

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose M Graveley, President
DATE: June 28, 2024
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

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

Tuesday, July 2, 2024
5:30 p.m.
Courthouse Annex Law Enforcement Center
1500 E. King
Kingsville TX 78363

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

Agenda

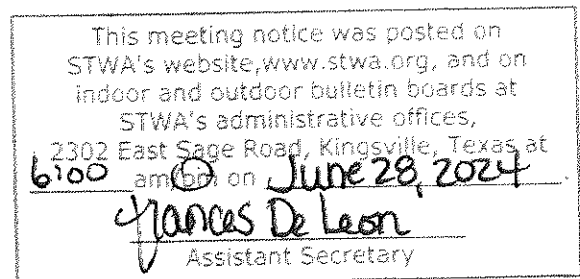
1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit 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. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 2)
5. Operation and Maintenance Reports. (Attachment 3)
 - O&M Report
 - CP Update
6. Alternative Water Source Options. (Attachment 4)
 - Ratification of motion to authorize management to engage in groundwater study including scope of work on behalf of South Texas Water Authority
 - Ratification of Legal Counsel Contract
7. Recess Open Meeting and Convene in Executive Session - In this executive session the board of Directors will deliberate or receive legal advice regarding (1) each of the following matters pursuant to the Section(s) of the Texas Open Meetings in parenthesis at the end of such matter, and (2) any other agenda item announced by the President of the meeting has announced will be considered in this executive session (collectively, the "Executive Session Agenda Items"). The Board of Directors may take action in open session after the executive session on any of the Executive Session Agenda items. The Board of Directors will deliberate the purchase, exchange, lease or value of real property in

executive session only if deliberation in an open meeting would have a detrimental effect on South Texas Water Authority's position in negotiations with a third person.

- 7.a. Deliberate and receive legal advice regarding acquisition of an alternate source of water for the Authority. (§551.071)
8. Open Session Items for Post Executive Session Action – The Board of Directors will convene in Open Session and take action on (1) the agenda items listed below, (2) any other items on this agenda that were postponed or tabled until after Executive Session, and (3) any Executive Session Agenda Items.
 - 8.a. Authorize the Executive Director of the Authority to negotiate an agreement to provide an alternate source of water for the Authority.
9. Update on Texas Water Development Board funding. (Attachment 5)
10. Fiscal Year 2024 Budget Amendments. (Attachment 6)
11. Water District Truth in Taxation Notices, Effective Tax Rate Calculation, and Meeting/Hearing Schedule. (Attachment 7)
12. Preliminary Fiscal Year 2025 Budget. (Attachment 8)
13. Bids for purchase of FY 2024 excavator. (Attachment 9)
14. **Resolution 24-14.** Resolution awarding the bid for one excavator. (Attachment 10)
15. Consideration and approval of a First Amendment to Amended and Restated Water Supply Contract between South Texas Water Authority and Ricardo Water Supply Corporation. (Attachment 11)
16. Consideration and approval of a Third Amendment to Management Agreement with the Ricardo Water Supply Corporation. (Attachment 12)
17. Consideration and approval of a Fourth Amendment to Amended and Restated Water Supply Contract between South Texas Water Authority and Nueces Water Supply Corporation. (Attachment 13)
18. Consideration and approval of a Fourth Amendment to Management Agreement with the Nueces Water Supply Corporation. (Attachment 14)
19. Administration Report.
20. 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.

JMG/JM/fdl
Attachments



ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Public Hearing Minutes
May 21, 2024

Board Members Present:

Jose Graveley
Frances Garcia
Imelda Garza
Rudy Galvan, Jr
Kathleen Lowman
Joe Morales
Patsy Rodgers
Art Rodriguez

Board Members Absent:

Angela Pena

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Victor Gutierrez

Guests Present:

Oliver Wiese, Seven Seas
Kasy Stinson, Seven Seas
Terry Arnold, Seven Seas
Rogelio Rodriguez, WFX (Zoom)
Ivan G. Luna, I.C.E.
Sergio Luna, I.C.E.
Greg Szuman, Willatt & Flickinger (Zoom)
Maria Lucio

1. Call to Order.

Mr. Jose Graveley, Board President, called the Public Hearing of the STWA Board of Directors to order at 5:32 p.m.

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

- a. Isaac Lee Felan – 1.31 acres, more or less, situated in the Casa Blanca Survey, Being Lot 16-H, The Ranch, an unrecorded subdivision, Nueces County, Texas.

This property owner approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries. Approval of the annexation petition enables the landowner to receive service and pay in-district rates to the Nueces Water Supply Corporation, and allows the property to be placed on STWA tax rolls. Resolutions approving annexation will be presented at the Regular Board Meeting.

3. Public Comment.

Mr. Graveley called for public comment. No comments from the public were made.

4. Adjournment.

With no further business to discuss, Ms. Garza made a motion to adjourn the Public Hearing at 5:33 p.m. Mr. Galvan seconded and all voted in favor.

Respectfully submitted,


Frances De Leon
Assistant Secretary

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
May 21, 2024

Board Members Present:

Jose Graveley
Frances Garcia
Imelda Garza
Rudy Galvan, Jr
Kathleen Lowman
Joe Morales
Patsy Rodgers
Art Rodriguez

Board Members Absent:

Angela Pena

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Victor Gutierrez

Guests Present:

Oliver Wiese, Seven Seas
Kasy Stinson, Seven Seas
Terry Arnold, Seven Seas
Rogelio Rodriguez, WFX (Zoom)
Ivan G. Luna, I.C.E.
Sergio Luna, I.C.E.
Greg Szuman, Willatt & Flickinger (Zoom)
Maria Lucio

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:33 p.m. A quorum was present.

2. Citizen Comments.

Mr. Graveley opened the floor to citizen's comments. Ms. Maria Lucio addressed the Board and stated that as a result of the proposed Avina hydrogen ammonia plant in the Robstown area, she is trying to make herself more aware of area water issues. She voiced her concerns about Tesla locating in the area and possibly using 8,000,000 gallons of water daily. She added that the ammonia plant will reportedly produce 3.2 billion gallons of ammonia. She has contacted several government agencies and water suppliers in the area but has not been able to meet with anyone who can address her concerns because the plant is within an extra-territorial jurisdiction and not within those organizations' authority.

Mr. Kasy Stinson of Seven Seas addressed the Board and gave a short summary of Seven Seas services and progress at the Alice plant. He added that he is available to answer any questions.

3. New Board members' oaths of office.

Ms. Wagner administered the Oath of Office to Ms. Garcia and Mr. Rodriguez who were re-appointed to their current positions on the Board by the Kleberg County Commissioner's Court and Mr. Morales and Ms. Rodgers who were re-appointed by Nueces County Commissioner's Court.

4. Election of officers.

Mr. Rodriguez made a motion to re-elect the current slate of officers. Ms. Rodgers seconded and all voted in favor.

The officers remain as follows:

Mr. Graveley – President

Ms. Garcia – Vice-President

Ms. Garza – Secretary/Treasurer

The order of the agenda was changed to accommodate the guests.

8. Alternative Water Source Options.

Mr. Graveley announced that the Board would convene in Closed Session at 5:42 p.m. pursuant to Section 551.071 of the Government Code to discuss water sources and the City of Corpus Christi Water Supply Contract with the Authority's attorney. The Board reconvened in Open Session at 6:20 p.m. No action was taken during Closed Session.

17. Ratification of motion to authorize management to engage in groundwater study including scope of work on behalf of South Texas Water Authority.

Mr. Graveley made a motion to table this item. Ms. Garza seconded. All voted in favor.

5. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the April 23, 2024 Regular Meeting as presented. Mr. Rodriguez seconded. The motion passed by unanimous vote.

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

The Quarterly Report was not presented. The following reports were presented for the Board's consideration:

Treasurer's Report for period ending January 31, 2024

Revenue Fund Income Statement for period ending January 31, 2024

Tax Fund Income Statement for period ending January 31, 2024

Special Services Income Statement for period ending January 31, 2024

STWA Revenue Fund Balance Sheet – January 31, 2024

STWA Revenue Fund Trial Balance for January, 2024

STWA Regular Meeting Minutes

May 21, 2024

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STWA Debt Service Fund Income Statement for period ending January 31, 2024

STWA Debt Service Fund Balance Sheet – January 31, 2024

STWA Debt Service Fund Trial Balance – January, 2024

STWA Capital Projects Fund Income Statement for period ending January 31, 2024

STWA Capital Projects Fund Balance Sheet – January 31, 2024

STWA Capital Projects Fund Trial Balance – January, 2024

Treasurer’s Report for period ending February 29, 2024

Revenue Fund Income Statement for period ending February 29, 2024

Tax Fund Income Statement for period ending February 29, 2024

Special Services Income Statement for period ending February 29, 2024

STWA Revenue Fund Balance Sheet – February 29, 2024

STWA Revenue Fund Trial Balance for February, 2024

STWA Debt Service Fund Income Statement for period ending February 29, 2024

STWA Debt Service Fund Balance Sheet – February 29, 2024

STWA Debt Service Fund Trial Balance – February, 2024

STWA Capital Projects Fund Income Statement for period ending February 29, 2024

STWA Capital Projects Fund Balance Sheet – February 29, 2024

STWA Capital Projects Fund Trial Balance – February, 2024

The following invoices were presented for Board approval:

- Nueces County Appraisal District \$ 2,980.00
- Willatt & Flickinger, Attorneys at Law \$ 2,333.40

Ms. Lowman made a motion to approve the Treasurer’s Reports and Payment of Bills as presented. Mr. Galvan seconded. The motion passed unanimously.

7. Operation and Maintenance Reports.

- O&M Report
- CP Update

Mr. Marez presented the O&M Report and CP Update. He reported that Victor Gutierrez has been promoted to the Field Foreman Supervisor position and that applications are being reviewed to fill the current Field Technician vacancy. There were no questions from the Board.

9. Approval of Annexation of Certain Lands to the South Texas Water Authority.

- a. Isaac Lee Felan – 1.31 acres, more or less, situated in the Casa Blanca Survey, Being Lot 16-H, The Ranch, an unrecorded subdivision, Nueces County, Texas.

The Public Hearing on the Annexation Petition for Isaac Lee Felan in The Ranch subdivision was conducted prior to the Regular meeting.

10. Resolution 24-09. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Isaac Lee Felan).

Mr. Galvan made a motion to adopt Resolution 24-09. The motion was seconded by Mr. Rodriguez and passed by unanimous vote.

11. Fiscal Year 2024 Budget Amendments.

Mr. Galvan made a motion to table the FY 2024 Budget Amendments. Mr. Morales seconded. All voted in favor. Budget amendments will be presented at the next meeting.

12. Resolution 24-10. Resolution appointing Jo Ella Wagner, Assistant Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority and Alternate Frances De Leon in her absence.

13. Resolution 24-11. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.

14. Resolution 24-12. Resolution appointing Maria Victoria Valadez, Kleberg County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Kleberg County.

15. Resolution 24-13. 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.

Mr. Morales made a motion to adopt Resolutions 24-10, 24-11, 24-12 and 24-13. The motion was seconded by Ms. Lowman and passed unanimously.

16. Preliminary Nueces and Kleberg County Appraisal District Values.

Ms. Wagner presented the preliminary values for Nueces and Kleberg Counties and reported that this year's preliminary values reflect an amount of \$1,400,907,434 in Nueces County and \$1,626,193,693 in Kleberg County for a total of \$3,027,101,127. This is an increase compared to last year's certified value total of \$3,000,262,695; however, she noted that the values are preliminary and are being provided for informational purposes. Certified values should be delivered by July 25th. No action was taken on the presented information.

18. Update on Texas Water Development Board Funding.

Mr. Rogelio Rodriguez of Water Finance Exchange reported that Texas Water Development Board has indicated that June is when they want to commit to funding. Another application has been submitted for the Master Plan. He stated that he would provide updates as they become available.


19. Administration Report.

Mr. Marez stated that he is very appreciative of the partnerships STWA has with Water Finance Exchange and I.C.E. and stated that they are now working on an application that includes a third year of funding. Mr. Marez also reported that field supervisors are reviewing applications in order to fill the remaining Field Technician position. There is also an additional Cathodic Protection Technician opening. He also reminded the Board to sign up for alerts on STWA's website and to encourage others to sign up as well.

20. Adjournment.

With no further business to discuss, Mr. Rodriguez moved to adjourn the meeting at 6:54 p.m. Mr. Galvan seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary

ATTACHMENT 2

Quarterly Report/Treasurer's Report/Payment of Bills

The Quarterly Report and Treasurer's Reports are not complete and will be provided separately.

ATTACHMENT 3

Field Reports

Memorandum

To: South Texas Water Authority Board of Directors and John Marez, Administrator
From: Patrick Sendejo, O&M Manager / Victor Gutierrez, Field Supervisor
Date: June 28th 2024
Re: O&M Technical Report

During the Week of May 20th 2024:

Admin:

Review GPS Records
Update Daily Water Loss
TRWA Apprenticeship Weekly Hours Update (Noe Moreno) (David Elizondo)
Basic Water Training/Locate Training/CSI Training/Standard Operation
Procedure Training.
Hector Barbosa – NACE Training 20th - 24th of May

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Collect Bact Samples – STWA/NWSC/RWSC
Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL 17 Verification
Locates – STWA, RWSC & NWSC
Lockouts - NWSC
Completed service orders for NWSC & RWSC.
Troubleshoot MOV at Kingsville Meter Run due to Overflow. Needs a new
Actuator, previous one was damaged gears internally. Quotes
for replacement have been submitted. Manually operating valve at this time.
Update* Need approval to get this purchased.
Working with Smith pumps to get pump replaced at central. **Update***
Pump and motor with baseplate have arrive at Smith pump facility as of
6/24/24 scheduling for shipment to STWA office.
Completed Taps – (2)

Safety & Maintenance:

Safety Meeting: **Preparations for hurricane season.**
(Open crew discussion of safety concerns, and Crew discussions on all
aspects of preventative maintenance, which includes time for any Q&A.)
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Daily Vehicle Maintenance Report – Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers

Continue to assist with locates for STWA, NWSC, RWSC

During the Week of May 27th 2024:

Admin:

Review GPS records

Update Daily Water Loss

TRWA Apprenticeship Weekly Hours Update (Noe Moreno) (David Elizondo)

Basic Water Training/Locate Training/CSI Training/ Standard Operation

Procedure Training.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC

Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on

the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC

Meter Run @ Office

Weekly CL17 Verification

Lockouts - RWSC

Locates – STWA, RWSC, NWSC

Completed Service Orders for NWSC and RWSC

Completed Taps - (Scheduled for 6/3/2024)

Safety & Maintenance:

Safety Meeting: **Preparations for hurricane season.**

(Open crew discussion of safety concerns, and Crew discussions on all aspects of preventative maintenance, which includes time for any Q&A.)

Generators – Exercise Transfer Switch.

Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,

Leak equipment, Pump-station equipment.

Daily Vehicle Maintenance Report - Interior, Exterior & Under the hood

Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers

Rectifier Install started at CR36 and HWY 77. Awaiting provider to install meter.

Continue to assist with locates for STWA, NWSC, RWSC

During the Week of June 3rd 2024:

Admin:

Review GPS records
City Gallons Report
Update Daily Water Loss
TRWA Apprenticeship Hour Updates (Noe Moreno) (David Elizondo)
Basic Water Training/Locate Training/CSI Training/Standard Operation
Procedure Training.
Ernesto Duron – Basic Water Course 4th – 6th of June

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL 17 Verification
Meter Readings – NWSC and RWSC
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Completed Taps – (1)

Safety & Maintenance:

Safety Meeting:

**(Open crew discussion of safety concerns, Crew discussions on all aspects of
preventative maintenance, which includes time for any Q&A.)**
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Disinfect Pump Stations
Lawn care at Office and Pumpstations.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Continue to assist with locates for STWA, NWSC, RWSC

During the Week of June 10th 2024:

Admin:

- Review GPS records
- Update Daily Water Loss
- TRWA Apprenticeship Hour Updates (Noe Moreno) (David Elizondo)
- Basic Water Training/Locate Training/CSI Training/Standard Operation Procedure Training.
- TRWA Area Meeting – Mathis (Patrick and Victor attended.)
- Lauro Bazan 2nd attempt at Basic water course test

Operations:

- Collect/Monitor NAP samples – STWA, RWSC & NWSC
- Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
- Weekly CL 17 Verification
- Locates – STWA, RWSC, NWSC
- Flush RWSC, NWSC
- Completed service orders for NWSC and RWSC
- Lockouts – NWSC.
- Completed Taps – (Scheduled for week of 6/17/2024)

Safety & Maintenance:

Safety Meeting:

- Discuss setup and utilization of Diamond Maps for all 3 Corporations. (Open crew discussion of safety concerns, Crew discussions on all aspects of preventative maintenance, which includes time for any Q&A.)**
- Generators – Exercise Transfer Switch
- Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment, Leak equipment, Pump-station equipment.
- Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood Inspections

Cathodic Protection:

- Weekly Monitoring of Rectifiers
- Continue to assist with locates for STWA, NWSC, RWSC

During the Week of June 17th 2024:

Admin:

Review GPS records
Update Daily Water Loss
TRWA Apprenticeship Hour Updates (Noe Moreno) (David Elizondo)
Basic Water Training/Locate Training/CSI Training/Standard Operation
Procedure Training.
Generator Maintenance Training – Crew
Start Ads for Field Technician/Cp Tech Employment Applications 17th – 28th of
June.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Collect Bact Samples – STWA/NWSC/RWSC
Weekly CL 17 Verification
Meter Readings – NWSC and RWSC
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Completed Taps – (2)

Safety & Maintenance:

Safety Meeting:

**(Open crew discussion of safety concerns, Crew discussions on all aspects of
preventative maintenance, which includes time for any Q&A.)**

Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Disinfect Pump Stations
Lawn care at Office and Pumpstations.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
NEC still pending to install service at CR36 due to weather conditions.
Scheduled to install Deep well ground bed @ CR28 (TESLA) in
End of June 2024 early of July 2024. Due to recent rain plan of installation has
been delayed.
Continue to assist with locates for STWA, NWSC, RWSC

During the Week of June 24th 2024:

Admin:

Review GPS records
Update Daily Water Loss
TRWA Apprenticeship Hour Updates (Noe Moreno) (David Elizondo)
Basic Water Training/Locate Training/CSI Training/Standard
Operation Procedure Training.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL 17 Verification
Locates – STWA, RWSC, NWSC
Flush RWSC, NWSC
Completed service orders for NWSC and RWSC
Lockouts – NWSC.
Prepare for 42” water main shutdown for new meter run bypass at CR52 in
Calallen to maintain water in GST. Until job is complete.
Working with CEC Engineers to repair Kingsville/Ricardo Chlorine Injection site
at meter run. Need to reduce length of injections site. And increase size of
plumbing. **Update*Scheduling as of 6/26/24.**
Clark Pipeline submitted a quote to replace ARV at FM2826 and CR75.
Needing approval to get this done. This site is also a TTHM sample site for
STWA.
Completed Taps – (Scheduled for week of 7/1/2024)

Safety & Maintenance:

Safety Meeting:

**(Open crew discussion of safety concerns, Crew discussions on all aspects of
preventative maintenance, which includes time for any Q&A.)**
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Continue to assist with locates for STWA, NWSC, RWSC
NEC still pending to install service at CR36 due to weather conditions.
Assist with planning of Meter run bypass at CR52 for New STWA Meter

To: STWA Management

From: Hector Barbosa NACE Corrosion Technologist # 186086

Date: June 26, 2024

Re: CP Department

NEC has installed Electric service at Rectifier #4 at Co Rd. 36 which will provide CP protection to Contract 3.

Due to very much needed rain our plans to install Ground bed #3 at Tesla facility have been postponed to mid-July or ASAP due to low wet area. However we are closer to installing electricity from AEP for that project. It has been a long process due to the Tesla legal Department and AEP.

The fourth and final Rectifier #2 will be installed around Mid-August. I am waiting on farmer and landowner to harvest cotton as to not cause problems for the future as agreed by tenant and landowner.

The project at CCW and STWA meter was finally put on bypass mode to complete cutting and welding to separate our system from CCW.

I recovered coupons of the main line to inspect. It looks in very good shape. The wall thickness of the steel is .134 thousand of an inch. The inner concrete liner looks in good shape also.

In the future I would like to install some UT test locations for surveillance.

Thank You Hector Barbosa

ATTACHMENT 4

Alternate Water Sources

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: June 28, 2024
Topic: Ratification of Proposal from ICE for Water Sources Feasibility Study

Background:

The issue of seeking out viable water sources in our service area has been an on-going point of discussion for both board and staff. During our April 23rd meeting the Board of Directors provided a motion for International Consulting Engineers (ICE) to conduct a water feasibility study. ICE has submitted a proposal for the execution of a Groundwater Sources Feasibility Study to determine potential locations for water wells within the STWA Service Area. The proposed scope of work includes coordinating with STWA, engaging with state and federal entities for permitting requirements, collecting and reviewing relevant data, and preparing a comprehensive written report to prepare for next steps in our search of available water.

Analysis:

The proposed scope of work aligns with the STWA's objectives of exploring groundwater sources to supplement our existing water supply. ICE's expertise in hydrogeology and aquifer evaluation positions them well for this project. The feasibility study will provide valuable insights into the viability of constructing water supply wells and the potential groundwater quality in the STWA Service Area.

Staff Recommendation:

Based on the analysis of ICE's proposal, staff recommends proceeding with the Groundwater Sources Feasibility Study as outlined by ICE. The proposed scope of work is comprehensive and addresses the key objectives of the project. ICE's fee of \$117,184.00 for the professional services is reasonable considering the level of effort and duration of the project.

Board Action:

Review and determine to ratify previous board motion which now has a measurable scope of work, cost and timeframe for this project.

Summary:

In summary, ICE's proposal offers a sound approach to conducting a Groundwater Sources Feasibility Study for the STWA Service Area. Their expertise and proposed scope of work are well-suited to meet our project objectives. Staff recommends accepting ICE's proposal and proceeding with the project as outlined.



May 16, 2024

John Marez
Nueces Water Supply Corporation
2302 E Sage Rd
Kingsville, Texas 78363

Re: Ground Water Sources Feasibility Study

Dear John,

International Consulting Engineers (ICE) is pleased to furnish the following scope of professional services for the execution of a Ground Water Sources Feasibility Study. In order to determine potential locations for water wells a Groundwater and Water Well Feasibility Study will need to be conducted.

The proposed scope of work for Professional Services is as follows:

- Coordinate with STWA and Project Delivery Team.
- Coordinate with State and Federal Entities and Permitting Requirements.
- Collect and review data, exhibits and information for the existing pipeline route, pump stations and related proposed and existing projects.
- Collect and evaluate hydrogeology, aquifer, well, test hole and subsurface reports, records data and logs along the existing pipeline route.
- Prepare a written report, tables and figures with preliminary evaluations of the feasibility of constructing water supply wells at one or more locations within the STWA Service Area and a preliminary assessment regarding the possible groundwater quality, water treatment(s) that may be needed for the well water supply and potential flow.
- Submit a final signed and sealed groundwater and water well feasibility study.
- The project duration and level of effort is expected at six (6) months from the Notice to Proceed.



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May 16, 2024
Attn: John Marez, Executive Director
Re: Ground Water Sources Feasibility Study

Our fee for providing the professional services stated above total **\$117,184.00** (*One Hundred Seventeen Thousand One Hundred Eighty-Four Dollars and No Cents*). If we can provide additional information or be of further service, please do not hesitate to contact me at 361.826.5805 or via e-mail at JJ@icengineers.net or Ivan Luna at 361.826.5805 or via e-mail at Ivan@icengineers.net

Sincerely,

A handwritten signature in black ink, appearing to read 'JJ Jimenez', with a stylized flourish at the end.

Jesus J. Jimenez, P.E., CFM
President

| STWA Ground Water Sources Feasibility Study | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|----------------------------|-------------|------------------|----------|------------------|
| TASK | CATEGORIES | | | | | | |
| | PROJ. MANAGER SR | PROJ. MANAGER MD | CIVIL / ENV ENGINEER JK | DESIGNER SR | PROJECT CONTROLS | ADMIN SR | REIMBURSED COSTS |
| A. PROFESSIONAL SERVICES: | | | | | | | |
| Hourly Rates | \$ 289 | \$ 272 | \$ 119 | \$ 126 | \$ 102 | \$ 158 | |
| I. PROJECT COORDINATION | | | | | | | |
| 1.1 Coordination with Groundwater Hydrology Team | 12 | 30 | 8 | | 4 | 16 | |
| 1.2 Coordination w/ State and Federal Entities-Permitting Requirements | 12 | 10 | 8 | | 4 | 16 | |
| II. DATA COLLECTION | | | | | | | |
| 2.1 Collect and review exhibits and information for the transmission line route, pump stations and related proposed and existing projects. | 4 | 30 | | | 6 | 16 | |
| 2.2 Collect and evaluate hydrogeology, aquifer, well, test hole and subsurface reports, records data and logs along the existing pipeline route. | 4 | 10 | | | 6 | 16 | |
| III. TECHNICAL REPORT | | | | | | | |
| 3.1 Prepare a written report, tables and figures with preliminary evaluations of the feasibility of constructing water supply wells at one or more locations within the STWA Service Area and a preliminary assessment regarding the possible groundwater quality, water treatment(s) that could be needed for the well water supply, and potential flow. | 8 | 40 | 8 | 40 | 4 | 16 | |
| SPECIAL NOTES: | | | | | | | |
| 1. We anticipate this project will last at a maximum 6 months. | | | | | | | |
| 2. This is the First Step | | | | | | | |
| TOTAL PROFESSIONAL SERVICES MANHOURS | 40 | 120 | 24 | 40 | 24 | 80 | 0 |
| TOTAL PROFESSIONAL SERVICES FEES | \$11,560 | \$32,640 | \$2,856 | \$5,040 | \$2,448 | \$12,640 | \$0 |
| TOTAL PROFESSIONAL SERVICES COST | \$67,184 | | | | | | |
| IV. SPECIAL SERVICES | | | | | | | |
| Groundwater Hydrologist Services (Sub-Contractor) | | | | | | | \$50,000 |
| TOTAL SPECIAL SERVICES MANHOURS | 0 | 0 | 0 | 0 | 0 | 0 | 50000 |
| TOTAL SPECIAL SERVICES FEES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$50,000.00 |
| TOTAL SPECIAL SERVICES COST | \$50,000 | | | | | | |
| TOTAL EST. MAN-HOURS FOR PROFESSIONAL SERVICES | 40 | 120 | 24 | 40 | 24 | 80 | 0 |
| TOTAL EST. FEES FOR PROFESSIONAL SERVICES | \$11,560 | \$32,640 | \$2,856 | \$5,040 | \$2,448 | \$12,640 | \$50,000.00 |
| TOTAL EST. COST FOR PROFESSIONAL SERVICES | \$117,184 | | | | | | |

ATTACHMENT 5

TWDB Funding

few Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: June 28, 2024
Subject: TWDB – Drinking Water State Revolving Funding Update

Background:

This memo provides an update on the status of water funding and outlines the essential steps and benefits related to our ongoing projects. This information aims to keep the Board informed about our progress and the strategic importance of securing funding to enhance our water infrastructure. Our partners at Water Finance Exchange (WFX) have served the STWA as subject matter experts to navigate funding options through the Texas Water Development Board (TWDB) Drinking Water State Revolving Funds (DWSRF) and other funding sources to address infrastructure needs.

Analysis:

This presentation is an update provided by WFX to explain the final process we are in to securing state funds.

- **Identification of Needs:**
 - **Review Process:** The South Texas Water Authority (STWA) has conducted a comprehensive review of our water infrastructure needs. This review was essential to ensure that our water system continues to operate reliably and healthily. A Master Plan and asset review were completed to detail these infrastructure requirements. Following this, requests for proposals (RFP) for team members were approved, ensuring we have the necessary expertise to move forward.
 - **2023 Funding Efforts:** In March 2023, we submitted a Project Information Form (PIF) to the State Revolving Fund (SRF) program. The projects included in this submission are improvements to the Ricardo WSC and Nueces WSC pump stations, including storage tanks, power generators, and ground storage tanks, with an estimated cost of \$7,829,762. While STWA was invited for funding, the TWDB commitment is pending updated management and operational contracts with Ricardo WSC and Nueces WSC.
 - **Contract and Management Agreement:** We need to update the contracts to fix the term to extend for 25 years or as long as any bonds are outstanding. Additionally, the management agreement needs to include a clause allowing termination in 90 days unless any bonds are outstanding.
 - **2024 Funding Efforts:** In March 2024, another PIF was submitted to the SRF program. This submission covers improvements to STWA water infrastructure, addressing leaks, pumps, and transmission line improvements, with an estimated cost of \$45,817,723. These

applications are still under review, with an expected decision on funding availability by November 2024.

- Potential Benefits of TWDB Funding:
 - Grant Funds: Potential access to grant funds can significantly reduce project costs.
 - Low-Interest Lending: The current rate for a 30-year loan from TWDB is 3.00%, compared to STWA's revenue bond rate of 4.30%.
 - Negotiable Loan Features: Having a single investor like TWDB offers more flexibility in loan terms.
 - Future Funding Setup: Successfully securing TWDB funding sets a strong precedent for future funding opportunities.

Staff Recommendation:

Receive the presentation from Water Finance Exchange + Next Steps:

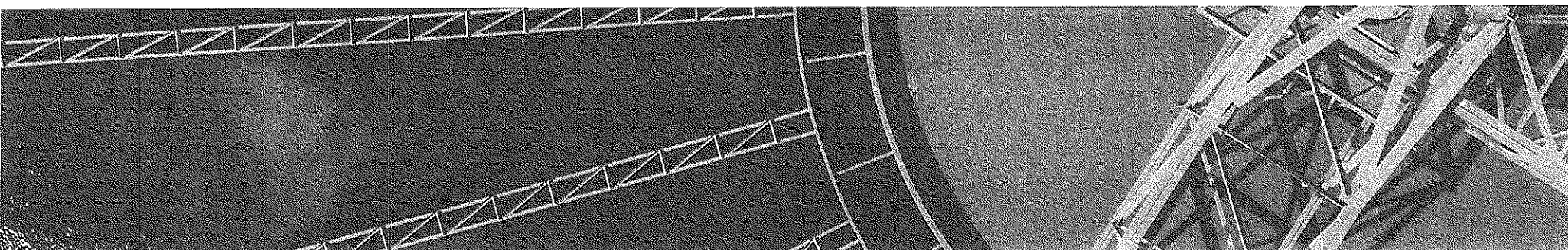
1. Continue efforts to secure grants and low-cost funding.
2. Aim to secure 2023 water funding by the end of this year.
3. Anticipate securing 2024 water funding by 2025.
4. Establish funding options for new water supply projects with input from the board (community), staff, counsel, engineers, municipal advisors, and bond counsel.

Board Action:

No board action is required, presentation item only.

Summary:

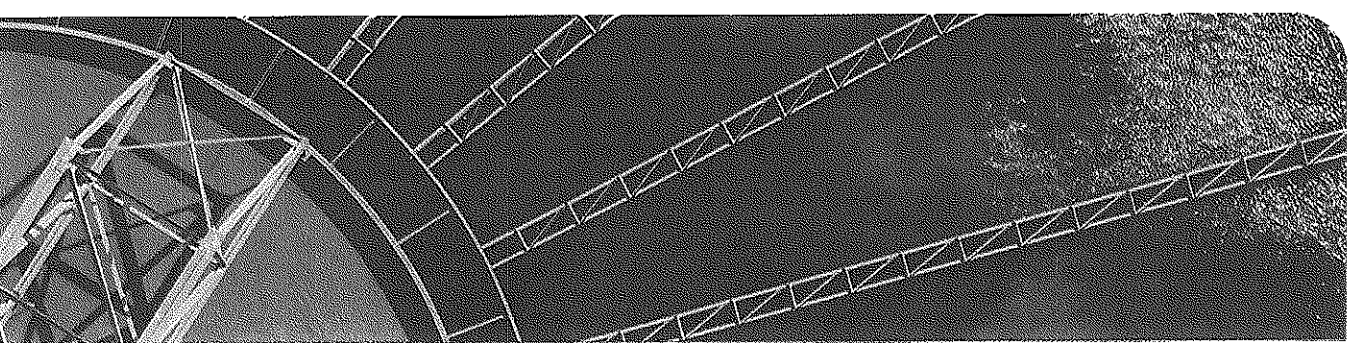
The efforts to secure funding from the TWDB are crucial for the sustained and reliable operation of our water infrastructure. By securing these funds, we can ensure that STWA remains well-equipped to meet future water demands and infrastructure needs.



South Texas Water Authority



Presentation to the Board of Directors *Update and Status of Water Funding*



WEX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

Identification of Needs

- STWA has gone through a rigorous review of needs to address water infrastructure.
- This review has been done to address the basic needs that will ensure the water system continues to operate in a reliable and healthy manner.
- A Master Plan and asset review was completed to detail these infrastructure needs.
- Request for proposals for team members have been approved

Identification of Needs - Water - Funding

- In March 2023 a project information form (PIF) was submitted to the State Revolving Fund program for funding
- Projects Include:
 - Improvements to Ricardo WSC & Nueces WSC pump stations including storage tanks, power generators and ground storage tanks.
- Estimated Cost - \$7,829,762
- STWA was invited for funding and working group in submitting necessary documentation. TWDB commitment is pending updated management and operational contracts with Ricardo WSC & Nueces WSC.

Identification of Needs - Water - Funding

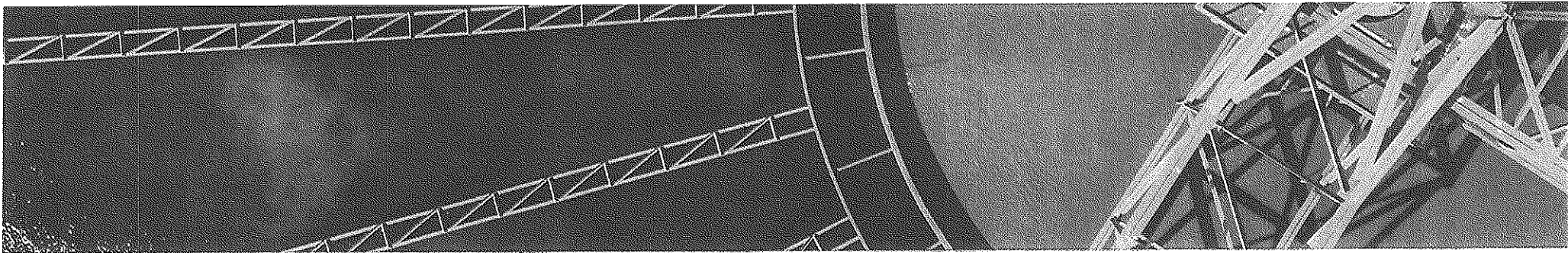
- In March 2024 a project information form (PIF) was submitted to the State Revolving Fund program for funding
- Projects Include:
 - Improvements to STWA water infrastructure to address leaks, pumps, and transmission line improvements.
- Estimated Cost - \$45,817,723
- These applications are still being reviewed for possible funding. Estimated time frame to know if funding is available - November 2024

Potential Benefits

- There are benefits to getting funding from the TWDB
 - Potential grant funds
 - Low interest lending (current 9/28/2024 rate for 30-year Loan 3.00%)
 - Current 6/27/2024 STWA 30-year revenue bond rate estimated at 4.30% (\$20 million level debt service)
 - One investor (the TWDB) loan features can be negotiated more easily - potential for flexibility
 - Sets up STWA for future funding

Next Steps

- Continue to work towards secure grants and low-cost funding
- 2023 Water funding should be secure later this year
- 2024 Water funding anticipated to be secured in 2025
- Establish funding options for new water supply with feedback from staff, counsel, engineer, municipal advisor and bond counsel



QUESTIONS?

ATTACHMENT 6

FY 2024 Budget Amendments

**FY 2024 PROPOSED BUDGET AMENDMENTS
WILL BE PROVIDED TO THE BOARD IN
A SEPARATE EMAIL OR PRIOR TO
THE BOARD MEETING.**

ATTACHMENT 7

Truth in Taxation

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: June 28, 2024
Re: Truth in Taxation and Meeting (Hearing) Schedules

Background:

Every year, a review of the water district's Truth in Taxation (TNT) requirements is presented for public review. Water districts compare the *average home value* from the previous to the current year. This is different compared to other taxing bodies since they evaluate their total taxable value from one year to the next. The STWA's Tax Year 2024 Average Home Value will be determined once the certified values are provided by both the Nueces County Appraisal District (NCAD) and Kleberg Couth Appraisal District (KCAD). For the Tax Year 2023, last year's average home value after the \$5,000 homestead exemption was \$125,245. The previous year's average home value was \$108,500 after the \$5,000 homestead exemption.

The STWA's "No New Tax Rate" (NNTR) is calculated by multiplying the Tax Year 2023 average home value by the proposed tax rate to attain a proposed tax bill. That proposed tax bill is compared to the tax bill for last year's average home value using the current year's tax rate. This comparison is made as a dollar amount and as a percentage change.

State law allows up to a 3.5% increase on the M&O (Maintenance & Operation) portion of a property tax without being subject to a rollback election by the authority's residents. Previously, staff has calculated a value below the allowed maximum based on the rollback percentage of 3.5%. This provides the greatest degree of flexibility in terms of adopting a rate since a lower rate can be adopted without another newspaper publication and public hearing.

Analysis:

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

1. Staff anticipates that the Nueces County and Kleberg County Certified Appraisal rolls will be delivered by Thursday, July 25th. Staff also expects delivery to occur via email rather than hand delivered as in past years.
2. The Board agreed to postpone the July meeting by a week until August 6th. During that meeting, a vote is needed on a PROPOSED tax rate which includes setting the date, time and location for the Public Hearing. Although it is not part of the TNT requirements, the Board will also be asked to approve a proposed budget during the August 6th meeting which will be mailed to STWA's wholesale customers the following day, if approved.
3. 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 10th. Public postings in the Corpus Christi

Caller will occur on August 29th and in the Kingsville Record on September 3rd. This will provide the seven-day required advance notice.

Staff Recommendation:

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

| Date | Event | Action |
|------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| July 2, 2024 | Board Meeting | Agree on calendar, confirm quorums, review preliminary FY 2024/25 Budget |
| July 25 th , 2024 | County Appraisal Districts deliver Certified Tax Rolls | Staff calculates Effective Tax Rate using Average Home Values |
| August 6, 2022 | Board Meeting | Board votes on proposed rate, set date/time of hearings, approves sending out Proposed Budget to Wholesale Customers |
| August 7, 2023 | Staff Prep | Proposed Budget sent to Wholesale Customers for 30-day written comment period |
| August 8-Sept 9 | 30-Day Period | Wholesale Customers review/written comment period on the Proposed Budget |
| August 29 and Sept 3, 2024 | Public Notices | Newspaper Notices must be published at least 7 days before the hearing |
| September 10, 2024 | Public Hearing | Board holds public hearing on proposed tax rates |
| September 10, 2024 | Board Meeting | After hearing, Board adopts Tax Rates, Budgets, Water Rates, Handling Charge |
| September 8, 2024 | Nueces County Tax Office Deadline | Failure to submit Tax Rates could result in the STWA paying for separate tax bill mail-outs. |

Board Action:

Determine whether to approve tax schedule (listed above).

Summary:

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

ATTACHMENT 8

Preliminary FY 2025 Budget

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: June 28, 2024
Re: Preliminary Fiscal Year 2024/25 Budget

Background

The STWA must set a tax rate and water rate annually to cover debt and operating expenses. Staff reviews prior expenditures and anticipated costs of the upcoming budget year and continues to review until the Board takes action on approving the budget in September.

Enclosed please find the Preliminary Fiscal Year 2024/2025 Budgets.

As we advance in the budget process, there are several critical items that remain unavailable:

1. **Certified Appraisal Rolls for Kleberg County and Nueces County:**
 - o These rolls contain the taxable values that are essential for calculating the average home value, which in turn is used to determine the effective tax rate. We are still awaiting this data.
2. **Certain Budgeted Costs:**
 - o Rates from the Nueces County Tax Office, the Nueces County Appraisal District, and the Kleberg County Appraisal District are still unknown. While most other expenses are based on historical figures and anticipated costs, the final rates for employee benefits, particularly insurance costs, remain uncertain.
3. **Cost of Raw and Treated Water from the City of Corpus Christi:**
 - o STWA continues to pass through the cost of water from CCW to our Wholesale Customers. Although this cost is passed through, it does affect the volume of water purchased by the City of Kingsville and, consequently, the revenue generated from STWA's Handling Charge.

Analysis

This preliminary budget is based on the same Handling Charge rate of \$0.426386/1 000g. If the same Handling Charge is adopted in FY 2024/25. This Preliminary Budget is based on a sales volume of approximately 550 million gallons and generates approximately \$234,000 in Handling Charge revenues. The calculated volume is based on the five-year average volume for all customers with the exception of the City of Kingsville. 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 average

The draft budget is also based on preliminary appraisal district values and keeping the same M&O tax rate as last year. The Interest and Sinking (I&S) Tax Rate is recalculated using the preliminary appraisal district values; however, the calculation will change with certified values and

with the adoption of tax office and appraisal district rates. The draft budget is based on an overall salary adjustment of 5% for field personnel and 4% for office/support staff along with milestone raises per Board policy. However, the contract for the executive director's salary is set at \$70,000 charged to the STWA budget. The budget includes \$357,500 in capital acquisition which is detailed on page 3 of the General Fund budget.

A Special Services Budget to recoup the cost of providing turn-key management and operation services for the Nueces Water Supply Corporation (NWSC) and Ricardo Water Supply Corporation (RWSC) is pending.

Staff Recommendation

Review the preliminary budgets and provide feedback to staff.

Board Action

Determine what revenues and expenditures need further review or adjustment. Set dates for board budget workshops.

Summary

There are still several variables to determine the final budget. As estimates are received and board input provided a final budget will be presented to the board by September 10th.

**SOUTH TEXAS WATER AUTHORITY
GENERAL FUND
PRELIMINARY FY 2025**

**O & M TAX RATE: \$0.070059
I & S TAX RATE: \$0.015249
HANDLING CHARGE: \$0.426386
WATER RATE: \$2.623485**

| | 2024 ADOPTED BUDGET | 2025 PRELIMINARY BUDGET |
|---------------------------------------|---------------------------|-------------------------------|
| REVENUES | | |
| Water Service Revenue | 1,489,786 | \$1,441,652 |
| Handling Charge Revenue | 277,916 | \$234,307 |
| Premium Incremental Increase | 10,800 | \$11,000 |
| Surcharge - Out of District | 10,500 | \$11,000 |
| Ad Valorem (Current) | 1,659,615 | \$1,659,615 |
| Delinquent Taxes | 37,000 | \$40,000 |
| Penalty & Interest | 26,000 | \$27,500 |
| Interest Income | 220,000 | \$190,000 |
| Interest Note - City of Driscoll | 175 | \$0 |
| Other Revenue | | |
| Operating & Maintenance Fees | 933,479 | \$928,274 |
| Miscellaneous Revenues | 12,000 | \$12,000 |
| Industry Revenues | | |
| TOTAL REVENUES | 4,677,271 | \$4,555,348 |
| EXPENDITURES | | |
| Water Service Expenditures: | | |
| Bulk Water Purchases | \$1,489,786 | \$1,441,652 |
| Water Loss | \$0 | \$0 |
| TOTAL WATER SERVICE | \$1,489,786 | \$1,441,652 |
| Payroll Costs | | |
| Salaries & Wages - | | |
| Permanent Employees | \$824,625 | \$809,530 |
| Part-Time Employee | \$12,480 | \$24,180 |
| Vacation Buy-Back | \$0 | \$10,000 |
| Overtime - NWSC | \$15,000 | \$20,000 |
| Stand-by Pay - NWSC | \$3,900 | \$1,300 |
| Overtime - RWSC | \$15,000 | \$20,000 |
| Stand-by Pay - RWSC | \$3,900 | \$13,000 |
| Overtime - STWA | \$15,000 | \$20,000 |
| Stand-by Pay - STWA | \$1,300 | \$1,300 |
| Employee Retirement Premiums | \$118,782 | \$120,455 |
| Group Insurance Premium | \$559,361 | \$524,962 |
| Unemployment Compensation | \$162 | \$1,022 |
| Workers' Compensation | \$13,629 | \$9,408 |
| Hospital Insurance Tax | \$12,974 | \$11,736 |
| TOTAL PERSONNEL | \$1,596,113 | \$1,586,893 |
| Supplies & Materials | | |
| Repairs & Maintenance | \$150,000 | \$175,000 |
| Meter Expense | \$5,000 | \$5,000 |
| Tank Repairs | \$30,000 | \$40,000 |
| Major Repairs | \$25,000 | \$25,000 |
| TOTAL SUPPLIES & MATERIALS | \$210,000 | \$245,000 |

| | 2024 ADOPTED BUDGET | 2025 PRELIMINARY BUDGET |
|-------------------------------------------------------|---------------------------|-------------------------------|
| Other Operating Expenditures: | | |
| Professional Fees | | |
| Legal | 40,000 | \$75,000 |
| Auditing | 10,500 | \$12,500 |
| Engineering | 50,000 | \$50,000 |
| Management & Consulting | 125,000 | \$125,000 |
| Inspections | 7,500 | \$7,500 |
| Tax Collector Fees | 60,627 | \$60,627 |
| Appraisal District Fees | 11,264 | \$11,264 |
| TOTAL PROFESSIONAL FEES | \$304,891 | \$341,891 |
| Consum Supplies/Materials | | |
| Postage | 14,545 | \$9,500 |
| Printing/Office Supplies | 44,500 | \$45,000 |
| Janitorial/Site Maintenance | 19,000 | \$22,000 |
| Fuel/Lubricants/Repairs | 140,000 | \$85,000 |
| Chemicals/Water Samples | 60,000 | \$65,000 |
| Safety Equipment | 2,000 | \$3,000 |
| Small Tools | 3,000 | \$3,000 |
| TOTAL CON. SUPPLIES/MATERIALS | 283,045 | \$232,500 |
| Recurring Operating Costs | | |
| Telephone/Communications | 52,000 | \$48,000 |
| Utilities | 122,500 | \$122,500 |
| D & O Liability Insurance | 3,500 | \$3,500 |
| Property Insurance | 48,000 | \$58,000 |
| General Liability | 5,500 | \$5,500 |
| Auto Insurance | 3,100 | \$5,000 |
| Travel/Training/Meetings-Staff | 15,000 | \$20,000 |
| Travel/Training/Meetings-Board of Dir | 10,000 | \$10,000 |
| Travel/Training/Meetings-Legislation | 0 | \$10,000 |
| Rental-Equipment/Uniforms | 6,000 | \$6,500 |
| Dues/Subscriptions/Publication | 17,500 | \$18,000 |
| Pass Through Cost | 400 | \$400 |
| Educational Materials | 0 | \$0 |
| TOTAL RECURRING OPER. COSTS | \$283,500 | \$307,400 |
| Miscellaneous | | |
| Miscellaneous Expenditures | \$15,000 | \$20,000 |
| TOTAL MISCELLANEOUS | \$15,000 | \$20,000 |
| Total Administrative & Operations Exp. | \$4,182,335 | \$4,175,336 |
| Capital Outlay | | |
| Capital Acquisition | \$230,500 | \$182,500 |
| Engineering | \$50,000 | \$175,000 |
| TOTAL CAPITAL OUTLAY | \$280,500 | \$357,500 |
| TOTAL EXPENDITURES (w/o D.S. exp.) | \$4,462,835 | \$4,532,836 |
| Excess (Deficiencies) of Revenue Over Expenditures | \$214,436 | \$22,512 |

| | 2024 ADOPTED BUDGET | 2025 PRELIMINARY BUDGET |
|--------------------------------------------------------------------|---------------------------|-------------------------------|
| OTHER FINANCE SOURCE (USES) | | |
| Transfer to Other Funds | | |
| Disposition of Assets (Surplus Sale) | \$1,500 | \$1,500 |
| Transfer from Tax Accounts | \$0 | \$0 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$1,500 | \$1,500 |
| EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES) | \$215,936 | \$24,012 |
| NET INCOME | \$215,936 | \$24,012 |

| Capital Acquisition | FY 2024 | FY 2025 |
|----------------------------|-------------------------|------------------------------------------------|
| 2 New Trucks | \$115,000 | \$50,000 1 New Truck |
| Technology Upgrades | \$5,500 | \$70,000 1 Haul Truck |
| PS Fencing | \$30,000 | \$27,000 Office Car |
| Mini Trackhoe | \$80,000 | \$5,500 Technology |
| | | \$30,000 PS Fencing |
| | \$230,500 | \$182,500 |
| Engineering-New Office | Engineering \$50,000 | \$50,000 New Office \$125,000 Hydrology Rpt |
| | | \$175,000 |
| Total | \$280,500 | \$357,500 |

ATTACHMENT 9

Excavator Bids

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: June 28, 2024
Re: Award Bid for Excavator – Fiscal Year 2023/24

Background:

The current year budget FY 23/24 has an excavator approved as a Capital Improvement item. The original amount planned was for \$80,000. The specifications for this equipment was submitted to area vendors with three (3) bids received.

Authority received three (3) bids for this item ranging from \$39,000 to \$52,000.

Analysis:

The attached bids show three submissions with a low bid of \$39,029.73

All bids meet minimum specifications as approved by the board and outlines by staff.

Staff Recommendation:

Review and award a winning bid. Determine whether to proceed with the lowest bid.

Board Action:

Authorize the winning bid for an excavator.

Summary:

The purchase of this equipment will provide field staff an additional option to work on emergency leaks, constructing new water lines and moving heavy loads of materials. This request also allows Operations and Maintenance (O&M) an additional tool to plan for and carry out more taps for new waterline accounts.



Prepared For:
 Patrick Sendejo
 South Texas Water Authority
 2302 East Sage Road
 Kingsville Tx 78363

Dealer Information
 BOSSTX INC (HL)
 809 STEVE HAWKINS PARKWAY
 TEXAS

Prepared By:
 WESLEY MOBLEY
 wesley.mobley@bossjcb.com
 mobile:
 Quote Date: 05/16/24
 Valid Until: 06/15/24
 Quotation Reference: 418402

phone:3615929323
 cp@stwa.org

Model: 35Z-1

Qty: 1

Stock Order/Serial No:3354111

35Z-1 MINI PLUS CANOPY PRIMARY BUILD:
 CANOPY OPTION ROPS/FOPS/TOPS CERTIFIED
 JCB TRACKMASTER PLUS RUBBER TRACKS 300MM (12 INCHES)
 ISO CONTROL PATTERN:HIGH FLOW DOUBLE ACTING ELECPROP THUMB
 CONTROLLED AUX FOR 2 WAY DOZER
 HIGHBACK VINYL SEAT WITH BLACK RETRACTABLE SEATBELT
 ENGLISH (US) LANGUAGE PACK
 STANDARD 1300MM DIPPER
 STANDARD 2 WAY DOZER
 DOZER FLOAT FOR STANDARD 2 WAY DOZER
 ISO/SAE CHANGEOVER CONTROL PAT TERN FOR CANOPY
 LED AMBER BEACON
 HYDRAULIC QUICKHITCH PIPEWORK - CANOPY
 LIVELINK FOR CANOPY BUILD:
 HIGH SPEC CODE FOR CANOPY BUIL DS
 5 Year 3000 Hour Warranty
 First 500 Hour Service
 Cash Rebate
 24" Pin On Bucket

| | | |
|----------------------------------|-----------|------------------|
| Equipment Total | | 54,355.18 |
| Less Trade In | | 18,300.00 |
| (66641 - Case CX36B) | 18,300.00 | |
| Total Less Trade | | 36,055.18 |
| TERP Tax | | 0.00 |
| Sales Tax | | 2,974.55 |
| Total Customer Sale Price | | 39,029.73 |

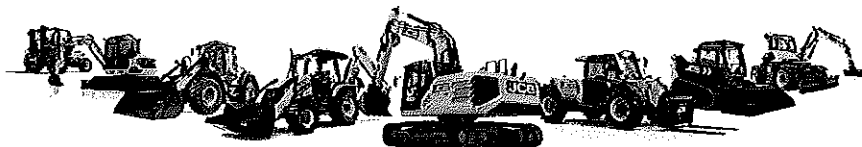
This quote is valid for 30 days.

Customer Acceptance: _____

Date _____

Dealer _____

Date _____





Quotation Number: JA551762
 Quote Sent Date: May 23, 2024
 Expiration Date: Jun 22, 2024
 Prepared By: Jesus Avelar
 Phone: (361) 815-5374
 Email: javelar@bobcatce.com

Customer
South Texas Water Authority
 Phone: +1 361 720 0361

Contact

Dealer
Bobcat of Corpus Christi, Corpus Christi, TX
 765 Diamond Cut Dr
 CORPUS CHRISTI, TX, 78409

| Item Name | Item Number | Quantity | Price Each | Total |
|---------------------------------------------------------------------------------------------------------------|---------------|----------|---------------------------------------------------------|------------------|
| E38 R2-Series Bobcat Compact Excavator | M3414 | 1 | 65,358.00 | 65,358.00 |
| Standard Equipment: | | | | |
| 33 HP Tier 4 | | | Hydraulic Joystick Controls | |
| Auto Idle | | | Keyed Ignition | |
| Auto-Shift, 2-Speed Travel | | | Lift Eye | |
| Auxiliary Hydraulics, Selectable Flow with Arm Mounted Flush Face Quick Couplers | | | Rubber Tracks | |
| Canopy | | | Spark Arrestor Exhaust System | |
| Includes: Cup Holder, Retractable Seat Belt, Vinyl Suspension Seat | | | Standard Arm | |
| Roll Over Protective Structure (ROPS)- Meets Requirements of ISO 12117-2: 2008 | | | Turbocharged Tier 4 Diesel Engine, Non DPF | |
| Tip Over Protective Structure (TOPS) - Meets Requirements of ISO 12117: 2000 | | | Vandalism Protection | |
| Falling Object Protective Structure (FOPS) - Meets Requirements of ISO 10262:1998 | | | Work Lights - LED | |
| Control Console Locks | | | X-Change (Attachment Mounting System) | |
| Control Pattern Selector Valve (ISO/STD) | | | Zero Tail Swing | |
| Display - Standard Instrument Panel | | | Telematics - Machine IQ | |
| Dozer Blade with Float | | | Warranty: 2 years, or 2000 hours whichever occurs first | |
| Engine/Hydraulic Monitor with Shutdown | | | | |
| Fingertip Auxiliary Hydraulic Control | | | | |
| Fingertip Boom Swing Control | | | | |
| Horn | | | | |
| Base Package | M3414-P11-C01 | 1 | 0.00 | 0.00 |
| <i>Included:</i> Base Package:, Open Canopy, Standard Instrument Panel, Keyed Ignition, Vinyl Suspension Seat | | | | |
| 24" MX3 XCHG TEETH | 7323530 | 1 | 1,611.00 | 1,611.00 |
| 36 Month/2000 Hour Full Extended Warranty | 9974411 | 1 | 900.00 | 900.00 |
| In Lieu of Financing Rebate: US May-Jun 2024 | | 1 | 5,000.00 | - 5,000.00 |
| Total for E38 R2-Series Bobcat Compact Excavator | | | | 62,869.00 |
| Quote Total - USD | | | | 62,869.00 |
| Dealer P.D.I. | | | | 200.00 |
| Freight Charges | | | | 1,275.00 |

| | |
|------------------------------|------------------|
| Destination Charges | 102.00 |
| Discount | |
| <i>CASE TRADE IN</i> | -11,700.00 |
| <i>LOYAL BOBCAT CUSTOMER</i> | -10,100.00 |
| Sales total before Taxes | 42,646.00 |
| Taxes | 0.00 |
| Quote Total - USD | 42,646.00 |

Customer acceptance:

Quotation Number:: JA551762

Purchase Order: _____

Authorized Signature:

Print: _____ Sign: _____

Date: _____ Email: _____ Tax Exempt: Y / N



Distributor Name: Nueces Power Equipment
 Sales Person:
 Phone Number: 361-289-0066

Date: 6/28/2024

Price list date: 2/7/2023

Customer name: SOUTH TEXAS WATER AUTHORITY
 Customer Contact: PATRICK SENDEJO
 Customer Email:
 Customer PO#:
 PO Date

Model Discount: 25%
 Factor 75%

| Machine Make | Model | Description | Sales Code | Factory List Price | Customer Price |
|----------------------------------------------|-------------------------------------|-------------|------------|--------------------|----------------|
| CASE | CX37C | MINI EX | 685-22 | \$ 53,440.00 | \$ 40,080.00 |
| Ref. No. | Description | | | | |
| | RUBBER TRACKS | | | \$ - | \$ - |
| | OPEN ROPS CANOPY | | | \$ - | \$ - |
| | ADDITIONAL COUNTERWEIGHT | | | \$ 193.00 | \$ 144.75 |
| | AUX HYDRAULICS | | | \$ 1,740.00 | \$ 1,305.00 |
| | LED LIGHTS | | | \$ 139.00 | \$ 104.25 |
| | 4 WAY DOZER BLADE | | | \$ 3,133.00 | \$ 2,349.75 |
| | 12" BUCKET | | | \$ 1,427.00 | \$ 1,070.25 |
| | | | | \$ - | \$ - |
| | | | | \$ - | \$ - |
| | | | | \$ - | \$ - |
| Factory Options & Attachments | | | | | |
| Ref. No. | Description | | | | |
| | | | | \$ - | \$ - |
| | | | | \$ - | \$ - |
| | | | | \$ - | \$ - |
| | | | | \$ - | \$ - |
| | | | | \$ - | \$ - |
| | | | | \$ - | \$ - |
| Non-Factory Options & Attachments | | | | | |
| Ref. No. | Description | | | | |
| | Warranty | | | \$ - | \$ - |
| | Factory Freight | | | \$ - | \$ - |
| | Local Delivery | | | \$ 3,750.00 | \$ 3,750.00 |
| | PDI & Training | | | \$ 400.00 | \$ 400.00 |
| | Steel Surcharge | | | \$ 2,250.00 | \$ 2,250.00 |
| | | | | \$ 998.00 | \$ 998.00 |
| | Sub Total | | | \$ 52,452.00 | \$ 52,452.00 |
| | Additional Discount/Trade in | | | | \$ 0 |
| | Heavy Equipment Tax 0.13230 | | | \$ 69.39 | \$ 69.39 |
| Validity | 60 days | | | | |
| Delivery | 30-150 Days A.R.O. | | | | |
| FOB | Customers Yard | | | | |
| | Total Sale Price | | | \$ 52,521.39 | \$ 52,521.39 |

ATTACHMENT 10

Resolution 24-14

SOUTH TEXAS WATER AUTHORITY

RESOLUTION 24-14

RESOLUTION AWARDING THE BID FOR THE PURCHASE OF ONE
EXCAVATOR.

WHEREAS, the South Texas Water Authority solicited bids to acquire one (1) excavator for the Authority's use, and

WHEREAS, the Board of Directors of the South Texas Water Authority has reviewed the bids and finds that _____ has submitted the lowest responsible bid.

NOW, THEREFORE, BE IT RESOLVED that the South Texas Water Authority Board of Directors awards the bid for one (1) excavator to _____.

Duly adopted this 2nd day of July, 2024.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 11

First Amendment to Amended and Restated WSC with RWSC

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: June 28, 2024
Re: First Amendment-Amended and Restated Water Supply Contract-STWA_RWSC

Background:

This item is a matter of amending our mutual water contracts and having them approved by both boards. Our Bond Counsel of Winstead PC and represented by Daniel Martinez reviewed the amendment, made revisions and provided to the STWA for their July 2, 2024 meeting to amend.

It is the opinion of our counsel that both parties enter into a new Water Supply Contract for the length of the proposed TWDB funding being finalized and allocated to the STWA for infrastructure improvements.

Analysis:

The amended provided and adopted by the STWA on July 2, 2024 is identical to the one that will be presented to the RWSC board. Once adopted and signed by both parties the amendment will be provided to TWDB to complete the final steps of securing State Revolving Funds (SRF).

Staff Recommendation:

Determine whether to amend the Water Supply Contract between the South Texas Water Authority and Ricardo Water Supply Corporation.

Board Action:

Approve the First Amendment to Amended and Restated Water Supply Contract between STWA and RWSC.

Summary:

Based on the information provided by our Bond Counsel this is the final hurdle to complete in order to receive recommendation and approval by the Texas Water Development Board for State Revolving Funds to STWA on behalf of the Nueces and Ricardo Water Supply Corporations. The revised agreement was drafted by our bond counsel, and once presented, approved by STWA will go to the Ricardo WSC for approval.

Once the agreements are signed, they will be forwarded to TWDB for their review and final approval to comply with SRFs.

FIRST AMENDMENT TO
AMENDED AND RESTATED WATER SUPPLY CONTRACT
BETWEEN SOUTH TEXAS WATER AUTHORITY AND
RICARDO WATER SUPPLY CORPORATION

This First Amendment to Amended and Restated Water Supply Contract between South Texas Water Authority and Nueces Water Supply Corporation (the "First Amendment") is by and between South Texas Water Authority, a governmental agency, conservation and reclamation district and body politic and corporate, having been created under Chapter 436 Acts of the 66th Legislature, Regular Session, 1979 of the Laws of the State of Texas, all pursuant to Article XVI, Section 59 of the Texas Constitution (the "Authority"), and Ricardo Water Supply Corporation, a Texas nonprofit corporation, in Kleberg County, Texas (the "Wholesale Customer"). The Wholesale Customer and the Authority are referred to individually as a Party, and collectively as the Parties.

RECITALS

WHEREAS, the Wholesale Customer and the Authority entered into that certain Amended and Restated Water Supply Contract, effective May 5, 2016 (the "Contract"); and

WHEREAS, the Parties want to further amend the Contract to extend the term of the Contract and provide that such Contract shall remain in effect as long as any obligations secured by the payments required by the Contract are outstanding.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Wholesale Customer and the Authority agree as follows.

I.

Effect of Amendment

The following definitions are hereby added: Bonds, Credit Agreements and Land Interests, and due to renumbering, the section is replaced in its entirety as follows:

(A) "Bonds" means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under this Contract and the interest thereon, hereafter issued by the Authority to finance the costs to acquire, improve, extend, construct, and equip the System or any Land Interests, and any bonds or other obligations issued to Bonds and any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.

(B) "Corpus Christi Water Supply Agreement" shall mean the Water Supply Agreement by and between the Authority and the City of Corpus Christi, Texas, dated October 14, 1980, as amended and supplemented from time to time and as modified by the Settlement Agreement and Mutual Release between the Authority, San Patricio Municipal Water District and the City of Corpus Christi effective as of August 13, 2013.

(C) "Credit Agreement" means any credit agreement, as defined in and authorized by the provisions under Texas law which the Authority enters into relating to its obligations with respect to the Bonds.

(D) "Fiscal year" shall mean the twelve month period beginning on October 1 and ending September 30 or such other twelve month period as designated by the Authority.

(E) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the System.

(F) "Maintenance and Operating Expenses" shall mean all costs of the Authority for operation, maintenance, repair and replacement of the System to the point of delivery for each Wholesale Customer, including, but not limited to, accounting, administration, engineering, and legal expenses and a reasonable reserve to pay for any extraordinary or nonrecurring expenses of operation or maintenance of the System and for replacements and repairs if such expenses should become necessary. Maintenance and Operating Expenses shall include payments under contracts for the purchase of water supply or other services for the System. Maintenance and Operating Expenses shall not include any costs or expenses incurred by the Authority in connection with Special Services.

(G) "Maintenance and Operations Tax" shall mean the ad valorem tax levied by the Authority in accordance with Chapter 49 of the Texas Water Code as authorized by the election of August 11, 2001, at a rate not to exceed \$0.12 per \$100 taxable value.

(H) "Special Services" shall mean services provided by the Authority to a Wholesale Customer other entity for the operation, maintenance or management of any facilities or operations of such party that are not part of the Authority's System.

(I) "System" shall mean the Authority's existing water supply and distribution system, together with all future extensions, improvements, enlargements and additions thereto, and all replacements thereof.

(J) "System Operating Charge" shall mean the monthly charge; per 1,000 gallons described in Section 8 consisting of the "pass through charge" for the purchase of water from the City of Corpus Christi and the "handling charge" to pay Maintenance and Operating Expenses.

(K) "Wholesale Customers" shall mean the Cities of Agua Dulce, Bishop; Driscoll and Kingsville, Nueces County Water Control and Improvement District No. 5, Nueces Water Supply Corporation and Ricardo Water Supply Corporation, and any other future contracting parties that purchase water from the Authority for municipal, industrial or agricultural purposes.

The following language shall replace Section 12 "Term of Contract" in its entirety:

This contract shall be and continue in full force and effect for a period of twenty five (25) years following the date it has been executed by both parties and shall be and continue in full force and effect until the Bonds or Credit Agreements secured by the payments from the Corporation herein are no longer outstanding.

As hereby amended, the Contract shall continue in effect pursuant to its terms.

Effective Date

This Fourth Amendment shall be effective as of the date on which it has been signed by both Parties.

SOUTH TEXAS WATER AUTHORITY

By: _____

Name: _____
President, Board of Directors

Dated: July __, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[AUTHORITY'S SEAL]

RICARDO WATER SUPPLY CORPORATION

By: _____

Name: _____
President, Board of Directors

Dated: July __, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[CORPORATION'S SEAL]

ATTACHMENT 12

Third Amendment to Management Agreement with RWSC

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: June 28, 2024
Re: Third Amendment to Management Agreement with the Ricardo Water Supply Corporation

Background:

The amendment to this agreement is to address any concerns regarding the long-term commitment and partnership between the South Texas Water Authority and the Ricardo Water Supply Corporation for their on-going Management Agreement. As last amended in 1996 both entities agreed to have the Executive Director or designee serve in the role of Administration on behalf of the corporation for all day-to-day operations. While the STWA, RWSC and NWSC have applied and sought out state funding through the TWDB (Texas Water Development Board) State Revolving Funds (SRF) it has been recommended by our Bond Counsel that extending the Management Agreement for the life of the funding proves to the state this partnership will not dissolve.

Analysis:

The amended provided and adopted by the STWA on July 2, 2024 is identical to the one that will be presented to the Water Supply Corporation board. Once adopted and signed by both parties the amendment will be provided to TWDB to complete the final steps of securing State Revolving Funds (SRF).

Staff Recommendation:

Determine whether to amend the Management Contract between the South Texas Water Authority and Ricardo Water Supply Corporation.

Board Action:

Approve the Third Amendment to the Management Contract between STWA and RWSC.

Summary:

Based on the information provided by our Bond Counsel this is the final hurdle to complete in order to receive recommendation and approval by the Texas Water Development Board for State Revolving Funds to STWA on behalf of the Nueces and Ricardo Water Supply Corporations. The revised agreement was drafted by our bond counsel, and once presented, approved by STWA will go to the WSC for approval.

Once the agreements are signed, they will be forwarded to TWDB for their review and final approval to comply with SRFs.

THIRD AMENDMENT TO MANAGEMENT AGREEMENT

THE STATE OF TEXAS *

COUNTIES OF KLEBERG & NUECES *

This Third Amendment to Management Agreement (the "Third Amendment"), effective as of the _____ day of July, 2024, between the South Texas Water Authority, a governmental agency, conservation and reclamation District and body politic and corporate, having been created under Chapter 436 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas, all pursuant to Article XVI, Section 59 of the Texas Constitution (hereinafter called "Authority") and the Ricardo Water Supply Corporation, a Texas corporation organized under and by virtue of Art. 1434a of Vernons Annotated Texas Civil Statutes (hereinafter the "Corporation").

RECITALS

WHEREAS, the Corporation and the Authority entered into that certain Management Agreement dated January 28, 1991, the First Amendment to Management Agreement, dated June 16, 1992 (the "First Amendment"), and the Second Amendment to Management Agreement, dated December 2, 1996 (the "Second Amendment" together with the First Amendment, the "Agreement"); and

WHEREAS, the Authority and the Corporation desire to amend that Agreement to extend the term of the Agreement and provide that the Agreement shall be in effect so long as any bonds or obligations secured by the payments pursuant to the water supply contract between the parties are outstanding.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Authority and the Corporation agree as follows:

I.
Effect of Amendment

The following language shall replace Section 7 of the Agreement in its entirety:

SECTION 7. TERM OF CONTRACT

It is agreed between the parties hereto that this Agreement shall be effective on the date first shown and shall be an continue in full force and effect for a period of twenty five years, or until all bonds, obligations, or credit agreements issued by the Authority, or loan agreements of the Corporation have been paid, whichever shall occur latest. Provided, however, that either party may at any time terminate this Agreement by giving the other party ninety (90) days written notice of such termination so long as any bonds, obligations, or credit agreements issued by the Authority or loan agreements of the Corporation are no longer outstanding.

II.
Effective Date

This Third Amendment shall be effective as of the date on which it has been signed by the Authority and the Corporation.

The Authority and the Corporation have executed this Third Amendment in multiple counterparts, each executed copy shall be considered as an original, by their respective duly authorized representatives.

SOUTH TEXAS WATER AUTHORITY

By: _____

Name: _____
President, Board of Directors

Dated: July __, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[AUTHORITY'S SEAL]

RICARDO WATER SUPPLY CORPORATION

By: _____

Name: _____
President, Board of Directors

Dated: July __, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[CORPORATION'S SEAL]

ATTACHMENT 13

Fourth Amendment to Amended and Restated WSC with NWSC

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: June 28, 2024
Re: Fourth Amendment-Amended and Restated Water Supply Contract-STWA_NWSC

Background:

This item is a matter of amending our mutual water contracts and having them approved by both boards. Our Bond Counsel of Winstead PC and represented by Daniel Martinez reviewed the amendment, made revisions and provided to the STWA for their July 2, 2024 meeting to amend.

It is the opinion of our counsel that both parties enter into a new Water Supply Contract for the length of the proposed TWDB funding being finalized and allocated to the STWA for infrastructure improvements.

Analysis:

The amended provided and adopted by the STWA on July 2, 2024 is identical to the one that will be presented to the NWSC board. Once adopted and signed by both parties the amendment will be provided to TWDB to complete the final steps of securing State Revolving Funds (SRF).

Staff Recommendation:

Determine whether to amend the Water Supply Contract between the South Texas Water Authority and Nueces Water Supply Corporation.

Board Action:

Approve the Fourth Amendment to Amended and Restated Water Supply Contract between STWA and NWSC.

Summary:

Based on the information provided by our Bond Counsel this is the final hurdle to complete in order to receive recommendation and approval by the Texas Water Development Board for State Revolving Funds to STWA on behalf of the Nueces and Ricardo Water Supply Corporations. The revised agreement was drafted by our bond counsel, and once presented, approved by STWA will go to the WSC for approval.

Once the agreements are signed, they will be forwarded to TWDB for their review and final approval to comply with SRFs.

FOURTH AMENDMENT TO
AMENDED AND RESTATED WATER SUPPLY CONTRACT
BETWEEN SOUTH TEXAS WATER AUTHORITY AND
NUECES WATER SUPPLY CORPORATION

This Fourth Amendment to Amended and Restated Water Supply Contract between South Texas Water Authority and Nueces Water Supply Corporation (the "Fourth Amendment") is by and between South Texas Water Authority, a governmental agency, conservation and reclamation district and body politic and corporate, having been created under Chapter 436 Acts of the 66th Legislature, Regular Session, 1979 of the Laws of the State of Texas, all pursuant to Article XVI, Section 59 of the Texas Constitution (the "Authority"), and Nueces Water Supply Corporation, a Texas nonprofit corporation, in Nueces County, Texas (the "Wholesale Customer"). The Wholesale Customer and the Authority are referred to individually as a Party, and collectively as the Parties.

RECITALS

WHEREAS, the Wholesale Customer and the Authority entered into that certain Amended and Restated Water Supply Contract, effective May 5, 2016, and that certain First Amendment to Amended and Restated Water Supply Contract effective November 1, 2018, that certain Second Amendment to Amended and Restated Water Supply Contract effective August 3, 2023, and that certain Third Amendment to Amended and Restated Water Supply Contract effective August 8, 2023 (collectively, the "Contract"); and

WHEREAS, the Parties want to further amend the Contract to extend the term of the Contract and provide that such Contract shall remain in effect as long as any obligations secured by the payments required by the Contract are outstanding.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Wholesale Customer and the Authority agree as follows.

I.

Effect of Amendment

The following definitions are hereby added: Bonds, Credit Agreements and Land Interests, and due to renumbering, the section is replaced in its entirety as follows:

(A) "Bonds" means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under this Contract and the interest thereon, hereafter issued by the Authority to finance the costs to acquire, improve, extend, construct, and equip the System or any Land Interests, and any bonds or other obligations issued to Bonds and any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.

(B) "Corpus Christi Water Supply Agreement" shall mean the Water Supply Agreement by and between the Authority and the City of Corpus Christi, Texas, dated October 14, 1980, as amended and supplemented from time to time and as modified by the Settlement Agreement and Mutual Release between the Authority, San Patricio Municipal Water District and the City of Corpus Christi effective as of August 13, 2013.

(C) "Credit Agreement" means any credit agreement, as defined in and authorized by the provisions under Texas law which the Authority enters into relating to its obligations with respect to the Bonds.

(D) "Fiscal year" shall mean the twelve month period beginning on October 1 and ending September 30 or such other twelve month period as designated by the Authority.

(E) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the System.

(F) "Maintenance and Operating Expenses" shall mean all costs of the Authority for operation, maintenance, repair and replacement of the System to the point of delivery for each Wholesale Customer, including, but not limited to, accounting, administration, engineering, and legal expenses and a reasonable reserve to pay for any extraordinary or nonrecurring expenses of operation or maintenance of the System and for replacements and repairs if such expenses should become necessary. Maintenance and Operating Expenses shall include payments under contracts for the purchase of water supply or other services for the System. Maintenance and Operating Expenses shall not include any costs or expenses incurred by the Authority in connection with Special Services.

(G) "Maintenance and Operations Tax" shall mean the ad valorem tax levied by the Authority in accordance with Chapter 49 of the Texas Water Code as authorized by the election of August 11, 2001, at a rate not to exceed \$0.12 per \$100 taxable value.

(H) "Special Services" shall mean services provided by the Authority to a Wholesale Customer other entity for the operation, maintenance or management of any facilities or operations of such party that are not part of the Authority's System.

(I) "System" shall mean the Authority's existing water supply and distribution system, together with all future extensions, improvements, enlargements and additions thereto, and all replacements thereof.

(J) "System Operating Charge" shall mean the monthly charge; per 1,000 gallons described in Section 8 consisting of the "pass through charge" for the purchase of water from the City of Corpus Christi and the "handling charge" to pay Maintenance and Operating Expenses.

(K) "Wholesale Customers" shall mean the Cities of Agua Dulce, Bishop; Driscoll and Kingsville, Nueces County Water Control and Improvement District No. 5, Nueces Water Supply Corporation and Ricardo Water Supply Corporation, and any other future contracting parties that purchase water from the Authority for municipal, industrial or agricultural purposes.

The following language shall replace Section 12 "Term of Contract" in its entirety:

This contract shall be and continue in full force and effect for a period of twenty five (25) years following the date it has been executed by both parties and shall be and continue in full force and effect until the Bonds or Credit Agreements secured by the payments from the Corporation herein are no longer outstanding.

As hereby amended, the Contract shall continue in effect pursuant to its terms.

Effective Date

This Fourth Amendment shall be effective as of the date on which it has been signed by both Parties.

SOUTH TEXAS WATER AUTHORITY

By: _____

Name: _____
President, Board of Directors

Dated: July __, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[AUTHORITY'S SEAL]

NUECES WATER SUPPLY CORPORATION

By: _____

Name: _____
President, Board of Directors

Dated: July __, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[CORPORATION'S SEAL]

ATTACHMENT 14

Fourth Amendment to Management Agreement with NWSC

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: June 28, 2024
Re: Fourth Amendment to Management Agreement with the Nueces Water Supply Corporation

Background:

The amendment to this agreement is to address any concerns regarding the long-term commitment and partnership between the South Texas Water Authority and the Nueces Water Supply Corporation for their on-going Management Agreement. As last amended in 1996 both entities agreed to have the Executive Director or designee serve in the role of Administration on behalf of the corporation for all day-to-day operations. While the STWA, RWSC and NWSC have applied and sought out state funding through the TWDB (Texas Water Development Board) State Revolving Funds (SRF) it has been recommended by our Bond Counsel that extending the Management Agreement for the life of the funding proves to the state this partnership will not dissolve.

Analysis:

The amended provided and adopted by the STWA on July 2, 2024 is identical to the one that will be presented to the Water Supply Corporation board. Once adopted and signed by both parties the amendment will be provided to TWDB to complete the final steps of securing State Revolving Funds (SRF).

Staff Recommendation:

Determine whether to amend the Management Contract between the South Texas Water Authority and Nueces Water Supply Corporation.

Board Action:

Approve the Fourth Amendment to the Management Contract between STWA and NWSC.

Summary:

Based on the information provided by our Bond Counsel this is the final hurdle to complete in order to receive recommendation and approval by the Texas Water Development Board for State Revolving Funds to STWA on behalf of the Nueces and Ricardo Water Supply Corporations. The revised agreement was drafted by our bond counsel, and once presented, approved by STWA will go to the WSC for approval.

Once the agreements are signed, they will be forwarded to TWDB for their review and final approval to comply with SRFs.

FOURTH AMENDMENT TO MANAGEMENT AGREEMENT

THE STATE OF TEXAS *

COUNTIES OF KLEBERG & NUECES *

This Fourth Amendment to Management Agreement (the "Fourth Amendment"), effective as of the _____ day of July, 2024, between the South Texas Water Authority, a governmental agency, conservation and reclamation District and body politic and corporate, having been created under Chapter 436 Acts of the 66th Legislature, Regular Session, 1979, of the laws of the State of Texas, all pursuant to Article XVI, Section 59 of the Texas Constitution (hereinafter called "Authority") and the Nueces Water Supply Corporation, a Texas corporation organized under and by virtue of Art. 1434a of Vernons Annotated Texas Civil Statutes (hereinafter the "Corporation").

RECITALS

WHEREAS, the Corporation and the Authority entered into that certain Management Agreement dated November 4, 1985, as amended by the First Amendment to Management Agreement, dated February 4, 1991 (the "First Amendment"), the Second Amendment to Management Agreement, dated July 6, 1992 (the "Second Amendment"), and the Third Amendment to Management Agreement, dated December 2, 1996 (the "Third Amendment", together with the First Amendment, Second Amendment, the "Agreement"); and

WHEREAS, the Authority and the Corporation desire to amend that Agreement to extend the term of the Agreement and provide that the Agreement shall be in effect so long as any bonds or obligations secured by the payments pursuant to the water supply contract between the parties are outstanding.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Authority and the Corporation agree as follows:

I.

Effect of Amendment

The following language shall replace Section 7 of the Agreement in its entirety:

SECTION 7. TERM OF CONTRACT

It is agreed between the parties hereto that this Agreement shall be effective on the date first shown and shall be an continue in full force and effect for a period of twenty five years, or until all bonds, obligations, or credit agreements issued by the Authority, or loan agreements of the Corporation have been paid, whichever shall occur latest. Provided, however, that either party may at any time terminate this Agreement by giving the other party ninety (90) days written notice of such termination so long as any bonds, obligations, or credit agreements issued by the Authority or loan agreements of the Corporation are no longer outstanding.

II.
Effective Date

This Fourth Amendment shall be effective as of the date on which it has been signed by the Authority and the Corporation.

The Authority and the Corporation have executed this Fourth Amendment in multiple counterparts, each executed copy shall be considered as an original, by their respective duly authorized representatives.

SOUTH TEXAS WATER AUTHORITY

By: _____

Name: _____
President, Board of Directors

Dated: July ____, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[AUTHORITY'S SEAL]

NUECES WATER SUPPLY CORPORATION

By: _____

Name: _____
President, Board of Directors

Dated: July ____, 2024

ATTEST:

By: _____

Name: _____
Secretary, Board of Directors

[CORPORATION'S SEAL]