dues/Subscriptions/Publication | \$15,000 | \$15,000 | \$15,000 |
| Pass Through Cost | \$500 | \$800 | \$600 |
| Educational Materials | \$660 | \$0 | \$0 |
| TOTAL RECURRING OPER. COSTS | \$208,807 | \$197,600 | \$200,155 |
| Miscellaneous | | | |
| Miscellaneous Expenditures | \$7,500 | \$11,647 | \$7,500 |
| TOTAL MISCELLANEOUS | \$7,500 | \$11,647 | \$7,500 |
| Total Administrative & Operations Exp. | \$2,545,492 | \$2,482,470 | \$2,445,453 |
| Capital Outlay | | | |
| Capital Acquisition | \$79,000 | \$89,000 | \$222,500 |
| Engineering | \$0 | \$0 | \$0 |
| TOTAL CAPITAL OUTLAY | \$79,000 | \$89,000 | \$222,500 |
| TOTAL EXPENDITURES (w/o D.S. exp.) | \$2,624,492 | \$2,571,470 | \$2,667,953 |
| Excess (Deficiencies) of Revenue Over Expenditures | -\$1,124,741 | -\$1,024,719 | -\$1,098,463 |
| OTHER FINANCE SOURCE (USES) | | | |
| Transfer to Other Funds | | | |
| Disposition of Assets (Surplus Sale) | \$1,500 | \$4,432 | \$1,500 |
| Transfer from Tax Accounts | \$1,054,566 | \$1,055,703 | \$1,168,043 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$1,056,066 | \$1,060,135 | \$1,169,543 |
| TOTAL EXPENDITURES | \$1,533,905 | \$35,416 | \$1,498,410 |
| EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES) | -\$68,675 | \$35,416 | \$71,080 |
| NET INCOME | -\$68,675 | \$35,416 | \$71,080 |

Capital Acquisition

| | |
|---------------------------------------|-----------------|
| a. Rehab Kingsville Pump Station | \$35,000 |
| b. New truck to replace 2009 F150 4x4 | \$32,500 |
| c. 3 Computers/Installation | \$5,000 |
| d. Equipment Barn | \$35,000 |
| e. New Trackhoe | \$95,000 |
| f. New Hydropneumatic Tank - Banquete | <u>\$20,000</u> |
| | \$222,500 |

Engineering

\$0

**SOUTH TEXAS WATER AUTHORITY
GENERAL FUND - TAX ACCOUNTS
PRELIMINARY FY2019 BUDGET**

O & M TAX RATE: 2018 \$0.064224
I & S TAX RATE: \$0.020946
HANDLING CHARGE: \$0.426386
WATER RATE: \$2.436121

| | 2018 ADOPTED BUDGET | 2018 AMENDED BUDGET | 2019 PRELIMINARY BUDGET |
|--|---------------------------|---------------------------|-------------------------------|
| REVENUES | | | |
| Ad Valorem - Current (M & O) | \$1,070,008 | \$1,070,008 | \$1,184,620 |
| Delinquent Taxes | \$27,500 | \$27,500 | \$27,500 |
| Penalty & Interest - Tax Accounts (M & O) | \$16,000 | \$16,000 | \$16,000 |
| TOTAL M&O TAX REVENUES | \$1,113,508 | \$1,113,508 | \$1,228,120 |
| EXPENDITURES | | | |
| Tax Collector Fees | \$37,165 | \$37,215 | \$37,215 |
| Appraisal Districts | \$21,777 | \$20,590 | \$22,862 |
| Refunds | \$0 | \$0 | \$0 |
| TOTAL EXPENDITURES | \$58,942 | \$57,805 | \$60,077 |
| REVENUES OVER EXPENDITURES | \$1,054,566 | \$1,055,703 | \$1,168,043 |
| OTHER USES | | | |
| Transfer to Revenue Fund (Tax) | \$1,054,566 | \$1,055,703 | \$1,168,043 |
| TOTAL EXPEND. & OTHER USES | \$1,113,508 | \$1,113,508 | \$1,228,120 |
| Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$0 | \$0 | \$0 |

**SOUTH TEXAS WATER AUTHORITY
DEBT SERVICE FUND
PRELIMINARY FY2019 BUDGET**

**2019 RATES (preliminary)
Debt Service Tax Rate
\$0.018963 per \$100**

**Tax Base Value:
Collection Rate:**

| | 2018 ADOPTED BUDGET | 2018 AMENDED BUDGET | 2019 PRELIMINARY BUDGET |
|--|------------------------------------|------------------------------------|--|
| REVENUES | | | |
| Ad Valorem - Current | \$366,174 | \$366,174 | \$367,021 |
| Ad Valorem - Delinquent | \$7,000 | \$7,000 | \$7,000 |
| Penalty & Interest - Tax Accounts | \$5,500 | \$5,500 | \$5,500 |
| Out-of-District Surcharge | \$2,159 | \$2,159 | \$1,954 |
| Interest on Temporary Investments | \$900 | \$2,280 | \$3,250 |
| Miscellaneous | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| TOTAL TAXES & INTEREST | \$381,733 | \$383,113 | \$384,725 |
| OTHER FINANCING SOURCES | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| TOTAL OTHER FINANCE SOURCES | \$0 | \$0 | \$0 |
| Total Revenue and Other Financing Sources | \$381,733 | \$383,113 | \$384,725 |
| EXPENDITURES | | | |
| Fiscal Agent Fees | \$200 | \$200 | \$200 |
| Bond Interest Expense | \$126,750 | \$126,750 | \$122,350 |
| Bond Principal Payments | \$220,000 | \$220,000 | \$225,000 |
| Tax Collector Fees | \$12,121 | \$12,189 | \$12,121 |
| Appraisal District Fees | \$7,103 | \$6,714 | \$7,350 |
| Miscellaneous Fees | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| TOTAL EXPENDITURES | \$366,174 | \$365,853 | \$367,022 |
| OTHER USES | | | |
| TOTAL EXPEND. & OTHER USES | \$366,174 | \$365,853 | \$367,022 |
| Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$15,559 | \$17,260 | \$17,704 |

**SOUTH TEXAS WATER AUTHORITY
GENERAL FUND - SPECIAL SERVICES
PRELIMINARY FY2019 BUDGET**

2018 RATES

**O & M TAX RATE: \$0.064224
I & S TAX RATE: \$0.021875
HANDLING CHARGE: \$0.426386
WATER RATE: \$2.329010**

| | 2018 ADOPTED BUDGET | 2018 AMENDED BUDGET | 2019 PRELIMINARY BUDGET |
|--|---------------------------|---------------------------|-------------------------------|
| REVENUES | | | |
| Ricardo Water Supply Corporation 994 customers | \$293,020 | \$293,020 | \$304,757 |
| Nueces Water Supply Corporation 942 customers | \$275,134 | \$275,134 | \$292,806 |
| TOTAL SPECIAL SERVICES REVENUE | \$568,154 | \$568,154 | \$597,563 |
| EXPENDITURES | | | |
| Personnel | \$304,185 | \$304,185 | \$318,655 |
| Overhead | \$263,969 | \$263,969 | \$278,908 |
| TOTAL SPECIAL SERVICES EXPENDITURES | \$568,154 | \$568,154 | \$597,563 |
| REVENUES OVER EXPENDITURES | \$0 | \$0 | \$0 |

ATTACHMENT 7
TCEQ Enforcement Action

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 18, 2018
Re: Texas Commission on Environmental Quality (TCEQ) Enforcement Action

Background:

Since the last Board Meeting, staff and consultants have participated in another conference call with TCEQ staff on the Enforcement Action and Order. At this time, there are no extensions being requested or required. The next Quarterly Report is due on August 20th.

Analysis:

TCEQ staff reported that STWA has achieved compliance for an additional three months bringing the total to six (6) months. In addition, TCEQ staff reported that all of the instrument verification sheets were in order.

However, they reported there was a discrepancy between the number of residual data reported in the Quarterly Report submitted by Mr. Aaron Archer, Walker Partners, and the quarterly online forms submitted by Jacob Hinojosa, O&M Supervisor. The information provided by Mr. Archer included 81 residuals for January, 79 for February and 96 for March. Whereas, Mr. Hinojosa's online form included 78 for January, 113 for February and 145 for March. Mr. Hinojosa is researching the difference of 3 results for January. However, we stated that we believe Mr. Archer's report may not have included the residuals STWA is collecting as a result of the additional monitoring of the Driscoll Booster Station. Staff will be confirming that and will clarify it with TCEQ.

In addition, TCEQ staff indicated that STWA should include more information on the NAP sampling forms. This item was discussed in detail in terms of TCEQ's expectations. Other subjects discussed were feedback on the quality of FMT training and clarification of information covered during FMT training.

Staff Recommendation:

Keep the Board updated on the TCEQ Order.

Board Action:

Provide feedback to staff and consultants.

Summarization:

Staff continues to receive helpful information from the conference calls. TCEQ staff with the FMT program have provided helpful suggestions and continue to offer their assistance.

ATTACHMENT 8
Driscoll LAS Project

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 18, 2018
Re: Driscoll Disinfection Booster Station – Conversion to Chloramination System

Background:

Enclosed are the latest emails related to the Driscoll LAS station. During the last Board meeting staff reported that work continues on troubleshooting possible reasons why the overall residual downstream of the Booster Station is not achieving the level that is input into the computer system. As reported previously, staff continues to work with Ms. Shay Roalson, HDR Engineering, Inc. (HDR), including providing additional data on the matter.

Analysis:

Last month staff reported that a change of the Chlorine to Ammonia ratio had been increased from 4.5:1 to a 5:1 ratio. Staff also reported that there has been some improvement in the downstream results; but, the residual is not reaching the desired level of 5.0 mg/l Total Chlorine. However, in terms of the TCEQ required level of 0.5 mg/l of Total Chlorine in the far reaches of the 42-inch line distribution system, namely Kingsville prior to injection, the system is typically delivering a 2.0 mg/l Total Chlorine level. It should be noted that the hottest of the summer months are still ahead and disinfectant residuals will dissipate faster as the temperatures increase.

Staff Recommendation:

Keep the Board updated from time to time on the operation of the system, particularly as it relates to the TCEQ Order.

Board Action:

Provide feedback to staff.

Summarization:

As reported in a recent Weekly Update, half of the field personnel attended training pertaining to utilizing Chloramines as a disinfectant. This training was made available through a TCEQ program (FMT – Financial, Managerial, and Technical) and presented by a subcontractor to the Texas Rural Water Association, the entity awarded the FMT Training Contract. The presenter reviewed a TCEQ module that includes detailed calculations for boosting chloraminated water. Some of the information raised questions regarding the SCADA computer program and possible ways to improve the operation. As outlined in the enclosed email, staff will be exploring these matters with HDR and Mercer Controls, Inc.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Friday, June 15, 2018 4:41 PM
To: Roalson, Shay
Cc: 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: Residual Information Post City of CC Free Chlorine Burn and Addition of Chlorine Dioxide to WTP Process
Attachments: Chloramine residual post CC burn and ClO2.pdf

Shay,

Per our conversation several weeks ago, attached is information regarding the improved chloramine residuals that STWA recorded after the City of CC performed a free chlorine conversion in March/April of 2017. During that same time the City began using chlorine dioxide as part of the WTP process.

You will notice in June of 2017, looking at the "before" residuals at Driscoll, Bishop East, Bishop West, Kingsville, and Central that most of the residuals are in the 2.0+ range. This is prior to the operation of the Driscoll Booster Station adding LAS to boost chloramines.

Carola

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

From: mcserrato@stwa.org
Sent: Monday, June 11, 2018 8:33 PM
To: Roalson, Shay
Cc: Jacob Hinojosa
Subject: Chlorine and LAS Calculations versus Actual Dosage

Shay,

As we discussed, Garry Smith as a subcontractor to TRWA presented classes to STWA on chloramines and NAPs – as part of the TCEQ's FMT program. It was a 2-day class. At the beginning of the second day, asked Garry to calculate a dosing problem based on actual numbers received the previous day. The only number that was estimated was the flow. Garry wanted the likely peak flow. Jacob suggested using 1500 gpm as the flow going through the Kingsville meter.

The following is the calculation based on:

Incoming from CC
2.10 mg/l Total
0.17 mg/l Free Chlorine
1.95 mg/l Monochloramines
0.30 mg/l Free Available Ammonia

Estimated Flow - 1500 gpm = 2.16 MGD

Desired Monochloramine – 5.0 mg/l – This should result in a Total of 5.15 (2.10+3.05 – see below)

Desired FAA – 0.05 mg/l

Ratio – 5:1

In order to get from 1.95 Mono to 5.0 need 3.05 mg/l
At a 5:1 ratio – 3.05 divided by 5 = 0.61

Free Chlorine – 0.17 divided by 5 = 0.03 mg/l

Ammonia

Available – 0.30
Needed for 3.05 boost – 0.61
Net is 0.31
Add to combine with Free Chlorine – 0.03
New Net – 0.34
Add to have some remaining (no zero FAA) – 0.05
Total to add 0.39

Calculation

$2.16 \text{ MGD} \times 8.34 \times 0.39 = 7.03 \text{ Pound or } 7.03 \text{ Gallons LAS}$

2.16 MGD X 8.34 X 3.05 = 55 pounds

So, I asked Garry – What if the usage was half of 2.16 MGD, would the dosage be half? 27.5 pounds of chlorine and about 3.5 pounds/gallons of LAS. Garry said “yes.”

The actual volume of water that flowed into Bishop West, Bishop East, Kingsville and Ricardo was about 1/3 of 2.16 MGD – It was 766,000 gallons. This would mean that the chlorine usage should have been around 18 pounds and the LAS should have been less than 2.5 pounds.

But, the amount of chemicals used from Sunday to Monday was 14 pounds of Chlorine and 14 pounds of LAS.

As I said, I believe the LAS is being overdosed.

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

ATTACHMENT 9

City of Bishop Water Supply Contract

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 18, 2018
Re: City of Bishop - Revised Wholesale Water Supply Contract

Background:

As reported in a recent Weekly Update, an in-person meeting with City representatives has not occurred on this matter. However, it appears the City may be utilizing the services of Mr. Ken Fields, McKibben, Martinez, Jarvis, and Wood, LLP. Additionally, I reported in a recent Weekly Update that Mr. Wesley Rogers had visited our office to discuss a Nueces Water Supply Corporation matter. However, you may recall, Mr. Rogers served on the City of Bishop's committee during past contract negotiations with the City. He has also served as the City's mayor. He inquired about the status of the Wholesale Water Supply Contract. I indicated that there appeared to be two (2) main issues needing to be resolved – the term (time period) and a commitment on the City's part to take a certain percentage.

Analysis:

Although Mr. Rogers was not acting in an official capacity of the City, I believe our discussion may have helped clarify the need for a commitment on the City's part both from the perspective of a term and percentage of purchased volumes.

Staff Recommendation:

As before, my recommendation is unchanged; contract negotiations with the City should occur by meeting in person.

Board Action:

Provide feedback to staff and/or legal counsel.

Summarization:

During my meeting with Mr. Rogers, he made the observation that the City is paying more in the premium cost on the current 50% being purchased than the proposed contractual amount of 60%. Additionally, we had a discussion establishing that the City is and has been purchasing 50% of their demand as opposed to a smaller percentage.

ATTACHMENT 10

Supplemental Easement – CR 38 in Agua Dulce

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 18, 2018
Re: AEP Offered Easement – Agua Dulce Pump Station – Amendment to Current Easement

Background:

Last month, staff reported that Mr. Brent Starr with Right of Way Service, Inc. (ROWS) had offered to contact AEP about the offered easement that would encroach into the fenced area of the Agua Dulce Pump Station by about twelve feet (12'). Since the last meeting, I have been contacted by another ROWS employee, Mr. Willie Vera, inquiring about the status. Attached is my most recent email to Mr. Starr.

Analysis:

This is an update only.

Staff Recommendation:

Keep the Board informed of any developments.

Board Action:

Provide feedback to staff.

Summarization:

Amending the easement will delineate the area that AEP is entitled to utilize.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Monday, June 18, 2018 12:02 PM
To: 'Brent Starr'
Cc: 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: RE: AEP Easement - STWA Agua Dulce PS

Brent,

The STWA Board will be meeting next Tuesday, June 26th, and an item on the agenda is an update of this matter. I received a call from Willie Vera asking whether STWA intended to sign the offered easement. I explained that I was under the impression you were still working on trying to get the metes and bounds description amended to eliminate the area within the fenced pump station.

Do you have any new information to share with the Board?

Carola

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

From: Brent Starr <bstarr@rowsinc.com>
Sent: Tuesday, May 15, 2018 8:07 AM
To: mcserrato@stwa.org
Cc: 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>
Subject: RE: AEP Easement - STWA Agua Dulce PS

Carola,

I will see what I can get done to get it out of the pump station.
Thanks,

Brent Starr



P.O. Box 69
Alice, Texas 78332
361-664-8973 office
361-701-8149 mobile
361-664-6718 fax
bstarr@rowsinc.com

From: mogserrato@stwa.org [mailto:mogserrato@stwa.org]
Sent: Monday, May 14, 2018 11:49 AM
To: Brent Starr
Cc: 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: AEP Easement - STWA Agua Dulce PS

Good Morning Brent,

Thank-you for having the southeast and southwest corners of the proposed easement marked at the STWA Agua Dulce PS. Attached are two photos of those corners. The stakes have been marked with inserted red arrows to see them clearer. Unfortunately, the south boundary line that would be created by those two corners is about 12 feet into the fenced area of the pump station.

STWA is still willing to consider an easement amendment but that south line would need to be moved north.

Carola

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

ATTACHMENT 11

NewGen Strategies and Solutions Service Agreement

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: June 20, 2018
Re: NewGen Strategies and Solutions Consultant Services Associated with the City of Corpus Christi Annual Rate "true-up"

Background:

Last year, as part of the budget process, staff presented a joint Service Agreement with NewGen Strategies and Solutions (NewGen) between San Patricio Municipal Water District (SPMWD), Nueces County Water Control and Improvement District #4 (District #4) and STWA. In addition, the Board approved a "not to exceed" cost of \$2,500 to provide assistance with the amendment proposed by the City calling for two-year rates. The Board will recall that the City of Corpus Christi decided not to continue with negotiations on two-year rates with STWA. However, per the enclosed email to City of Corpus Christi staff, it is that time of year to receive the City's updated rate model, examine the proposed expenses and revenues, review the cost allocations and communicate any concerns to the City.

Analysis:

As mentioned above, in years past STWA has shared the cost of the true-up with SPMWD and District #4. According to NewGen Project Manager Chris Ekrut's email (enclosed), District #4 has not been in contact yet regarding these services. As such, enclosed is a proposal for STWA only in the amount of \$3,000 for true-up services. It warrants adding that NewGen has provided these services since 2015 at a not to exceed price of \$2,500. Prior to that year, the rate consultant that assisted in the lawsuit against the City verified the accuracy of the true-up and audited the City's proposed rates. The Board may recall that consultant increased his hourly rate to \$400 and STWA decided to seek another consultant.

Staff Recommendation:

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.

Board Action:

Determine whether 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.

Summarization:

The annual true-up under the settlement agreement with the City continues as before. This true-up is intended to ensure that the City's proposed allocated and budgeted expenses are applied properly to STWA as a wholesale purchaser from the City. The true-up is also intended to recoup any overcharges or undercharges for FY 2017's treated and raw water rates – the true-up will always have a one-year lag.

mcserrato@stwa.org

From: Chris Ekrot <cekrot@newgenstrategies.net>
Sent: Wednesday, June 20, 2018 11:57 AM
To: mcserrato@stwa.org
Subject: RE: Engagement Letter for Wholesale Rate Consulting Services
Attachments: STWA - Rate Review Engagement Letter (FY 2019).pdf

Carola –

Please see the attached proposed engagement letter for the services associated with reviewing the City's FY 2019 rate model. I'm still waiting to hear from Mark at NCWCID No. 4 to determine if they still want to participate as they have in the past. However, regardless of their participation, I have still provided the commitment to a not-to-exceed fee. On review, please let me know if you have any questions or changes.

Thanks,
Chris

Chris Ekrot | NewGen Strategies & Solutions, LLC
Vice President, Corporate Services
Director, Environmental Practice
275 W. Campbell | Suite 440 | Richardson, TX 75080
Office: (972) 232-2234 | Mobile: (214) 498-8132
cekrot@newgenstrategies.net
Please visit us at www.newgenstrategies.net

PLEASE NOTE NEW ADDRESS

As of May 21st the New Richardson Office Address Will Be:
275 W. Campbell Road | Suite 440 | Richardson, TX 75080



From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Monday, June 18, 2018 5:06 PM
To: Chris Ekrot <cekrot@newgenstrategies.net>
Cc: Bill Flickinger <bflickinger@wfaustin.com>; Jo Ella Wagner <jwagner@stwa.org>; Frances Rosales <fvrosales@stwa.org>
Subject: FW: Engagement Letter for Wholesale Rate Consulting Services

Good Afternoon Chris,

After leaving the voice mail message for you, I searched my emails from you looking for last year's service agreement associated with reviewing the City's Model and the True-Up. The only document I could find is the one attached. This agreement is for District #4, SPMWD and STWA and is expanded to include services associated with the City's proposed 2-year rates.

Our file for NewGen has signed agreements for just rate model review and true-up services for 2016 and 2015; but, those agreements are for STWA only. We do not find where STWA signed the attached agreement for the expanded services; although, I recall NewGen providing the services.

STWA has a Board meeting next week on Tuesday, June 26th. Is NewGen still interested in providing the rate model and true-up review services?

Thanks,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

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

From: Chris Ekrot <cekrot@newgenstrategies.net>

Sent: Wednesday, April 26, 2017 7:34 AM

To: Carola Serrato <cserrato@stwa.org>; Mark Young <myoung@ncwcid4.org>; bgw@spmwd.net

Subject: Engagement Letter for Wholesale Rate Consulting Services

Carola, Mark, Brian –

As we prepare for the meeting with the City of Corpus next Monday, I wanted to formalize our agreement subject to my participation and subsequent services in working with each of you and your respective legal counsels to develop contract alternatives and review and other rate calculations which may be forthcoming from the City. Based on our conversations and my understanding of those conversations, I have prepared the attached letter for your review and signature. On review, please let me know any comments or concerns you may have. If you'd like to visit in person, please feel free to contact me at 972-232-2234.

Thanks,
Chris

Chris Ekrot | NewGen Strategies & Solutions, LLC
Director | Environmental Practice
1300 E Lookout Dr. | Suite 100 | Richardson, TX 75082
Office: (972) 232-2234 | Mobile: (214) 498-8132
cekrot@newgenstrategies.net
Please visit us at www.newgenstrategies.net





275 W Campbell Rd
Suite 440
Richardson, TX 75080
Phone: (972) 680-2000
Fax: (972) 680-2007

June 20, 2018

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

Subject: Agreement to Review Corpus Christi Rate and Model Review

Dear Ms. Serrato:

Based on our prior conversations, NewGen Strategies and Solutions, LLC ("NewGen") is pleased to propose our assistance to the South Texas Water Authority ("STWA") in reviewing the FY 2019 Corpus Christi ("City") Rate Model, Budget, and True-up Calculations as prepared specific to the rate to be charged to STWA. Based on our understanding of the requested engagement, we propose that the scope of services for this review include the following:

- Gather the necessary information from the City including, but not limited to, copies of their proposed budget and proposed water rate models;
- Review the proposed budget and model to ensure calculations have been prepared in accordance with agreements between STWA and the City and to discern any significant differences or variances that merit further review. To the extent questions arise, coordinate with STWA and the City to receive satisfactory answers regarding these questions;
- Provide the consultant's opinion of the calculations and any associated recommendations to STWA staff and Board, as applicable;
- Participate in meetings as necessary with either STWA and/or the City to explain the report's findings and/or answer any questions that may exist; and,
- Other services as may be requested.

For this engagement, Mr. Chris Ekrot will be responsible for providing the requested services. As previously noted, Mr. Ekrot has a long history of reviewing the rate models prepared by the City and he is well-versed in the City's rate calculation methodologies. While Mr. Ekrot will be the primary provider of services to STWA, in an effort to provide the requested services in the most timely and cost-effective manner, Mr. Ekrot may be assisted from time to time by staff members of NewGen. As Project Manager, Mr. Ekrot will be responsible for ensuring that any staff member assisting on this project possess the qualifications and competency necessary to ensure the analysis conducted meets the goals and objectives of STWA and that all work product exceeds STWA's expectations.

Mr. Ekrut will coordinate and will work at the direction of Ms. Serrato and/or her designee during the course of the engagement. Given that the exact level of effort for the engagement is not known, NewGen proposes to bill STWA based on time incurred at our then applicable hourly billing rates as well as expenses based on actual cost incurred. **However, the services provided by NewGen will not exceed \$3,000.00 without the express written permission of STWA.** Please note that NewGen may also be assisting the Nueces County Water Control and Improvement District No. 4 in the same review of the Corpus Christi models and calculations. All time charges will be split equally between STWA and NCWCID No. 4, but charges to each entity will not exceed \$3,000 without written permission.

NewGen invoices its clients monthly for actual services performed plus out-of-pocket expenses incurred at cost. Payment is due within thirty (30) days of the invoice date. Our standard hourly billing rates, which are effective through December 31, 2018, are as follows:

**NewGen Strategies & Solutions
2018 Billing Rates**

| Position | Billing Rate |
|--|---------------|
| GM | \$305 |
| President | \$265 - \$305 |
| Director/Executive Consultant/Vice President | \$195 - \$305 |
| Senior Consultant | \$165 - \$195 |
| Staff Consultant | \$150 - \$165 |
| Analyst | \$120 - \$150 |
| Administrative Assistant | \$90 |

Note: Billing rates are subject to change based on annual reviews and salary increases.

This agreement is subject to cancellation within thirty (30) days prior written notice provided to NewGen. In the event of cancellation, all labor and expense charges incurred by NewGen through the date of cancellation will be considered due at the time notice of cancellation is delivered, regardless of work product and/or engagement status.

In executing this letter, you agree that the services rendered by NewGen will be performed in accordance with instructions or specifications received by STWA and will be provided with the degree of skill and judgment exercised by recognized professionals performing services of similar nature and consistent with the applicable industry best practices. You further agree that compensation for services rendered will be provided to NewGen regardless of the final recommendations and/or Board acceptance of final recommendations resulting from the work conducted.

NewGen looks forward to assisting STWA in this engagement and appreciates this opportunity. If this letter is in agreement with your understanding of the scope of services to be provided, and our proposal terms and conditions are acceptable, please execute one copy and return to our Richardson, Texas office. If you have any questions, please feel free to contact Mr. Chris Ekrut at 972.232.2234 or via email at cekrut@newgenstrategies.net.

Ms. Carola Serrato
June 20, 2018
Page 3

Very truly yours,
NewGen Strategies and Solutions, LLC



Chris Ekrut
Director, Environmental Practice

South Texas Water Authority

Signed _____

Printed _____

Title _____

Date _____

FOR YOUR INFORMATION

From: Margaret Somereve <msomereve@tcaptx.com>
Sent: Friday, June 1, 2018 1:17 PM
To: undisclosed-recipients:
Subject: TCAP's New Strategy for Future Procurement

One of the principal near-term activities for TCAP will be planning for future procurement. An innovative strategy is being developed with several goals: 1) maintaining a price that is consistently at or below market prices regardless of time period or economic conditions; 2) diversifying energy supply opportunities through an auction process; and 3) reducing administrative burdens on members.

The current contract expires December 31, 2022. For the period commencing January 1, 2023, TCAP members will choose between two procurement strategies. First, members may retain their current form of contracting and opt for a fixed-price for a fixed-period. Second, members may participate in TCAP's new Strategic Hedging Program.

This memo is intended as a brief introduction to a risk mitigation strategy known as hedging and an explanation of how TCAP intends to employ hedging through this new program to benefit TCAP members who choose to participate.

Electricity prices in the wholesale market highly correlate to natural gas prices on the Nymex futures market. When an end user signs a contract for electricity, the supplier usually purchases gas futures contracts to support the electricity committed under contract for the term desired by the end user. The fixed-price contract is effectively a hedge against future price movements, either up or down. The cheapest natural gas prices are generally associated with near-term delivery. As the term of the contract lengthens, natural gas prices typically increase as suppliers add a risk premium. Generally speaking, for any contract commencement date, the price for a one-year term will be less than the price for a multi-year contract. The risk premium will tend to grow as the term is extended.

The current TCAP contract reflects near perfect timing for a five-year period. TCAP carefully monitors Nymex prices, ERCOT activities and general economic indicators. The current contract captured excellent prices for an extended period. Perhaps TCAP can capture a price in 2022 that provides another exceptional opportunity for a multi-year term at a fixed price, but we live in an uncertain world and current indicators suggest that both natural gas and electricity prices are trending upward. While TCAP will prepare to offer a fixed-price multi-year contract for members desiring that route, TCAP's provision of an alternative that employs a more balanced hedging may be a more attractive option for many members. TCAP envisions that it can create a hedging strategy to continuously capture very competitive prices and minimize the risk of having to contract when facing extreme market conditions.

An example of how such strategy would work is as follows:

In January 2021, TCAP will arrange for an energy manager to take competitive bids for one-twelfth the 2023 load committed to the Strategic Hedging Program for the 2023 time period. That process will be repeated each month so that in December 2021 an average price for 2023 can be communicated to participating TCAP members. In 2022, that process would be repeated to produce the price of power for 2024. Theoretically, a different supplier could win each of the different monthly auctions. Brokers and suppliers who are constantly solicitous of city business can be encouraged to participate in the monthly auction process. In months where

natural gas prices appear unrealistically high, the auction process for that month could be cancelled or postponed.

TCAP members who decide to participate in the Strategic Hedging Program will be assured that their contract for electricity is based on competitive available market prices through a continuous Request For Proposal ("RFP") bidding process. Whether a TCAP member participates in the Strategic Hedging program or desires to continue with a fixed price for a fixed period, basic customer relationships will remain the same. All members will be served by the same Retail Electric Provider ("REP") and TCAP will retain the ability to change the REP if customer service deteriorates.

Further information about the Strategic Hedging Program will be distributed later this year and regional meetings will be organized for 2019 that will focus on future procurement opportunities.

Margaret Somereve
Administrative Director