

MEMORANDUM

TO: South Texas Water Authority Board of Directors  
FROM: Kathleen Lowman, President  
DATE: July 22, 2019  
SUBJECT: Public Hearing Notice and Agenda for the South Texas Water Authority

A public hearing of the STWA Board of Directors is scheduled for:

**Tuesday, July 30, 2019**

5:30 p.m.

South Texas Water Authority  
2302 East Sage Road  
Kingsville, Texas

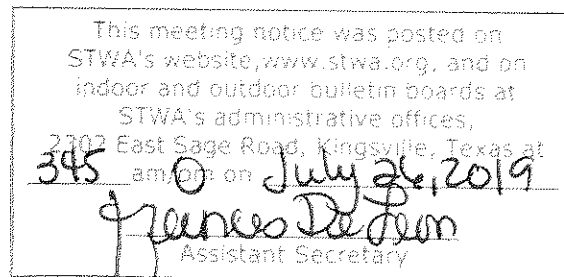
to consider and act upon any lawful subject which may come before it, including among others, the following:

Agenda

1. Call to order.
2. Petition for Addition of Certain Lands to the South Texas Water Authority.
  - a. Stephanie Lynn Ramirez – Tract 9-H, The Ranch in Nueces County, Texas
3. Public Comment
4. 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



MEMORANDUM

TO: South Texas Water Authority Board of Directors  
FROM: Kathleen Lowman, President  
DATE: July 22, 2019  
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 30, 2019**  
5:35 p.m.  
South Texas Water Authority  
2302 East Sage Road, Kingsville, Texas

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

Agenda

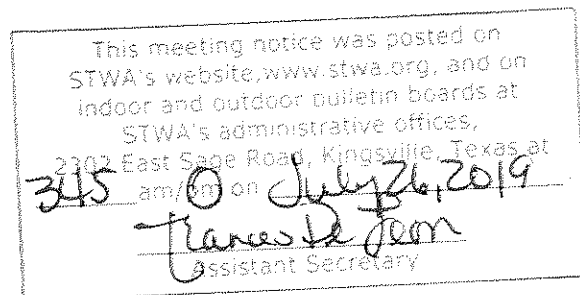
1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. New Board member's oath of office.
4. Election of Officers (Vice-President).
5. Approval of Minutes. (Attachment 1)
6. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 2)
7. Review of 2019 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties. (Attachment 3)
8. **Resolution 19-39.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2019. (Attachment 4)
9. **Resolution 19-40.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2019. (Attachment 4)
10. Preliminary Fiscal Year 2020 Budget. (Attachment 5)

11. Proposed Fiscal Year 2020/Tax Year 2019 tax rate and authorization to publish notice of public hearing. (Attachment 6)
12. Commitment Letter to provide funds for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation. (Attachment 7)
13. License Agreement with City of Bishop for Pump Station Facilities. (Attachment 8)
14. Water Supply Contract with the City of Driscoll. (Attachment 9)
15. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2019. (Attachment 10)
16. Nomination for filling of vacancy on Kleberg County Appraisal District Board of Directors for term ending December 31, 2019. (Attachment 11)
17. **Resolution 19-41.** Resolution submitting one nominee to fill a vacancy on the Kleberg County Appraisal District Board of Directors. (Attachment 12)
18. Kleberg County Appraisal District 2019 Election process for Board of Director Election for 2020 and 2021 board members. (Attachment 13)
19. **Resolution 19-42.** Resolution approving Annexation of Certain Lands to the South Texas Water Authority (Stephanie Lynn Ramirez – Tract 9-H, The Ranch in Nueces County, Texas). (Attachment 14)
20. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place. (Attachment 15)
  - a. Don K. Mikeman and Penny Mikeman – Tract Three (3), Cyndie Park Unit 2 in Nueces County Texas and Tract Four (4), Cyndie Park Unit 2 in Nueces County, Texas
  - b. Sandra L. Acosta – Cyndie Park Unit 1, Tract 16 & 17 in Nueces County, Texas
  - c. Eva Helene Perez – Tract Twenty-three (23), Cyndie Park Unit 1, Nueces County, Texas
21. **Resolution 19-43.** Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Don K. Mikeman and Penny Mikeman) (Attachment 16)
22. **Resolution 19-44.** Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Sandra L. Acosta) (Attachment 17)

23. **Resolution 19-45.** Resolution of appreciation for Mr. Charles Schultz. for his dedicated service as a director of the South Texas Water Authority from 2015 – 2018. (Attachment 18)
24. **Resolution 19-46.** Resolution of appreciation for Dr. Alberto Ruiz for his dedicated service as a director of the South Texas Water Authority from 2011 – 2019. (Attachment 19)
25. Bids for tank liner for the Driscoll Ground Storage Tank. (Attachment 20)
26. **Resolution 19-47.** Resolution awarding the bid for a tank liner for the Driscoll Ground Storage Tank. (Attachment 21)
27. **Resolution 19-48.** Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Eva Helene Perez) (Attachment 22)
28. Adjournment.

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

KL/CGS/fdl  
Attachment



ATTACHMENT 1  
Approval of Minutes

SOUTH TEXAS WATER AUTHORITY  
Public Hearing  
June 25, 2019  
Minutes

Board Members Present:

Kathleen Lowman  
Rudy Galvan  
Lupita Perez  
Brandon Barrera  
Patsy Rodgers  
Filiberto Treviño  
Steven Vaughn

Board Members Absent:

None

Staff Present:

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

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Public Hearing of the STWA Board of Directors to order at 5:32 p.m.

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

- a. Nemecio Salgado and Delia Rodriguez – Tract One-H (1-H), The Ranch in Nueces County, Texas
- b. Oscar B. Gonzalez and Jacqueline Gonzalez – Tract 7-H, The Ranch in Nueces County, Texas

Ms. Serrato stated that these property owners approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of a project to extend water service to the Cyndie Park area. She noted that date corrections have been made to the first page of the resolutions provided in the agenda packet. These corrected resolutions approving annexation will be presented at the Regular Board Meeting. Approval of the annexation petitions enables the landowners to receive service and pay in-district rates to the Nueces Water Supply Corporation, and allows the properties to become taxable.

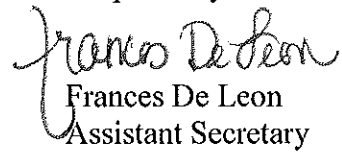
3. Public Comment.

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

4. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the Public Hearing at 5:35 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
June 25, 2019  
Minutes

Board Members Present:

Kathleen Lowman  
Rudy Galvan  
Brandon Barrera  
Lupita Perez  
Patsy Rodgers  
Filiberto Treviño  
Steven Vaughn

Board Members Absent:

None

Staff Present:

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

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 5:35 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. Treviño made a motion to approve the minutes of the May 28, 2019 Public Hearing and Regular Meeting as presented. Mr. Barrera seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

Ms. Serrato reviewed the Cathodic Protection Update from CP Technician Armando Yruegas. Ms. Wagner reviewed the Treasurer's Report and outstanding invoices. The following reports were presented for the Board's consideration:

Treasurer's Report for period ending May 31, 2019  
Revenue Fund Income Statement for period ending May 31, 2019  
Tax Fund Income Statement for period ending May 31, 2019  
Special Services Income Statement for period ending May 31, 2019  
STWA Revenue Fund Balance Sheet – May 31, 2019  
STWA Revenue Fund GL Account Summary Report as of May 31, 2019  
STWA Debt Service Fund Income Statement for period ending May 31, 2019





Mr. Galvan made a motion to approve the schedule as presented. Mr. Treviño seconded. All voted in favor.

6. Preliminary Fiscal Year 2020 Budget.

Ms. Serrato provided a revised General Fund preliminary Fiscal Year 2020 Budget for the Board's review. She also provided the Special Services proposed budget which was not included in the Board packet because of a slight error. The preliminary budget is based on water sales of approximately 530 million gallons, the same Handling Charge and similar tax rates, an overall 2.7% cost of living adjustment (excluding her salary) and approximately \$225,000 in capital items. She noted that last year's salary adjustment was 2% and resulted in increases of 40 to 50 cents per employee. This year's proposed increase would amount to about 50 to 60 cents per employee. She also explained that several essential elements are not yet available and the budget will be updated as this information becomes available. The Board reviewed the capital items which include one replacement truck, the RWSC Booster, technology upgrades, a large air compressor, a truck utility bed for the current haul truck, new chlorine and LAS scales and a new hydropneumatic tank for the Banquete Pump Station. In addition, \$17,200 is included for engineering services on the RWSC Booster. Ms. Serrato requested feedback on the preliminary budget. Ms. Lowman disagreed with the proposed 2.7% cost of living adjustment being spread out among staff to result in a 50-60 cent increase per employee; rather, it should be 2.7% for each person. Ms. Serrato responded that the cost of living percentage is a starting point for determining raises and the proposed type of salary increases avoids a large disparity over time between higher paid and lower paid employees. Ms. Lowman stated that then it is not a cost of living increase. No changes were requested by the Board.

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

Ms. Serrato reported that Gerald Benadum, attorney for the City of Bishop provided a new redline draft of the proposed License Agreement to legal counsel Bill Flickinger. She reviewed an email from Mr. Flickinger stating that he does not recommend approval by the Board without further revision. Ms. Serrato reviewed Mr. Flickinger's comments on the draft. He noted that Section III increases the annual fee after the first five years to \$100 with a 5% annual increase. The Board questioned whether that increase is 5% of \$100 every year or if it was compounded annually. Mr. Flickinger also recommended deleting Section IV B and striking the last sentence in Section V because its meaning is not clear. Ms. Lowman suggested asking the City to define prevailing in "prevailing risks" and "prevailing liability costs and risks" so that the statement can be made clear. Mr. Flickinger questioned whether the last sentence in Section VII A was agreeable but Ms. Serrato suggested adding a statement that any modifications cannot have an adverse effect on Nueces Water Supply Corporation's operations at the Bishop East Pump Station. Section VII D-Water Service will need further review. Ms. Serrato suggests that CCN be substituted for the word boundaries. Section IX now includes the word "or" which changes the sentence significantly. Mr. Flickinger recommends rejecting that change. In Section IX D, a \$200 per month holdover fee adjusted by increases in the CPI - All Cities was added. Ms. Serrato stated that she feels it should be CPI-Texas cities. Mr. Flickinger also pointed out that several new provisions were added to Section IX E regarding remaining underground facilities. Mr. Flickinger suggested and Ms. Serrato agreed that those provisions should be deleted and changed to the City providing an easement to STWA instead. Ms. Serrato stated that she and

Mr. Flickinger would work on the changes and forward them to the City if the Board agreed to providing the changes noting that the Board had not formally approved any modifications. Mr. Vaughn pointed out that a phrase in Section IX E7 stating that “the 20<sup>th</sup> year after the effective date of the termination of this License” did not seem to make sense. Mr. Galvan made a motion to authorize staff to work on the changes with legal counsel and send the changes to the City. Mr. Vaughn seconded. All voted in favor.

8. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she left a message for Mayor Gonzalez but has not received a return call. She also spoke with John Valls who suggested that she meet with council members individually. She had nothing further to report.

9. Resolution 19-36. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Nemecio Salgado and Delia Rodriguez – Tract One-H (1-H), The Ranch in Nueces County, Texas)

10. Resolution 19-37. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Oscar B. Gonzalez and Jacqueline Gonzalez – Tract 7-H, The Ranch in Nueces County, Texas)

Ms. Serrato stated that approval of Resolutions 19-36 and 19-37 finalizes the annexation process of these properties and recommended adoption of the two resolutions. These resolutions have been corrected to reflect the correct date on page 1. Mr. Treviño made a motion to adopt Resolutions 19-36 and 19-37. The motion was seconded by Mr. Galvan and passed unanimously.

11. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Stephanie Lynn Ramirez – Tract 9-H, The Ranch in Nueces County, Texas).

Ms. Serrato stated that this property owner recently approached the Nueces Water Supply Corporation requesting service outside of the Authority’s district boundaries as a result of the ongoing project to extend water service to the Cyndie Park area. Requesting annexation is the first step in the process to obtain service on the property. Ms. Serrato recommended approval of Resolution 19-38 setting the Public Hearing on July 30, 2019 at 5:30 p.m. at the STWA conference room.

12. Resolution 19-38. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Stephanie Lynn Ramirez)

Mr. Galvan made a motion to adopt Resolution 19-38 setting the Public Hearing on July 30, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Ms. Rodgers and passed unanimously.

13. NewGen Strategies and Solutions Consultant Services Associated with the City of Corpus Christi Annual Rate True Up.

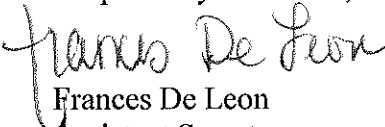
Ms. Serrato presented an agreement for review of the City of Corpus Christi's FY 2020 Rate Model from NewGen Strategies and Solutions, LLC. It may be possible for charges to be split between STWA and NCWCID No. 4 with a not to exceed amount of \$3,000. She stated that the City of Corpus Christi has notified her that staff is reviewing the model and it should be sent out next week.

Mr. Galvan made a motion to authorize staff to execute the service agreement with NewGen Strategies and Solutions in an amount not to exceed \$3,000 for review of Corpus Christi's Rates and Model. Mr. Treviño seconded. All voted in favor.

14. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:01 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary

ATTACHMENT 2

Quarterly Report/Treasurer's Report/Payment of Bills

SOUTH TEXAS WATER AUTHORITY  
INVESTMENT REPORT  
FOR QUARTER ENDED JUNE 2019

	BEGINNING BOOK VALUE 1-Apr-19	BEGINNING MARKET VALUE 1-Apr-19	TRANSFERS	REVENUES FOR APRIL, MAY & JUNE	EXPENSES	INTEREST	ENDING BOOK VALUE 30-Jun-19	ENDING MARKET VALUE 30-Jun-19
<b>CASH ACCOUNTS</b>								
GENERAL ACCT - PROSPERITY BANK	154,920.80	154,920.80	(138,393.71)	601,586.39	549,848.00	177.36	68,442.84	68,442.84
GENERAL ACCT TEXPOOL 1371300002	2,754,311.04	2,754,283.50	0.00	77,359.54	0.00	16,731.06	2,848,401.64	2,848,373.16
GENERAL ACCT TEXSTAR 1111-000	984,113.61	984,082.12	(86,606.29)	0.00	0.00	5,720.16	903,227.48	903,244.64
PAYROLL ACCT - PROSPERITY BANK	15,207.71	15,207.71	125,000.00	0.00	102,937.24	23.02	37,293.49	37,293.49
OPERATIONS ACCT - PROSPERITY BANK	24,076.94	24,076.94	100,000.00	378.96	107,036.75	39.21	17,458.36	17,458.36
DEBT SERVICE ACCT TEXPOOL 1371300008	316,181.65	316,178.49	0.00	22,690.14	0.00	1,951.53	340,823.32	340,819.91
<b>TOTAL CASH ACCOUNTS</b>	<b>4,248,811.75</b>	<b>4,248,749.55</b>	<b>0.00</b>	<b>702,015.03</b>	<b>759,821.99</b>	<b>24,642.34</b>	<b>4,215,647.13</b>	<b>4,215,632.40</b>

	AVG. MAT. 6/30/2019	APRIL RATE	APRIL EARNING	MAY RATE	MAY EARNING	JUNE RATE	JUNE EARNING	TOTALS
GENERAL ACCT - PROSPERITY BANK	immediate	0.4000%	\$76.54	0.4000%	\$54.87	0.4000%	\$45.95	\$177.36
GENERAL ACCT TEXPOOL 1371300002	36 days	2.4344%	\$5,536.14	2.4005%	\$5,684.24	2.3812%	\$5,510.68	\$16,731.06
GENERAL ACCT TEXSTAR 1111-000	19 days	2.4243%	\$1,960.91	2.4048%	\$1,996.83	2.3790%	\$1,762.42	\$5,720.16
PAYROLL ACCT - PROSPERITY BANK	immediate	0.4000%	\$9.59	0.4000%	\$6.00	0.4000%	\$7.43	\$23.02
OPERATIONS ACCT - PROSPERITY BANK	immediate	0.4000%	\$11.21	0.4000%	\$13.76	0.4000%	\$14.24	\$39.21
DEBT SERVICE ACCT TEXPOOL 1371300008	36 days	2.4344%	\$639.81	2.4005%	\$662.30	2.3812%	\$649.42	\$1,951.53
<b>TOTALS</b>			<b>\$8,234.20</b>		<b>\$8,418.00</b>		<b>\$7,990.14</b>	<b>\$24,642.34</b>

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

  
CO-INVESTMENT OFFICER

  
CO-INVESTMENT OFFICER

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

**STWA Water Sales:**

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.556945 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	12,484	\$31,920.90	\$5,323.00	\$0.00	\$0.00	\$37,243.90
Bishop	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Agua Dulce	2,729	\$6,978.36	\$1,163.68	\$0.00	\$0.00	\$8,142.05
RWSC	8,791	\$22,478.10	\$3,748.36	\$0.00	\$0.00	\$26,226.46
Driscoll	3,894	\$9,957.00	\$1,660.39	\$1,660.39	\$0.00	\$13,277.78
NCWCID #5	1,867	\$4,772.74	\$795.88	\$795.88	\$776.49	\$7,141.00
NWSC	15,909	\$40,677.93	\$6,783.29	\$0.00	\$0.00	\$47,461.22
<b>TOTAL</b>	<b>45,674</b>	<b>\$116,785.04</b>	<b>\$19,474.61</b>	<b>\$2,456.27</b>	<b>\$776.49</b>	<b>\$139,492.41</b>

**Water Cost and Usage for Period of:**

	<b>05/31/19</b>	<b>to</b>	<b>06/30/19</b>
City of Corpus Christi Invoice for Cost of Water Purchased:			\$114,295.45
Gallons of Water Recorded by City of Corpus Christi:			44,700,000
Gallons of Water Recorded by STWA from Customer's Master Meters:			45,673,660
Water Loss Percentage:			-2.18%

**Annual Usage for FY 2019**

	<b>Annual</b>
Gallons of Water Recorded by City of Corpus Christi:	346,000,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	371,172,820
Water Loss Percentage: (year to date)	-7.28%

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

**75.00%**

	MONTHLY	YEAR TO DATE	2019 AMENDED BUDGET	% OF 2019 AMENDED BUDGET	2018 YEAR TO DATE	2018 FINAL BUDGET
<b>REVENUES</b>						
Water Service Revenue	116,785	935,306	1,366,000	68%	957,534	1,330,515
Handling Charge Revenue	19,475	159,285	221,255	72%	172,043	238,500
Premium Incremental Increase	2,456	24,781	32,000	77%	32,544	46,600
Surcharge - Out of District	608	5,474	7,299	75%	4,964	6,619
Interest Income	5,578	45,478	55,250	82%	21,832	33,000
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	9,262	17,439	12,000	145%	1,696	29,350
<b>TOTAL REVENUES</b>	<b>154,164</b>	<b>1,187,762</b>	<b>1,693,804</b>	<b>70%</b>	<b>1,190,613</b>	<b>1,684,584</b>
<b>EXPENDITURES</b>						
<b>Water Service Expenditures:</b>						
Bulk Water Purchases	114,295	866,825	1,366,000	63%	906,187	1,330,515
<b>Payroll Costs</b>						
Salaries & Wages - Perm. Employees	23,664	231,757	315,000	74%	227,373	317,342
Salaries & Wages - Part-Time	97	973	1,495	65%	1,120	1,375
Overtime - NWSC	0	(1)	0	0%	0	0
Stand-by Pay - NWSC	0	0	0	0%	0	0
Overtime - RWSC	0	1	0	0%	0	0
Stand-by Pay - RWSC	0	0	0	0%	0	0
Overtime - STWA	2,946	14,921	22,500	66%	14,095	19,300
Stand-by Pay - STWA	100	950	1,300	73%	950	1,300
Employee Retirement Premiums	6,699	40,763	54,500	75%	39,084	52,561
Group Insurance Premium	13,430	121,737	169,292	72%	114,222	162,178
Unemployment Compensation	0	24	300	8%	1,157	1,300
Workers' Compensation	(654)	4,186	5,500	76%	2,559	6,004
Car Allowance	500	4,500	6,000	75%	4,400	5,900
Hospital Insurance Tax	299	2,581	3,817	68%	2,536	3,728
<b>Supplies &amp; Materials</b>						
Repairs & Maintenance	7,721	61,976	80,000	77%	60,127	120,000
Meter Expense	0	2,350	5,000	47%	12,523	12,525
Tank Repairs	0	0	25,000	0%	26,140	26,140
Major Repairs	0	0	25,000	0%	0	25,000
<b>Other Operating Expenditures:</b>						
<b>Professional Fees</b>						
Legal	937	10,941	25,000	44%	6,599	11,500
Auditing	0	9,503	9,750	97%	9,369	9,370
Engineering	0	2,368	12,500	19%	59,493	70,000
Management & Consulting	0	3,585	7,500	48%	2,778	3,500
Inspection	0	1,900	4,000	48%	2,725	2,725
Leak Detection	0	0	0	0%	55,440	55,440
Banquete Overhead Tank Demolition	0	0	30,000	0%	0	0
<b>Consum Supplies/Materials</b>						
Postage	1,928	5,743	6,500	88%	5,618	6,500
Printing/Office Supplies	1,450	14,683	29,000	51%	18,500	26,500
Janitorial/Site Maintenance	1,156	3,318	6,000	55%	3,876	6,000
Fuel/Lubricants/Repairs	3,864	33,499	44,000	76%	20,785	35,000
Chemicals/Water Samples	9,695	34,706	52,500	66%	35,524	58,000
Safety Equipment	0	1,512	2,200	69%	629	1,500
Small Tools	62	1,421	2,000	71%	1,721	2,500



	MONTHLY	YEAR TO DATE	2019 AMENDED BUDGET	% OF 2019 AMENDED BUDGET	2018 YEAR TO DATE	2018 FINAL BUDGET
Recurring Operating Costs						
Telephone/Communications	2,852	16,395	20,654	79%	14,119	23,500
Utilities	7,050	60,846	102,500	59%	65,013	97,600
D & O Liability Insurance	0	1,281	3,500	37%	1,306	2,000
Property Insurance	0	47,292	47,292	100%	29,462	29,500
General Liability	0	3,196	3,200	100%	2,617	2,750
Auto Insurance	0	2,219	2,225	100%	2,050	2,051
Travel/Training/Meetings	409	4,609	10,000	46%	7,341	9,000
Rental-Equipment/Uniforms	0	2,626	5,000	53%	3,062	5,000
Dues/Subscriptions/Publication	(78)	12,319	22,500	55%	9,291	12,500
Pass Through Cost	0	1	400	0%	495	800
Educational Materials	0	0	0	0%	0	0
Miscellaneous						
Miscellaneous Expenditures	396	4,481	7,500	60%	3,631	6,200
Total Administrative & Operations Exp.	198,819	1,631,987	2,536,425	64%	1,773,917	2,564,604
Capital Outlay						
Capital Acquisition	0	202,415	398,444	51%	88,759	88,760
Engineering	0	0	5,000	0%	0	11,625
TOTAL EXPENDITURES (w/o D.S. exp.)	198,819	1,834,402	2,939,869	62%	1,862,676	2,664,989
Excess (Deficiencies) of						
Revenue Over Expenditures	(44,655)	(646,638)	(1,246,065)	52%	(672,063)	(980,405)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	(1,170,110)	(1,238,343)	94%	(1,068,253)	(1,086,140)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	(15,238)	(15,000)	102%	(4,432)	0
TOTAL OTHER FINANCING SOURCES (USES)	0	(1,185,348)	(1,253,343)	95%	(1,072,685)	(1,086,140)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)						
	(44,655)	538,709	7,278		400,622	105,735
NET INCOME	(44,655)	538,709	7,278		400,622	105,735

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

**75.00%**

	MONTHLY	YEAR TO DATE	2019 ADOPTED BUDGET	% OF 2019 ADOPTED BUDGET	2018 YEAR TO DATE	2018 FINAL BUDGET
<b>REVENUES</b>						
Ad-Valorem - Current	20,198	1,283,138	1,257,158	102%	1,074,803	1,083,000
Delinquent Tax Revenue	17,671	40,091	27,500	146%	25,657	38,000
Penalty & Interest - Tax Accounts	2,036	18,074	16,000	113%	18,728	22,600
Miscellaneous	0	94	0	0%	0	0
<b>TOTAL TAXES &amp; INTEREST</b>	<b>39,905</b>	<b>1,341,397</b>	<b>1,300,658</b>	<b>103%</b>	<b>1,119,188</b>	<b>1,143,600</b>
<b>EXPENDITURES</b>						
Tax Collector Fees	0	42,430	38,597	110%	35,683	36,575
Appraisal Districts	0	17,150	23,718	72%	15,252	20,885
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>59,580</b>	<b>62,315</b>	<b>96%</b>	<b>50,935</b>	<b>57,460</b>
Transfer to General Fund	0	1,170,110	1,238,343	94%	1,068,253	1,086,140
<b>EXCESS REVENUES &amp; OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES</b>	<b>39,905</b>	<b>111,707</b>	<b>0</b>		<b>0</b>	<b>0</b>

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

**75.00%**

	MONTHLY	YEAR TO DATE	2019 ADOPTED BUDGET	% OF 2019 ADOPTED BUDGET	2018 YEAR TO DATE	2018 FINAL BUDGET
<b>REVENUES</b>						
Ricardo Water Supply Corporation	21,546	201,502	302,824	67%	194,959	283,605
Nueces Water Supply Corporation	20,962	204,246	285,529	72%	203,845	266,294
<b>TOTAL REVENUES</b>	<b>42,509</b>	<b>405,748</b>	<b>588,353</b>	<b>69%</b>	<b>398,804</b>	<b>549,899</b>
<b>EXPENDITURES</b>						
Personnel	21,794	227,103	319,559	71%	219,556	292,673
Overhead	22,815	215,185	268,794	80%	184,371	257,225
<b>TOTAL EXPENDITURES</b>	<b>44,608</b>	<b>442,287</b>	<b>588,353</b>	<b>75%</b>	<b>403,927</b>	<b>549,898</b>
 <b>EXCESS REVENUES &amp; OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES</b>						
	(2,100)	(36,539)	0		(5,123)	1

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

**ASSETS**

**Current Assets**

STWA - General	\$	68,442.84	
STWA - Payroll		37,293.48	
STWA - Operations		17,458.36	
Petty Cash		150.00	
TexPool - STWA General		2,848,401.64	
Due From Capital Projects Fund		25,487.71	
Due from Debt Service Fund		218.14	
Due from D.S .-Collect Service		7,215.04	
Tax Accounts Receivable		154,713.31	
Allowance for Uncollect Taxes		(66,653.05)	
Service accts receivable		213,016.60	
Interlocal Rec-Bishop		1,902.77	
Interlocal Rec-Ricardo		5,495.08	
Interlocal Rec-Nueces		5,104.65	
Interlocal Rec. - Tax Assessor		3,006.52	
Inventory		19,660.50	
<b>Total Assets</b>	<b>\$</b>		<b>3,340,913.59</b>

**LIABILITIES AND FUNDS EQUITY**

**Current Liabilities**

Trade Accounts Payable	\$	140,195.74	
Salaries & Wages Payable		17,496.64	
Hospital Ins Tax Payable		34.40	
Withholding Taxes Payable		82.08	
Unemployment Comp. Pbl.		378.59	
Miscellaneous Payables		1,770.64	
Compensated Absences		19,571.30	
Deferred tax revenue		88,060.26	
Due to Debt Service Fund		1,009.50	
<b>Total Liabilities</b>			<b>268,599.15</b>

**Fund Equity**

Unassigned Fund Balance		2,438,776.18	
Assigned Fund Bal. - Inventory		19,660.50	
Current Earning		613,877.76	
<b>Total Fund Equity</b>			<b>3,072,314.44</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$</b>		<b>3,340,913.59</b>

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

<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
<b>Current Assets</b>					
STWA - General	83,180.90	\$ 204,500.78	\$ (219,238.84)	\$ (14,738.06)	\$ 68,442.84
STWA - Payroll	21,584.91	50,007.43	(34,298.86)	15,708.57	37,293.48
STWA - Operations	53,378.39	154.24	(36,074.27)	(35,920.03)	17,458.36
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	50,000.00	(50,000.00)	0.00	0.00
TexPool - STWA General	2,801,477.58	46,924.06	0.00	46,924.06	2,848,401.64
Due From Capital Projects Fund	9,304.78	16,182.93	0.00	16,182.93	25,487.71
Due from Debt Service Fund	206.33	11.81	0.00	11.81	218.14
Due from D.S. -Collect Service	7,215.04	0.00	0.00	0.00	7,215.04
Tax Accounts Receivable	154,713.31	0.00	0.00	0.00	154,713.31
Allowance for Uncollect Taxes	(66,653.05)	0.00	0.00	0.00	(66,653.05)
Service accts receivable	227,169.64	171,423.46	(185,576.50)	(14,153.04)	213,016.60
Interlocal Rec-Bishop	1,761.24	998.93	(857.40)	141.53	1,902.77
Interlocal Rec-Ricardo	6,099.04	5,495.07	(6,099.03)	(603.96)	5,495.08
Interlocal Rec-Nueces	10,104.68	5,109.64	(10,109.67)	(5,000.03)	5,104.65
Interlocal Rec. - Tax Assessor	4,517.49	3,006.52	(4,517.49)	(1,510.97)	3,006.52
Inventory	19,660.50	0.00	0.00	0.00	19,660.50
<b>Total Assets</b>	<b>3,333,870.78</b>	<b>553,814.87</b>	<b>(546,772.06)</b>	<b>7,042.81</b>	<b>3,340,913.59</b>
<b>Current Liabilities</b>					
Trade Accounts Payable	(126,800.81)	180,440.80	(193,835.73)	(13,394.93)	(140,195.74)
Salaries & Wages Payable	(17,438.40)	17,438.40	(17,496.64)	(58.24)	(17,496.64)
Hospital Ins Tax Payable	0.00	1,349.12	(1,383.52)	(34.40)	(34.40)
Withholding Taxes Payable	0.00	4,348.52	(4,430.60)	(82.08)	(82.08)
Emply Retire Prem Payable	0.00	11,895.08	(11,895.08)	0.00	0.00
Unemployment Comp. Pbl.	(377.62)	0.00	(0.97)	(0.97)	(378.59)
Miscellaneous Payables	(1,617.15)	9,888.76	(10,042.25)	(153.49)	(1,770.64)
Compensated Absences	(19,571.30)	0.00	0.00	0.00	(19,571.30)
Deferred tax revenue	(88,060.26)	0.00	0.00	0.00	(88,060.26)
Due to Debt Service Fund	(841.25)	0.00	(168.25)	(168.25)	(1,009.50)
<b>Total Liabilities</b>	<b>(254,706.79)</b>	<b>225,360.68</b>	<b>(239,253.04)</b>	<b>(13,892.36)</b>	<b>(268,599.15)</b>
<b>Fund Equity</b>					
Unassigned Fund Balance	(2,438,776.18)	0.00	0.00	0.00	(2,438,776.18)
Assigned Fund Bal. - Inventory	(19,660.50)	0.00	0.00	0.00	(19,660.50)
<b>Total Fund Equity</b>	<b>(2,458,436.68)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(2,458,436.68)</b>
<b>Totals</b>	<b>620,727.31</b>	<b>\$ 779,175.55</b>	<b>\$ (786,025.10)</b>	<b>\$ (6,849.55)</b>	<b>\$ 613,877.76</b>

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

75.00%

		2019 YEAR TO MONTHLY DATE	2019 ADOPTED BUDGET	% OF 2019 ADOPTED BUDGET	2018 YEAR TO DATE	2018 FINAL BUDGET
<b>REVENUES</b>						
Ad-Valorem - Current	5,587	354,930	364,889	97%	350,541	353,210
Delinquent Tax Revenue	5,786	12,763	7,000	182%	8,086	12,125
Penalty & Interest - Tax Accounts	473	4,618	5,500	84%	5,344	6,500
Out-of-District Surcharge	168	1,514	2,019	75%	1,619	2,159
Interest on Temporary Investments	649	3,985	3,250	123%	2,549	3,550
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL TAXES & INTEREST	12,664	377,810	382,658	99%	368,139	377,544
<b>OTHER FINANCING SOURCES</b>						
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	377,544
TOTAL REVENUE AND OTHER FINANCE SOURCES	12,664	377,810	382,658	99%	368,139	377,544
<b>EXPENDITURES</b>						
Fiscal Agent Fees	0	100	200	50%	100	200
Bond Interest Expense	0	61,175	122,350	50%	63,375	126,750
Bond Principal Payments	0	0	225,000	0%	0	220,000
Tax Collector Fees	0	11,737	10,739	109%	11,690	11,966
Appraisal District Fees	0	4,744	6,600	72%	5,137	6,836
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	0	77,755	364,889	21%	80,303	365,752
<b>EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES</b>						
	12,664	300,054	17,769		287,836	11,792

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

**ASSETS**

**Current Assets**

Debt Service Acct. - TexPool	\$ 340,823.32
Due from General	1,009.50
Interlocal Rec.-Tax Assessors	646.51
Taxes Receivable	50,811.55
Allowance for Uncollectibles	(8,581.46)

**Total Current Assets** 384,709.42

**Other Assets**

**Total Other Assets** 0.00

**Total Assets** \$ 384,709.42

**LIABILITIES AND FUNDS EQUITY**

**Current Liabilities**

Deferred Tax Revenue	\$ 42,230.09
Due to General Fund	7,433.19

**Total Current Liabilities** 49,663.28

**Long-Term Liabilities**

**Total Long-Term Liabilities** 0.00

**Total Liabilities** 49,663.28

**Funds Equity**

Fund Balance	34,991.97
Net Income	300,054.17

**Total Funds Equity** 335,046.14

**Total Liabilities & Funds Equity** \$ 384,709.42

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

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
10400	Debt Service Acct. - TexPool	327,683.50	\$ 13,139.82	\$ 0.00	\$ 13,139.82	\$ 340,823.32
12200	Due from General	841.25	168.25	0.00	168.25	1,009.50
13001	Interlocal Rec.-Tax Assessor	1,278.44	646.51	(1,278.44)	(631.93)	646.51
13300	Taxes Receivable	50,811.55	0.00	0.00	0.00	50,811.55
13301	Allowance for Uncollectibles	(8,581.46)	0.00	0.00	0.00	(8,581.46)
21700	Deferred Tax Revenue	(42,230.09)	0.00	0.00	0.00	(42,230.09)
24000	Due to General Fund	(7,421.38)	0.00	(11.81)	(11.81)	(7,433.19)
39100	Fund Balance	(34,991.97)	0.00	0.00	0.00	(34,991.97)
Totals		<u>287,389.84</u>	<u>\$ 13,954.58</u>	<u>\$ (1,290.25)</u>	<u>\$ 12,664.33</u>	<u>\$ 300,054.17</u>



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

**75.00%**

	MONTHLY	YEAR TO DATE	2019 ADOPTED BUDGET	% OF 2019 ADOPTED BUDGET	2018 YEAR TO DATE	2018 FINAL BUDGET
<b>REVENUES</b>						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	1,762	17,400	17,500	99%	12,654	17,300
TOTAL REVENUE AND OTHER FINANCE SOURCES	1,762	17,400	17,500	99%	12,654	17,300
 <b>EXPENDITURES</b>						
Right of Way Acquisition	0	0	7,264	0%	0	0
Engineering Fees	0	0	245,594	0%	5,400	5,400
Construction Costs	6,441	6,441	6,441	100%	228,484	228,484
42" Line-Cathodic Protection	9,742	123,650	299,536	62%	0	0
Pipeline Condition Assessment	0	0	199,395	0%	0	0
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	16,183	130,091	939,942	14%	233,884	233,884
 <b>EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES</b>						
	(14,421)	(112,691)	(922,442)		(221,230)	(216,584)

**CATHODIC PROTECTION  
FY2019**

	<b>Payroll</b>	<b>Materials</b>	<b>Total</b>
October 2018	\$3,950.61	\$1,914.11	\$5,864.72 Due from Capital Projects Fund
November 2018	\$4,716.62	\$2,568.87	\$7,285.49 Due from Capital Projects Fund
December 2018	\$4,715.54	\$131.12	\$4,846.66 Due from Capital Projects Fund
January 2019	\$8,156.79	\$1,079.47	\$9,236.26 Due from Capital Projects Fund
February 2019	\$9,022.22	\$381.59	\$9,403.81 Due from Capital Projects Fund
March 2019	\$12,549.21	\$2,238.44	\$14,787.65 Due from Capital Projects Fund
April 2019	\$9,192.06	\$43,986.52	\$53,178.58 Due from Capital Projects Fund
May 2019	\$9,052.50	\$252.28	\$9,304.78 Due from Capital Projects Fund
June 2019	\$9,381.39	\$360.29	\$9,741.68 Due from Capital Projects Fund
Totals	\$70,736.93	\$52,912.69	\$123,649.62

Payroll Costs - CP Tech #1

	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	Year to Date Total
Payroll	\$2,660.00	\$3,200.00	\$3,200.00	\$4,800.00	\$3,260.00	\$4,935.00	\$3,290.00	\$3,200.00	\$3,380.00	\$31,925.00
Medicare	\$38.57	\$46.40	\$46.40	\$69.60	\$47.27	\$71.56	\$47.70	\$46.40	\$49.01	\$462.91
Retirement	\$199.50	\$240.00	\$240.00	\$360.00	\$244.50	\$370.13	\$279.65	\$272.00	\$287.30	\$2,493.08
Worker's Comp	\$98.08	\$117.99	\$117.99	\$176.98	\$120.20	\$181.96	\$121.31	\$117.99	\$124.62	\$1,177.11
Texas Workforce	\$24.00	\$57.60	\$56.52	\$86.40	\$3.26	\$4.94	\$3.29	\$0.00	\$0.00	\$236.01
Health	\$930.46	\$1,014.28	\$1,014.28	\$1,014.28	\$1,014.28	\$1,014.28	\$1,014.28	\$1,014.28	\$1,014.28	\$9,044.70
LTD/ADD/Life	\$0.00	\$40.35	\$40.35	\$40.35	\$40.35	\$40.35	\$40.35	\$40.35	\$40.35	\$322.80
<b>Total</b>	<b>\$3,950.61</b>	<b>\$4,716.62</b>	<b>\$4,715.54</b>	<b>\$6,547.61</b>	<b>\$4,729.86</b>	<b>\$6,618.22</b>	<b>\$4,796.58</b>	<b>\$4,691.02</b>	<b>\$4,895.56</b>	<b>\$45,661.61</b>

Payroll Costs - CP Tech #2

	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	Year to Date Total
Payroll	\$0.00	\$0.00	\$0.00	\$1,152.00	\$2,880.00	\$4,333.50	\$2,907.00	\$2,880.00	\$2,988.00	\$17,140.50
Medicare	\$0.00	\$0.00	\$0.00	\$16.36	\$41.76	\$62.84	\$42.15	\$41.76	\$43.33	\$248.20
Retirement	\$0.00	\$0.00	\$0.00	\$84.62	\$216.00	\$325.01	\$290.71	\$288.00	\$298.80	\$1,503.14
Worker's Comp	\$0.00	\$0.00	\$0.00	\$42.48	\$106.19	\$159.78	\$107.18	\$106.19	\$110.17	\$631.99
Texas Workforce	\$0.00	\$0.00	\$0.00	\$10.15	\$2.88	\$4.33	\$2.91	\$0.00	\$0.00	\$20.27
Health	\$0.00	\$0.00	\$0.00	\$294.48	\$1,014.28	\$1,014.28	\$1,014.28	\$1,014.28	\$1,014.28	\$5,365.88
LTD/ADD/Life	\$0.00	\$0.00	\$0.00	\$9.09	\$31.25	\$31.25	\$31.25	\$31.25	\$31.25	\$165.34
<b>Total</b>	\$0.00	\$0.00	\$0.00	\$1,609.18	\$4,292.36	\$5,930.99	\$4,395.48	\$4,361.48	\$4,485.83	\$25,075.32

**CATHODIC PROTECTION  
MATERIALS**

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	10/1/18			Beginning Balance			
52101	Repairs & Maint-42" line	10/15/18	6296006	PJ	FERGUSON ENTERPRISES, INC #61 - MASTIC	277.50		
52101	Repairs & Maint-42" line	10/19/18	9940219042	PJ	W. W. Grainger, Inc. - AIR CHISEL SCALER, MULTIMETER	730.26		
52101	Repairs & Maint-42" line	10/23/18	121102	PJ	CITIBANK CORPORATE CARD - Wire dispenser, wire, electrode, Cu-Sulfate	441.35		
52101	Repairs & Maint-42" line	10/23/18	9943313024	PJ	W. W. Grainger, Inc. - chisel	11.07		
52101	Repairs & Maint-42" line	10/26/18	608959	PJ	CITIBANK CORPORATE CARD - Harbor Freight Tools CP	46.38		
52101	Repairs & Maint-42" line	10/26/18	S100193768.001	PJ	CORPUS CHRISTI ELECT. CO - Splice kit, wire, tape etc.	407.55		
52101	Repairs & Maint-42" line				Current Period Change	1,914.11		1,914.11
		10/31/18			Ending Balance			1,914.11
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	11/1/18			Beginning Balance			
52101	Repairs & Maint-42" line	11/5/18	S100195733.001	PJ	CORPUS CHRISTI ELECT. CO - Fuse- CP Rectifiers	152.20		
52101	Repairs & Maint-42" line	11/6/18	8536808	PJ	CITIBANK CORPORATE CARD - CP Supplies- Tools and Accessories	370.02		
52101	Repairs & Maint-42" line	11/7/18	9958831282	PJ	W. W. Grainger, Inc. - Canvas Cover	164.69		
52101	Repairs & Maint-42" line	11/8/18	10650443	PJ	McCOY'S BUILDING SUPPLY CENTER - CP Supplies	15.48		
52101	Repairs & Maint-42" line	11/9/18	2786209	PJ	LOWE'S BUSINESS ACCOUNT - shoval, tarp straps, ratchet bag, ladder	272.54		
52101	Repairs & Maint-42" line	11/16/18	6380664	PJ	LOWE'S BUSINESS ACCOUNT - Test leads	15.19		
52101	Repairs & Maint-42" line	11/19/18	10650786	PJ	McCOY'S BUILDING SUPPLY CENTER - Fogger and screws-	18.32		
52101	Repairs & Maint-42" line	11/28/18	05435	PJ	LOWE'S BUSINESS ACCOUNT - Cord Storage and Plastic Clamps CP	9.85		
	Thompson Pipe Grinders	11/16/18				1,083.60		
	Corrpro Companies	11/26/18				466.98		
	Repairs & Maint-42" line				Current Period Change	2,568.87		2,568.87
		11/30/18			Ending Balance			4,482.98
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	12/1/18			Beginning Balance			
52101	Repairs & Maint-42" line	12/6/18	05402	PJ	LOWE'S BUSINESS ACCOUNT - CP - Tools	50.27		
52101	Repairs & Maint-42" line	12/10/18	0592-303691	PJ	O'REILLY AUTO SUPPLY - Filter Wrench -CP use	11.99		
52101	Repairs & Maint-42" line	12/21/18	0592-305470	PJ	O'REILLY AUTO SUPPLY - track hoe items	47.99		
52101	Repairs & Maint-42" line	12/27/18	06328	PJ	LOWE'S BUSINESS ACCOUNT - CP TOOLS	20.87		
52101	Repairs & Maint-42" line				Current Period Change	131.12		131.12
		12/31/18			Ending Balance			4,614.10
Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	1/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	1/2/19	010105	PJ	CITIBANK CORPORATE CARD - Kubota L3901 Tractor with loader Rental	525.00		
52101	Repairs & Maint-42" line	1/11/19	01-11-19	PJ	Petty Cash - CP - CC Electronics - clips	31.00		
52101	Repairs & Maint-42" line	1/15/19	05141	PJ	LOWE'S BUSINESS ACCOUNT - CP washer bolts Nuts, and tool box	74.97		
52101	Repairs & Maint-42" line	1/21/19	0592-309884	PJ	O'REILLY AUTO SUPPLY - Adapter- CP	14.99		
52101	Repairs & Maint-42" line	1/21/19	02779	PJ	LOWE'S BUSINESS ACCOUNT - TOOL BAGS MATERIALS	95.03		
52101	Repairs & Maint-42" line	1/23/19	87290634	PJ	PRAXAIR DISTRIBUTION INC - Welder's helmet	239.95		
52101	Repairs & Maint-42" line	1/24/19	35767	PJ	CITIBANK CORPORATE CARD - tools- bolts, gang blank cover	62.55		
52101	Repairs & Maint-42" line	1/28/19	0592-311134	PJ	O'REILLY AUTO SUPPLY - Battery charger	35.98		
52101	Repairs & Maint-42" line				Current Period Change	1,079.47		1,079.47
		1/31/19			Ending Balance			5,693.57

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
		2/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	2/1/19	S100202542	PJ	CORPUS CHRISTI ELECT. CO - cathodic wire	351.00		
52101	Repairs & Maint-42" line	2/11/19	10653727	PJ	McCOY'S BUILDING SUPPLY CENTER - Masonry cement type S, marking spray	20.03		
52101	Repairs & Maint-42" line	2/26/19	10654249	PJ	McCOY'S BUILDING SUPPLY CENTER - winged wire nuts	10.56		
52101	Repairs & Maint-42" line				Current Period Change	381.59		381.59
		2/28/19			Ending Balance			6,075.16

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

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

Account	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
52101	Repairs & Maint-42" line	6/1/19			Beginning Balance			
52101	Repairs & Maint-42" line	6/4/19	06042019	PJ	CITIBANK CORPORATE CARD - dealer electric- splice kits	38.00		
52101	Repairs & Maint-42" line	6/10/19	S100213843.001	PJ	CORPUS CHRISTI ELECT. CO - Wire connectors	247.40		
52101	Repairs & Maint-42" line	6/12/19	9203409322	PJ	W. W. Grainger, Inc. - Reflective strips	5.58		
52101	Repairs & Maint-42" line	6/14/19	06142019	PJ	CITIBANK CORPORATE CARD - Rapid set concrete mix	25.60		
52101	Repairs & Maint-42" line	6/18/19	10657956	PJ	McCOY'S BUILDING SUPPLY CENTER - Rustpre Spray Black	5.16		
52101	Repairs & Maint-42" line	6/25/19	06669	PJ	LOWE'S BUSINESS ACCOUNT - Test Stations	21.21		
52101	Repairs & Maint-42" line	6/27/19	10658272	PJ	McCOY'S BUILDING SUPPLY CENTER - Screws for test stations	17.34		
52101	Repairs & Maint-42" line				Current Period Change	360.29		360.29
52101	Repairs & Maint-42" line	6/30/19			Ending Balance			52,912.69





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

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
11300	TexSTAR - Construction	901,465.06	\$ 1,762.42	\$ 0.00	\$ 1,762.42	\$ 903,227.48
2400	Due to General Fund	(9,304.78)	0.00	(16,182.93)	(16,182.93)	(25,487.71)
39100	Fund Balance	(990,430.19)	0.00	0.00	0.00	(990,430.19)
Totals		<u>(98,269.91)</u>	<u>\$ 1,762.42</u>	<u>\$ (16,182.93)</u>	<u>\$ (14,420.51)</u>	<u>\$ (112,690.42)</u>

**SOUTH TEXAS WATER AUTHORITY  
2012 BOND ELECTION**

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

<b>Cost of Bond Issuance</b>		
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>	
<b>TOTAL Cost of Bond Issuance</b>	<b>\$107,386.40</b>	

**Proposition #1: REGIONAL WATERLINE**

36.54%

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

**Proposition #2: KINGSVILLE PUMP STATION**

56.25%

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

**Proposition #3: BISHOP FACILITY**

7.21%

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

<b>TOTAL</b>	<b>\$936,297.63</b>
<b>INTEREST EARNINGS</b>	<b>\$60,721.68</b>
<b>BALANCE</b>	<b>\$997,019.31</b>
<b>CATHODIC PROTECTION</b>	<b>\$123,649.62</b>
<b>REMAINING BOND FUNDS</b>	<b>\$873,369.69</b>

INV DATE	VENDOR	INV #	DESCRIPTION	STATUS	AMOUNT
6/28/2019	Willatt & Flickinger, PLLC		June Legal	pending	\$937.40
7/5/2019	City of Corpus Christi		June Water	pending	\$114,295.45
					\$115,232.85

**WILLATT & FLICKINGER, PLLC**  
**ATTORNEYS AT LAW**

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

June 28, 2019

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

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FOR PROFESSIONAL SERVICES RENDERED since the date of last billing:

GENERAL

**POSTED**

BILL FLICKINGER

- 06/21/19     Receive and review email from Carola Serrato to Reba George on status of updated rate model. (0.2 Hours). Receive and review email from Jerry Benadum with revised license agreement with City of Bishop. Email to Carola Serrato on same. (0.4 Hours). Telephone conference with Carola Serrato on same. (0.2 Hours).
- 06/22/19     Continue review of revised redline of license agreement with the City of Bishop. (0.7 Hours). Email to Carola Serrato on same. (0.6 Hours).
- 06/25/19     Telephone conference with Carola Serrato on recent redline draft of City of Bishop license agreement. (0.4 Hours).
- 06/26/19     Telephone conference with Carola Serrato regarding discussion at last night's Board meeting on the draft license agreement with the City of Bishop and to discuss whether she should attend the City of Bishop Council meeting scheduled for tonight. (0.2 Hours).
- 06/27/19     Telephone conference with Carola Serrato regarding last night's Bishop City Council meeting. (0.2 Hours).

Attorney BF: 2.9 Hours

ALLISON NIX

- 06/14/19     Continue drafting Amended Information Form and Notice to Purchaser. (0.6 Hours).

Legal Assistant AN: 0.6 Hours

June 28, 2019

Page 2

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Attorney BF: 2.9 Hours @ \$300.00 per hour	\$870.00
Attorney MM: 0 Hours @ \$300.00 per hour	
Legal Assistant AN: 0.6 Hours @ \$95.00 per hour	\$57.00

CLIENT EXPENSES

7 Photocopies @ \$0.20 each \$1.40

18 Color Photocopies @ \$0.50 each \$9.00

Total Client Expenses \$10.40

TOTAL AMOUNT DUE \$937.40





**CITY OF  
CORPUS  
CHRISTI**

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

Account Name: SOUTH TX WATER AUTH.  
Account Number: 20004093  
Statement Date: 7/5/2019  
Due Date: 7/26/2019  
Page: Page 1 of 2

**SERVICE INFORMATION**

Account Name: SOUTH TX WATER AUTH  
Account Number: 20004093  
Service Address: 0 END DR WTR5 RAW  
Account Type: PA  
Invoice Number: 2516456

**QUESTIONS ABOUT YOUR BILL?**

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

**IMPORTANT MESSAGES**

**ACCOUNT SUMMARY**

PREVIOUS BALANCE	\$105,659.45
TOTAL PAID SINCE LAST BILL	-\$105,659.45
<b>NEW CHARGES</b>	
WATER	\$69,014.35
RWCA \$1.013/TGAL	\$45,281.10
TOTAL WATER	\$114,295.45
<b>NEW CHARGES DUE BY 7/26/2019:</b>	<b>\$114,295.45</b>
<b>AMOUNT DUE</b>	<b>\$114,295.45</b>

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

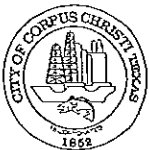
**RECEIVED**

**JUL 11 2019**

**SOUTH TEXAS WATER AUTHORITY**

**POSTED**

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



**CITY OF  
CORPUS  
CHRISTI**

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

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

Account Number	Due Date	Amount Due
20004093	7/26/2019	\$114,295.45

AMOUNT DUE IF PAID AFTER 7/26/2019 \$120,010.22

AMOUNT ENCLOSED \$

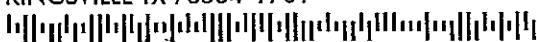
MAKE CHECKS PAYABLE TO: CITY OF CORPUS CHRISTI

When making payment in person, please bring this stub.

Working to Serve YOU Better.



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



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



200040930114295459

**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-18	\$0.426386	\$2.3962	\$2.8226	\$0.426386	\$2.400926	\$2.827312	\$0.0047
Nov-18	\$0.426386	\$2.3978	\$2.8242	\$0.426386	\$2.394856	\$2.821242	-\$0.0029
Dec-18	\$0.426386	\$2.3977	\$2.8240	\$0.426386	\$2.397809	\$2.824195	\$0.0002
Jan-19	\$0.426386	\$2.5585	\$2.9849	\$0.426386	\$2.563857	\$2.990243	\$0.0053
Feb-19	\$0.426386	\$2.5602	\$2.9866	\$0.426386	\$2.562148	\$2.988534	\$0.0020
Mar-19	\$0.426386	\$2.5584	\$2.9848	\$0.426386	\$2.560199	\$2.986585	\$0.0018
Apr-19	\$0.426386	\$2.5575	\$2.9839	\$0.426386	\$2.558795	\$2.985181	\$0.0013
May-19	\$0.426386	\$2.5569	\$2.9833	\$0.426386	\$2.558340	\$2.984726	\$0.0014
Jun-19	\$0.426386	\$2.5566	\$2.9830	\$0.426386	\$2.556945	\$2.983331	\$0.0004
Jul-19	\$0.426386	\$2.5544	\$2.9808	\$0.426386		\$0.426386	-\$2.5544
Aug-19	\$0.426386	\$2.5545	\$2.9808	\$0.426386		\$0.426386	-\$2.5545
Sep-19	\$0.426386	\$2.5570	\$2.9833	\$0.426386		\$0.426386	-\$2.5570
<b>Avg Cost</b>	<b>\$0.426386</b>	<b>\$2.5171</b>	<b>\$2.9435</b>	<b>\$0.426386</b>	<b>\$2.505986</b>	<b>\$2.932372</b>	<b>-\$0.0111</b>

**ANTICIPATED (BUDGETED) vs. ACTUAL WATER USAGE**

<b>All Customers</b>				<b>NWSC</b>			
	Budgeted	Actual	Difference		Budgeted	Actual	Difference
Oct-18	43,062,520	42,957,680	-104,840	Oct-18	12,246,024	13,422,420	1,176,396
Nov-18	39,364,677	46,914,980	7,550,303	Nov-18	11,006,676	13,454,530	2,447,854
Dec-18	39,672,886	39,489,710	-183,176	Dec-18	11,022,768	13,970,520	2,947,752
Jan-19	40,736,971	35,035,330	-5,701,641	Jan-19	11,767,366	13,131,970	1,364,604
Feb-19	37,399,151	36,095,310	-1,303,841	Feb-19	10,542,988	12,359,380	1,816,392
Mar-19	41,040,729	39,846,360	-1,194,369	Mar-19	11,148,151	14,090,630	2,942,479
Apr-19	43,086,786	42,644,290	-442,496	Apr-19	11,900,837	14,349,560	2,448,723
May-19	44,539,563	44,911,460	371,897	May-19	12,473,511	15,949,470	3,475,959
Jun-19	45,514,314	45,673,660	159,346	Jun-19	13,090,139	15,908,800	2,818,661
Jul-19	52,429,711	0		Jul-19	14,997,937	0	
Aug-19	52,198,325	0		Aug-19	14,818,303	0	
Sep-19	44,493,859	0		Sep-19	13,165,218	0	
<b>TOTAL</b>	<b>523,539,495</b>	<b>373,568,780</b>	<b>-848,819</b>	<b>TOTAL</b>	<b>148,179,918</b>	<b>126,637,280</b>	<b>21,438,820</b>

<b>Kingsville</b>				<b>RWSC</b>			
	Budgeted	Actual	Difference		Budgeted	Actual	Difference
Oct-18	10,465,979	11,526,000	1,060,021	Oct-18	8,686,000	7,837,000	-849,000
Nov-18	10,465,979	14,703,000	4,237,021	Nov-18	7,566,000	6,767,000	-799,000
Dec-18	10,465,979	9,990,000	-475,979	Dec-18	7,426,600	7,249,000	-177,600
Jan-19	10,465,979	5,949,000	-4,516,979	Jan-19	7,345,000	8,378,000	1,033,000
Feb-19	10,465,979	10,005,000	-460,979	Feb-19	6,573,200	6,812,000	238,800
Mar-19	10,465,979	9,083,000	-1,382,979	Mar-19	8,123,200	9,141,000	1,017,800
Apr-19	10,465,979	11,316,000	850,021	Apr-19	8,844,400	9,562,000	717,600
May-19	10,465,979	12,462,000	1,996,021	May-19	9,071,600	7,930,000	-1,141,600
Jun-19	10,465,979	12,484,000	2,018,021	Jun-19	9,421,600	8,791,000	-630,600
Jul-19	10,465,979	0		Jul-19	10,670,600	0	
Aug-19	10,465,979	0		Aug-19	10,878,000	0	
Sep-19	10,465,979	0		Sep-19	8,333,800	0	
<b>TOTAL</b>	<b>125,591,753</b>	<b>97,518,000</b>	<b>3,324,185</b>	<b>TOTAL</b>	<b>102,940,000</b>	<b>72,467,000</b>	<b>-590,600</b>

<b>Bishop</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Difference</b>
Oct-18	4,397,600	2,413,000	-1,984,600
Nov-18	3,711,000	4,497,000	786,000
Dec-18	4,234,000	330,000	-3,904,000
Jan-19	4,464,400	11,000	-4,453,400
Feb-19	3,550,000	0	-3,550,000
Mar-19	4,585,400	195,000	-4,390,400
Apr-19	4,559,600	0	-4,559,600
May-19	4,897,600	279,000	-4,618,600
Jun-19	4,629,400	0	-4,629,400
Jul-19	7,354,800	0	
Aug-19	7,643,200	0	
Sep-19	5,273,400	0	
<b>TOTAL</b>	<b>59,300,400</b>	<b>7,725,000</b>	<b>-31,304,000</b>

<b>Banquete</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Difference</b>
Oct-18	2,263,070	1,969,000	-294,070
Nov-18	2,054,046	2,079,220	25,174
Dec-18	2,024,012	2,301,060	277,048
Jan-19	2,028,542	1,919,740	-108,802
Feb-19	1,932,604	1,638,550	-294,054
Mar-19	1,964,422	1,621,910	-342,512
Apr-19	2,101,106	1,739,270	-361,836
May-19	2,222,884	1,848,830	-374,054
Jun-19	2,274,290	1,866,580	-407,710
Jul-19	2,533,618	0	
Aug-19	2,501,660	0	
Sep-19	2,139,458	0	
<b>TOTAL</b>	<b>26,039,712</b>	<b>16,984,160</b>	<b>-1,880,816</b>

<b>Driscoll</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Difference</b>
Oct-18	2,674,051	3,930,000	1,255,949
Nov-18	2,604,305	3,666,400	1,062,095
Dec-18	2,527,969	3,524,700	996,731
Jan-19	2,753,560	3,617,100	863,540
Feb-19	2,533,000	3,436,800	903,800
Mar-19	2,802,440	3,726,200	923,760
Apr-19	2,893,740	3,713,000	819,260
May-19	3,100,100	3,900,600	800,500
Jun-19	3,149,760	3,894,100	744,340
Jul-19	3,656,300	0	
Aug-19	3,340,813	0	
Sep-19	2,935,040	0	
<b>TOTAL</b>	<b>34,971,079</b>	<b>33,408,900</b>	<b>8,369,975</b>

<b>Agua Dulce</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Difference</b>
Oct-18	2,329,796	1,860,260	-469,536
Nov-18	1,956,670	1,747,830	-208,840
Dec-18	1,971,558	2,124,430	152,872
Jan-19	1,912,124	2,028,520	116,396
Feb-19	1,801,380	1,843,580	42,200
Mar-19	1,951,137	1,988,620	37,483
Apr-19	2,321,124	1,964,460	-356,664
May-19	2,307,888	2,541,560	233,672
Jun-19	2,483,146	2,729,180	246,034
Jul-19	2,750,476	0	
Aug-19	2,550,370	0	
Sep-19	2,180,964	0	
<b>TOTAL</b>	<b>26,516,633</b>	<b>18,828,440</b>	<b>-206,383</b>

**Kingsville Actual Usage vs. Bell Chart Volume**

	<b>Target Volume</b>	<b>Actual Volume</b>	<b>Difference</b>
Oct-18	12,451,513	11,526,000	-925,513
Nov-18	7,362,963	14,703,000	7,340,037
Dec-18	5,893,607	9,990,000	4,096,393
Jan-19	4,650,000	5,949,000	1,299,000
Feb-19	6,760,471	10,005,000	3,244,529
Mar-19	8,319,028	9,083,000	763,972
Apr-19	10,906,161	11,316,000	409,839
May-19	12,497,858	12,462,000	-35,858
Jun-19	14,240,055	12,484,000	-1,756,055
Jul-19	15,711,155	0	
Aug-19	15,911,986	0	
Sep-19	13,866,300	0	
<b>TOTAL</b>	<b>128,571,097</b>	<b>97,518,000</b>	<b>14,436,344</b>

**Net Revenue per Thousand (1,000) Gallons**

<b>Kingsville</b>				<b>NWSC</b>			
	Actual	Net Rev	Per 1000g		Actual	Net Rev	Per 1000g
Oct-18	11,526,000	\$3,791.66	\$0.3290	Oct-18	13,422,420	\$4,137.05	\$0.3082
Nov-18	14,703,000	\$5,193.06	\$0.3532	Nov-18	13,454,530	\$4,730.43	\$0.3516
Dec-18	9,990,000	\$2,537.71	\$0.2540	Dec-18	13,970,520	\$4,407.76	\$0.3155
Jan-19	5,949,000	\$1,446.93	\$0.2432	Jan-19	13,131,970	\$3,938.90	\$0.2999
Feb-19	10,005,000	\$2,891.89	\$0.2890	Feb-19	12,359,380	\$3,641.96	\$0.2947
Mar-19	9,083,000	\$2,692.02	\$0.2964	Mar-19	14,090,630	\$4,341.10	\$0.3081
Apr-19	11,316,000	\$3,670.37	\$0.3244	Apr-19	14,349,560	\$4,270.63	\$0.2976
May-19	12,462,000	\$4,073.76	\$0.3269	May-19	15,949,470	\$4,997.33	\$0.3133
Jun-19	0	\$0.00	#DIV/0!	Jun-19	0	\$0.00	#DIV/0!
Jul-19	0	\$0.00	#DIV/0!	Jul-19	0	\$0.00	#DIV/0!
Aug-19	0	\$0.00	#DIV/0!	Aug-19	0	\$0.00	#DIV/0!
Sep-19	0	\$0.00	#DIV/0!	Sep-19	0	\$0.00	#DIV/0!
<b>TOTAL</b>	<b>85,034,000</b>	<b>\$26,297.40</b>	<b>\$0.3093</b>	<b>TOTAL</b>	<b>110,728,480</b>	<b>\$34,465.16</b>	<b>\$0.3113</b>

<b>Bishop</b>				<b>RWSC</b>			
	Actual	Net Rev	Per 1000g		Actual	Net Rev	Per 1000g
Oct-18	2,413,000	\$126.37	\$0.0524	Oct-18	7,837,000	\$1,859.35	\$0.2373
Nov-18	4,497,000	\$943.99	\$0.2099	Nov-18	6,767,000	\$1,385.55	\$0.2048
Dec-18	330,000	-\$791.23	-\$2.3977	Dec-18	7,249,000	\$1,522.81	\$0.2101
Jan-19	11,000	-\$800.56	-\$72.7782	Jan-19	8,378,000	\$1,908.52	\$0.2278
Feb-19	0	-\$792.40	#DIV/0!	Feb-19	6,812,000	\$1,310.07	\$0.1923
Mar-19	195,000	-\$885.79	-\$4.5425	Mar-19	9,141,000	\$2,144.35	\$0.2346
Apr-19	0	-\$972.05	#DIV/0!	Apr-19	9,562,000	\$2,374.58	\$0.2483
May-19	279,000	-\$950.88	-\$3.4082	May-19	7,930,000	\$1,790.20	\$0.2258
Jun-19	0	\$0.00	#DIV/0!	Jun-19	0	\$0.00	#DIV/0!
Jul-19	0	\$0.00	#DIV/0!	Jul-19	0	\$0.00	#DIV/0!
Aug-19	0	\$0.00	#DIV/0!	Aug-19	0	\$0.00	#DIV/0!
Sep-19	0	\$0.00	#DIV/0!	Sep-19	0	\$0.00	#DIV/0!
<b>TOTAL</b>	<b>7,725,000</b>	<b>-\$4,122.55</b>	<b>-\$0.5337</b>	<b>TOTAL</b>	<b>63,676,000</b>	<b>\$14,295.43</b>	<b>\$0.2245</b>

<b>Driscoll</b>				<b>Banquete</b>			
	Actual	Net Rev	Per 1000g		Actual	Net Rev	Per 1000g
Oct-18	3,930,000	\$1,106.55	\$0.2816	Oct-18	1,969,000	\$421.76	\$0.2142
Nov-18	3,666,400	\$610.67	\$0.1666	Nov-18	2,079,220	\$598.23	\$0.2877
Dec-18	3,524,700	\$939.56	\$0.2666	Dec-18	2,301,060	\$550.37	\$0.2392
Jan-19	3,617,100	\$984.84	\$0.2723	Jan-19	1,919,740	\$393.96	\$0.2052
Feb-19	3,436,800	\$906.75	\$0.2638	Feb-19	1,638,550	\$324.59	\$0.1981
Mar-19	3,726,200	\$1,031.20	\$0.2767	Mar-19	1,621,910	\$323.69	\$0.1996
Apr-19	3,713,000	\$975.88	\$0.2628	Apr-19	1,739,270	\$376.91	\$0.2167
May-19	3,900,600	\$1,003.05	\$0.2572	May-19	1,848,830	\$438.94	\$0.2374
Jun-19	0	\$0.00	#DIV/0!	Jun-19	0	\$0.00	#DIV/0!
Jul-19	0	\$0.00	#DIV/0!	Jul-19	0	\$0.00	#DIV/0!
Aug-19	0	\$0.00	#DIV/0!	Aug-19	0	\$0.00	#DIV/0!
Sep-19	0	\$0.00	#DIV/0!	Sep-19	0	\$0.00	#DIV/0!
<b>TOTAL</b>	<b>29,514,800</b>	<b>\$7,558.50</b>	<b>\$0.2561</b>	<b>TOTAL</b>	<b>15,117,580</b>	<b>\$3,428.45</b>	<b>\$0.2268</b>

<b>Agua Dulce</b>				<b>All Customers</b>			
	Actual	Net Rev	Per 1000g		Actual	Net Rev	Per 1000g
Oct-18	1,860,260	\$394.24	\$0.2119	Oct-18	42,957,680	\$11,836.98	\$0.2755
Nov-18	1,747,830	\$520.93	\$0.2980	Nov-18	46,914,980	\$13,982.86	\$0.2980
Dec-18	2,124,430	\$478.33	\$0.2252	Dec-18	39,489,710	\$9,645.31	\$0.2442
Jan-19	2,028,520	\$449.33	\$0.2215	Jan-19	35,035,330	\$8,321.92	\$0.2375
Feb-19	1,843,580	\$383.08	\$0.2078	Feb-19	36,095,310	\$8,665.94	\$0.2401
Mar-19	1,988,620	\$465.06	\$0.2339	Mar-19	39,846,360	\$10,111.63	\$0.2538
Apr-19	1,964,460	\$439.15	\$0.2235	Apr-19	42,644,290	\$11,135.47	\$0.2611
May-19	2,541,560	\$657.51	\$0.2587	May-19	44,911,460	\$12,009.91	\$0.2674
Jun-19	0	\$0.00	#DIV/0!	Jun-19	0	\$0.00	#DIV/0!
Jul-19	0	\$0.00	#DIV/0!	Jul-19	0	\$0.00	#DIV/0!
Aug-19	0	\$0.00	#DIV/0!	Aug-19	0	\$0.00	#DIV/0!
Sep-19	0	\$0.00	#DIV/0!	Sep-19	0	\$0.00	#DIV/0!
<b>TOTAL</b>	<b>16,099,260</b>	<b>\$3,787.63</b>	<b>\$0.2353</b>	<b>TOTAL</b>	<b>327,895,120</b>	<b>\$85,710.02</b>	<b>\$0.2614</b>

To: Carola G. Serrato, Executive Director

From: Armando Yruegas, CP Technician

Date: July 25, 2019

Re: CP Update

As of July 25, 2019, 281 anodes on 245 joints on the 42" water line have been installed. Compared to last month's report which listed 249 anodes on 214 joints. This places installations at a total of 7,176 feet north of the office on King Ranch property. We have replaced 32 old test stations with new ones. As of today, 11,270 LF north of the rectifier on 1<sup>st</sup> Street in Bishop have had anodes added. Last month's that footage was 9,638 LF. We have completed 39,568 feet of the 52,300 feet in Contract 1. Hopefully we will finish Contract 1 in 3 months.

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

Due to the recent heavy rains, installation of anodes during July has been slow. Therefore, screens on the 42' ARVs vents are being replaced and vents are being painted and test stations areas weedeated.

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

## INTER-OFFICE MEMO

TO: Carola G. Serrato, Executive Director  
FROM: Jacob Hinojosa, O&M Supervisor  
DATE: July 25, 2019  
RE: Maintenance & Technical Report

During the week of June 17, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Collected Bac-T water samples.
- Picked up the backhoe from NPE.
- Mowed grass at the office.
- Organized the cage in the shop and threw out trash.
- Installed new diesel containments at pump stations.
- Installed new drive-thru bell at the office.
- Employees took class C distribution exam.
- Delivered chlorine to pump stations.
- Blew out parking area and picked up debris.

During the week of June 24, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Collected/Monitored NAP samples.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Shipped off SCADA radios to get repaired.
- Collected Bac-T water samples.
- Installed new diesel containments at pump stations.
- Installed pull-up resistors in SCADA Act-Paks.
- Trouble shooted GPS on Unit #4.
- Conducted interviews for field tech.
- Took CP employee to the CDL driving test.
- Picked up Unit #10 from dealership.
- Loaded metal into bin at the office.

During the week of July 1, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Collected/Monitored NAP samples.
- Changed out battery on Unit #3.
- Loaded metal into bin at the office.
- Worked on TCEQ DLQOR's.

During the week of July 8, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Collected/Monitored NAP samples.
- Worked on TCEQ DLQOR's.
- Troubleshooted Driscoll Pump Station generator.
- Collected Bac-T water sample.
- Took Unit #3 to get tire repaired.
- Conducted employee evaluations.
- Picked up water boots for employee as well as spray paint.
- Accepted delivery of 1-ton chlorine cylinder to Driscoll Booster Station.

During the week of July 8, 2019, the following work was completed.

- Exercised generators, downloaded GPS reports and performed line locates.
- Took daily residuals for the Driscoll Booster Station project. (Booster Station, CR 16 & KI MR)
- Collected/Monitored NAP samples.
- Took CP employee to take CDL driving test.
- Blew out debris on customer parking area.
- Made adjustments on chlorine scale at Driscoll Booster Station.
- Collected Bac-T water samples
- Mowed grass around office.

ATTACHMENT 3  
2019 Certified Appraisal Rolls



Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 26, 2019  
Re: Certified Nueces and Kleberg County Appraisal District Values.

Background:

Adoption of Certified Appraisal Rolls begins the tax collection process. A Board adopted tax rate is levied (multiplied) against the values of the Certified Appraisal Roll to produce a Tax Roll. The Tax Roll is used to produce tax bills that are mailed out to property owners and thus the tax collection process begins.

This year, the Kleberg County Appraisal District (KCAD) provided a certified roll showing \$51,680,071 in value under protest. KCAD included a report entitled Lower Value Detail Report: 2019. That report shows about 50 properties under protest with potential lower values totaling \$47,572,977. To be certain that the correct figure is used in the calculations of Effective Tax Rate and the Truth in Taxation Notice, the information was provided to Bill Flickinger, Willatt and Flickinger. In addition, a telephone call to the Texas Comptroller's Property Tax Division was made. That department suggested calling Ms. Connie Rose with an attorney's office. I have left a message for Ms. Rose. As discussed with Mr. Flickinger, it would be expected that *some portion* of the \$47M - \$50M would be added to the appraisal roll sometime in the future. However, the certified total received from the KCAD does not include any of those values.

Analysis:

Below is a history of the certified Nueces CAD and Kleberg CAD rolls for the past 5 years. This year, there is about a \$220 million increase from last year's certified rolls to this year. Below are the three main categories, Real Property, Personal Property and Minerals comparing last year's values to this year.

	Tax Year 2014 Final Certified	Tax Year 2015 Final Certified	Tax Year 2016 Final Certified	Tax Year 2017 Final Certified	Tax Year 2018 Final Certified	Tax Year 2019 Final Certified
Nueces	\$596,775,616	\$651,824,775	\$654,848,395	\$681,353,234	\$804,058,640	\$1,017,319,633
Kleberg	\$963,231,625	\$1,044,245,601	\$1,045,804,845	\$1,066,869,086	\$1,139,137,395	\$1,145,684,070
<b>Total</b>	<b>\$1,560,007,241</b>	<b>\$1,696,070,376</b>	<b>\$1,700,653,240</b>	<b>\$1,748,222,320</b>	<b>\$1,943,196,035</b>	<b>\$2,163,003,703</b>

	Tax Year 18	Tax Year 19	\$ Difference	% Change
<b>Real</b>	\$ 1,271,640,511	\$1,290,469,730	\$18,829,219	+1.5%
<b>Personal</b>	\$ 439,421,655	\$640,834,741	\$201,413,086	+45.8%
<b>Mineral</b>	\$ 232,291,306	\$231,699,232	-\$592,072	-0.3%
<b>Total</b>	<b>\$ 1,943,353,472</b>	<b>\$2,163,003,703</b>	<b>\$219,650,231</b>	<b>11.3%</b>

Staff Recommendation:

Adopt the Certified Appraisal Rolls for Nueces County and Kleberg County.

Board Action:

Determine whether to adopt Resolutions 19-39 and 19-40.

Summarization:

This is a required step in the tax collection process.



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

Ramiro "Ronnie" Canales  
Nueces County Chief Appraiser

Direct: (361) 879-0766  
Cell: (361) 765-1190  
Fax: (361) 887-6138  
rcanales@nuecescad.net

SOUTH TEXAS WATER AUTHORITY

**CERTIFICATION OF 2019 APPRAISAL ROLL**

Pursuant to Section 26.01(a) and (c) of the Texas Property Tax Code, I, Ramiro "Ronnie" Canales, Nueces Appraiser for the Nueces County Appraisal District, Nueces County, Texas, do hereby CERTIFY the values listed below, as the net taxable value of all taxable property within your jurisdiction. Item A is the total net taxable value of property not under protest. Item B is the estimated net taxable value of property currently under protest. This estimate is the value that would be assigned to the properties under protest if the owner's opinion of value is upheld by the Appraisal Review Board.

- |   |                  |
|---|------------------|
| A. Value of all taxable property NOT Under Protest for 2019   | \$ 1,017,319,633 |
| B. Estimated taxable value of property Under Protest for 2019 | \$ 0             |

**2019 TOTAL NET TAXABLE VALUE FOR YOUR JURISDICTION \$ 1,017,319,633**

A handwritten signature in black ink, appearing to read "Ramiro Canales", written over a horizontal line.

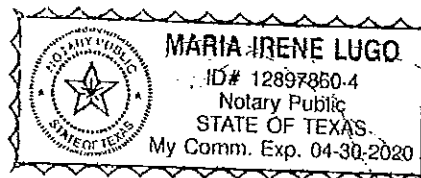
Ramiro "Ronnie" Canales, RPA, CTA  
Chief Appraiser

07/22/2019  
Date

Subscribed and sworn to before me on this 22<sup>nd</sup> day of July 2019.

A handwritten signature in black ink, appearing to read "Maria Irene Lugo", written over a horizontal line.

Maria Irene Lugo  
Notary Public



2019 FINAL VALUE INFORMATION  
AS OF 7-19-19

TAXING UNIT  
SOUTH TEXAS WATER AUTHORITY

GROSS VALUES		2019 FINAL VALUES
REAL:		1,290,352,542
PERSONAL:		91,928,190
MINERAL:		179,928,731
TOTAL GROSS VALUE:		1,562,209,463
TOTAL EXEMPTIONS:		219,592,106
HOMESTEAD CAP ADJ:		20,391,679
LOSS TO AGRICULTURAL: VALUATION		176,541,608
NET TAXABLE VALUE:		1,145,684,070
FOR INFOR ONLY		
STILL UNDER ARB REVIEW	(+)	51,680,071
NET TAXABLE VALUE		
ESTIMATED ADJUSTED	(=)	1,197,364,141
NET TAXABLE VALUE		

ATTACHMENT 4

Resolutions 19-39 and 19-40

SOUTH TEXAS WATER AUTHORITY

Resolution 19-39

RESOLUTION ADOPTING THE APPRAISAL ROLL FOR THE SOUTH TEXAS WATER AUTHORITY'S DISTRICT IN KLEBERG COUNTY FOR TAX YEAR 2019.

WHEREAS, the South Texas Water Authority is a taxing jurisdiction within Kleberg and Nueces Counties, and

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes for maintenance and operation and debt service, and

WHEREAS, the appraisal roll of the South Texas Water Authority has been compiled by the Kleberg County Appraisal District for the purpose of levying an established tax rate on said valuation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2019 appraisal roll compiled by the Kleberg County Appraisal District on behalf of the Authority.

Duly adopted this 30th day of July, 2019.

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KATHLEEN LOWMAN, PRESIDENT

ATTEST:

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RUDY GALVAN, JR., SECRETARY/TREASURER

SOUTH TEXAS WATER AUTHORITY

Resolution 19-40

RESOLUTION ADOPTING THE APPRAISAL ROLL FOR THE SOUTH TEXAS WATER AUTHORITY'S DISTRICT IN NUECES COUNTY FOR TAX YEAR 2019.

WHEREAS, the South Texas Water Authority is a taxing jurisdiction within Kleberg and Nueces Counties, and

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes for maintenance and operation and debt service, and

WHEREAS, the appraisal roll of the South Texas Water Authority has been compiled by the Nueces County Appraisal District for the purpose of levying an established tax rate on said valuation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2019 appraisal roll compiled by the Nueces County Appraisal District on behalf of the Authority.

Duly adopted this 30th day of July, 2019.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 5

Preliminary 2020 Budget

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date : July 26, 2019  
Re: Preliminary Fiscal Year 2020 Budget

### Background:

Enclosed please find the Second Draft of Fiscal Year 2020 Budgets. Several items are now available such as the tax collection fees, appraisal district fees and the cost of water (raw and treated components) from the City of Corpus Christi. Although, the City's proposed rates arrived by email today and the model has not been reviewed by NewGen Strategies. Insurance premiums for next year have not yet been received. The Certified Appraisal Rolls from the Kleberg County and Nueces County Appraisal Districts have been received. However, the Kleberg County roll shows about \$51M in values still under protest. Bill Flickinger, Willatt and Flickinger, was contacted and he advised using a percentage between 60% and 65% of that figure as the tax base for Kleberg County.

### Analysis:

The enclosed second draft budget continues to be based on the same Handling Charge rate of \$0.426386/1000g, which if adopted would be the *tenth* year that rate is charged. The General Fund budget is based on a sales volume of about 530 million gallons generating approximately \$226,000 in Handling Charge revenue. 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<sup>1</sup>

Last month, the Board inquired about the amount of revenue that would *not* be realized if the City of Bishop continued to refrain from purchasing water. Bishop's five-year running average volume is 58,543,089 gallons. This is the volume used in the rate model calculations. Therefore, if the License Agreement with the City has not been finalized and the City does not purchase water in Fiscal Year 2020 (October 1, 2019 – September 30, 2020), the Handling Charge revenue would instead be about \$200,000.

As reported last month, the budget includes a 2.7 % adjustment (overall) to salaries with the exception of my salary. This Second Draft Budget includes \$425,350 in capital acquisition, including \$225,350 in the General Fund Budget and \$200,000 from the Capital Fund Budget. The Interest and Sinking (I&S) tax rate must be based on the debt service schedule and a rate that will generate the necessary funds to pay the annual interest and principal on the bonds. Since the overall tax base has increased, the I&S rate has decreased.

### Staff Recommendation :

Review the preliminary budgets and provide feedback to staff.

### Board Action:

Determine what revenues and expenditures need further review or adjustment.

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<sup>1</sup> The City of Kingsville is based on the number of gallons that can be purchased for \$380,000.



Memo  
7/26/19  
Page 2 of 2

Summarization:

This draft budget reflects an ending balance that would add approximately \$260,000 to Reserves.

**SOUTH TEXAS WATER AUTHORITY  
GENERAL FUND  
PRELIMINARY FY2020 BUDGET - #2**

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

\*City of Corpus Christi has not set the water rates for FY20. The FY19 rate was used for budget purposes.

	2019 ADOPTED BUDGET	2019 AMENDED BUDGET	2020 PRELIMINARY BUDGET
<b>REVENUES</b>			
Water Service Revenue	\$1,366,000	\$1,366,000	\$1,353,399
Handling Charge Revenue	\$221,255	\$221,255	\$226,206
Premium Incremental Increase	\$20,000	\$32,000	\$20,000
Surcharge - Out of District	\$7,299	\$7,299	\$7,545
Interest Income	\$37,000	\$55,250	\$60,000
Other Revenue			
Operating & Maintenance Fees	\$0	\$0	\$0
Miscellaneous Revenues	\$5,000	\$12,000	\$12,000
<b>TOTAL REVENUES</b>	<b>\$1,656,554</b>	<b>\$1,693,804</b>	<b>\$1,679,150</b>
<b>EXPENDITURES</b>			
<b>Water Service Expenditures:</b>			
Bulk Water Purchases	\$1,366,000	\$1,366,000	\$1,353,399
Water Loss	\$0	\$0	\$0
<b>TOTAL WATER SERVICE</b>	<b>\$1,366,000</b>	<b>\$1,366,000</b>	<b>\$1,353,399</b>
<b>Payroll Costs</b>			
<b>Salaries &amp; Wages -</b>			
Permanent Employees	\$329,340	\$315,000	\$338,292
Part-Time Employee	\$1,677	\$1,495	\$1,729
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	\$14,700	\$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	\$44,959	\$54,500	\$46,677
Group Insurance Premium	\$169,292	\$169,292	\$196,184
Unemployment Compensation	\$1,034	\$300	\$875
Workers' Compensation	\$6,841	\$5,500	\$6,250
Car Allowance	\$6,000	\$6,000	\$6,000
Hospital Insurance Tax	\$3,817	\$3,817	\$3,968
<b>TOTAL PERSONNEL</b>	<b>\$585,260</b>	<b>\$579,704</b>	<b>\$622,275</b>
<b>Supplies &amp; Materials</b>			
Repairs & Maintenance	\$80,000	\$80,000	\$80,000
Meter Expense	\$5,000	\$5,000	\$5,000
Tank Repairs	\$25,000	\$25,000	\$50,000
Major Repairs	\$25,000	\$25,000	\$25,000
<b>TOTAL SUPPLIES &amp; MATERIALS</b>	<b>\$135,000</b>	<b>\$135,000</b>	<b>\$160,000</b>

	2019 ADOPTED BUDGET	2019 AMENDED BUDGET	2020 PRELIMINARY BUDGET
Other Operating Expenditures:			
Professional Fees			
Legal	\$30,000	\$25,000	\$30,000
Auditing	\$9,750	\$9,750	\$9,750
Engineering	\$12,500	\$12,500	\$12,500
Management & Consulting	\$7,500	\$7,500	\$7,500
Inspections	\$4,000	\$4,000	\$6,000
Leak Detection	\$0	\$0	\$0
Banquete Overhead Tank Demolition	\$30,000	\$30,000	\$35,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$93,750</b>	<b>\$88,750</b>	<b>\$100,750</b>
Consum Supplies/Materials			
Postage	\$6,500	\$6,500	\$7,500
Printing/Office Supplies	\$27,500	\$29,000	\$30,000
Janitorial/Site Maintenance	\$6,000	\$6,000	\$6,000
Fuel/Lubricants/Repairs	\$34,000	\$44,000	\$30,000
Chemicals/Water Samples	\$52,500	\$52,500	\$52,500
Safety Equipment	\$1,500	\$2,200	\$1,500
Small Tools	\$2,000	\$2,000	\$2,000
<b>TOTAL CON. SUPPLIES/MATERIALS</b>	<b>\$130,000</b>	<b>\$142,200</b>	<b>\$129,500</b>
Recurring Operating Costs			
Telephone/Communications	\$20,654	\$20,654	\$14,000
Utilities	\$112,500	\$102,500	\$110,000
D & O Liability Insurance	\$3,500	\$3,500	\$3,500
Property Insurance	\$30,000	\$47,292	\$47,300
General Liability	\$2,750	\$3,200	\$3,200
Auto Insurance	\$2,050	\$2,225	\$2,225
Travel/Training/Meetings	\$10,000	\$10,000	\$10,000
Rental-Equipment/Uniforms	\$5,000	\$5,000	\$5,000
Dues/Subscriptions/Publication	\$15,000	\$22,500	\$15,000
Pass Through Cost	\$600	\$400	\$400
Educational Materials	\$0	\$0	\$0
<b>TOTAL RECURRING OPER. COSTS</b>	<b>\$202,054</b>	<b>\$217,271</b>	<b>\$210,625</b>
Miscellaneous			
Miscellaneous Expenditures	\$7,500	\$7,500	\$7,500
<b>TOTAL MISCELLANEOUS</b>	<b>\$7,500</b>	<b>\$7,500</b>	<b>\$7,500</b>
<b>Total Administrative &amp; Operations Exp.</b>	<b>\$2,519,564</b>	<b>\$2,536,425</b>	<b>\$2,584,049</b>
Capital Outlay			
Capital Acquisition	\$240,400	\$398,444	\$225,350
Engineering	\$0	\$5,000	\$0
<b>TOTAL CAPITAL OUTLAY</b>	<b>\$240,400</b>	<b>\$403,444</b>	<b>\$225,350</b>
<b>TOTAL EXPENDITURES (w/o D.S. exp.)</b>	<b>\$2,759,964</b>	<b>\$2,939,869</b>	<b>\$2,809,399</b>
Excess (Deficiencies) of Revenue Over Expenditures	-\$1,103,410	-\$1,246,065	-\$1,130,249

	2019 ADOPTED BUDGET	2019 AMENDED BUDGET	2020 PRELIMINARY BUDGET
<b>OTHER FINANCE SOURCE (USES)</b>			
Transfer to Other Funds			
Disposition of Assets (Surplus Sale)	\$1,500	\$15,000	\$1,500
Transfer from Tax Accounts	\$1,238,343	\$1,238,343	\$1,390,044
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$1,239,843</b>	<b>\$1,253,343</b>	<b>\$1,391,544</b>
<b>EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)</b>			
	\$136,433	\$7,278	\$261,296
<b>NET INCOME</b>	<b>\$136,433</b>	<b>\$7,278</b>	<b>\$261,296</b>

**Capital Acquisition**

a. New truck	\$32,500
b. RWSC Booster	\$15,000
c. Technology Upgrades	\$5,000
d. Large Air Compressor	\$25,000
e. Truck Utility Bed	\$11,000
f. New Chlorine & LAS Scales	\$16,850
g. Banquette PS Including Hydro Tank	<u>\$120,000</u>
	\$225,350
Engineering	\$0

**SOUTH TEXAS WATER AUTHORITY  
GENERAL FUND - TAX ACCOUNTS  
PRELIMINARY FY2020 BUDGET**

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

	2019 ADOPTED BUDGET	2019 AMENDED BUDGET	2020 PRELIMINARY BUDGET
<b>REVENUES</b>			
Ad Valorem - Current (M & O)	\$1,257,158	\$1,257,158	\$1,420,260
Delinquent Taxes	\$27,500	\$27,500	\$30,000
Penalty & Interest - Tax Accounts (M & O)	\$16,000	\$16,000	\$19,000
<b>TOTAL M&amp;O TAX REVENUES</b>	<b>\$1,300,658</b>	<b>\$1,300,658</b>	<b>\$1,469,260</b>
<b>EXPENDITURES</b>			
Tax Collector Fees	\$38,597	\$38,597	\$53,732
Appraisal Districts	\$23,718	\$23,718	\$25,484
Refunds	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$62,315</b>	<b>\$62,315</b>	<b>\$79,216</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>\$1,238,343</b>	<b>\$1,238,343</b>	<b>\$1,390,044</b>
<b>OTHER USES</b>			
Transfer to Revenue Fund (Tax)	\$1,238,343	\$1,238,343	\$1,390,044
<b>TOTAL EXPEND. &amp; OTHER USES</b>	<b>\$1,300,658</b>	<b>\$1,300,658</b>	<b>\$1,469,260</b>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0	\$0	\$0

**SOUTH TEXAS WATER AUTHORITY  
GENERAL FUND - SPECIAL SERVICES  
PRELIMINARY FY2020 BUDGET - #2**

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

	2019 ADOPTED BUDGET	2020 PRELIMINARY BUDGET
<b>REVENUES</b>		
Ricardo Water Supply Corporation 1014 customers	\$302,824	\$319,104
Nueces Water Supply Corporation 1000 customers	\$285,529	\$314,698
<b>TOTAL SPECIAL SERVICES REVENUE</b>	<b>\$588,353</b>	<b>\$633,802</b>
<b>EXPENDITURES</b>		
Personnel	\$319,559	\$328,454
Overhead	\$268,794	\$305,347
<b>TOTAL SPECIAL SERVICES EXPENDITURES</b>	<b>\$588,353</b>	<b>\$633,802</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>

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**Personnel allocations:**

Billing Clerk	85.00%
Receptionist	75.00%
Accountant Assistant	75.00%
Finance Manager	27.00%
Business/Risk Manager	25.00%
Field Manager	75.00%
Field Supervisor	35.00%
2.5 Man Field Crew	100.00%
Executive Director	15.00%

**SOUTH TEXAS WATER AUTHORITY  
DEBT SERVICE FUND  
PRELIMINARY FY2020 BUDGET**

**Tax Base Value:  
Collection Rate:**

	<b>2019 ADOPTED BUDGET</b>	<b>2020 PRELIMINARY BUDGET</b>
<b>REVENUES</b>		
Ad Valorem - Current	\$364,889	<b>\$369,963</b>
Ad Valorem - Delinquent	\$7,000	\$9,500
Penalty & Interest - Tax Accounts	\$5,500	\$5,500
Out-of-District Surcharge	\$2,019	\$1,873
Interest on Temporary Investments	\$3,250	\$4,250
Miscellaneous	<u>\$0</u>	<u>\$0</u>
<b>TOTAL TAXES &amp; INTEREST</b>	<b>\$382,658</b>	<b>\$391,086</b>
<b>OTHER FINANCING SOURCES</b>		
	<u>\$0</u>	<u>\$0</u>
<b>TOTAL OTHER FINANCE SOURCES</b>	<b>\$0</b>	<b>\$0</b>
Total Revenue and Other Financing Sources	<b>\$382,658</b>	<b>\$391,086</b>
<b>EXPENDITURES</b>		
Fiscal Agent Fees	\$200	\$200
Bond Interest Expense	\$122,350	\$117,850
Bond Principal Payments	\$225,000	\$230,000
Tax Collector Fees	\$10,739	\$14,863
Appraisal District Fees	\$6,600	\$7,049
Miscellaneous Fees	<u>\$0</u>	<u>\$0</u>
<b>TOTAL EXPENDITURES</b>	<b>\$364,890</b>	<b>\$369,963</b>
<b>OTHER USES</b>		
<b>TOTAL EXPEND. &amp; OTHER USES</b>	<b>\$364,890</b>	<b>\$369,963</b>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<b>\$17,769</b>	<b>\$21,124</b>

**From:** Reba George <RebaG@cctexas.com>  
**Sent:** Friday, July 26, 2019 12:20 PM  
**To:** mcserrato@stwa.org; Bill Flickinger; Chris Ekrut; 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'; Mark Young; violetwater@aol.com  
**Cc:** Mark Van Vleck; Dan Grimsbo; Lisa Aguilar [LGL]; Miles Risley; Constance Sanchez; Martha Messer; Reed, Grady  
**Subject:** FY 2020 Wholesale Rates and Updated Rate Model

All:  
 For your review....I've summarized impacts below. Please forward any questions you may have....Thank you for your patience, Reba

<b>DRAFT 7/25 URM</b>	<b>1/1/2019</b>	<b>1/1/2020</b>
<b>Raw Water</b>		
Rate payer rate	0.963	1.019
Development charge	0.05	0.05
<b>TOTAL</b>	<b>\$ 1.013</b>	<b>\$ 1.069</b>
<i>% increase</i>		5.5%
<i>\$ increase</i>		\$ 0.056
<b>Resale Treated (STWA, SPMWD)</b>		
Raw diversion	0.086	0.100
Treatment	1.441	1.365
<b>TOTAL</b>	<b>\$ 1.527</b>	<b>\$ 1.465</b>
<i>% increase</i>		-4.1%
<i>\$ increase</i>		\$ (0.062)
<b>Resale Treated. Delivered (NCWID#4-Port A, Violet)</b>		
Raw diversion	0.086	0.100
Treatment	1.441	1.365
Network	0.680	0.633
<b>TOTAL</b>	<b>\$ 2.207</b>	<b>\$ 2.098</b>
<i>% increase</i>		-4.9%
<i>\$ increase</i>		\$ (0.109)

**From:** Reba George  
**Sent:** Tuesday, July 23, 2019 4:24 PM  
**To:** mcserrato@stwa.org  
**Cc:** Bill Flickinger <bflickinger@wfaustin.com>; Chris Ekrut <cekrut@newgenstrategies.net>; Martha Messer



ATTACHMENT 6

Proposed FY 2020/Tax Year 2019 Tax Rate

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 26, 2019  
Re: Effective Tax Rate Publication for FY 2020 – Tax Year 2019

### Background:

Enclosed are the Worksheet and Notice provided by the Texas Comptroller. Information from the Worksheet is transferred to the Notice. The Effective Tax Rate procedures for water districts require a comparison of the Average Home Value of Tax Year 2018 (\$89,477) to Tax Year 2019 (\$93,405). The Average Home Value increased by \$3,928 from last year to this year.

Enclosed is the notice with blanks left for the Board members' record vote. The current tax rate is \$0.086664/\$100 valuation, which is comprised of two (2) components – the M&O Tax Rate of \$0.067886/\$100 and the I&S Tax Rate of \$0.018778.

The proposed tax rate *for the purposes of publication* is \$0.086911/\$100 valuation. This proposed rate is comprised of two (2) components – the M&O Tax Rate of \$0.070059/\$100 and the I&S Tax Rate of \$0.016852/\$100. This proposed tax rate is slightly higher (\$0.000247) than the current Total Tax Rate.

### Analysis:

**I&S Tax Component** –the FY 20 debt service requirements including the prorated cost of appraisals and collections payment is \$369,962 which is a slight increase from last year. However, as a result of the tax base increasing the I&S tax component is lower than last year.

**M&O Tax Component** – State Law requires a calculated tax bill based on last year's Average Home Value be compared to a calculated tax bill based on this year's Average Home Value with an allowable increase of up to 8%. The calculation begins with using the current tax rate and multiplying it against the Tax Year 2018 Average Home Value. That amount is multiplied times 1.08 (to add the 8%) and then divided by this year's Average Home Value. The result is considered the Effective Tax Rate (ETR) including the 8% increase. This provides the necessary information for a water district to avoid being placed in a position of a rollback and at the same time provides flexibility in adopting a rate.

**Total Tax Rate** – the I&S Tax Rate is added to the M&O Tax Rate to arrive at the Total Tax Rate.

### Staff Recommendation:

Authorize staff to publish the Truth in Taxation/Effective Tax Rate Notice using the highest rate possible without exceeding the 8% rule *on the M&O Tax Rate*. This publication allows for flexibility regardless of whether the Board decides to adopt an M&O Tax Rate which includes an 8% increase or a lower rate.

### Board Action:

Determine whether to authorize staff to publish the Truth in Taxation Notice/Effective Tax Rate Publication.

### Summarization:

This publication is a mandatory part of the property tax and budgetary process.

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

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

# Water District

## Notice of Public Hearing on Tax Rate

BASED ON 62.5% OF VALUES UNDER PROTEST PLUS CERTIFIED PER B. FLICKINGER

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

- FOR** the proposal: *Names will be filled in.*  
**AGAINST** the proposal: *Names will be filled in.*  
**PRESENT** and not voting: *Names will be filled in.*  
**ABSENT:** *Names will be filled in.*

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

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

### NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

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

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THIS LOWER PORTION IS NOT PUBLISHED - FOR INTERNAL INFORMATION ONLY

Total of Debt Service Expenses at % collection below:	\$ 369,962.00	
100%		Kleberg \$ 1,177,984,114 Nueces
Certified Taxable Value	\$ 2,195,303,747	\$ 1,017,319,633
I&S Tax included in Proposed Rate Above	\$0.016852	Total
Actual M&O Tax Rate Proposed	\$0.070059	\$2,195,303,747
	\$0.086911	DS Requirement
		\$ 369,962

**2019 SOUTH TEXAS WATER AUTHORITY TAX RATE ROLLBACK WORKSHEET  
FOR ILLUSTRATION PURPOSES ONLY - M&O TAX ONLY SHOWING 8%**

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

**Water District**  
**Notice of Public Hearing on Tax Rate**  
 FOR ILLUSTRATION PURPOSES ONLY - M&O TAX ONLY SHOWING 8%

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

**FOR** the proposal: *Names will be filled in.*  
**AGAINST** the proposal: *Names will be filled in.*  
**PRESENT** and not voting: *Names will be filled in.*  
**ABSENT:** *Names will be filled in.*

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

	<b>Last Year</b>		<b>This Year</b>	
Total tax rate (per \$100 of value)	\$0.067886	/\$100	\$0.070059	/\$100
	Adopted		Proposed	
Difference in rates per \$100 of value		\$0.002173	/\$100	
Percentage increase/decrease in rates(+/-)		3.20%		
Average appraised residence homestead value	\$89,477		\$93,405	
General exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$5,000		\$5,000	
Average residence homestead taxable value	\$84,477		\$88,405	
Tax on average residence homestead	\$57.35		\$61.94	
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-) and percentage of increase (+/-)		+ \$4.59		+ 8.00%

**NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION**

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

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THIS LOWER PORTION IS NOT PUBLISHED - FOR INTERNAL INFORMATION ONLY

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Total of Debt Service Expenses at % collection below:	\$	-	Kleberg
100%			\$ 1,145,684,070
			Nueces
Certified Taxable Value	\$	2,163,003,703	\$ 1,017,319,633
I&S Tax included in Proposed Rate Above		\$0.000000	Total
Actual M&O Tax Rate Proposed		\$0.070059	\$ 2,163,003,703
		\$0.070059	DS Requirement
			<b>\$ -</b>

ATTACHMENT 7

Banquete Pump Station Improvement Project

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 25, 2019  
Re: Commitment Letter to Provide Funds for Construction of Banquete PS to Serve the Nueces County Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation (NWSC)

### Background:

As the Board is aware, the Nueces County grant project to serve Cyndie Park was intended to be done in two (2) phases. The first phase is complete, namely the installation of a 4" waterline extending four (4) miles from FM 666 then along FM 1833 to Cindy Lane. The second phase was to be the construction of a new pump station located in Banquete. This pump station would separate the service of the Nueces County Water Control and Improvement District #5 (Banquete) and the Nueces Water Supply Corporation (NWSC). This would be accomplished with the installation of separate pumps, ground storage tank, two (2) new hydropneumatics tanks, disinfection facilities, and the necessary controls. The "new" pump station building would be located in a building owned by STWA on the north side of the existing station. Another component of the project would be the demolition of STWA's 50,000-gallon elevated storage tank (EST).

Unfortunately, a few months ago, Nueces County advertised for construction of the pump station and the bids received were extremely high as compared to the available, remaining grant funds. The lowest apparent bid including demolishing the EST, adding 2 hydro tanks, and controls was about \$1,283,000. The difference between that total and the *available funds* is slightly more than \$668,000. As such, the Nueces County Commissioners Court rejected all the bids. During the last meeting, I stated that it was my preference to utilize available funds for the construction of a new, separate Banquete Pump Station as compared to the construction of an equipment shed. Staff identified \$200,000 from remaining bond funds, \$100,000 that were potentially earmarked for an equipment shed, and about \$50,000 budgeted for demolition of the EST and addition of a hydro-pneumatic tank in Banquete, for a total of \$350,000.

### Analysis:

In the last memo, staff pointed out that the use of the \$350,000 would provide long-term benefits particularly as it relates to increasing STWA's wholesale volume sales. More specifically, staff stated that the NWSC began as a rural system with 250 customers. Recently, the NWSC customer count reached 1000. Overall, in terms of growth, the NWSC and Ricardo Water Supply Corporation (RWSC) have been the entities exhibiting the most potential to affect sales volume. Since assisting RWSC with issuing bonds and managing that corporation in 1991, their customer base has increased three-fold.

To reiterate, however, there are four (4) items presented last month:

1. Separating the facilities will allow STWA to finalize the Wholesale Water Supply Contract with NWSC;
2. Separating the facilities should also eliminate problems with the TCEQ's Under Direct Pressure Rule;
3. Separating the facilities should ensure proper capacity for NWSC's Banquete rural customers; and
4. Separating the facilities could provide incentive for the Banquete Water District Board to resume negotiations on a Wholesale Water Supply Contract.

Enclosed please find recent email correspondence from Nueces County Commissioner Joe Gonzalez as well as the Texas Water Development Board (TWDB). As you can see, Nueces County is awaiting a commitment letter from STWA before re-advertising for bids. Staff believes the presented budgets reflect the availability of between \$350,000 - \$360,000.



Commitment Letter for Banquete Pump Station

July 25, 2019

Page 2 of 2

Staff Recommendation:

Staff recommends authorizing me to provide a commitment letter to Nueces County for the construction of the Banquete Pump Station in the amount of \$355,000.

Board Action:

Determine whether to authorize me to provide a commitment letter to Nueces County for the construction of the Banquete Pump Station in the amount of \$355,000.

Summarization:

During the NWSC's last board meeting, they agreed to provide between \$105,000 and \$110,000 towards the construction of the pump station. In addition, according to Robert Viera, LNV Engineering, there should be ways to reduce the cost of the overall project. The Board will recall we discussed a different type of pump instead of using variable drives and instead of removing the concrete slab from the EST it could remain in place. Mr. Viera stated that he thought as much as 25% could be reduced from the previous apparent low bid of \$1,283,000. The bottom line is that with an additional \$465,000 the \$668,000 "gap" is reduced to \$203,000 which would require about a 15% reduction from the previous apparent low bid.

**mcgserrato@stwa.org**

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**From:** Commissioner Joe Gonzalez <joe.gonzalez@nuecesco.com>  
**Sent:** Friday, July 19, 2019 2:29 PM  
**To:** Maria M. Bedia  
**Cc:** Robert Viera; Carola G. Serrato (mcgserrato@stwa.org)  
**Subject:** RE: Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

I believe Carola did present to the board. Once you receive confirmation from Carola in writing, please place on the agenda ASAP.

Thank you.

*Joe A. Gonzalez (JAG)  
Nueces County Commissioner Pct 2  
901 Leopard, Rm 303.7  
Corpus Christi, Tx 78380  
(361) 888-0296*

**From:** Maria M. Bedia <maria.bedia@nuecesco.com>  
**Sent:** Friday, July 19, 2019 1:53 PM  
**To:** Commissioner Joe Gonzalez <joe.gonzalez@nuecesco.com>  
**Cc:** Robert Viera <rviera@Invinc.com>; Natalie Eckstrom <natalie.eckstrom1@co.nueces.tx.us>  
**Subject:** Re: Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

I have informed Purchasing that we will be re-bidding the project as is. I am waiting for funding confirmation from Carola in the form of an official commitment letter to cover costs above what we currently have available in the TWDB grant. I will send her an email this afternoon to inquire as to the status.

Sent from my iPhone

On Jul 19, 2019, at 1:49 PM, Commissioner Joe Gonzalez <[joe.gonzalez@nuecesco.com](mailto:joe.gonzalez@nuecesco.com)> wrote:

Maria,

What is the status regarding re-bidding this project? Please provide update.

*Joe A. Gonzalez (JAG)  
Nueces County Commissioner Pct 2  
901 Leopard, Rm 303.7  
Corpus Christi, Tx 78380  
(361) 888-0296*

**From:** Maria M. Bedia <[maria.bedia@nuecesco.com](mailto:maria.bedia@nuecesco.com)>  
**Sent:** Monday, July 08, 2019 9:21 PM

**To:** Commissioner Joe Gonzalez <[joe.gonzalez@nuecesco.com](mailto:joe.gonzalez@nuecesco.com)>; Sandra Santos <[sandra.santos@nuecesco.com](mailto:sandra.santos@nuecesco.com)>  
**Cc:** Natalie Eckstrom <[natalie.eckstrom1@co.nueces.tx.us](mailto:natalie.eckstrom1@co.nueces.tx.us)>  
**Subject:** FW: Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

Sandra,

Can you please let me know if Commissioner is available to briefly discuss the below email? Robert with LNV is recommending for the County to re-bid the Banquete pump station project. Carola mentions that there is a "potential" for \$463,000 in funding.

Please let me know. Thank you.  
Maria

**From:** [mogserrato@stwa.org](mailto:mogserrato@stwa.org) <[mogserrato@stwa.org](mailto:mogserrato@stwa.org)>  
**Sent:** Tuesday, July 02, 2019 10:50 AM  
**To:** Maria M. Bedia <[maria.bedia@nuecesco.com](mailto:maria.bedia@nuecesco.com)>; Robert Viera <[rviera@invinc.com](mailto:rviera@invinc.com)>  
**Cc:** 'Dony Cantu' <[dcantu@stwa.org](mailto:dcantu@stwa.org)>; 'Frances Rosales' <[fvrosales@stwa.org](mailto:fvrosales@stwa.org)>; 'Jacob Hinojosa' <[jhinojosa@stwa.org](mailto:jhinojosa@stwa.org)>; 'Jo Ella Wagner' <[jwagner@stwa.org](mailto:jwagner@stwa.org)>  
**Subject:** Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

Maria and Robert,

Last week the STWA Board met on Tuesday and the NWSC Board met on Thursday.

The STWA Board reviewed a preliminary budget for Fiscal Year 2020 which included \$155,000 for the Banquete PS out of the General Fund. The STWA Board is scheduled to approve its FY 2020 budget on September 3<sup>rd</sup>. However, I hope to know more about the proposed tax rate at the STWA Board meeting on July 30<sup>th</sup>. The adopted M&O tax rate is a major factor in the available funds for capital expenditures.

In addition, the Board had previously agreed that \$200,000 in bond funds could be made available contingent on bond counsel confirming that the use of the funds for the pump station would not jeopardize the tax exempt status of STWA's bonds. After Tuesday's meeting, that was confirmed by email.

On Thursday, the NWSC Board agreed to provide approximately \$108,000 collected from developers utilizing the BA PS for the project.

Between the three sources (if there are not any major surprises with STWA's Effective Tax Rate), there may be an additional \$463,000 available for the PS construction.

Please keep me updated on the status of the re-advertising for bids. If there is any additional information needed from our office, please let me know.

Thanks and have a Great Fourth of July,

Carola

Carola G. Serrato  
Executive Director

**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364

**mcgserrato@stwa.org**

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**From:** Nicki Hise <Nicki.Hise@twdb.texas.gov>  
**Sent:** Wednesday, July 24, 2019 4:00 PM  
**To:** mcgserrato@stwa.org  
**Subject:** FW: Nueces County DWSRF #62622 CID 01 and CID 02 updates

Hi there,

I'm forwarding this message onward, as I had input your email address incorrectly in my original correspondence.

Thanks,  
Nicki Hise

**From:** Nicki Hise  
**Sent:** Wednesday, July 24, 2019 3:57 PM  
**To:** Maria M. Bedia <maria.bedia@nuecesco.com>; Robert Viera (rviera@Invinc.com) <rviera@Invinc.com>  
**Cc:** Natalie Eckstrom <natalie.eckstrom1@co.nueces.tx.us>; mcgserrato@stwa.org  
**Subject:** Nueces County DWSRF #62622 CID 01 and CID 02 updates

Hi there,

I'm reaching out to follow up on the status of closing out CID 01 and possibly proceeding with CID 02.

I'm currently awaiting the close-out documentation in order for the TWDB to issue a Certificate of Approval (COA) for CID 01, which include:

1. The final change order/adjustment of quantities (Per our previous discussion, the County was going to create a reconciliatory change order to include the final valve work performed as part of the contract.)
2. The final pay request from the contractor, which should indicate that the contract's total final price matches that shown in the final change order
3. An affidavit by the contractor that all bills have been paid
4. Certification by the consulting engineer that the work has been completed and was constructed in accordance with the approved plans and specifications and sound engineering principals and construction practices (This can be a simple letter.)
5. Acceptance of the project by the owner in the form of a written resolution or other formal action
6. Notification of the beginning date of the warranty period for the contract
7. Confirmation that the owner has received the as-built drawings from the contractor (This can also be stated in a letter.)
8. Final American Iron & Steel Certification form, found here:  
<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1106-C.pdf>

Finally, please provide an update regarding the status of CID 02. When I last spoke with you and Mr. Viera, the possibility of utilizing Nueces WSC or South Texas Water Authority funds to fill the funding gap and proceed with the project as designed was discussed. Is this how the construction work is to proceed? Please provide and update on this.

Thanks!  
Nicki Hise

**Nicki Hise, RPA**  
Project Reviewer  
Texas Water Development Board

Regional Water Project Development

[nicki.hise@twdb.texas.gov](mailto:nicki.hise@twdb.texas.gov)

512-936-4304

**mcserrato@stwa.org**

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**From:** Commissioner Joe Gonzalez <joe.gonzalez@nuecesco.com>  
**Sent:** Friday, July 19, 2019 2:29 PM  
**To:** Maria M. Bedia  
**Cc:** Robert Viera; Carola G. Serrato (mcserrato@stwa.org)  
**Subject:** RE: Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

I believe Carola did present to the board. Once you receive confirmation from Carola in writing, please place on the agenda ASAP.

Thank you.

*Joe A. Gonzalez (JAG)*  
*Nueces County Commissioner Pct 2*  
*901 Leopard, Rm 303.7*  
*Corpus Christi, Tx 78380*  
*(361) 888-0296*

**From:** Maria M. Bedia <maria.bedia@nuecesco.com>  
**Sent:** Friday, July 19, 2019 1:53 PM  
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**Cc:** Robert Viera <rviera@invinc.com>; Natalie Eckstrom <natalie.eckstrom1@co.nueces.tx.us>  
**Subject:** Re: Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

I have informed Purchasing that we will be re-bidding the project as is. I am waiting for funding confirmation from Carola in the form of an official commitment letter to cover costs above what we currently have available in the TWDB grant. I will send her an email this afternoon to inquire as to the status.

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*Nueces County Commissioner Pct 2*  
*901 Leopard, Rm 303.7*  
*Corpus Christi, Tx 78380*  
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**To:** Commissioner Joe Gonzalez <[joe.gonzalez@nuecesco.com](mailto:joe.gonzalez@nuecesco.com)>; Sandra Santos <[sandra.santos@nuecesco.com](mailto:sandra.santos@nuecesco.com)>

**Cc:** Natalie Eckstrom <[natalie.eckstrom1@co.nueces.tx.us](mailto:natalie.eckstrom1@co.nueces.tx.us)>

**Subject:** FW: Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

Sandra,

Can you please let me know if Commissioner is available to briefly discuss the below email? Robert with LNV is recommending for the County to re-bid the Banquete pump station project. Carola mentions that there is a "potential" for \$463,000 in funding.

Please let me know. Thank you.

Maria

**From:** [mcserrato@stwa.org](mailto:mcserrato@stwa.org) <[mcserrato@stwa.org](mailto:mcserrato@stwa.org)>

**Sent:** Tuesday, July 02, 2019 10:50 AM

**To:** Maria M. Bedia <[maria.bedia@nuecesco.com](mailto:maria.bedia@nuecesco.com)>; Robert Viera <[rviera@lrvinc.com](mailto:rviera@lrvinc.com)>

**Cc:** 'Dony Cantu' <[dcantu@stwa.org](mailto:dcantu@stwa.org)>; 'Frances Rosales' <[fvrosales@stwa.org](mailto:fvrosales@stwa.org)>; 'Jacob Hinojosa' <[jhinojosa@stwa.org](mailto:jhinojosa@stwa.org)>; 'Jo Ella Wagner' <[jwagner@stwa.org](mailto:jwagner@stwa.org)>

**Subject:** Banquete Pump Station - Potential STWA Funds and Dedicated NWSC Funds

Maria and Robert,

Last week the STWA Board met on Tuesday and the NWSC Board met on Thursday.

The STWA Board reviewed a preliminary budget for Fiscal Year 2020 which included \$155,000 for the Banquete PS out of the General Fund. The STWA Board is scheduled to approve its FY 2020 budget on September 3<sup>rd</sup>. However, I hope to know more about the proposed tax rate at the STWA Board meeting on July 30<sup>th</sup>. The adopted M&O tax rate is a major factor in the available funds for capital expenditures.

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Please keep me updated on the status of the re-advertising for bids. If there is any additional information needed from our office, please let me know.

Thanks and have a Great Fourth of July,

Carola

Carola G. Serrato  
Executive Director

**South Texas Water Authority**

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112



ATTACHMENT 8

License Agreement – City of Bishop

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 24, 2019  
Re: City of Bishop – License Agreement – Bishop East PS Property

### Background:

The Bishop City Council was scheduled to meet today, July 24<sup>th</sup>. However, enclosed is an email from City Secretary Cynthia Contreras notifying me that the meeting has been cancelled due to a lack of a quorum.

During the last Board meeting, staff reviewed the latest redline version of the License Agreement from Gerald Benadum, Bishop's attorney. Additionally, the Board reviewed our legal counsel's, Bill Flickinger of Willatt and Flickinger, recommendations and assessment of the modifications (enclosed). The Board will recall that it had been several months since STWA had provided its response to the previous Agreement version. During last month's meeting, the Board gave direction to Mr. Flickinger and staff on the necessary responses to the City's changes. Enclosed is the Agreement modified by Mr. Flickinger as well as his correspondence to Mr. Benadum. Also attached is my follow-up with the Bishop City Council and City Secretary, including the latest revised Agreement.

### Analysis:

The Bishop City Council met on June 26<sup>th</sup>, the day after STWA's meeting. Although Mr. Flickinger had not yet had the opportunity to revise the Agreement, I attended the Council meeting to provide an update. I reported that the Board had reviewed the City's redline version and that the City could expect STWA's responses in about two (2) weeks.

The Board will recall during a previous Council meeting several items of concern were discussed by the City and by me on behalf of STWA. Two clauses were considered "make or break" provisions. The City stated it would not agree to work with STWA on an outright purchase of the property. On STWA's part, I stated STWA would not relinquish its right to take legal action on any future issues related to the property. Therefore when asked, during the June 26<sup>th</sup> meeting by Councilman Albert Guajardo, whether it appeared that the parties were getting closer to finalizing the Agreement, I responded that it was disconcerting to find that the City had removed the provision regarding selling the property but had not removed the section regarding STWA's right to future legal recourse.

### Staff Recommendation:

Staff will check with Ms. Contreras about the rescheduling of the Council meeting. It may be the day after STWA's meeting on the 30<sup>th</sup>. Regardless, if I am available, I will attend and report to the Board.

### Board Action:

At this time, there is not any action to take other than providing feedback to staff and legal counsel.

### Summarization:

Without any response from the City, it is difficult to estimate whether the parties are, in fact, closer to executing a License Agreement. Regardless, STWA staff and legal counsel will continue to make efforts in a timely manner to finalize the matter.

**mcserrato@stwa.org**

---

**From:** mcserrato@stwa.org  
**Sent:** Wednesday, July 24, 2019 1:25 PM  
**To:** 'bishopcitysecretary@corpus.twcbc.com'  
**Subject:** RE: Bishop Council meeting

Thank-you for the notice. Have a good evening, too.

Carola

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

**From:** bishopcitysecretary@corpus.twcbc.com <bishopcitysecretary@corpus.twcbc.com>  
**Sent:** Wednesday, July 24, 2019 12:46 PM  
**To:** Carola G. Serrato <mcserrato@stwa.org>  
**Subject:** Bishop Council meeting  
**Importance:** High

Good Afternoon Carola,

Just wanted to let you know, our Council meeting has been canceled for today due to lack of quorum. Have a good evening

Respectfully,

Cynthia L. Contreras  
City Secretary  
City of Bishop  
PO Box 356  
Bishop, Texas 78343  
Phone: (361) 584-2567 ext. 106  
Fax: (361) 584-3253  
[bishopcitysecretary@corpus.twcbc.com](mailto:bishopcitysecretary@corpus.twcbc.com)

**From:** Bill Flickinger <bflickinger@wfaustin.com>  
**Sent:** Saturday, June 22, 2019 10:55 AM  
**To:** Carola Serrato (mcserrato@stwa.org)  
**Cc:** Allison Nix  
**Subject:** STWA - New Redline Draft of Proposed License Agreement with the City of Bishop  
**Attachments:** STWA - GLB Redline Blishop License glb 6-21-19 redline.docx

Carola:

I have reviewed the attached, being a new redline draft of the proposed license agreement with the City of Bishop that was sent late yesterday by Jerry Benadum. I note that he did not indicate the revised redline draft was a offer, but did indicate as far as he knew, the City was in agreement with his draft.

Although it does appear some progress has been made in this latest draft, I cannot recommend it be approved by the Board of Directors of STWA without further revisions and a detailed review by you. The following are my comments based upon my review of the attached:

1. Jerry Benadum did use the correct prior redline draft for the base document. The base document is our redline draft dated 1/23/19 which showed our changes to the City's draft of 1/5/19.
2. Before execution we will need to attach Exhibit A and fill-in the number of acres or square footage in the first sentence in Section II.
3. Please note the change in Section III which increases the annual fee (after the first five) to \$100 with a 5% annual increase. Please let me know if that change is acceptable.
4. I do continue to have a problem with the changes to Section IV B for the reasons previously stated. The Authority should not have to waive its right to pursue an equitable interest in the property based upon the City's consent and knowledge of the investment made by the Authority on the site. The language added by Mr. Benadum in that subsection should be deleted.
5. Mr. Benadum rejected our deletion of the last sentence in Section V on insurance. We had stricken that sentence primarily because we do not know what it means. It should be stricken again.
6. Please review the last sentence added to Section VII A on repair of the pumps by the City and the subsequent ownership of new pumps by the City. If you are ok with that sentence, I am ok with it.
7. Section VII D is new and warrants a careful review. For example, there is no specific statement to indicate that we are talking about the current boundaries of the City. If the City annexes an area in NWSC's CCN we do not want an impact on STWA's ability to provide water to NWSC. We will need to discuss this addition in more detail.
8. In Section IX, Mr. Benadum added "or" after the phrase, "apparently abandoned it" which completely changes the requirements for deeming the Licensed Property abandoned. That addition should be rejected. Likewise in Section IX B and Section IX C, he has ~~added~~ <sup>deleted</sup> the word, "such" which changes the meaning of those provisions and those additions should be rejected.
9. A \$200 per month holdover fee (adjusted by increases in CPI) was added to Section IX D. This applies if the Authority fails to remove all of its property and restore the site. Please let me know if you are ok with the additional fee.
10. Section IX E contains several new provisions regarding remaining underground facilities. Please review those new provisions and let me know if you find any of them to be a problem.
11. In Section XIII Mr. Benadum has made some changes that do not appear to be of major concern. We will need to insert a street address for STWA for express delivery.

I will be in the office for a few more hours today. I am travelling on Monday and will not be available. I will be available Tuesday to discuss if needed, prior to your Board meeting. Thank you.

Very truly yours,

*Bill Flickinger*

**From:** gerald benadum <glbenadum@att.net>  
**Sent:** Friday, June 21, 2019 3:06 PM  
**To:** Bill Flickinger  
**Cc:** Carola Serrato (mcserrato@stwa.org); Tem Miller; Cynthia Contreras; Laura Cantwell  
**Subject:** Bishop / STWA License Agreement  
**Attachments:** STWA - Bishop License glb 6-21-19 redline.docx; Untitled attachment 00006.html

Bill, I have been authorized to release to you and Carola the attached revised version of the proposed License Agreement from the City of Bishop to STWA.

this shows redline the changes I have recommended to the version you last submitted to me. I intend that it shows all the changes; if I have missed one or other I apologize for my failure with Word. This has been submitted to my clients and, so far as I'm aware, they are in agreement with this version.

Of note are the additions in Article IX E. In your latest version, you added a provision allowing STWA to continue having an underground presence after the License terminates. I have added provisions to address that continued use of the property.

This document probably will need some cleanup in formatting in a final version for adoption by the parties.

Have a good afternoon.  
Jerry

**From:** mcserrato@stwa.org  
**Sent:** Monday, July 15, 2019 12:30 PM  
**To:** Albert Guajardo (albertg@corpus.twcbc.com); Bill Boswell (billb@corpus.twcbc.com); Janie Dominguez (janied@corpus.twcbc.com); Kabrina Lawrence (kabrinal@corpus.twcbc.com); Nathan Garza (nathang@corpus.twcbc.com); Tem Miller (mayormiller-bishop@corpus.twcbc.com)  
**Cc:** Cynthia Contreras; Bill Flickinger; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'  
**Subject:** FW: Bishop / STWA License Agreement  
**Attachments:** STWA - BF Revised Redline Dated 7-15-19 Showing Proposed Changes to GLB Redline Bishop License glb 6-21-19 redline.docx

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Cynthia Contreras	
	Bill Flickinger	
	Albert Guajardo (albertg@corpus.twcbc.com)	
	Bill Boswell (billb@corpus.twcbc.com)	
	Janie Dominguez (janied@corpus.twcbc.com)	
	Kabrina Lawrence (kabrinal@corpus.twcbc.com)	
	Nathan Garza (nathang@corpus.twcbc.com)	
	Tem Miller (mayormiller-bishop@corpus.twcbc.com)	
	'Dony Cantu (dcantu@stwa.org)'	
	'Frances Rosales'	
	'Jacob Hinojosa'	
	'Jo Ella Wagner'	
	Joella Wagner	Read: 7/15/2019 2:24 PM
	Dony Cantu	Read: 7/15/2019 3:27 PM

Good Afternoon,

Attached please find the revised License Agreement which I indicated during your June Council meeting would be forthcoming. STWA's attorney, Bill Flickinger, provided the revised document based on instructions from the STWA Board. However, as Mr. Flickinger stated in his email to Mr. Benadum (below), the STWA Board is aware of the recommended changes; but, the Board has not formally reviewed and approved the revised document. The STWA Board is meeting one week later than usual in July – on July 30<sup>th</sup>. This item will be on the agenda with the document included in their agenda packet. The agenda and packet will be posted on STWA's website on Friday, July 26<sup>th</sup> – hopefully, shortly after noon.

Carola

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

**From:** Bill Flickinger <bflickinger@wfaustin.com>  
**Sent:** Monday, July 15, 2019 11:29 AM  
**To:** gerald benadum <glbenadum@att.net>  
**Cc:** Carola Serrato (mcgserrato@stwa.org) <mcgserrato@stwa.org>  
**Subject:** RE: Bishop / STWA License Agreement

Dear Jerry:

Please see the attached revised redline draft of the proposed License Agreement.

Carola and I have been authorized by the STWA Board of Directors to continue negotiations with the City. The final version of the document will require approval by the STWA Board.

We look forward to your response so that we can finalize the document at the earliest possible time. Thank you.

Very truly yours,

*Bill Flickinger*

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

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

**Email:** [bflickinger@wfaustin.com](mailto:bflickinger@wfaustin.com)

**CONFIDENTIALITY NOTICE:** This email transmission (and/or the attachments which accompany it) may contain confidential information belonging to the sender which is protected by the attorney-client privilege. The information is intended only for the use of the intended recipient. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. Any unauthorized interception of this transmission is illegal under the law. If you have received this transmission in error, please promptly notify the sender by reply email, and then destroy all copies of the transmission. Thank you.

**From:** gerald benadum <glbenadum@att.net>  
**Sent:** Friday, June 21, 2019 3:06 PM  
**To:** Bill Flickinger <bflickinger@wfaustin.com>  
**Cc:** Carola Serrato (mcgserrato@stwa.org) <mcgserrato@stwa.org>; Tem Miller <itgolf@stx.rr.com>; Cynthia Contreras <bishopcitysecretary@corpus.twcabc.com>; Laura Cantwell <lcantwell8@gmail.com>  
**Subject:** Bishop / STWA License Agreement

Bill, I have been authorized to release to you and Carola the attached revised version of the proposed License Agreement from the City of Bishop to STWA. this shows redline the changes I have recommended to the version you last submitted to me. I intend that it shows all the changes; if I have missed one or other I apologize for my failure with Word. This has been submitted to my clients and, so far as I'm aware, they are in agreement with this version.

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This document probably will need some cleanup in formatting in a final version for adoption by the parties.

Have a good afternoon.

Jerry

Gerald L. Benadum  
[gibenadum@aff.net](mailto:gibenadum@aff.net)  
office: 361-881-6078  
cell: 361-549-3019  
fax: 361-881-6080





## II. LICENSED PROPERTY

The Licensed Property is located at 333 North Birch Avenue, Bishop, Texas 78343, includes ---- acres [square feet?] more or less, and is described in the plat as shown in Exhibit B hereto.

Licensee is not granted, and shall not have, any air rights above the Licensed Property, or subterranean rights below the surface of the Licensed Property, beyond that reasonably necessary for the licensed uses specified herein. Licensee's access to the Licensed Property shall be from the adjacent city street.

Licensee is familiar with all characteristics and conditions of the Property and is not relying on any representations for the City with respect to the Property or the suitability of the property for Licensee's purpose. The City does not make, and expressly disclaims, any representation or warranty express or implied that the property is safe or suitable for Licensee's intended purpose or safe or suitable for any other purpose. Licensee shall assume all risks in using the Licensed Property.

## III. FEES

ANNUAL FEES. Licensee shall pay to the City, for the license and permission herein granted to Licensee annual fees of \$5,000.00 each for the first 5 (five) years of this License, with the first such annual fee due and payable upon execution of this Agreement and each of the 4 (four) subsequent annual fees being due on or before January 15 of each subsequent calendar year. After the first 5 calendar years following execution of this Agreement, an annual fee of \$100.00, increasing each year by 5% of the previous year's fee, shall be assessed for the license and permission herein granted to Licensee and Licensee shall pay such annual fees within sixty (60) days of receipt of an invoice from the City for same.

## IV. CITY'S RIGHT TO LICENSED PROPERTY

- A. This Agreement is expressly subject and subordinate to the present and future right of the City, its successors, assigns, lessees, grantees, and licensees, to enter upon the Licensed Property for any purpose including, but not limited to, the construction, installation, establishment, repair, maintenance, and/or operation and renewal of any public utilities.
- B. Nothing in this Agreement shall be construed to limit, in any way, the City's ownership interest in the Licensed Property, ~~and Licensee hereby acknowledges the City's fee title to the Licensed Property, subject only to this License.~~
- C. In the event of an emergency, the City shall have the right to make connections to, and reasonable use of, the Licensed Improvements for the purpose of accessing the water supply of Nueces Water Supply Corporation, subject to prior approval of that corporation, the Licensee. The City shall pay all of its own costs and shall reimburse Nueces Water Supply Corporation ~~Licensee~~ for all reasonable costs incurred by such corporation ~~Licensee~~ as a result of the City's connections and use and for all water used at the same rate as that corporation ~~City~~ pays for water purchased from Licensee under the then current Water Supply Contract between Nueces Water Supply Corporation ~~City~~ and Licensee ~~STWA~~. All connections into Nueces Water Supply

Corporation's Licensee's Improvements shall require preapproval by Nueces Water Supply Corporation Licensee, which approval shall not be unreasonably withheld.

## V. INSURANCE

Licensee, shall, at its sole expense, provide a commercial general liability insurance policy, written by a company acceptable to the City and licensed to do business in Texas, with a combined single limit of not less than One Million and No/100 Dollars (\$1,000,000.00), which coverage may be provided in the form of a rider and/or endorsement to a previously existing insurance policy. Such insurance coverage shall specifically name the City as an additional insured. This insurance coverage shall cover all perils arising from the activities of Licensee, its officers, directors, employees, agents, guests, invitees, or contractors, relative to this Agreement. Licensee shall be solely responsible for the payment of any deductibles stated in the policy. Proof of each policy affecting such coverage shall be delivered to the City. So long as Licensee is using the Licensed Property, Licensee shall not cause such insurance to be cancelled nor permit such insurance to lapse. All insurance policies and certificates shall provide that the coverage shall not be reduced, restricted, or otherwise limited until ninety (90) days after the City has received written notice thereof as evidenced by a return receipt of registered or certified mail. The limits of such coverage shall be increased from time to time in amounts reasonable to reflect the then prevailing risks and prevailing liability costs and risks. [NOTE: We need to understand what this means prior to agreeing to it.]

## VI. INDEMNIFICATION

To the extent permitted by Texas law, Licensee shall indemnify, defend, and hold harmless the City and its officers, agents, and employees against any and all claims, suits, demands, judgments, and expenses, including attorney's fees, including, but not limited to, liability for personal injury, death or damage to any person or property which is alleged to be caused by Licensee's actions and inactions in installing, constructing, operating, maintaining, repairing, replacing, and/or removing the Licensed Improvements on the Licensed Property, or any other manner while occupying or using the Licensed Property. This indemnification provision, however, shall not apply to any claims, suits, damages, costs, losses or expenses (i) for which the City shall have been, or is entitled to be compensated by insurance provided under Article IV above, or (ii) which are proximately caused by the sole negligent or willful acts of the City, its agents, employees, or contractors; provided, however, that for the purposes of the foregoing, the City's act of entering into this Agreement shall not be deemed to be a "negligent or willful act."

## VII. CONDITIONS

- A. Licensee's Responsibilities. Licensee, at Licensee's sole cost and expense, shall be responsible for the installation, construction, operation, maintenance, repair, replacement, and removal of the Licensed Improvements and for any costs arising therefrom, including but not limited to relocation of Licensed Improvements. Notwithstanding the foregoing, no repairs or replacements will be made by Licensee with respect to the pumps previously used to serve the City without payment of the costs thereof by the City. Provided however, so long as there is no adverse impact on the ability

of Licensee to serve its customer, Nueces Water Supply Corporation, the City shall have the right to make repairs directly to said pumps at its own cost and shall have the right to replace one or both of said pumps at its own cost and, in that event, shall have ownership of and responsibility for each new pump so installed by the City. :

- B. Maintenance. Licensee expressly agrees to maintain the Licensed Property in a clean, safe, and good condition at Licensee's sole cost and expense for the duration of the license. Licensee shall keep the Licensed Property fenced and secured as may be reasonably necessary for the protection of the improvements and properties and for the protection of the public.
- C. Modification. Licensee agrees that the modification of any improvements on the Licensed Property must be approved in writing by the City prior to any such modification.
- D. Water Service. Licensee shall not use the Licensed Property or any of the licensed Improvements, directly or indirectly, to provide water service to any customer within the boundaries of the City's Water Certificate of Convenience and Necessity (CCN) -without specific prior written approval from the City Council, nor allow or facilitate any third party to do so.
- E. Default. In the event that Licensee fails to maintain the Licensed Property or otherwise comply with the terms or conditions as set forth herein, then the City may give Licensee written notice thereof, by registered or certified mail, return receipt requested to the address set forth below. Licensee shall have ninety (90) -days from the date of receipt of such notice to remedy the failure complained of and, if Licensee does not satisfactorily remedy the same within the ninety-day period following receipt of the notice described in this paragraph, the City may perform the work or contract for the completion of the work. In such event, Licensee agrees to pay within sixty (60) days of written demand for payment by the City, all costs and expenses incurred by the City in completing the work.

#### VIII. TERM

This Agreement shall become effective on the date set forth in the introductory paragraph of this Agreement, and the License shall continue thereafter for so long as the Licensee uses the Licensed Property for the purposes set forth herein, or unless otherwise terminated in accordance with Article IX.

#### IX. TERMINATION

- A. Termination by Abandonment. If Licensee abandons the use of all or any part of the Licensed Property for such purposes set forth in this Agreement, this Agreement as to such portion or portions abandoned, and any rights of Licensee therein, shall expire and terminate after upon thirty (30) days' written notice to the Licensee. The City shall thereafter have the right to enter and take possession of the abandoned portion of the Licensed Property. If Licensee fails to remove one or more items of any of the Licensed Improvements or its equipment from the abandoned portion, the

City may elect to remove all or part of such items at Licensee's expense, or may elect for all or part of such items to be deemed owned by the City as of the time abandoned, and all actual costs and expenses incurred by the City shall be the obligation of Licensee to pay to the City in full within sixty (60) days of receipt of the City's statement demanding payment. The City may deem the Licensed Property or any part of the Licensed Property to be abandoned if Licensee has (i) ~~apparently abandoned it or (ii)~~, has not made use of it for 365 days; and (ii) has failed to maintain it in a useable condition for those 365 days. Notwithstanding the provisions of this paragraph, a failure to use or maintain any of the following facilities shall not be deemed an abandonment: The two (2) pumps previously used to provide water service to the City, an abandoned chlorine portable building, yard piping connecting into the City's distribution system, a pressure reduction valve on the yard piping and associated valves and controls and any other buildings, facilities or equipment previously used to provide water service to the City or previously used by the City to provide water services to its customers.

- B. Termination by the Licensee. This Agreement may be terminated by the Licensee by delivering written notice of termination to the City not later than ninety (90) days before the effective date of the termination stated in the notice. If the Licensee so terminates, then Licensee shall remove the Licensed Improvements installed by the Licensee and any other equipment of Licensee. In the event the Licensee fails to remove such Licensed Improvements or equipment on or before the effective date of such termination, the City may elect to remove all or part of such items at Licensee's expense, or may elect for all or part of such items to be retained by the City, and all ~~such~~ actual costs and expenses incurred by the City shall be the obligation of Licensee to pay to the City in full within sixty (60) days of receipt of the City's statement demanding payment.
- C. Termination by the City. This Agreement may be terminated by the City, with or without cause, by delivering written notice of termination to the Licensee not later than five years before the effective date of the termination stated in the notice. If the City so terminates, then the Licensee shall remove the Licensed Improvements installed by the Licensee by the effective date of termination stated in the City's notice. In the event the Licensee fails to remove such Licensed Improvements and any other equipment of Licensee on or before such expiration date, the City may elect to remove all or any part of such items at Licensee's expense, or may elect for all or any part of such items to be retained by the City, and all ~~such~~ actual costs and expenses incurred by the City shall be the obligation of Licensee to pay to the City in full within sixty (60) days of receipt of the City's statement.
- D. Licensee shall continue to be liable to the City for the annual license fees until all of Licensee's property has been removed and the site restored in accordance with subsection E, below, prorated to the date the removal is completed. In the event Licensee fails to fully vacate and restore the Licensed Property, Licensee shall owe monthly holdover fees until the property is fully vacated and restored. The holdover fee shall be the amount of \$200 per month adjusted by increases in the CPI for All Urban Consumers (CPI-U); U.S. City Average, Dallas-Fort Worth-Arlington, and Houston-The Woodlands-Sugar Land, June 2019 (1982-84=100 unless otherwise noted) CPI-All Cities index from the effective date of this License.

B. Upon any termination, Licensee's obligation to remove its property shall include an obligation to remove all foundations and other subsurface objects, and Licensee shall restore the surface of the Property to a level, sodded surface in good health compatible with the City's adjacent park property.

Notwithstanding the foregoing, Licensee shall not be required to remove any underground water pipes, valves or other appurtenances that are necessary to be used to provide water service to its customers and City agrees to provide Licensee with a permanent easement for such underground water pipes valves or other appurtenances and for access to, maintenance and repair of, replacement of such facilities, such easement being substantially in the form of Exhibit C attached hereto, subject to the following, terms:

1. In the event Licensee elects to leave in place any such underground pipes, valves, or other appurtenances (facilities), the terms of this License shall continue to apply to those underground facilities as an Underground License;

2. Licensee shall deliver to the City complete plans of all of the facilities, including a description of the depth at which those facilities are located; the City shall have a right at all times to inspect the facilities;

3. All facilities shall be located more than 3' below the surface, except for necessary access holes; and all access holes shall be closed with covers that are flush to the surface, do not interfere with use of the park, and do not pose any safety hazard;

4. Licensee shall have reasonable access to the facilities and may make reasonable use of the surface within the boundaries of the Licensed Property to maintain, repair, and replace the facilities;

5. Licensee may not materially or substantially expand the facilities or its use of the licensed property;

6. Licensee shall pay an annual fee in the same amount as the license fees that would have been due under section III if the full License had continued;

7. All of Licensee's rights shall expire at the end of the 20th year after the effective date of the termination of this License. Upon expiration, Licensee shall remove all facilities and restore the property and the surface as described above. In the event Licensee fails to fully vacate and restore the Licensed Property, Licensee shall owe monthly holdover fees until the property is fully vacated and restored. The holdover fee shall be the amount of \$200 per month adjusted by increases in the CPI-All Cities index from the effective date of this License.

## X. LEGAL ACTIONS

- A. Application of Law; Entire Agreement; Severability. This Agreement shall be governed by the laws of the State of Texas. This Agreement embodies the complete agreement of the parties hereto, superseding all prior oral and written agreements between the parties with respect to the subject matter in this Agreement. If the final judgment of a court of competent jurisdiction invalidates any part of this Agreement, then the remaining parts shall be enforced, to the extent possible consistent with the intent of the parties as evidenced by this Agreement.

B. Venue. Exclusive venue for all claims and lawsuits arising from or concerning this Agreement shall be in a State court sitting in Nueces County Texas.

C. Mediation. If a dispute or claim arises between the parties relating to this Agreement or the performance of the parties hereto, the parties agree to use the following dispute resolution procedures, prior to filing suit:

(1) Either party may give notice that a dispute or claim exists and request that these procedures be commenced. A meeting then shall be held promptly between the parties to attempt in good faith to negotiate a resolution of the dispute or claim.

(2) If, within 10 days after such meeting, the parties have not reached agreement on a resolution, either party may demand that the dispute or claim be submitted for non-binding mediation, and both parties shall participate in good faith in the mediation procedures to attempt to negotiate a resolution.

(3) Each party to the dispute shall bear an equal portion of any fees and expenses charged by the mediator.

(4) Each party shall bear its own attorney's fees and other costs and expenses incurred in connection with any meditation or other dispute resolution proceeding.

(5) All proceedings shall be held in Nueces County, unless agreed otherwise by both parties.

#### XI. COVENANT RUNNING WITH THE LAND: WAIVER OF DEFAULT

This License Agreement and all of the covenants herein shall run with the land; therefore, the conditions set forth herein shall inure to and bind each party's successors and assigns. Either party may waive any default of the other at any time, without affecting or impairing any right arising from any subsequent or other default.

#### XII. ASSIGNMENT

Licensee shall not, and shall have no power to, assign, sublet or transfer its interest in this Agreement without the prior written consent of the City.

#### XIII. NOTICES

All notices, demands and requests for delivery of documents or information hereunder shall be in writing and shall be deemed to have been properly delivered and received as of the time of delivery if personally delivered, as of the date and time deposited in the mail system if sent by United States certified mail, return

receipt requested, and postage paid, or as of the time of delivery by Federal Express (or comparable express delivery system) if sent by such method with all costs prepaid. All notices, demands, and requests shall be addressed:

To Licensee at: South Texas Water Authority  
Attn: Executive Director  
P.O. Box 1701  
Street address for express delivery:

To City at: Kingsville, Texas 78364  
City of Bishop  
Attn: City Secretary  
203 E. Main Street  
Bishop, Texas 78343

Or to such other address which either party may so designate by sending notice as aforesaid.

#### XIV. EXECUTION IN COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall be construed as one of the same instrument.

TERMS AND CONDITIONS ACCEPTED this the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

CITY:

City of Bishop

\_\_\_\_\_  
Tem Miller, Mayor

ATTEST:

\_\_\_\_\_  
Cynthia L. Contreras, City Secretary

[CITY'S SEAL]



LICENSEE:

South Texas Water Authority

---

Kathleen Lowman, President, Board of Directors

ATTEST:

---

Rudy Galvan, Secretary, Board of Directors

[AUTHORITY'S SEAL]

ACKNOWLEDGMENTS

STATE OF TEXAS                    §  
   §  
COUNTY OF NUECES            §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by Tem Miller, the Mayor of the City of Bishop, Texas, a political subdivision of the State of Texas, on behalf of said city.

\_\_\_\_\_  
Notary Public in and for the State of Texas

STATE OF TEXAS                    §  
   §  
COUNTY OF \_\_\_\_\_        §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by Kathleen Lowman, the Board President of South Texas Water Authority, a governmental agency, conservation and reclamation district and body politic and corporate, on behalf of said authority.

\_\_\_\_\_  
Notary Public in and for the State of Texas

ATTACHMENT 9

Water Supply Contract – City of Driscoll

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 24, 2019  
Re: City of Driscoll – 20-Year Wholesale Water Supply Contract

### Background:

Last month, I reported on a June 13<sup>th</sup> conversation with Mr. John Valls, Interim City Administrator, who suggested separate meetings with each council person as a possible approach. He indicated he would try to arrange a meeting with Mayor Mark Gonzalez. I did not receive any follow-up calls. As such, since that conversation, I have placed three (3) calls to City Hall inquiring about arranging a meeting. A recent telephone message indicated that (1) a meeting with any or all three (3) Council members would be appreciated and (2) signing the contract should save the City on the cost of water. The Board will recall that the City is paying a premium on every 1000 gallons purchased. The Board will also recall that the premium charge went into effect approximately eighteen (18) months ago.

### Analysis:

As before, Bill Flickinger, Willatt and Flickinger, and I believe that it would be beneficial to meet with City representatives to review the contract and discuss any concerns the City may have. Mr. Flickinger has suggested attending a Council meeting if a meeting with individual representatives cannot be arranged. The City's next Council meeting is scheduled for August 7, 2019 at 6 p.m.

### Staff Recommendation:

Continue to keep the Board updated on this matter. Continue to contact the City to arrange a meeting with legal counsel and City representatives. Attend the August 7<sup>th</sup> Council meeting if necessary.

### Board Action:

Provide feedback to staff and legal counsel.

### Summarization:

In the past year and a half, the City has paid \$31,608.13 in premium charges.

*City of Driscoll  
Bulk Water Sales*

<i>Month of Purchase</i>	<i>Water Cost from CC per 1000g</i>	<i>Gallons</i>	<i>Cost of Water</i>	<i>Handling Charge</i>	<i>Incremental Increase</i>	<i>Amount</i>	<i>Pass Through Charges</i>	<i>Net Amount</i>
				\$0.426386	\$0.426386			
<i>October-18</i>	\$2.400926	3,930,000	\$9,435.64	\$1,675.70	\$1,675.70	\$12,787.03	\$0.00	\$12,787.03
<i>November-18</i>	\$2.394856	3,666,400	\$8,780.50	\$1,563.30	\$1,563.30	\$11,907.10	\$0.00	\$11,907.10
<i>December-18</i>	\$2.397809	3,524,700	\$8,451.56	\$1,502.88	\$1,502.88	\$11,457.32	\$0.00	\$11,457.32
<i>January-19</i>	\$2.563857	3,617,100	\$9,273.73	\$1,542.28	\$1,542.28	\$12,358.29	\$0.00	\$12,358.29
<i>February-19</i>	\$2.562148	3,436,800	\$8,805.59	\$1,465.40	\$1,465.40	\$11,736.40	\$0.00	\$11,736.40
<i>March-19</i>	\$2.560199	3,726,200	\$9,539.81	\$1,588.80	\$1,588.80	\$12,717.41	\$0.00	\$12,717.41
<i>April-19</i>	\$2.558795	3,713,000	\$9,500.81	\$1,583.17	\$1,583.17	\$12,667.15	\$0.00	\$12,667.15
<i>May-19</i>	\$2.558340	3,900,600	\$9,979.06	\$1,663.16	\$1,663.16	\$13,305.38	\$0.00	\$13,305.38
<i>June-19</i>	\$2.556945	3,894,100	\$9,957.00	\$1,660.39	\$1,660.39	\$13,277.78	\$0.00	\$13,277.78
<i>July-19</i>								
<i>August-19</i>								
<i>September-19</i>								
<i>TOTAL</i>		33,408,900	\$83,723.69	\$14,245.09	\$14,245.09	\$112,213.87	\$0.00	\$112,213.87

*City of Driscoll  
Bulk Water Sales*

<i>Month of Purchase</i>	<i>Water Cost from CC per 1000g</i>	<i>Gallons</i>	<i>Cost of Water</i>	<i>Handling Charge</i>	<i>Incremental Increase</i>	<i>Amount</i>	<i>Pass Through Charges</i>	<i>Net Amount</i>
				<b>\$0.426386</b>	<b>\$0.426386</b>			
<i>October-17</i>	\$2.312247	3,788,900	\$8,760.87	\$1,615.53	\$0.00	\$10,376.41	\$59.10	\$10,317.31
<i>November-17</i>	\$2.316174	3,995,000	\$9,253.12	\$1,703.41	\$0.00	\$10,956.53	\$42.95	\$10,913.58
<i>December-17</i>	\$2.349496	3,669,100	\$8,620.54	\$1,564.45	\$1,564.45	\$11,749.44	\$37.40	\$11,712.04
<i>January-18</i>	\$2.397528	3,925,200	\$9,410.78	\$1,673.65	\$1,673.65	\$12,758.08	\$41.35	\$12,716.73
<i>February-18</i>	\$2.400483	3,316,400	\$7,960.96	\$1,414.07	\$1,414.07	\$10,789.10	\$27.25	\$10,761.85
<i>March-18</i>	\$2.392127	3,731,100	\$8,925.27	\$1,590.89	\$1,590.89	\$12,107.04	\$41.95	\$12,065.09
<i>April-18</i>	\$2.394525	4,109,200	\$9,854.50	\$1,752.11	\$1,752.11	\$13,358.71	\$61.15	\$13,297.56
<i>May-18</i>	\$2.396732	4,611,200	\$11,051.81	\$1,966.15	\$1,966.15	\$14,984.11	\$72.85	\$14,911.26
<i>June-18</i>	\$2.390820	4,143,500	\$9,906.36	\$1,766.73	\$1,766.73	\$13,439.82	\$68.95	\$13,370.87
<i>July-18</i>	\$2.389603	4,882,100	\$11,666.28	\$2,081.66	\$2,081.66	\$15,829.60	\$115.45	\$15,714.15
<i>August-18</i>	\$2.391852	4,373,900	\$10,461.72	\$1,864.97	\$1,864.97	\$14,191.66	\$69.40	\$14,122.26
<i>September-18</i>	\$2.396571	3,959,700	\$9,489.70	\$1,688.36	\$1,688.36	\$12,866.42	\$79.25	\$12,787.17
<i>TOTAL</i>		48,505,300	\$115,361.91	\$20,681.98	\$17,363.04	\$153,406.93	\$717.05	\$152,689.88

ATTACHMENT 10

John Womack and Company, P.C. Letter of Engagement – Auditor Services

Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 22, 2019  
Re: Engagement Letter—John Womack and Company—Fiscal Year 2019

Background:

Enclosed is a Letter of Engagement for Auditing Services with John Womack & Company, P.C. (Womack) for fiscal year ending September 30, 2019. The engagement letter provides all communication that the AICPA (American Institute of Certified Public Accountants) designates as necessary for the auditor and client.

Analysis:

The engagement letter indicates the auditing services will be performed for \$8,925 plus out of pocket expenses. Last year's cost was the same amount of \$8,925. Staff will budget for a total of \$9,475, which includes an estimated \$550 for Gowland, Streal, Morales, and Company, PLLC (Gowland & Co.) for consulting services to oversee Womack's audit process.

Staff Recommendation:

Consider accepting the Letter of Engagement for Auditing Services with John Womack & Company, P.C. for fiscal year ending September 30, 2019.

Board Action:

Determine whether to accept the engagement letter from John Womack & Company, P. C. for FY 2019 audit services in the amount of \$8,925. Review and acknowledge Womack's letter outlining the various factors of the external audit.

Summarization:

An independent and external audit is necessary to ensure that fiscal accountability and proper responsibilities are maintained.



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

JOHN L. WOMACK, CPA  
MARGARET KELLY, CPA

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

July 11, 2019

Board of Directors and Management  
South Texas Water Authority  
P.O. Box 1701  
Kingsville, Texas 78364

We are pleased to confirm our understanding of the services we are to provide South Texas Water Authority for the year ended September 30, 2019. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of South Texas Water Authority as of and for the year ended September 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement South Texas Water Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to South Texas Water Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Budgetary Comparison Schedules.



We have also been engaged to report on supplementary information other than RSI that accompanies South Texas Water Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Other Supplementary Information Required by Texas Commission on Environmental Quality.

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of South Texas Water Authority's financial statements. Our report will be addressed to management and the governing board of South Texas Water Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion.

However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of South Texas Water Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Other Services**

We will also assist in preparing the financial statements, related notes and cash-to-accrual conversions (i.e. GASB 34 conversion) of South Texas Water Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services, related notes and cash-to-accrual (i.e. GASB 34 conversion) and any other nonattest services we provide; oversee the services by designating an individual, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

#### **Other Matters and Limitation on Liability**

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the Authority agrees to participate in mediation, under the Commercial Mediation Rules of the American Arbitration Association, before any claim is asserted.

In the event that John Womack & Co., P.C. is found to be negligent in provision of any services covered by this agreement which result in damage to the Authority, John Womack & Co., P.C.'s liability to the Authority will be limited to actual damages or losses incurred by the Authority. John Womack & Co., P.C. will not be liable to the Authority for any punitive damages.

### **Engagement Administration, Fees, and Other**

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. We will not undertake any accounting services (including but not limited to reconciliation of accounts and preparation of requested schedules) without obtaining approval through a written change order or additional engagement letter for such additional work.

The audit documentation for this engagement is the property of John Womack & Co., P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant agencies or their designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of John Womack & Co., P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to cognizant agencies or their designee. The cognizant agency or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

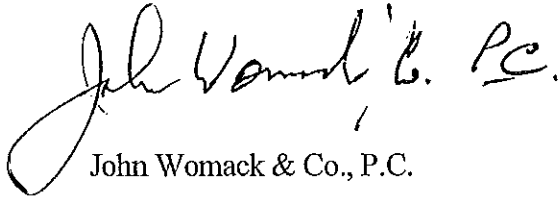
We expect to begin our audit on approximately December 09, 2019 and to issue our reports no later than January 27, 2020. John L Womack is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. To ensure that John Womack & Co., P.C.'s independence is not impaired under the *AICPA Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fee for these services will be \$8,925 plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Our invoices for these fees will be rendered each month as work progresses and are payable on

presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to South Texas Water Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Sincerely,



John Womack & Co., P.C.

RESPONSE:

This letter correctly sets forth the understanding of South Texas Water Authority.

Management Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

ATTACHMENT 11

Nomination for KCAD Board of Directors -- Unexpired Term



Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 22, 2019  
Re: Nomination for KCAD Board of Directors Vacancy – to fill unexpired term of Filiberto Garcia – Resolution 19 – 41

Background:

Enclosed is one of two letters from Chief Appraiser Tina Flores, Kleberg County Appraisal District. Both letters pertain to the composition of the Kleberg County Appraisal District Board of Directors. One letter, however, pertains to an atypical event, specifically the replacement of a Board member for a vacancy created as a result of the member's death. Some of you may be aware that Mr. Filiberto Garcia passed away a few months ago. In addition to the enclosed letter, a copy of the legislation on the process to fill such a vacancy is attached.

Analysis:

According to the information provided, the STWA Board can *nominate a candidate by resolution* for the *existing* Kleberg County Board of Directors to consider as *an appointment* to fill the unexpired term. Please note that this position is for the KCAD Board. It is not for the Appraisal Review Board which is responsible for decisions associated with property owners' protests on the appraised value of their property. In fact, the Board has a very limited involvement in matters associated with the appraised value of Kleberg County properties. (See enclosed information on Board Duties, Authority and Policies.)

Staff Recommendation:

Consider nominating a person that is eligible to serve on the KCAD Board. Attached is information on CAD Board eligibility. There are six (6) items listed in the Comptroller's manual pertaining to eligibility – of which five (5) are exclusions from serving.

Board Action:

Determine whether the Board would like to nominate a person by resolution for the existing KCAD Board to consider as an appointment to fill the existing vacancy.

Summarization:

As the Board can see from the enclosed list of duties, authority and policies, the KCAD Board plays an important role in the proper and efficient operations of the Kleberg County Appraisal District office, despite the fact that the KCAD Board is not involved in determining any appraised property values.

RECEIVED

JUN 26 2019

SOUTH TEXAS WATER AUTHORITY

## MEMORANDUM

To: Taxing Units  
From: Ernestina Flores R.P.A., Chief Appraiser of Kleberg County  
Date: June 25, 2019

- Reference: → 1. The 2019 Filling of Vacancy on Kleberg County Appraisal District Board of Directors ←  
2. The 2019 Board of Director Election Process (For Board Members for the 2020 and 2021 Years)

Kleberg County is providing you with two letters for two different year's appointment of Board of Director Election Information. One letter will inform you of the process of for the Board of Director Election in 2019 for service for the 2020 and 2021 years. The other letter will inform you of the process that will occur for the Filling of a Vacancy on the Kleberg County Appraisal District Board of Directors for the 2019 year. These are two separate issues and please treat them as such. If you have any questions, please feel free to contact me at 361-595-5775.



Ernestina Flores, R.P.A.

Chief Appraiser of Kleberg County

*Kleberg County Appraisal District  
502 E. Kleberg - P. O. Box 1027  
Kingsville, Texas 78364*

Date: June 25, 2019

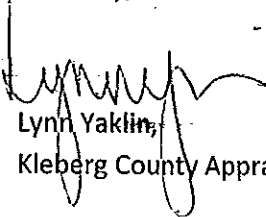
Please consider this Kleberg County Appraisal District Board of Director's Notification that there is a vacancy on its Board of Directors. One of its members, Mr. Filiberto Garcia passed away.

In order to fill the vacancy, the appraisal district will follow the process in Section 6.03 (I) of the Texas Property Tax Code which states that if a vacancy occurs on the board of directors, other than a vacancy in the position held by a county assessor-collector serving as a nonvoting director, each taxing unit that is entitled to vote by this section may nominate by resolution adopted by its governing body a candidate to fill the vacancy. The unit shall submit the name of its nominee to the chief appraiser within 45 days after notification from the Board of Directors of the existence of the vacancy, and the chief appraiser shall prepare and deliver to the board of directors within the next five days a list of the nominees. The Board of directors shall elect by majority vote by its members one of the nominees to fill the vacancy. The nominee that is elected to the board will complete the previous members term which will terminate December 31, 2019. The appraisal district will provide you with the results once the board of directors has voted on a member. A copy of Section 6.03 (I) of the Texas Property Tax Code is attached for your review.

Kleberg County Appraisal District would like all the taxing entities to participate in this process.

Thank you for your time and help in this matter. It is greatly appreciated.

Sincerely,



Lynn Yaklin  
Kleberg County Appraisal District Board of Director Secretary

chief appraiser shall submit a second nominating ballot by October 1 to the conservation and reclamation districts as provided by Subsection (h). The conservation and reclamation districts shall submit their votes for nomination before October 15 as provided by Subsection (h). The nominee on the second nominating ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district and shall be named on the ballot with the candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.

(j) Before October 30, the chief appraiser shall prepare a ballot, listing the candidates whose names were timely submitted under Subsections (g) and, if applicable, (h) or (i) alphabetically according to the first letter in each candidate's surname, and shall deliver a copy of the ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote.

(k) The governing body of each taxing unit entitled to vote shall determine its vote by resolution and submit it to the chief appraiser before December 15. The chief appraiser shall count the votes, declare the five candidates who receive the largest cumulative vote totals elected, and submit the results before December 31 to the governing body of each taxing unit in the district and to the candidates. For purposes of determining the number of votes received by the candidates, the candidate receiving the most votes of the conservation and reclamation districts is considered to have received all of the votes cast by conservation and reclamation districts and the other candidates are considered not to have received any votes of the conservation and reclamation districts. The chief appraiser shall resolve a tie vote by any method of chance.

★ (l) If a vacancy occurs on the board of directors other than a vacancy in the position held by a county assessor-collector serving as a nonvoting director, each taxing unit that is entitled to vote by this section may nominate by resolution adopted by its governing body a candidate to fill the vacancy. The unit shall submit the name of its nominee to the chief appraiser within 45 days after notification from the board of directors of the existence of the vacancy, and the chief appraiser shall prepare and deliver to the board of directors within the next five days a list of the nominees. The board of directors shall elect by majority vote of its members one of the nominees to fill the vacancy. ★

(m) [Repealed by Acts 2007, 80th Leg., ch. 648 (H.B. 1010), § 5(4), effective January 1, 2008.]

**HISTORY:** Enacted by Acts 1979, 66th Leg., ch. 841 (S.B. 621), § 1; am. Acts 1981, 67th Leg., 1st C.S., ch. 13 (H.B. 30), §§ 15, 167(a), effective January 1, 1982; am. Acts 1987, 70th Leg., ch. 59 (S.B. 469), § 1, effective September 1, 1987; am. Acts 1987, 70th Leg., ch. 270 (H.B. 268), § 1, effective August 31, 1987; am. Acts 1989, 71st Leg., ch. 1123 (H.B. 2301), § 2, effective January 1, 1990; am. Acts 1991, 72nd Leg., ch. 20 (S.B. 351), § 15, effective August 26, 1991; am. Acts 1991, 72nd Leg., ch. 371 (H.B. 864), § 1, effective September 1, 1991; am. Acts 1993, 73rd Leg., ch. 347 (S.B. 7), § 4.06, effective May 31, 1993; am. Acts 1997, 75th Leg., ch. 165 (S.B. 898), § 6.73, effective September 1, 1997; am. Acts 1997, 75th Leg., ch. 1039, § 2, effective January 1, 1998; am. Acts 1999, 76th Leg., ch. 705 (H.B. 834), § 1, effective January 1, 2000; am. Acts 2003, 78th Leg., ch. 629 (H.B. 2043), effective June 20, 2003; am. Acts 2007, 80th Leg., ch. 648 (H.B. 1010), § 5(4), effective January 1, 2008; am. Acts 2013, 83rd Leg., ch. 1161 (S.B. 359), § 1, effective June 14, 2013.

### Sec. 6.031. Changes in Board Membership or Selection.

(a) The board of directors of an appraisal district, by resolution adopted and delivered to each taxing unit participating in the district before August 15, may increase the number of members on the board of directors of the district to not more than 13, change the method or procedure for appointing the members, or both, unless the governing body of a taxing unit that is entitled to vote on the appointment of board members adopts a resolution opposing the change, and files it with the board of directors before September 1. If a change is rejected, the board shall notify, in writing, each taxing unit participating in the district before September 15.

(b) The taxing units participating in an appraisal district may increase the number of members on the board of directors of the district to not more than 13, change the method or procedure for appointing the members, or both, if the governing bodies of three-fourths of the taxing units that are entitled to vote on the appointment of board members adopt resolutions providing for the change. However, a change under this subsection is not valid if it reduces the voting entitlement of one or more taxing units that do not adopt a resolution proposing it to less than a majority of the voting entitlement under Section 6.03 of this code or if it reduces the voting entitlement of any taxing unit that does not adopt a resolution proposing it to less than 50 percent of its voting entitlement under Section 6.03 of this code and if that taxing unit's allocation of the budget is not reduced to the same proportional percentage amount, or if it expands the types of taxing units that are entitled to vote on appointment of board members.

(b-1) If an appraisal district increases the number of members on the board of directors of the district or changes the method or procedure for appointing the members as provided by this section, the board of directors by resolution shall provide for the junior college districts that participate in the appraisal district to collectively participate in the selection of directors in the same manner as the school district that imposes the lowest total dollar amount of property taxes in the appraisal district among all of the school districts with representation in the appraisal district. A resolution adopted under this section is not subject to rejection by a resolution opposing the change filed with the board of directors by a taxing unit under Subsection (a).

(c) An official copy of a resolution under this section must be filed with the chief appraiser of the appraisal district after June 30 and before October 1 of a year in which board members are appointed or the resolution is ineffective.

(d) Before October 5 of each year in which board members are appointed, the chief appraiser shall determine whether a sufficient number of eligible taxing units have filed valid resolutions proposing a change for the change to take effect. The chief appraiser shall notify each taxing unit participating in the district of each change that is adopted before October 10.

# Board Duties, Authority and Policies

A board of directors has required duties and authority under the Tax Code. Other additional duties and authority are provided for in other law. Consult an attorney regarding all legal duties and authority.

## Primary Duties

The following is a nonexclusive list of the primary responsibilities of the board of directors under the Tax Code:

Establish the appraisal district office;<sup>101</sup>

Hire a chief appraiser;<sup>102</sup>

Adopt the CAD's annual operating budget before Sept. 15 after fulfilling notice requirements and holding a public hearing;<sup>103</sup>

Adopt a new budget within 30 days after a budget is disapproved by voting taxing units;<sup>104</sup>

Appoint appraisal review board (ARB) members in counties with a population of less than 120,000;<sup>105</sup>

Select a chair and a secretary from among ARB members;<sup>106</sup>

Notify taxing units of any vacancy on the board and elect by majority vote of members one of the submitted nominees;<sup>107</sup>

Elect from members a chair and secretary at the first meeting of the calendar year;<sup>108</sup>

Have board meetings at least once each calendar quarter;<sup>109</sup>

Develop and implement policies regarding reasonable access to the board;<sup>110</sup>

Prepare information describing the board's functions and complaint procedures; the information must be made available to the public and the appropriate taxing units;<sup>111</sup>

Notify parties to a complaint filed with the board of the status of the complaint unless otherwise provided;<sup>112</sup>

Appoint a taxpayer liaison officer (in counties having a population of over 120,000);<sup>113</sup>

Biennially develop a written plan for the periodic reappraisal of all property in the CAD's boundaries, hold a public hearing with the required notice, approve a plan by Sept. 15 of each even-numbered year and distribute copies to participating taxing units and to the Comptroller's office as required;<sup>114</sup>

Make an agreement with newly formed taxing unit's governing body on an estimated budget allocation for the new taxing unit;<sup>115</sup>

Have prepared an annual financial audit conducted by an independent certified public accountant and deliver a copy of the audit to each voting taxing unit and make available for inspection at the CAD office;<sup>116</sup>

Designate the CAD depository at least once every two years;<sup>117</sup>

Receive taxing units' resolutions disapproving board actions;<sup>118</sup>

Adhere to requirements regarding purchasing and contracting under Local Government Code Chapter 252;<sup>119</sup>

Provide advice and consent to the chief appraiser concerning the appointment of an agricultural appraisal advisory board and determine the number of members on that advisory board;<sup>120</sup>

Adhere to laws concerning the preservation, microfilming, destruction or other disposition of records; and<sup>121</sup>

Adopt and implement a policy for the temporary replacement of an ARB member who violates ex-parte communication requirements.<sup>122</sup>

<sup>101</sup> Tex. Tax Code §6.05(a)

<sup>102</sup> Tex. Tax Code §6.05(c)

<sup>103</sup> Tex. Tax Code §6.06(b)

<sup>104</sup> Tex. Tax Code §6.06(b)

<sup>105</sup> Tex. Tax Code §§6.41(d) and (d-1) and 6.42(a)

<sup>106</sup> Tex. Tax Code §6.42(a)

<sup>107</sup> Tex. Tax Code §6.03(l)

<sup>108</sup> Tex. Tax Code §6.04(a)

<sup>109</sup> Tex. Tax Code §6.04(b)

<sup>110</sup> Tex. Tax Code §6.04(d) and (e)

<sup>111</sup> Tex. Tax Code §6.04(f)

<sup>112</sup> Tex. Tax Code §6.04(g)

<sup>113</sup> Tex. Tax Code §6.052(a)

<sup>114</sup> Tex. Tax Code §6.05(i)

<sup>115</sup> Tex. Tax Code §6.06(h)

<sup>116</sup> Tex. Tax Code §6.063(a) and (b)

<sup>117</sup> Tex. Tax Code §6.09

<sup>118</sup> Tex. Tax Code §6.10

<sup>119</sup> Tex. Tax Code §6.11

<sup>120</sup> Tex. Tax Code §6.12(a)

<sup>121</sup> Tex. Tax Code §6.13

<sup>122</sup> Tex. Tax Code §41.66(g)

## Statutory Authority

Tax Code Chapter 6 contains much of the statutory authority for boards of directors. The following is a non-exclusive list of boards' authority:

Provide for the operation of a consolidated CAD by interlocal contract between two or more adjoining CADs;<sup>123</sup>

Change the number of directors or method of selecting directors, or both, unless any of the voting taxing units oppose the change;<sup>124</sup>

Have board meetings at any time at the call of the chair or as provided by board rule;<sup>125</sup>

Contract with another CAD or with a taxing unit in the CAD to perform the duties of the appraisal district office;<sup>126</sup>

Prescribe, by resolution, specified actions of the chief appraiser relating to CAD finances or administration that are subject to board approval;<sup>127</sup>

Employ a general counsel to the CAD to serve at the will of the board;<sup>128</sup>

Purchase or lease real property and construct improvements necessary to establish and operate an appraisal district office or branch office;<sup>129</sup>

Convey real property owned by the CAD;<sup>130</sup>

Amend the approved operating budget after giving notice to participating taxing units not later than the 30th day before the date the board acts on the proposed amendment;<sup>131</sup>

Authorize the chief appraiser to disburse CAD funds;<sup>132</sup>

Change the CAD's method of financing unless any participating taxing unit opposes the change;<sup>133</sup>

Contract with the governing body of a taxing unit or county to assess and collect taxes through the Interlocal Cooperation Act;<sup>134</sup>

Change the number of ARB members; and<sup>135</sup>

Appoint auxiliary ARB members and select the number of auxiliary members by resolution, except in certain counties.<sup>136</sup>

The Tax Code also provides certain statutory authority to the board of directors outside of Chapter 6, including authorizing a board of directors to approve the chief appraiser to contract with private appraisal firms to perform appraisal services under Tax Code Section 25.01(b). On written approval of the board of directors, a chief appraiser is entitled to appeal certain ARB orders to district court as provided by Tax Code Section 42.02.

## \* Limited Appraisal Authority \*

The board's appraisal authority is limited. The board does not appraise property or review values on individual properties. The law assigns these tasks to the chief appraiser and the ARB, respectively. The board of directors does have the authority to give written approval for a chief appraiser to appeal certain ARB orders in court.<sup>137</sup>

The board has authority over appraisal policy through the following duties and authority:

- duty to develop biennially a written plan for periodic reappraisal;<sup>138</sup>
- duty to adopt an operating budget to reflect the board's decisions on handling appraisals;<sup>139</sup>
- authority to contract with another CAD or with a taxing unit in the CAD to perform the duties of the appraisal district's office; and<sup>140</sup>
- authority to approve the chief appraiser to contract with private appraisal firms to perform appraisal services.<sup>141</sup>

## Meetings



At the board of directors' first meeting each calendar year, the board must elect from its members a chair and a secretary.<sup>142</sup> A nonvoting TAC may serve as chair or secretary.<sup>143</sup> A majority of the CAD board of directors constitutes a quorum.<sup>144</sup> A TAC who is a

<sup>123</sup> Tex. Tax Code §6.02

<sup>124</sup> Tex. Tax Code §6.031(a)

<sup>125</sup> Tex. Tax Code §6.04(b)

<sup>126</sup> Tex. Tax Code §6.05(b)

<sup>127</sup> Tex. Tax Code §6.05(h)

<sup>128</sup> Tex. Tax Code §6.05(j)

<sup>129</sup> Tex. Tax Code §6.051(a)

<sup>130</sup> Tex. Tax Code §6.051(c)

<sup>131</sup> Tex. Tax Code §6.06(c)

<sup>132</sup> Tex. Tax Code §6.06(f)

<sup>133</sup> Tex. Tax Code §6.061(a)

<sup>134</sup> Tex. Tax Code §6.24(a) and (h)

<sup>135</sup> Tex. Tax Code §6.41(b)

<sup>136</sup> Tex. Tax Code §6.414

<sup>137</sup> Tex. Tax Code §42.02(a) and (c)

<sup>138</sup> Tex. Tax Code §6.05(i)

<sup>139</sup> Tex. Tax Code §6.06(b)

<sup>140</sup> Tex. Tax Code §6.05(b)

<sup>141</sup> Tex. Tax Code §25.01(b)

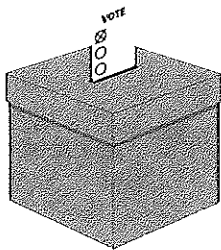
<sup>142</sup> Tex. Tax Code §6.04(a)

<sup>143</sup> Tex. Att'y Gen. Op. JC-0580 (2002)

<sup>144</sup> Tex. Tax Code §6.04

that is entitled to vote may submit to the chief appraiser one nominee for each position to be filled before Oct. 15.<sup>20</sup>

The chief appraiser also must calculate the number of votes that an eligible conservation and reclamation district is entitled to and must deliver before July 1 of each odd-numbered year, a written notice to the district of its voting entitlement and right to nominate one candidate for director.<sup>21</sup> All eligible conservation and reclamation districts must submit the name of the district's nominee to the chief appraiser before July 15 of each odd-numbered year.<sup>22</sup> Before Aug. 1, the chief appraiser must prepare a nominating ballot listing all the nominees of conservation and reclamation districts and deliver a ballot to the presiding officer of the board of directors of each district.<sup>23</sup> The board of directors of each district must submit its vote for the nominee of conservation and reclamation districts before Aug. 15.<sup>24</sup> The winning nominee of the conservation and reclamation districts in the CAD becomes a nominee for CAD director.<sup>25</sup>



The chief appraiser must prepare a ballot before Oct. 30 with candidates whose names were timely submitted, including the nominee of conservation and reclamation districts if applicable.<sup>26</sup> Each taxing unit entitled to vote must determine its vote by resolution and submit it to the chief appraiser before Dec.

15.<sup>27</sup> The five candidates who receive the largest cumulative vote totals become the board of directors.<sup>28</sup> The chief appraiser announces the new directors before Dec. 31.<sup>29</sup> Ties must be resolved by the chief appraiser by any method of chance.<sup>30</sup>

Both the board of directors and taxing units may propose to change the method or procedure for appointing directors.<sup>31</sup> If the board of directors makes the proposal, then a voting

taxing unit may veto the proposal by filing a resolution before Sept. 1.<sup>32</sup> If a participating taxing unit proposes a change, the change is adopted if three-fourths of the voting taxing units adopt resolutions providing for the change.<sup>33</sup> A resolution to change the method or procedure for appointing directors must be filed with the chief appraiser after June 30 and before Oct. 1 of a year in which members are appointed, or the resolution is ineffective.<sup>34</sup>

Throughout the selection process, the Tax Code specifies dates for action by the chief appraiser and the taxing units. The dates provided in Tax Code Section 6.03(f) and (g) are directory and not mandatory.<sup>35</sup> However, the advice of legal counsel should be obtained in such situations.

**\* Eligibility:** To be eligible to serve on a board of directors, an individual must be a resident of the CAD and must have resided in the CAD for at least two years immediately preceding the date of taking office.<sup>36</sup> This residency requirement does not apply to a county TAC serving as a nonvoting director.<sup>37</sup>

An employee of a taxing unit that participates in the CAD is not eligible to serve on the board of directors, unless that individual also is a member of the governing body of the taxing unit or an elected official of a taxing unit.<sup>38</sup> Membership on the governing body of a taxing unit does not make an otherwise eligible individual ineligible to serve on the board of directors.<sup>39</sup>

Owing delinquent property taxes disqualifies a person from serving on the CAD board of directors.<sup>40</sup> The person is ineligible if he or she owns property on which delinquent property taxes have been owed for more than 60 days after the date the person knew or should have known of the delinquency.<sup>41</sup> This disqualification does not apply if the person is paying the delinquent taxes and any penalties and interest under an installment payment agreement or has deferred or abated a suit to collect the delinquent taxes.<sup>42</sup>

- ① Resident
- ② no taxing unit employees
- ③ no delinquent taxes

<sup>20</sup> Tex. Tax Code §6.03(g)  
<sup>21</sup> Tex. Tax Code §6.03(f) and (h)  
<sup>22</sup> Tex. Tax Code §6.03(h)  
<sup>23</sup> Tex. Tax Code §6.03(h)  
<sup>24</sup> Tex. Tax Code §6.03(h)  
<sup>25</sup> Tex. Tax Code §6.03(h)  
<sup>26</sup> Tex. Tax Code §6.03(j)  
<sup>27</sup> Tex. Tax Code §6.03(k)  
<sup>28</sup> Tex. Tax Code §6.03(k)  
<sup>29</sup> Tex. Tax Code §6.03(k)  
<sup>30</sup> Tex. Tax Code §6.03(k)  
<sup>31</sup> Tex. Tax Code §6.031(a) and (b)

<sup>32</sup> Tex. Tax Code §6.031(a)  
<sup>33</sup> Tex. Tax Code §6.031(b)  
<sup>34</sup> Tex. Tax Code §6.031(c)  
<sup>35</sup> Tex. Att'y Gen. Op. JM-166 (1984)  
<sup>36</sup> Tex. Tax Code §6.03(a)  
<sup>37</sup> Tex. Tax Code §6.03(a)  
<sup>38</sup> Tex. Tax Code §6.03(a)  
<sup>39</sup> Tex. Tax Code §6.03(a)  
<sup>40</sup> Tex. Tax Code §6.035(a)(2)  
<sup>41</sup> Tex. Tax Code §6.035(a)(2)  
<sup>42</sup> Tex. Tax Code §6.035(a)(2)

## Degrees of Consanguinity and Affinity

1st DEGREE	2nd DEGREE	3rd DEGREE
<p><b>By Consanguinity</b></p> <ul style="list-style-type: none"> <li>• Parents</li> <li>• Children</li> </ul> <p><b>By Affinity</b></p> <ul style="list-style-type: none"> <li>• Spouses of relatives listed under first degree consanguinity</li> <li>• Spouse</li> <li>• Spouse's parents</li> <li>• Spouse's children</li> <li>• Stepparents</li> <li>• Stepchildren</li> </ul>	<p><b>By Consanguinity</b></p> <ul style="list-style-type: none"> <li>• Grandparents</li> <li>• Grandchildren</li> <li>• Brothers &amp; sisters</li> </ul> <p><b>By Affinity</b></p> <ul style="list-style-type: none"> <li>• Spouses of relatives listed by second degree consanguinity</li> <li>• Spouse's grandparents</li> <li>• Spouse's grandchildren</li> <li>• Spouse's brothers &amp; sisters</li> </ul>	<p><b>By Consanguinity</b></p> <ul style="list-style-type: none"> <li>• Great grandparents</li> <li>• Great grandchildren</li> <li>• Nieces &amp; nephews</li> <li>• Aunts &amp; uncles</li> </ul> <p><b>By Affinity</b></p> <ul style="list-style-type: none"> <li>• No prohibitions</li> </ul>

A person who has appraised property for compensation for use in proceedings or represented property owners for compensation in proceedings in the CAD at any time within the preceding five years is ineligible to serve on the board of directors.<sup>43</sup>

④ Appraisers -- not w/in 5 yrs

A person is ineligible to serve on the board of directors if the individual is related within the second degree of consanguinity (blood) or affinity (marriage) to the following:

⑤ 2nd Degree Consanguinity

- an appraiser who appraises property for use in a proceeding under the Tax Code; or
- a person who represents property owners for compensation in proceedings under the Tax Code in the CAD.<sup>44</sup>

A director who continues to hold office knowing he or she is related in this manner to the above named persons commits a Class B misdemeanor offense.<sup>45</sup>

An individual is not eligible to be appointed to or to serve on the board of directors if an individual has a substantial interest in a business entity that is party to a contract or the individual is a party to a contract with the CAD.<sup>46</sup> This prohibition also applies to contracts with a taxing unit that participates in the CAD if the contract relates to the performance of an activity

⑥ Substantial business interest w/ CAD

governed by the Tax Code.<sup>47</sup> A CAD may not enter into a contract with a board member or with a business entity in which a board member has a substantial interest.<sup>48</sup> A taxing unit may not enter into a contract relating to the performance of an activity governed by the Tax Code with a board member in which the taxing unit participates or with a business entity in which a board member has a substantial interest.<sup>49</sup>

An individual has substantial interest in a business entity if:

- the combined ownership of the director and the director's spouse is at least 10 percent of the voting stock or shares of the business entity; or
- the director or director's spouse is a partner, limited partner or officer of the business entity.<sup>50</sup>



**Term of Office and Vacancy:** CAD directors serve two-year terms.<sup>51</sup> Each term begins on Jan. 1 of an even-numbered year.<sup>52</sup> The two-year term of office does not apply to the county TAC who serves as a nonvoting director.<sup>53</sup>

<sup>43</sup> Tex. Tax Code §6.035(a-1)  
<sup>44</sup> Tex. Tax Code §6.035(a)(1)  
<sup>45</sup> Tex. Tax Code §6.035(b)  
<sup>46</sup> Tex. Tax Code §6.036(a)

<sup>47</sup> Tex. Tax Code §6.036(a)  
<sup>48</sup> Tex. Tax Code §6.036(b)  
<sup>49</sup> Tex. Tax Code §6.036(c)  
<sup>50</sup> Tex. Tax Code §6.036(d)  
<sup>51</sup> Tex. Tax Code §6.03(b)  
<sup>52</sup> Tex. Tax Code §6.03(b)  
<sup>53</sup> Tex. Tax Code §6.03(b)



ATTACHMENT 12

Resolution 19-41

SOUTH TEXAS WATER AUTHORITY

Resolution 19-41

RESOLUTION SUBMITTING ONE NOMINEE TO FILL A VACANT POSITION ON THE BOARD OF DIRECTORS OF THE KLEBERG COUNTY APPRAISAL DISTRICT FOR A TERM ENDING DECEMBER 31, 2019.

WHEREAS, the South Texas Water Authority, as a water conservation and reclamation district, is authorized to make nominations for the Kleberg County Appraisal District Board of Directors, and

WHEREAS, the Appraisal District has requested that each taxing unit submit the name of its nominee to the chief appraiser.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority nominates \_\_\_\_\_ to serve on the Board of Directors of the Kleberg County Appraisal District.

Duly adopted this 30th day of July, 2019.

\_\_\_\_\_  
KATHLEEN LOWMAN, PRESIDENT

ATTEST:

\_\_\_\_\_  
RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 13

KCAD 2019 Election Process – 2020 and 2021 Board Members

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 22, 2019  
Re: Kleberg County Appraisal District (KCAD) Board of Directors Election and STWA's Eligibility to Nominate a Candidate

### Background:

Attached is a November 2017 Board memo related to the last KCAD Board member election. The Board may recall that there are two (2) water districts that Chief Appraiser Tina Flores has determined qualify as a conservation and reclamation district. Enclosed is the second of two letters from Ms. Flores on the upcoming election. It appears that there are two (2) opportunities for the STWA Board to nominate persons for consideration as a KCAD Board member under the typical election process which is determined by the various taxing entities casting votes. The number of votes cast by a taxing entity is determined by a calculation based on total tax levy. Enclosed is that calculation and STWA's certified number of votes provided by Ms. Flores.

### Analysis:

As mentioned above, there appear to be two (2) opportunities for STWA to submit a nomination:

**Opportunity 1:** Unfortunately, the notice to comply with the first deadline of July 15<sup>th</sup> arrived after the June Board meeting. Further, since STWA is entitled to 125 votes and Kenedy County Groundwater Conservation District (KCGCD) is entitled to 5 votes, it appears that STWA would determine whether an individual gets placed on the ballot – provided KCGCD submitted a nomination before July 15<sup>th</sup>. However, even if KCGCD did submit a nominee, once again the timing does not work with the Board meeting schedule unless the Board wants to have a special meeting before August 15<sup>th</sup>.

**Opportunity 2:** If no nominee receives 10% of the votes from the conservation and reclamation district (which a notice of such by September 1<sup>st</sup> should be received from Ms. Flores), then STWA and KCGCD can submit a nominee by September 15<sup>th</sup>. This would allow STWA to place the item on the September agenda.

### Staff Recommendation:

Information on the eligibility of persons that can serve on the KCAD Board is part of agenda item #16. A nomination can be made under Opportunity 2 listed above. It warrants mention, however, that the combined number of STWA and KCGCK votes is much smaller than the other taxing entities. In the past, STWA's votes has made the difference in who gets elected from the slate of other taxing entities' nominees.

### Board Action:

Begin considering whether to nominate a person for the KCAD ballot.

### Summarization:

Again, the information under agenda item #16 illustrates the importance of a CAD Board as it pertains to an appraisal district's efficient operation.

Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: November 29, 2017  
Re: Kleberg County Appraisal District (KCAD) Board of Directors Election and Casting of STWA's Votes

Background:

Enclosed please find information from the Kleberg County Appraisal District. A ballot and the number of votes calculated by KCAD for each taxing entity are also enclosed.

Analysis:

As you can see, nominations were made for six (6) individuals to fill five (5) positions. The votes attributed to STWA are 115 votes.

The persons nominated and by the nominating entity are as follows:

<b>Entity</b>	<b>Nominee</b>
City of Kingsville	Al Garcia
Kleberg County	Fil Garcia
Kleberg County	Dan Morales
Riviera ISD	John Saenz
Riviera ISD	Gregory Wallace
Kingsville ISD	Lynn Yaklin

There were no nominations from Ricardo ISD, Santa Gertrudis ISD, and Kenedy Groundwater Conservation District. On October 30, 2017, I contacted Karen Unterbrink with the Riviera ISD to request information on their two (2) nominees – since Mr. Al Garcia, Mr. Fil Garcia, Mr. Dan Morales and Ms. Lynn Yaklin are currently serving as KCAD Board members. Enclosed is her response with information on Mr. Wallace and indicating that Mr. Saenz would be glad to concede to Mr. Wallace.

Staff Recommendation:

Cast the votes for the individual(s) that the Board feels will best represent the interest of the Authority.

Board Action:

Determine for which individual(s) to cast STWA's votes.

Summarization:

The Kleberg County Appraisal District's board has many of the same types of responsibilities as that of STWA's Board such as adopting a budget, insuring that KCAD goals and objectives are met and overseeing KCAD operations. However, it is important to note that the KCAD Board is prohibited by State law from being involved in establishing/appraising the values of properties. Rather, the Kleberg County Appraisal Review Board is part of that process and it is a separate body that a property owner can appeal to when disputing their property's values.

(d) The voting entitlement of a taxing unit that is entitled to vote for directors is determined by dividing the total dollar amount of property taxes imposed in the district by the taxing unit for the preceding tax year by the sum of the total dollar amount of property taxes imposed in the district for that year by each taxing unit that is entitled to vote, by multiplying the quotient by 1,000, and by rounding the product to the nearest whole number. That number is multiplied by the number of directorships to be filled.

(f) The chief appraiser shall calculate the number of votes to which each conservation and reclamation district entitled to vote for district directors is entitled and shall deliver written notice to the presiding officer of each conservation and reclamation district of its voting entitlement and right to nominate a person to serve as a director of the district before July 1 of each odd-numbered year.

(h) Each conservation and reclamation district entitled to vote may nominate by resolution adopted by its governing body one candidate for the district's board of directors. The presiding officer of the conservation and reclamation district's governing body shall submit the name of the district's nominee **to the chief appraiser before July 15 of each odd-numbered year.** Before August 1, the chief appraiser shall prepare a nominating ballot, listing all the nominees of conservation and reclamation districts alphabetically by surname, and shall deliver a copy of the nominating ballot to the presiding officer of the board of directors of each district. The board of directors of each district shall determine its vote by resolution and submit it to the chief appraiser before August 15. The nominee on the ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district if the nominee received more than 10 percent of the votes entitled to be cast by all of the conservation and reclamation districts in the appraisal district, and shall be named on the ballot with the

candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.

(i) If no nominee of the conservation and reclamation districts receives more than 10 percent of the votes entitled to be cast under Subsection (h), the chief appraiser, before September 1, shall notify the presiding officer of the board of directors of each conservation and reclamation district of the failure to select a nominee. Each conservation and reclamation district may submit a nominee by September 15 to the chief appraiser as provided by Subsection (h). The chief appraiser shall submit a second nominating ballot by October 1 to the conservation and reclamation districts as provided by Subsection (h). **The conservation and reclamation districts shall submit their votes for nomination before October 15 as provided by Subsection (h).** The nominee on the second nominating ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district and shall be named on the ballot with the candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.

(j) Before October 30, the chief appraiser shall prepare a ballot, listing the candidates whose names were timely submitted under Subsections (g) and, if applicable, (h) or (i) alphabetically according to the first letter in each candidate's surname, and shall deliver a copy of the ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote.

RECEIVED

JUN 26 2019

SOUTH TEXAS WATER AUTHORITY

## MEMORANDUM

To: Taxing Units

From: Ernestina Flores R.P.A., Chief Appraiser of Kleberg County

Date: June 25, 2019

Reference: 1. The 2019 Filling of Vacancy on Kleberg County Appraisal District Board of Directors

→ 2. The 2019 Board of Director Election Process (For Board Members for the 2020 ← and 2021 Years)

Kleberg County is providing you with two letters for two different year's appointment of Board of Director Election Information. One letter will inform you of the process of for the Board of Director Election in 2019 for service for the 2020 and 2021 years. The other letter will inform you of the process that will occur for the Filling of a Vacancy on the Kleberg County Appraisal District Board of Directors for the 2019 year. These are two separate issues and please treat them as such. If you have any questions, please feel free to contact me at 361-595-5775.



Ernestina Flores, R.P.A.

Chief Appraiser of Kleberg County



*KLEBERG COUNTY APPRAISAL DISTRICT*

*P. O. BOX 1027 - 502 E. Kleberg*

*Kingsville, Texas 78364*

*Phone: 361-595-5775 -- Fax: 361-595-7984*

June 25, 2019.

South Texas Water Authority  
Ms. Kathleen Lowman, President  
P. O. Box 1701  
Kingsville, Texas 78364

Dear Ms. Lowman,

In accordance with Section 6.03(c), Conservation and reclamation districts may participate in this year's board of director's election process. This is due to the request for participation submitted by South Texas Water Authority dated May 8, 2019. The request made by South Texas Water Authority was made **before June 1, 2019** and was considered timely filed.

In accordance with Section 6.03(c) of the Texas Property Tax Code, after receiving the request for participation from South Texas Water Authority, The Chief Appraiser shall:

1. Certified a list of all eligible conservation and reclamation Districts that are imposing taxes and that participate in the appraisal district. (This is provided for you on page 4 of this letter)

In accordance with Section 6.03(f) of the Texas Property Tax Code, the chief appraiser shall:

1. Calculate the number of votes to which each eligible conservation and reclamation district is entitled and deliver written notice to the presiding officer of each conservation and reclamation district of its voting entitlement and right to nominate a person to serve as a director of the district before July 1 of each odd-number year. (This is provided for you on page 4 of this letter)

Kleberg County Appraisal District considers this written notice of each conservation and reclamation districts voting entitlement and right to nominate a board of director for Kleberg County Appraisal

District. You will find a certification of all eligible conservation and reclamation districts and their number of votes for this process on page 4 of this letter. Enclosed, you will find information sources that will also help you with this process.

Below you will find information and timelines that dictate your district's and the appraisal district's responsibilities during Kleberg County Appraisal District's board of directors election process.

In accordance with Section 6.03 (h) of the Texas Property Tax Code, your district may nominate by resolution adopted by its governing body, one candidate for the appraisal district's board of directors. The presiding officer of the conservation and reclamation district's governing body shall submit the name of the appraisal district nominee to the chief appraiser **before July 15, 2019**. (The Chief appraiser will ask for a copy of the resolution for verification.)

In accordance with Section 6.03(h) of the Texas Property Tax Code, **before August 1, 2019**, the chief appraiser shall prepare and deliver a nominating ballot to the presiding officer of each conservation and reclamation district's board of directors. The ballot will list all the nominees of each conservation and reclamation district alphabetically by surname.

In accordance with Section 6.03(h) of the Texas Property Tax Code, **before August 15, 2019**, each conservation and reclamation district's board of directors shall determine its votes for nominees by resolution and submit the resolution to the chief appraiser. The chief appraiser will then count the votes and determine the conservation and reclamation district's nominee. The person with the most votes from the conservation and reclamation districts wins the nomination if the nominee received more than 10 percent of the votes entitled to be cast by all of the conservation and reclamation districts in the appraisal district, and shall be named on the ballot with the candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.

In accordance with Section 6.03(i) of the Texas Property Tax Code, if **no nominee of the conservation and reclamation districts receives more than 10 percent** of the votes entitled to be cast under Subsection (h), The chief appraiser **before September 1, 2019**, shall notify the presiding officer of the board of directors of each conservation and reclamation district of the failure to select a nominee. **By September 15, 2019**, each conservation and reclamation district may submit a nominee by resolution adopted by its governing body one candidate for the district's board of directors (The Chief appraiser will ask for a copy of the resolution for verification.) The presiding officer of the conservation and reclamation district's governing body shall submit the name of the district's nominee to the chief appraiser. **By October 1, 2019**, the Chief appraiser shall prepare and deliver to the presiding officer of the board of directors of each conservation and reclamation district, a second nominating ballot, listing all the nominees of the conservation and reclamation districts alphabetically by surname. **Before October 15, 2019**, the conservation and reclamation districts shall determine their votes for a nominee by resolution and submit it to the chief appraiser. The nominee on the second nominating ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district and shall be named on the ballot with the candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.

In accordance with Section 6.03(j) of the Texas Property Tax Code, **before October 30, 2019** the chief appraiser shall prepare a ballot, listing the candidates alphabetically according to the first letter in each candidate's surname, and shall deliver a copy of the ballot to the presiding officer of the governing body of each Taxing unit that is entitled to vote.

In accordance with Section 6.03(k) of the Texas Property Tax Code, **before December 15, 2019**, the governing body of each taxing unit entitled to vote shall determine its vote by resolution and submit the resolution to the chief appraiser.

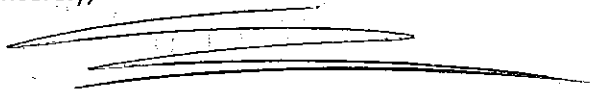
In accordance with Section 6.03(k) of the Texas Property Tax Code, **before December 31, 2019**, the chief appraiser shall count the votes, declare the five candidates who receive the largest cumulative vote totals elected, and submit the results to the taxing units that were entitled to vote and the to the candidates.

(For purposes of determining the number of votes received by the candidates, the candidate receiving the most votes cast by the conservation and reclamation districts is considered to have received all of the votes cast by the conservation and reclamation districts and the other candidates are considered not to have received any votes of the conservation and reclamation districts.)

In accordance with Section 6.03(k) of the Texas Property Tax Code, the chief appraiser shall resolve a tie vote by any method of chance.

Please feel free to contact me if you have any question.

Sincerely,



Ernestina (Tina) Flores, R.P.A.  
Chief Appraiser of Kleberg County

enclosures

**CERTIFICATION OF ALL ELIGIBLE CONSERVATION  
AND/OR RECLAMATION DISTRICTS**

*THAT ARE IMPOSING TAXES IN KLEBERG COUNTY  
and  
THAT PARTICIPATE IN KLEBERG COUNTY APPRAISAL DISTRICT*

**Taxing Unit:**            *South Texas Water Authority*

*I, Ernestina (Tina) Flores, Chief Appraiser of  
Kleberg County Appraisal District, do hereby  
Certify the 2019 list of eligible conservation  
and reclamation districts and their number of  
votes listed below.*

*Eligible Conservation Districts*

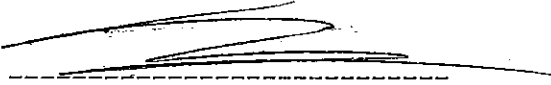
*Kenedy County Ground Water Conservation District*

*Votes: 5*

*Eligible Conservation and Reclamation Districts:*

*South Texas Water Authority*

*Votes: 125*

  
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*Ernestina Flores, R.P.A.*

*Date: Ce. 25-19*  
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*Received By:*

*Date:*-----

*(Please sign and send a signed copy of this page to Kleberg County  
Appraisal District)*

KLEBERG COUNTY APPRAISAL DISTRICT  
2020-2021 BOARD OF DIRECTORS  
TAXING ENTITY VOTES

TAXING JURISDICTIONS	2018 LEVIES	PERCENT	TOTAL VOTES	CALCULATED DISTRICT VOTES	ACTUAL VOTES
KLEBERG COUNTY	\$11,732,050.30	0.299826	5000	1499	1500
CITY OF KINGSVILLE	\$7,032,360.67	0.179720	5000	899	900
KINGSVILLE I.S.D.	\$12,930,372.30	0.330451	5000	1652	1650
RICARDO I.S.D.	\$1,970,713.42	0.050364	5000	252	250
RIVIERA I.S.D.	\$2,944,861.60	0.075259	5000	376	375
SANTA GERTRUDIS I.S.D.	\$1,499,800.11	0.038329	5000	192	190
SOUTH TEXAS WATER AUTHORITY	\$987,655.10	0.025241	5000	126	125
KENEDY COUNTY GROUNDWATER	\$25,982.47	0.000664	5000	3	5
CITY OF CORPUS CHRISTI	<u>\$5,694.45</u>	0.000146	5000	1	5
TOTAL	\$39,129,490.42	100.00%		4999	5000

KLEBERG COUNTY APPRAISAL DISTRICT  
 2018-2019 BOARD OF DIRECTORS  
 TAXING ENTITY CALCULATION OF VOTES

**KLEBERG COUNTY**

\$11,732,050.30	÷	\$39,129,490.42	
0.299826	X	1000	
299.83	=	300	
300	X	5	
	=	1500	

**CITY OF KINGSVILLE**

\$7,032,360.67	÷	\$39,129,490.42	
0.179720	X	1000	
179.72	=	180	
180	X	5	
	=	900	

**KINGSVILLE I.S.D.**

\$12,930,372.30	÷	\$39,129,490.42	
0.330451	X	1,000	
330.45	=	330	
330	X	5	
	=	1650	

**RICARDO I.S.D.**

\$1,970,713.42	÷	\$39,129,490.42	
0.050364	X	1000	
50.36	=	50	
50	X	5	
	=	250	

**RIVIERA I.S.D.**

\$2,944,861.60	÷	\$39,129,490.42	
0.075259	X	1,000	
75.26	=	75	
75	X	5	
	=	375	

**SANTA GERTRUDIS I.S.D.**

\$1,499,800.11	÷	\$39,129,490.42	
0.038329	X	1,000	
38.33	=	38	
38	X	5	
	=	190	

KLEBERG COUNTY APPRAISAL DISTRICT  
2018-2019 BOARD OF DIRECTORS  
TAXING ENTITY CALCULATION OF VOTES

SOUTH TEXAS WATER AUTHORITY

$$\begin{array}{r r r} \$987,655.10 & \div & \$39,129,490.42 \\ 0.025241 & X & 1,000 \\ 25.24 & = & 25 \\ 25 & X & 5 \\ & = & \underline{125} \end{array}$$

KENEDY COUNTY GROUNDWATER

$$\begin{array}{r r r} \$25,982.47 & \div & \$39,129,490.42 \\ 0.000664 & X & 1,000 \\ 0.66 & = & 1 \\ 1 & X & 5 \\ & = & \underline{5} \end{array}$$

CITY OF CORPUS CHRISTI

$$\begin{array}{r r r} \$5,694.45 & \div & \$39,129,490.42 \\ 0.00015 & X & 1,000 \\ 0.15 & = & 1 \\ 1 & X & 5 \\ & = & \underline{5} \end{array}$$

# Governance

## Composition of Board of Directors

The board of directors is composed of five members.<sup>4</sup> The number of directors can be increased up to 13 by action of the board of directors.<sup>5</sup> However, in most cases, the board of directors may not make this change if a voting taxing unit adopts a resolution opposing the change.<sup>6</sup>

Taxing units participating in the CAD may increase the number of directors up to 13 members if three-fourths of voting taxing units adopt resolutions.<sup>7</sup> A change is not valid if it reduces the voting entitlement of one or more taxing units (unless the taxing unit adopts one of two specified resolutions) or if it expands the types of taxing units that are entitled to vote on the appointment of directors.<sup>8</sup>

The county TAC is a nonvoting director, if not appointed as a voting director.<sup>9</sup> If a commissioner's court of the county enters into a contract for assessment and collections under Tax Code Section 6.24(b) or if the CAD board of directors enters into a contract for appraisal under Tax Code Section 6.05(b), then the county TAC is ineligible to serve on the board of directors.<sup>10</sup>

Board members may not receive compensation for service on the board but are entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties.<sup>11</sup> This reimbursement is as provided by the budget adopted the board of directors.<sup>12</sup>

<sup>4</sup> Tex. Tax Code §6.03(a)

<sup>5</sup> Tex. Tax Code §6.031(a)

<sup>6</sup> Tex. Tax Code §6.031(a)

<sup>7</sup> Tex. Tax Code §6.031(b)

<sup>8</sup> Tex. Tax Code §6.031(b)

<sup>9</sup> Tex. Tax Code §6.03(a)

<sup>10</sup> Tex. Tax Code §6.03(a)

<sup>11</sup> Tex. Tax Code §6.04(c)

<sup>12</sup> Tex. Tax Code §6.04(c)



## Appointment, Eligibility and Terms

**Appointment:** Taxing units—counties, cities/towns, school districts, junior colleges and certain conservation and reclamation districts—select directors in the fall of odd-numbered years.<sup>13</sup> Conservation and reclamation districts may participate in this process if at least one conservation and reclamation district in the CAD delivers to the chief appraiser a written request to nominate and vote on the board of directors by June 1 of each odd-numbered year.<sup>14</sup> On request, the chief appraiser must certify all eligible conservation and reclamation districts that are imposing taxes and that participate in the CAD by June 15.<sup>15</sup>

The board of directors is selected by appointment; it is not an election governed by the Texas Election Code.<sup>16</sup> The method or procedure for appointing members can be changed by the board of directors or by three-fourths of the voting taxing units acting through resolutions.<sup>17</sup>

The voting entitlement of a taxing unit is determined by a calculation that takes into account a taxing unit's share of the total dollar amount of property taxes imposed in the CAD.<sup>18</sup> The chief appraiser makes this calculation for each taxing unit (other than conservation and reclamation districts) and delivers written notice before Oct. 1 of each odd-numbered year of the number of votes to which each taxing unit is entitled.<sup>19</sup> Each taxing unit (other than a conservation and reclamation district)

<sup>13</sup> Tex. Tax Code §6.03

<sup>14</sup> Tex. Tax Code §6.03(c)

<sup>15</sup> Tex. Tax Code §6.03(c)

<sup>16</sup> Tex. Att'y Gen. Op. JM-166 (1984)

<sup>17</sup> Tex. Tax Code §6.031(a) and (b)

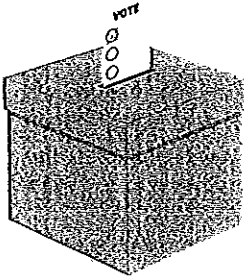
<sup>18</sup> Tex. Tax Code §6.03(d)

<sup>19</sup> Tex. Tax Code §6.03(e)



that is entitled to vote may submit to the chief appraiser one nominee for each position to be filled before Oct. 15.<sup>20</sup>

The chief appraiser also must calculate the number of votes that an eligible conservation and reclamation district is entitled to and must deliver before July 1 of each odd-numbered year, a written notice to the district of its voting entitlement and right to nominate one candidate for director.<sup>21</sup> All eligible conservation and reclamation districts must submit the name of the district's nominee to the chief appraiser before July 15 of each odd-numbered year.<sup>22</sup> Before Aug. 1, the chief appraiser must prepare a nominating ballot listing all the nominees of conservation and reclamation districts and deliver a ballot to the presiding officer of the board of directors of each district.<sup>23</sup> The board of directors of each district must submit its vote for the nominee of conservation and reclamation districts before Aug. 15.<sup>24</sup> The winning nominee of the conservation and reclamation districts in the CAD becomes a nominee for CAD director.<sup>25</sup>



The chief appraiser must prepare a ballot before Oct. 30 with candidates whose names were timely submitted, including the nominee of conservation and reclamation districts if applicable.<sup>26</sup> Each taxing unit entitled to vote must determine its vote by resolution and submit it to the chief appraiser before Dec.

15.<sup>27</sup> The five candidates who receive the largest cumulative vote totals become the board of directors.<sup>28</sup> The chief appraiser announces the new directors before Dec. 31.<sup>29</sup> Ties must be resolved by the chief appraiser by any method of chance.<sup>30</sup>

Both the board of directors and taxing units may propose to change the method or procedure for appointing directors.<sup>31</sup> If the board of directors makes the proposal, then a voting

taxing unit may veto the proposal by filing a resolution before Sept. 1.<sup>32</sup> If a participating taxing unit proposes a change, the change is adopted if three-fourths of the voting taxing units adopt resolutions providing for the change.<sup>33</sup> A resolution to change the method or procedure for appointing directors must be filed with the chief appraiser after June 30 and before Oct. 1 of a year in which members are appointed, or the resolution is ineffective.<sup>34</sup>

Throughout the selection process, the Tax Code specifies dates for action by the chief appraiser and the taxing units. The dates provided in Tax Code Section 6.03(f) and (g) are directory and not mandatory.<sup>35</sup> However, the advice of legal counsel should be obtained in such situations.

**Eligibility:** To be eligible to serve on a board of directors, an individual must be a resident of the CAD and must have resided in the CAD for at least two years immediately preceding the date of taking office.<sup>36</sup> This residency requirement does not apply to a county TAC serving as a nonvoting director.<sup>37</sup>

An employee of a taxing unit that participates in the CAD is not eligible to serve on the board of directors, unless that individual also is a member of the governing body of the taxing unit or an elected official of a taxing unit.<sup>38</sup> Membership on the governing body of a taxing unit does not make an otherwise eligible individual ineligible to serve on the board of directors.<sup>39</sup>

Owing delinquent property taxes disqualifies a person from serving on the CAD board of directors.<sup>40</sup> The person is ineligible if he or she owns property on which delinquent property taxes have been owed for more than 60 days after the date the person knew or should have known of the delinquency.<sup>41</sup> This disqualification does not apply if the person is paying the delinquent taxes and any penalties and interest under an installment payment agreement or has deferred or abated a suit to collect the delinquent taxes.<sup>42</sup>

<sup>20</sup> Tex. Tax Code §6.03(g)

<sup>21</sup> Tex. Tax Code §6.03(f) and (h)

<sup>22</sup> Tex. Tax Code §6.03(h)

<sup>23</sup> Tex. Tax Code §6.03(h)

<sup>24</sup> Tex. Tax Code §6.03(h)

<sup>25</sup> Tex. Tax Code §6.03(h)

<sup>26</sup> Tex. Tax Code §6.03(j)

<sup>27</sup> Tex. Tax Code §6.03(k)

<sup>28</sup> Tex. Tax Code §6.03(k)

<sup>29</sup> Tex. Tax Code §6.03(k)

<sup>30</sup> Tex. Tax Code §6.03(k)

<sup>31</sup> Tex. Tax Code §6.031(a) and (b)

<sup>32</sup> Tex. Tax Code §6.031(a)

<sup>33</sup> Tex. Tax Code §6.031(b)

<sup>34</sup> Tex. Tax Code §6.031(c)

<sup>35</sup> Tex. Att'y Gen. Op. JM-166 (1984)

<sup>36</sup> Tex. Tax Code §6.03(a)

<sup>37</sup> Tex. Tax Code §6.03(a)

<sup>38</sup> Tex. Tax Code §6.03(a)

<sup>39</sup> Tex. Tax Code §6.03(a)

<sup>40</sup> Tex. Tax Code §6.035(a)(2)

<sup>41</sup> Tex. Tax Code §6.035(a)(2)

<sup>42</sup> Tex. Tax Code §6.035(a)(2)

## Degrees of Consanguinity and Affinity

<b>1<sup>st</sup> DEGREE</b>	<b>2<sup>nd</sup> DEGREE</b>	<b>3<sup>rd</sup> DEGREE</b>
<p><b>By Consanguinity</b></p> <ul style="list-style-type: none"> <li>• Parents</li> <li>• Children</li> </ul> <p><b>By Affinity</b></p> <ul style="list-style-type: none"> <li>• Spouses of relatives listed under first degree consanguinity</li> <li>• Spouse</li> <li>• Spouse's parents</li> <li>• Spouse's children</li> <li>• Stepparents</li> <li>• Stepchildren</li> </ul>	<p><b>By Consanguinity</b></p> <ul style="list-style-type: none"> <li>• Grandparents</li> <li>• Grandchildren</li> <li>• Brothers &amp; sisters</li> </ul> <p><b>By Affinity</b></p> <ul style="list-style-type: none"> <li>• Spouses of relatives listed by second degree consanguinity</li> <li>• Spouse's grandparents</li> <li>• Spouse's grandchildren</li> <li>• Spouse's brothers &amp; sisters</li> </ul>	<p><b>By Consanguinity</b></p> <ul style="list-style-type: none"> <li>• Great grandparents</li> <li>• Great grandchildren</li> <li>• Nieces &amp; nephews</li> <li>• Aunts &amp; uncles</li> </ul> <p><b>By Affinity</b></p> <ul style="list-style-type: none"> <li>• No prohibitions</li> </ul>

A person who has appraised property for compensation for use in proceedings or represented property owners for compensation in proceedings in the CAD at any time within the preceding five years is ineligible to serve on the board of directors.<sup>43</sup>

A person is ineligible to serve on the board of directors if the individual is related within the second degree of consanguinity (blood) or affinity (marriage) to the following:

- an appraiser who appraises property for use in a proceeding under the Tax Code; or
- a person who represents property owners for compensation in proceedings under the Tax Code in the CAD.<sup>44</sup>

A director who continues to hold office knowing he or she is related in this manner to the above named persons commits a Class B misdemeanor offense.<sup>45</sup>

An individual is not eligible to be appointed to or to serve on the board of directors if an individual has a substantial interest in a business entity that is party to a contract or the individual is a party to a contract with the CAD.<sup>46</sup> This prohibition also applies to contracts with a taxing unit that participates in the CAD if the contract relates to the performance of an activity

governed by the Tax Code.<sup>47</sup> A CAD may not enter into a contract with a board member or with a business entity in which a board member has a substantial interest.<sup>48</sup> A taxing unit may not enter into a contract relating to the performance of an activity governed by the Tax Code with a board member in which the taxing unit participates or with a business entity in which a board member has a substantial interest.<sup>49</sup>

An individual has substantial interest in a business entity if:

- the combined ownership of the director and the director's spouse is at least 10 percent of the voting stock or shares of the business entity; or
- the director or director's spouse is a partner, limited partner or officer of the business entity.<sup>50</sup>



**Term of Office and Vacancy:** CAD directors serve two-year terms.<sup>51</sup> Each term begins on Jan. 1 of an even-numbered year.<sup>52</sup> The two-year term of office does not apply to the county TAC who serves as a nonvoting director.<sup>53</sup>

<sup>43</sup> Tex. Tax Code §6.035(a-1)

<sup>44</sup> Tex. Tax Code §6.035(a)(1)

<sup>45</sup> Tex. Tax Code §6.035(b)

<sup>46</sup> Tex. Tax Code §6.036(a)

<sup>47</sup> Tex. Tax Code §6.036(a)

<sup>48</sup> Tex. Tax Code §6.036(b)

<sup>49</sup> Tex. Tax Code §6.036(c)

<sup>50</sup> Tex. Tax Code §6.036(d)

<sup>51</sup> Tex. Tax Code §6.03(b)

<sup>52</sup> Tex. Tax Code §6.03(b)

<sup>53</sup> Tex. Tax Code §6.03(b)

Voting taxing units may adopt staggered one and two-year terms.<sup>54</sup> To adopt staggered terms, taxing units must take two actions.<sup>55</sup> First, at least three-fourths of the voting taxing units are required to adopt resolutions for staggered terms.<sup>56</sup> Second, the voting taxing units must have changed the method for appointing members to end cumulative voting (casting all or part of the votes to which the taxing unit is entitled). These two actions may be proposed concurrently.<sup>57</sup>

A resolution proposing staggered terms must be filed with the chief appraiser after June 30 and before Oct. 1.<sup>58</sup> If the chief appraiser determines that enough taxing units filed valid resolutions, he or she must notify all taxing units of the change before Oct. 10.<sup>59</sup> Staggered terms take effect on Jan. 1 of the next even-numbered year.<sup>60</sup> To start staggering terms, all members are appointed for that year without regard to staggered terms.<sup>61</sup> At the earliest practical date after Jan. 1, the board determines by lot which of its members will serve one- and two-year terms.<sup>62</sup>

Boards with an even number of members divide the one- and two-year terms in half. Boards with an odd number of members must have one more member with a two-year term than members with one-year terms.<sup>63</sup> For example, a six-member board would choose three members to serve one-year terms. A five-member board would choose two.

For each director's term that expires on Jan. 1, the CAD must annually appoint directors for a term that begins on that Jan. 1.<sup>64</sup>

Staggered terms may be rescinded by resolution of a majority of voting taxing units.<sup>65</sup> The resolution must be adopted and filed with the chief appraiser after June 30 and before Oct. 1 of odd-numbered years.<sup>66</sup> After a valid rescission, the terms of all current members expire on the next Jan. 1, even if a member

will have only served one year of a two-year term.<sup>67</sup> The entire board will be appointed for two-year terms on that date.<sup>68</sup> Staggered terms are automatically rescinded if the CAD makes a change in the method of appointing board members that results in a method of using cumulative voting.<sup>69</sup>



If a vacancy occurs on the board, each voting taxing unit nominates by resolution a candidate to fill the vacancy.<sup>70</sup>

Within 45 days after receiving notice from the board of directors that a vacancy exists, a taxing unit must submit the nomination to the chief appraiser.<sup>71</sup> The chief appraiser delivers a list of the nominees to the directors within the next five days.<sup>72</sup> Directors select by majority vote one of the nominees to fill the vacancy.<sup>73</sup> If a vacancy occurs for a board with staggered terms, the vacancy is filled by appointment of the voting taxing unit that nominated the person whose departure caused the vacancy.<sup>74</sup>

## Conflicts of Interest

Board members are subject to conflict of interest provisions in law, including Tax Code Section 6.036 which excludes certain individuals from serving on the board of directors. Local Government Code Chapter 171 applies to all local officials, including boards of directors of CADs. Local Government Code Chapter 176 applies to officers of political subdivisions of the state.<sup>75</sup>

For more information, see the Texas Ethics Commission's conflict of interest forms at [www.ethics.state.tx.us/filinginfo/conflict\\_forms.htm](http://www.ethics.state.tx.us/filinginfo/conflict_forms.htm).

## Ex Parte Communications

A board member commits a Class C misdemeanor offense if the member directly or indirectly communicates with the chief appraiser on any matter relating to the appraisal of

<sup>54</sup> Tex. Tax Code §6.034(a)

<sup>55</sup> Tex. Tax Code §6.034(a)

<sup>56</sup> Tex. Tax Code §6.034(a)

<sup>57</sup> Tex. Tax Code §6.034(a)

<sup>58</sup> Tex. Tax Code §6.034(b)

<sup>59</sup> Tex. Tax Code §6.034(c)

<sup>60</sup> Tex. Tax Code §6.034(d)

<sup>61</sup> Tex. Tax Code §6.034(d)

<sup>62</sup> Tex. Tax Code §6.034(d)

<sup>63</sup> Tex. Tax Code §6.034(d)

<sup>64</sup> Tex. Tax Code §6.034(e)

<sup>65</sup> Tex. Tax Code §6.034(g)

<sup>66</sup> Tex. Tax Code §6.034(g)

<sup>67</sup> Tex. Tax Code §6.034(g)

<sup>68</sup> Tex. Tax Code §6.034(g)

<sup>69</sup> Tex. Tax Code §6.034(h)

<sup>70</sup> Tex. Tax Code §6.03(l)

<sup>71</sup> Tex. Tax Code §6.03(l)

<sup>72</sup> Tex. Tax Code §6.03(l)

<sup>73</sup> Tex. Tax Code §6.03(l)

<sup>74</sup> Tex. Tax Code §6.034(i)

<sup>75</sup> Tex. Local Government Code §171.001(1) and §176.001(3) and (4)

property by the CAD.<sup>76</sup> However, this type of communication is allowed in:

- an open meeting of the CAD board of directors or another public forum; or
- a closed meeting of the board of directors held to consult with its attorney about pending litigation, at which the chief appraiser's presence is necessary for full communication between the board and its attorney.<sup>77</sup>

These ex parte communication provisions do not apply to a routine communication between the chief appraiser and the county TAC relating to the administration of an appraisal roll, including a communication made in connection with the certification, correction or collection of an account.<sup>78</sup> This exception applies regardless of whether the county TAC was appointed to the board of directors or serves as a nonvoting director.<sup>79</sup>

## Oath of Office



The Texas Constitution requires all elected and appointed officers to sign an anti-bribery statement and take an oath of office before beginning the duties of the office.<sup>80</sup>

The constitutionally prescribed anti-bribery statement is located on the Secretary of State's website as Form 2201 at [www.sos.state.tx.us/statdoc/forms/2201.pdf](http://www.sos.state.tx.us/statdoc/forms/2201.pdf). A director signs this statement before the oath of office is administered.<sup>81</sup> Directors should retain the statement in the official records of the appraisal district.<sup>82</sup>

The official oath of office is found on the Secretary of State's website as Form 2204 at [www.sos.state.tx.us/statdoc/forms/2204.pdf](http://www.sos.state.tx.us/statdoc/forms/2204.pdf).

<sup>76</sup> Tex. Tax Code §6.15(a) and (d)

<sup>77</sup> Tex. Tax Code §6.15(a)

<sup>78</sup> Tex. Tax Code §6.15(c)

<sup>79</sup> Tex. Tax Code §6.15(c)

<sup>80</sup> Tex. Const. XVI, §1(a) and (b)

<sup>81</sup> Tex. Const. XVI, §1

<sup>82</sup> Tex. Const. XVI, §1(c)

## Recalling a Director

A taxing unit may ask for the recall of any director the taxing unit voted for in the appointment process.<sup>83</sup> A recall starts when a taxing unit files a resolution with the chief appraiser stating that the taxing unit is calling for the recall of a named member.<sup>84</sup> Within 10 days after a taxing unit files a recall resolution, the chief appraiser must give written notice of the filing of the resolution to the presiding officer of each voting taxing unit.<sup>85</sup>

Only the taxing units that voted for the member may vote.<sup>86</sup> A recall-voting taxing unit has the same number of votes in the recall that it cast in appointing the board member.<sup>87</sup> A taxing unit votes by submitting a resolution to the chief appraiser on or before the 30th day after the recall resolution is filed.<sup>88</sup>

Not later than the 10th day after the last day for voting in favor of the recall, the chief appraiser must count the casted votes.<sup>89</sup> A director is recalled if the number of votes cast in favor of recall equals or exceeds a majority of the votes cast appointing the board member.<sup>90</sup> The chief appraiser must immediately notify in writing the presiding officer of the board of directors and the governing body of each recall-voting taxing unit of the results.<sup>91</sup> If the chair is the subject of the recall, the board secretary shall also be notified.<sup>92</sup>

After a recall, the director's vacancy is filled by the recall-voting taxing units appointing a new board member.<sup>93</sup> Each recall-voting taxing unit may nominate by resolution one candidate and is entitled to the same number of votes it originally cast to appoint the recalled member.<sup>94</sup>

On or before the 15th day after the last day nominations must be submitted, the chief appraiser must prepare a ballot and deliver a copy of the ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote to fill

<sup>83</sup> Tex. Tax Code §6.033(a)

<sup>84</sup> Tex. Tax Code §6.033(a)

<sup>85</sup> Tex. Tax Code §6.033(a)

<sup>86</sup> Tex. Tax Code §6.033(b)

<sup>87</sup> Tex. Tax Code §6.033(b)

<sup>88</sup> Tex. Tax Code §6.033(b)

<sup>89</sup> Tex. Tax Code §6.033(c)

<sup>90</sup> Tex. Tax Code §6.033(c)

<sup>91</sup> Tex. Tax Code §6.033(c)

<sup>92</sup> Tex. Tax Code §6.033(c)

<sup>93</sup> Tex. Tax Code §6.033(d)

<sup>94</sup> Tex. Tax Code §6.033(d)

**Sec. 6.03. Board of Directors.**

(a) The appraisal district is governed by a board of directors. Five directors are appointed by the taxing units that participate in the district as provided by this section. If the county assessor-collector is not appointed to the board, the county assessor-collector serves as a nonvoting director. The county assessor-collector is ineligible to serve if the board enters into a contract under Section 6.05(b) or if the commissioners court of the county enters into a contract under Section 6.24(b). To be eligible to serve on the board of directors, an individual other than a county assessor-collector serving as a nonvoting director must be a resident of the district and must have resided in the district for at least two years immediately preceding the date the individual takes office. An individual who is otherwise eligible to serve on the board is not ineligible because of membership on the governing body of a taxing unit. An employee of a taxing unit that participates in the district is not eligible to serve on the board unless the individual is also a member of the governing body or an elected official of a taxing unit that participates in the district.

(b) Members of the board of directors other than a county assessor-collector serving as a nonvoting director serve two-year terms beginning on January 1 of even-numbered years.

(c) Members of the board of directors other than a county assessor-collector serving as a nonvoting director are appointed by vote of the governing bodies of the incorporated cities and towns, the school districts, the junior college districts, and, if entitled to vote, the conservation and reclamation districts that participate in the district and of the county. A governing body may cast all its votes for one candidate or distribute them among candidates for any number of directorships. Conservation and reclamation districts are not entitled to vote unless at least one conservation and reclamation district in the district delivers to the chief appraiser a written request to nominate and vote on the board of directors by June 1 of each odd-numbered year. On receipt of a request, the chief appraiser shall certify a list by June 15 of all eligible conservation and reclamation districts that are imposing taxes and that participate in the district.

(d) The voting entitlement of a taxing unit that is entitled to vote for directors is determined by dividing the total dollar amount of property taxes imposed in the district by the taxing unit for the preceding tax year by the sum of the total dollar amount of property taxes imposed in the district for that year by each taxing unit that is entitled to vote, by multiplying the quotient by 1,000, and by rounding the product to the nearest whole number. That number is multiplied by the number of directorships to be filled. A taxing unit participating in two or more districts is entitled to vote in each district in which it participates, but only the taxes imposed in a district are used to calculate voting entitlement in that district.

(e) The chief appraiser shall calculate the number of votes to which each taxing unit other than a conservation and reclamation district is entitled and shall deliver written notice to each of those units of its voting entitlement before October 1 of each odd-numbered year. The chief appraiser shall deliver the notice:

(1) to the county judge and each commissioner of the county served by the appraisal district;

(2) to the presiding officer of the governing body of each city or town participating in the appraisal district, to the city manager of each city or town having a city manager, and to the city secretary or clerk, if there is one, of each city or town that does not have a city manager;

(3) to the presiding officer of the governing body of each school district participating in the district and to the superintendent of those school districts; and

(4) to the presiding officer of the governing body of each junior college district participating in the district and to the president, chancellor, or other chief executive officer of those junior college districts.

(f) The chief appraiser shall calculate the number of votes to which each conservation and reclamation district entitled to vote for district directors is entitled and shall deliver written notice to the presiding officer of each conservation and reclamation district of its voting entitlement and right to nominate a person to serve as a director of the district before July 1 of each odd-numbered year.

(g) Each taxing unit other than a conservation and reclamation district that is entitled to vote may nominate by resolution adopted by its governing body one candidate for each position to be filled on the board of directors. The presiding officer of the governing body of the unit shall submit the names of the unit's nominees to the chief appraiser before October 15.

(h) Each conservation and reclamation district entitled to vote may nominate by resolution adopted by its governing body one candidate for the district's board of directors. The presiding officer of the conservation and reclamation district's governing body shall submit the name of the district's nominee to the chief appraiser before July 15 of each odd-numbered year. Before August 1, the chief appraiser shall prepare a nominating ballot, listing all the nominees of conservation and reclamation districts alphabetically by surname, and shall deliver a copy of the nominating ballot to the presiding officer of the board of directors of each district. The board of directors of each district shall determine its vote by resolution and submit it to the chief appraiser before August 15. The nominee on the ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district if the nominee received more than 10 percent of the votes entitled to be cast by all of the conservation and reclamation districts in the appraisal district, and shall be named on the ballot with the candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.

(i) If no nominee of the conservation and reclamation districts receives more than 10 percent of the votes entitled to be cast under Subsection (h), the chief appraiser, before September 1, shall notify the presiding officer of the board of directors of each conservation and reclamation district of the failure to select a nominee. Each conservation and reclamation district may submit a nominee by September 15 to the chief appraiser as provided by Subsection (h). The

chief appraiser shall submit a second nominating ballot by October 1 to the conservation and reclamation districts as provided by Subsection (h). The conservation and reclamation districts shall submit their votes for nomination before October 15 as provided by Subsection (h). The nominee on the second nominating ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district and shall be named on the ballot with the candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.

(j) Before October 30, the chief appraiser shall prepare a ballot, listing the candidates whose names were timely submitted under Subsections (g) and, if applicable, (h) or (i) alphabetically according to the first letter in each candidate's surname, and shall deliver a copy of the ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote.

(k) The governing body of each taxing unit entitled to vote shall determine its vote by resolution and submit it to the chief appraiser before December 15. The chief appraiser shall count the votes, declare the five candidates who receive the largest cumulative vote totals elected, and submit the results before December 31 to the governing body of each taxing unit in the district and to the candidates. For purposes of determining the number of votes received by the candidates, the candidate receiving the most votes of the conservation and reclamation districts is considered to have received all of the votes cast by conservation and reclamation districts and the other candidates are considered not to have received any votes of the conservation and reclamation districts. The chief appraiser shall resolve a tie vote by any method of chance.

(l) If a vacancy occurs on the board of directors other than a vacancy in the position held by a county assessor-collector serving as a nonvoting director, each taxing unit that is entitled to vote by this section may nominate by resolution adopted by its governing body a candidate to fill the vacancy. The unit shall submit the name of its nominee to the chief appraiser within 45 days after notification from the board of directors of the existence of the vacancy, and the chief appraiser shall prepare and deliver to the board of directors within the next five days a list of the nominees. The board of directors shall elect by majority vote of its members one of the nominees to fill the vacancy.

(m) [Repealed by Acts 2007, 80th Leg., ch. 648 (H.B. 1010), § 5(4), effective January 1, 2008.]

**HISTORY:** Enacted by Acts 1979, 66th Leg., ch. 841 (S.B. 621), § 1; am. Acts 1981, 67th Leg., 1st C.S., ch. 13 (H.B. 30), §§ 15, 167(a), effective January 1, 1982; am. Acts 1987, 70th Leg., ch. 59 (S.B. 469), § 1, effective September 1, 1987; am. Acts 1987, 70th Leg., ch. 270 (H.B. 268), § 1, effective August 31, 1987; am. Acts 1989, 71st Leg., ch. 1123 (H.B. 2301), § 2, effective January 1, 1990; am. Acts 1991, 72nd Leg., ch. 20 (S.B. 351), § 15, effective August 26, 1991; am. Acts 1991, 72nd Leg., ch. 371 (H.B. 864), § 1, effective September 1, 1991; am. Acts 1993, 73rd Leg., ch. 347 (S.B. 7), § 4.06, effective May 31, 1993; am. Acts 1997, 75th Leg., ch. 165 (S.B. 898), § 6.73, effective September 1, 1997; am. Acts 1997, 75th Leg., ch. 1039, § 2, effective January 1, 1998; am. Acts 1999, 76th Leg., ch. 705 (H.B. 834), § 1, effective January 1, 2000; am. Acts 2003, 78th Leg., ch. 629 (H.B. 2043), effective June 20, 2003; am. Acts 2007, 80th Leg., ch. 648 (H.B. 1010), § 5(4), effective January 1, 2008; am. Acts 2013, 83rd Leg., ch. 1161 (S.B. 359), § 1, effective June 14, 2013.

### Sec. 6.031. Changes in Board Membership or Selection.

(a) The board of directors of an appraisal district, by resolution adopted and delivered to each taxing unit participating in the district before August 15, may increase the number of members on the board of directors of the district to not more than 13, change the method or procedure for appointing the members, or both, unless the governing body of a taxing unit that is entitled to vote on the appointment of board members adopts a resolution opposing the change, and files it with the board of directors before September 1. If a change is rejected, the board shall notify, in writing, each taxing unit participating in the district before September 15.

(b) The taxing units participating in an appraisal district may increase the number of members on the board of directors of the district to not more than 13, change the method or procedure for appointing the members, or both, if the governing bodies of three-fourths of the taxing units that are entitled to vote on the appointment of board members adopt resolutions providing for the change. However, a change under this subsection is not valid if it reduces the voting entitlement of one or more taxing units that do not adopt a resolution proposing it to less than a majority of the voting entitlement under Section 6.03 of this code or if it reduces the voting entitlement of any taxing unit that does not adopt a resolution proposing it to less than 50 percent of its voting entitlement under Section 6.03 of this code and if that taxing unit's allocation of the budget is not reduced to the same proportional percentage amount, or if it expands the types of taxing units that are entitled to vote on appointment of board members.

(b-1) If an appraisal district increases the number of members on the board of directors of the district or changes the method or procedure for appointing the members as provided by this section, the board of directors by resolution shall provide for the junior college districts that participate in the appraisal district to collectively participate in the selection of directors in the same manner as the school district that imposes the lowest total dollar amount of property taxes in the appraisal district among all of the school districts with representation in the appraisal district. A resolution adopted under this section is not subject to rejection by a resolution opposing the change filed with the board of directors by a taxing unit under Subsection (a).

(c) An official copy of a resolution under this section must be filed with the chief appraiser of the appraisal district after June 30 and before October 1 of a year in which board members are appointed or the resolution is ineffective.

(d) Before October 5 of each year in which board members are appointed, the chief appraiser shall determine whether a sufficient number of eligible taxing units have filed valid resolutions proposing a change for the change to take effect. The chief appraiser shall notify each taxing unit participating in the district of each change that is adopted before October 10.

## OUTLINE OF REQUIRED DATES

1. *Before June 1* of each odd-numbered year, at least one conservation and reclamation district in the CAD must deliver to the chief appraiser a written request to nominate and vote on the board of directors
2. *Before June 15*, the chief appraiser on receipt of a request shall certify a list of all eligible conservation and reclamation districts that are imposing taxes and that participate in the district
3. *Before July 1* of each odd-numbered year, the chief appraiser must deliver a written notice to the conservation and reclamation districts of its voting entitlement and right to nominate one candidate for director.
4. *Before July 15* of each odd-numbered year, each conservation and reclamation district entitled to vote may nominate **by resolution** adopted by its governing body one candidate for the district's board of directors and shall submit the name of the district's nominee to the chief appraiser.
5. *Before August 1* the chief appraiser shall prepare a nominating ballot, listing all the nominees of conservation and reclamation districts alphabetically by surname, and shall deliver a copy of the nominating ballot to the presiding officer of the board of directors of each district.
6. *Before August 15* the board of directors of each district shall determine its vote by **resolution** and submit it to the chief appraiser. The nominee on the ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district *if* the nominee received more than 10 percent of the votes entitled to be cast by all of the conservation and reclamation districts in the appraisal district, and shall be named on the ballot with the candidates nominated by the other taxing units. The chief appraiser shall resolve a tie vote by any method of chance.
7. *Before September 1* the chief appraiser shall notify the presiding officer of the board of directors of each conservation and reclamation district of the failure to select a nominee *if* no nominee of the conservation and reclamation districts receives more than 10 percent of the votes entitled to be cast under Subsection (h).
8. *By September 15* each conservation and reclamation district may nominate **by resolution** adopted by its governing body, one candidate for the district's board of directors to the chief appraiser. The presiding officer of the conservation and reclamation district's governing body shall submit the name of the district's nominee to the chief appraiser (as provided by Subsection (h)).
9. *Before October 1* of an odd-numbered year, the chief appraiser shall prepare and deliver to the presiding officer of the board of directors of each conservation and reclamation district, a second nominating ballot, listing all the nominees of the conservation and reclamation districts alphabetically by surname (as provide by Subsection (h)).

**OUTLINE  
OF  
REQUIRED DATES  
(Continued)**

10. *Before October 15* the conservation and reclamation districts shall determine its vote for nominees **by resolution** and submit it to the chief appraiser (as provided by Subsection (h)). The nominee on the second nominating ballot with the most votes is the nominee of the conservation and reclamation districts in the appraisal district and shall be named on the ballot with the candidates nominated by the other taxing unities. The chief appraiser shall resolve a tie vote by any method of chance.
11. *Before October 30* the chief appraiser must prepare a ballot listing all nominees alphabetically by each candidate's last name. The chief appraiser must deliver a copy of this ballot to the presiding officer of the governing body of each voting unit.
12. *Before December 15* the governing body of each taxing unit entitled to vote may cast votes for one candidate or may distribute the votes among a number of candidates on the ballot and shall determine its vote **by resolution** and submit it to the chief appraiser.
13. *Before December 31* the chief appraiser must count the votes and declare the candidates who received the largest vote totals elected and submit the results to the governing body of each taxing unit in the district and to the candidates.



ATTACHMENT 14

Annexation Petition – Stephanie Lynn Ramirez  
Resolution 19-42

Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 22, 2019  
Re: Annexation Petition – Stephanie Lynn Ramirez, Tract Nine – H, The Ranch Subdivision – Approve Annexation – Resolution 19-42

Background:

As the Board is aware, the Nueces County Grant Administration office filed for and was awarded grant funds from several agencies to address water quality problems in the Cyndie Park subdivisions. In April, the new 4" waterline extending from the Nueces Water Supply Corporation (NWSC) 6" line was placed into service. However, the Cyndie Park subdivisions are not within South Texas Water Authority's district boundaries. Therefore, a property owner living outside of STWA's boundaries will request retail water service from the Nueces Water Supply Corporation (NWSC) and is also required to request annexation into STWA's district. This results in the new NWSC member paying the same costs as all other NWSC customers, specifically their NWSC retail water bill and property taxes to STWA.

Analysis:

Ms. Ramirez provided the signed petition as required and the public hearing is scheduled to occur just prior to the regular July Board meeting. The posted meeting agenda included Resolution 19-42 which formally approves annexation of Ms. Ramirez's property.

Staff Recommendation:

Adopt Resolution 19-42.

Board Action:

Determine whether to adopt Resolution 19-42.

Summarization:

Accepting the petitions and publishing notice of a hearing date and time, enables the landowner to receive service and provides uniformity between all NWSC members.



public notice of the time, place, and purpose of said Meeting was given all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 30th day July, 2019.

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Rudy Galvan, Jr., Secretary  
Board of Directors

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Kathleen Lowman, President  
Board of Directors

SOUTH TEXAS WATER AUTHORITY

Resolution 19-42

THE STATE OF TEXAS	§
COUNTIES OF KLEBERG AND NUECES	§
SOUTH TEXAS WATER AUTHORITY	§

WHEREAS, the Board of Directors conducted a hearing on this date in reference to the annexation of the territory described in Exhibit A attached hereto; and

WHEREAS, it was deemed advisable by the Board to approve the annexation of such territory to the Authority; and

WHEREAS, it is officially found and determined: that a case of emergency or urgent public necessity exists which required the holding of the meeting at which this Resolution was adopted and that said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

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

1. That the annexation of the territory described in Exhibit A is hereby approved by this Board, and it is hereby found that there will be benefit to the territory as amended.
2. That pursuant to Article 7, Chapter 436, Acts of the 66th Legislature, Regular Session, 1979, no election is required to approve the annexation as the petition was signed by all residents and landowners of the annexed territory.

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PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

STATE OF TEXAS :  
COUNTY OF NUECES :

TO THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

The undersigned (herein called "Petitioner"), holder of title to the territory described by metes and bounds in Exhibit "A" which is attached hereto and incorporated herein for all purposes, being all of the residents and landowners of such territory, as shown by the tax rolls of Nueces County, Texas, and acting pursuant to the provisions of Section 11006.052, Special District Local Laws Code, respectfully petitions the Board of Directors of South Texas Water Authority that the territory described by metes and bounds in Exhibit "A" be added to and become a part of the established South Texas Water Authority, and in support of this petition would show as follows:

i.

Fee simple title and full ownership of the aforesaid territory, which lies wholly within Nueces County, Texas, is vested in Petitioner.

II.

The addition of said territory to South Texas Water Authority is feasible and practical, would be to the best interest both to the territory and to the Authority and would benefit said territory.

III.

The Authority will be able to supply water, or have water supplied, to the added territory.

IV.

This petition shall constitute an election on the part of the Petitioner, its successors and assigns, for the aforesaid land and any improvements which may be constructed thereon to become liable for all present and future debts of the Authority in the same manner and to the same extent as other lands and improvements in the Authority are liable for the Authority's debts.

V.

Petitioner hereby authorizes the Board of Directors of the Authority to levy taxes and set rates sufficient to pay their share of the aforementioned outstanding indebtedness.

WHEREFORE, Petitioner prays that this petition be properly filed, as provided by law; that the Board of Directors of South Texas Water Authority hear and consider the petition in keeping with the provisions of Section 11006.052, Special District Local Laws Code and that this petition in all things be granted and that the territory described in Exhibit "A" be added to and become a part of the established South Texas Water Authority; that after this petition is granted the Board's order thereon be filed of record and be recorded in the Deed Records of Nueces County, Texas; and that the area described in Exhibit "A" be thereafter a component part of South Texas Water Authority.

[Signatures and Acknowledgement on following page.]

EXECUTED this 25 day of June, 2019.

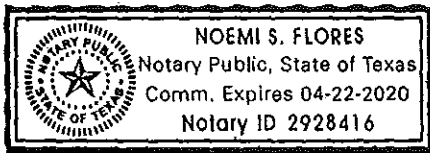
Stephanie Lynn Ramirez  
Stephanie Lynn Ramirez

ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY of Kleberg

Subscribed and sworn to before me Stephanie Lynn Ramirez on this the 25th day of June, 2019.



Noemi S. Flores  
Notary Public

My Commission Expires: 4/22/2020

NOTARY SEAL

17-228416-2019

Exhibit "A"

To

PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

Property Description

Tract Nine-H (9-H), The Ranch, being a 1.31 acre tract of land, being the same 1.31 acre tract conveyed from Bryce Peters Financial Corp. to Wayne De La Garza by deed recorded in Document No. 2003023163 of the Official Public Records of Nueces County, Texas; also being out of a 238.79 acres tract of land described in deed recorded in Volume 1840, page 1017 of the deed records of Nueces County, Texas; said 1.31 acre tract is Lot 9 out of The Ranch Subdivision (unrecorded), also being out of the MANTOR BRIGGS & KUYKENDALL SUBDIVISION as shown on map recorded in Volume 2, Page 57 of the map records of Nueces County Texas; said 1.31 acre tract is comprised of a portion of the "CASA BLANCA" Juan Jose De La Garza Montemayor, Et Al. Survey, Abstract 221, is situated in Nueces County, Texas approximately 8.5 miles northwest town of Banquete, and is described by metes and bounds in Exhibit "A" of the Warranty Deed recorded under Document No. 2016000076 of the Official Records of Nueces County, Texas.



ATTACHMENT 15

Annexation Petitions

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 24, 2019  
Re: Setting a Public Hearing for Annexation:  
1. Don K. and Penny Mikeman, Tracts 3 and 4, Cyndie Park Unit 2-- Resolutions 19-43  
2. Sandra L. Acosta, Tracts 16 and 17, Cyndie Park Unit 1 – Resolution 19-44  
3. Eva Helene Perez, Tract 23 Cyndie Park Unit 1 – Resolution 19-48

### Background:

As stated in other memoranda associated with annexations, the Nueces Water Supply Corporation is now providing water service to the Cyndie Park area. As the Board is aware, a property owner living outside of South Texas Water Authority's (STWA) district boundaries will request retail water service from the Nueces Water Supply Corporation (NWSC) and is then required to request annexation into STWA's district. This results in the new NWSC member paying the same costs as all other NWSC customers, specifically their NWSC retail water bill and property taxes to STWA.

### Analysis:

As the Board is aware, this is a two-step process. The first step sets the time and date for the public hearing and authorizes publication of the required notice. After the public hearing, the Board considers a resolution approving the annexation. Attached are three (3) more petitions requesting annexation into STWA's district. One petition is for Don K. and Penny Mikeman. The second petition is from Sandra L. Acosta. The third petition is from Eva Helene Perez. There are three separate resolutions associated with setting a time and date for a public hearing. The public hearing would be held prior to the September 3<sup>rd</sup> Board meeting.

### Staff Recommendation:

Adopt Resolutions 19-43, 19-44 and 19-48.

### Board Action:

Determine whether to adopt Resolutions 19-43, 19-44 and 19-48.

### Summarization:

This annexation process provides uniformity between all NWSC members.

ATTACHMENT 16

Resolution 19-43

SOUTH TEXAS WATER AUTHORITY

Resolution 19-43

RESOLUTION OF DETERMINATION OF VALIDITY OF ANNEXATION PETITION,  
SETTING PUBLIC HEARING AND AUTHORIZING PUBLICATION OF NOTICE.

WHEREAS, Don K. Mikeman and Penny Mikeman (Petitioners), have filed the attached petition (the Petition) with the South Texas Water Authority requesting annexation of their property into the South Texas Water Authority in order to allow water service to their property to be provided by Nueces Water Supply Corporation, and

WHEREAS, the South Texas Water Authority Board of Directors has reviewed the Petition and finds that it meets all of the requirements for annexation into the South Texas Water Authority's District, and

WHEREAS, the Board of Directors hereby sets a public hearing to hear evidence for or against the proposed annexation of this property to be held on September 3, 2019 at 5:40 p.m. at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority hereby authorizes the publication of the attached Notice of Public Hearing on Annexation for a public hearing to be held on September 3, 2019 at 5:40 p.m. at South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas. At such hearing all interested persons may appear and offer evidence for or against the proposed annexation of the property described in Exhibit A of the Petition.

Duly adopted this 30th day of July, 2019.

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KATHLEEN LOWMAN, PRESIDENT

ATTEST:

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RUDY GALVAN, JR., SECRETARY/TREASURER

PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

STATE OF TEXAS :  
COUNTY OF NUECES :

TO THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

The undersigned (herein called "Petitioner"), holder of title to the territory described by metes and bounds in Exhibit "A" which is attached hereto and incorporated herein for all purposes, being all of the residents and landowners of such territory, as shown by the tax rolls of Nueces County, Texas, and acting pursuant to the provisions of Section 11006.052, Special District Local Laws Code, respectfully petitions the Board of Directors of South Texas Water Authority that the territory described by metes and bounds in Exhibit "A" be added to and become a part of the established South Texas Water Authority, and in support of this petition would show as follows:

I.

Fee simple title and full ownership of the aforesaid territory, which lies wholly within Nueces County, Texas, is vested in Petitioner.

II.

The addition of said territory to South Texas Water Authority is feasible and practical, would be to the best interest both to the territory and to the Authority and would benefit said territory.

III.

The Authority will be able to supply water, or have water supplied, to the added territory.

IV.

This petition shall constitute an election on the part of the Petitioner, its successors and assigns, for the aforesaid land and any improvements which may be constructed thereon to become liable for all present and future debts of the Authority in the same manner and to the same extent as other lands and improvements in the Authority are liable for the Authority's debts.

V.

Petitioner hereby authorizes the Board of Directors of the Authority to levy taxes and set rates sufficient to pay their share of the aforementioned outstanding indebtedness.

WHEREFORE, Petitioner prays that this petition be properly filed, as provided by law; that the Board of Directors of South Texas Water Authority hear and consider the petition in keeping with the provisions of Section 11006.052, Special District Local Laws Code; and that this petition in all things be granted and that the territory described in Exhibit "A" be added to and become a part of the established South Texas Water Authority; that after this petition is granted the Board's order thereon be filed of record and be recorded in the Deed Records of Nueces County, Texas; and that the area described in Exhibit "A" be thereafter a component part of South Texas Water Authority.

[Signatures and Acknowledgement on following page.]

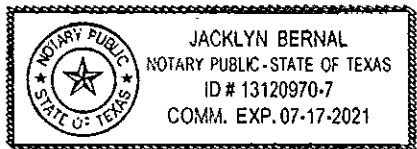
EXECUTED this 20 day of June, 2019.

Don K. Mikeman  
Don K. Mikeman  
Penny Mikeman  
Penny Mikeman

ACKNOWLEDGEMENT

STATE OF TEXAS  
COUNTY of Nueces  
Texas

Subscribed and sworn to before me Don K. Mikeman on this the  
20 day of June, 2019



NOTARY SEAL

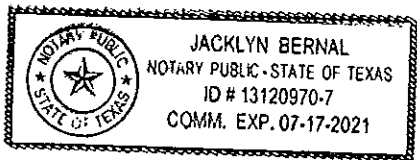
[Signature]  
Notary Public

My Commission Expires: 7-17-2021

ACKNOWLEDGEMENT

STATE OF TEXAS  
COUNTY of Nueces

Subscribed and sworn to before me Penny Mikeman on this the  
20 day of June, 2019



NOTARY SEAL

[Signature]  
Notary Public

My Commission Expires: 7-17-2021

Exhibit "A"

To

PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

Property Description:

Tract Three (3), CYNDIE PARK UNIT 2, in Nueces County, Texas, being a tract of land containing 0.73 acres, more or less, and Tract Four (4), CYNDIE PARK UNIT 2, in Nueces County, Texas, being a tract of land containing 0.575 acres, more or less, out of a 29.59 acre Unit No. 2 of a 59.59 acre tract out of 238.79 acres standing in the names of John S. McGregor and C.C. Speed by Deed recorded in Volume 1840, Page 1017 of the Deed Records of Nueces County, Texas and all being out of the CASA BLANCA GRANT and being a part of Blocks Twenty-Four (24) and Twenty-Five (25) of the MANTOR, BRIGGS & KUYKENDALL SUBDIVISION of 5155.97 acres in Nueces County, Texas, according to map or plat recorded in Volume 2, Page 57 of the Map Records of Nueces County, Texas and being more particularly described by metes and bounds of the Warranty Deed recorded under Document No. 2001040902 of the Official Records of Nueces County, Texas.

NOTICE OF PUBLIC HEARING ON ANNEXATION

THE STATE OF TEXAS  
SOUTH TEXAS WATER AUTHORITY

Pursuant to a Resolution adopted by the Board of Directors of South Texas Water Authority, a hearing shall be held at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas, on September 3, 2019 at 5:40 p.m. with respect to the Petition filed by Don K. Mikeman and Penny Mikeman for annexation of the territory described below, on the question of whether the territory sought to be annexed will be benefited by the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the Authority or by the other functions of the Authority. All interested persons may appear at such hearing and offer evidence for or against the proposed annexation.

Signed this the 30th day of July, 2019.

Kathleen Lowman, President  
Board of Directors  
South Texas Water Authority

That certain lot or tract of land situated in Nueces County, Texas, and more particularly described as follows:

Tract Three (3), CYNDIE PARK UNIT 2, in Nueces County Texas, being a tract of land containing 0.73 acres, more or less, and Tract Four (4), CYNDIE PARK UNIT 2, in Nueces County Texas being a tract of land containing 0.575 acres, more or less, out of a 29.59 acre Unit No. 2 of a 59.59 acre tract out of 238.79 acres standing in the names of John S. McGregor and C.C. Speed by Deed recorded in Volume 1840, Page 1017 of the Deed Records of Nueces County, Texas and all being out of the CASA BLANCA GRANT and being a part of Blocks Twenty-Four (24) and Twenty-Five (25) of the MANTOR, BRIGGS & KUYKENDALL SUBDIVISION of 5155.97 acres in Nueces County, Texas, according to map or plat recorded in Volume 2, Page 57 of the Map Records of Nueces County, Texas, and being more particularly described by metes and bounds of the Warranty Deed recorded under Document No. 2001040902 of the Official Records of Nueces County, Texas.



ATTACHMENT 17

Resolution 19-44

SOUTH TEXAS WATER AUTHORITY

Resolution 19-44

RESOLUTION OF DETERMINATION OF VALIDITY OF ANNEXATION PETITION,  
SETTING PUBLIC HEARING AND AUTHORIZING PUBLICATION OF NOTICE.

WHEREAS, Sandra L. Acosta (Petitioner), has filed the attached petition (the Petition) with the South Texas Water Authority requesting annexation of her property into the South Texas Water Authority in order to allow water service to her property to be provided by Nueces Water Supply Corporation, and

WHEREAS, the South Texas Water Authority Board of Directors has reviewed the Petition and finds that it meets all of the requirements for annexation into the South Texas Water Authority's District, and

WHEREAS, the Board of Directors hereby sets a public hearing to hear evidence for or against the proposed annexation of this property to be held on September 3, 2019 at 5:40 p.m. at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority hereby authorizes the publication of the attached Notice of Public Hearing on Annexation for a public hearing to be held on September 3, 2019 at 5:40 p.m. at South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas. At such hearing all interested persons may appear and offer evidence for or against the proposed annexation of the property described in Exhibit A of the Petition.

Duly adopted this 30th day of July, 2019.

\_\_\_\_\_  
KATHLEEN LOWMAN, PRESIDENT

ATTEST:

\_\_\_\_\_  
RUDY GALVAN, JR., SECRETARY/TREASURER

PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

STATE OF TEXAS :  
COUNTY OF NUECES :

TO THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

The undersigned (herein called "Petitioner"), holder of title to the territory described by metes and bounds in Exhibit "A" which is attached hereto and incorporated herein for all purposes, being all of the residents and landowners of such territory, as shown by the tax rolls of Nueces County, Texas, and acting pursuant to the provisions of Section 11006.052, Special District Local Laws Code, respectfully petitions the Board of Directors of South Texas Water Authority that the territory described by metes and bounds in Exhibit "A" be added to and become a part of the established South Texas Water Authority, and in support of this petition would show as follows:

I.

Fee simple title and full ownership of the aforesaid territory, which lies wholly within Nueces County, Texas, is vested in Petitioner.

II.

The addition of said territory to South Texas Water Authority is feasible and practical, would be to the best interest both to the territory and to the Authority and would benefit said territory.

III.

The Authority will be able to supply water, or have water supplied, to the added territory.

IV.

This petition shall constitute an election on the part of the Petitioner, its successors and assigns, for the aforesaid land and any improvements which may be constructed thereon to become liable for all present and future debts of the Authority in the same manner and to the same extent as other lands and improvements in the Authority are liable for the Authority's debts.

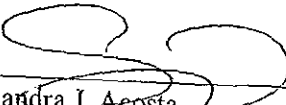
V.

Petitioner hereby authorizes the Board of Directors of the Authority to levy taxes and set rates sufficient to pay their share of the aforementioned outstanding indebtedness.

WHEREFORE, Petitioner prays that this petition be properly filed, as provided by law; that the Board of Directors of South Texas Water Authority hear and consider the petition in keeping with the provisions of Section 11006.052, Special District Local Laws Code and that this petition in all things be granted and that the territory described in Exhibit "A" be added to and become a part of the established South Texas Water Authority; that after this petition is granted the Board's order thereon be filed of record and be recorded in the Deed Records of Nueces County, Texas; and that the area described in Exhibit "A" be thereafter a component part of South Texas Water Authority.

[Signatures and Acknowledgement on following page.]

EXECUTED this 18 day of July, 2019.

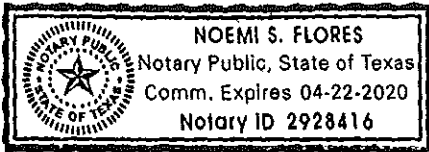
  
Sandra J. Acosta

ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY of Nueces

Subscribed and sworn to before me Sandra J. Acosta on this the 18<sup>th</sup> day of July, 2019



  
Notary Public

My Commission Expires: 4/22/20

NOTARY SEAL

Exhibit "A"

To

PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

Property Description:

Cyndie Park Unit 1, Tract 16 & 17, a 1.370 acre tract being described in a Deed recorded in Document No. 618803, Deed Records, Nueces County, Texas, said 1.370 acre tract as being out of Tract 25, Mantor Briggs and Kuykendall's Subdivision, as shown on a map recorded in Volume 2, Page 57, Map Records, Nueces County, Texas, said 1.370 acre tract also being out of the Juan De La Garza Montemayor, Et al, Survey, Abstract 221, Nueces County, Texas. Said 1.370 acre tract being more particularly described by metes and bounds in the General Warranty Deed recorded under Document No. 2018006888 of the Official Records of Nueces County, Texas.

NOTICE OF PUBLIC HEARING ON ANNEXATION

THE STATE OF TEXAS  
SOUTH TEXAS WATER AUTHORITY

Pursuant to a Resolution adopted by the Board of Directors of South Texas Water Authority, a hearing shall be held at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas, on September 3, 2019 at 5:40 p.m. with respect to the Petition filed by Sandra L. Acosta for annexation of the territory described below, on the question of whether the territory sought to be annexed will be benefited by the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the Authority or by the other functions of the Authority. All interested persons may appear at such hearing and offer evidence for or against the proposed annexation.

Signed this the 30th day of July, 2019.

Kathleen Lowman, President  
Board of Directors  
South Texas Water Authority

That certain lot or tract of land situated in Nueces County, Texas, and more particularly described as follows:

Cyndie Park Unit 1, Tract 16 & 17, a 1.370 acre tract being described in a Deed recorded in Document No. 618803, Deed Records, Nueces County Texas, said 1.370 acre tract as being out of Tract 25, Mantor Briggs and Kykendall's Subdivision, as shown on a map recorded in Volume 2, Page 57, Map Records, Nueces County, Texas, said 1.370 acre tract also being out of the Juan De La Garza Montemayor, Et al, Survey, Abstract 221, Nueces County, Texas. Said 1.370 acre tract being more particularly described by metes and bounds in the General Warranty Deed recorded under Document No. 2018006888 of the Official Records of Nueces County, Texas.

ATTACHMENT 18

Resolution 19-45

SOUTH TEXAS WATER AUTHORITY

Resolution 19-45

RESOLUTION OF APPRECIATION FOR MR. CHARLES SHULTZ FOR HIS DEDICATED SERVICE AS A DIRECTOR OF THE SOUTH TEXAS WATER AUTHORITY FROM 2015 – 2018.

WHEREAS, Mr. Charles Schultz was appointed as a director of the South Texas Water Authority in 2015, and

WHEREAS, Mr. Charles Schultz has faithfully performed his duties for the citizens of the South Texas Water Authority, and

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority unanimously adopts this resolution of appreciation for Mr. Charles Schultz for his dedicated service as a Director of the South Texas Water Authority from 2015 – 2018.

Duly adopted this 30th day of July, 2019.

\_\_\_\_\_  
KATHLEEN LOWMAN  
PRESIDENT

\_\_\_\_\_  
FILIBERTO TREVINO III

\_\_\_\_\_  
RUDY GALVAN, JR.  
SECRETARY/TREASURER

\_\_\_\_\_  
LUPITA PEREZ

\_\_\_\_\_  
PATSY A. RODGERS

\_\_\_\_\_  
BRANDON BARRERA

\_\_\_\_\_  
STEVEN C. VAUGHN

\_\_\_\_\_  
JOSE GRAVELEY



ATTACHMENT 19

Resolution 19-46

SOUTH TEXAS WATER AUTHORITY

Resolution 19-46

RESOLUTION OF APPRECIATION FOR DR. ALBERTO RUIZ FOR HIS DEDICATED SERVICE AS A DIRECTOR OF THE SOUTH TEXAS WATER AUTHORITY FROM 2011 – 2019.

WHEREAS, Dr. Alberto Ruiz was appointed as a director of the South Texas Water Authority in 2011, and

WHEREAS, Dr. Alberto Ruiz has faithfully performed his duties for the citizens of the South Texas Water Authority, and

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

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

Duly adopted this 30th day of July, 2019.

\_\_\_\_\_  
KATHLEEN LOWMAN  
PRESIDENT

\_\_\_\_\_  
FILIBERTO TREVINO III

\_\_\_\_\_  
RUDY GALVAN, JR.  
SECRETARY/TREASURER

\_\_\_\_\_  
LUPITA PEREZ

\_\_\_\_\_  
PATSY A. RODGERS

\_\_\_\_\_  
BRANDON BARRERA

\_\_\_\_\_  
STEVEN C. VAUGHN

\_\_\_\_\_  
JOSE GRAVELEY

ATTACHMENT 20

Tank Liner Bids – Driscoll GST

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: July 26, 2019  
Re: Driscoll Ground Storage Tank (GST) – Installation of Spray-on Liner

### Background:

During the May 2019 Board meeting, staff was instructed to seek quotes for the installation of a spray-on liner for the Driscoll GST. For several months prior to the May meeting, the Board had reviewed information on various options to rehabilitate the 150,000-gallon galvanized, bolted tank built in the mid 1980's. The options included installing a hanging liner, replacing only certain panels, and a spray-on liner.

### Analysis:

Enclosed are three (3) quotes for applying an epoxy-based liner that is approved for the interior of a potable water tank. All of the quotes are based on the same specifications provided by NG Painting. NG Painting (NG) is a company based in Kerrville, Texas and was recommended by Dave Fuzier, LNV Engineering, as a company he has worked with on previous projects. Staff has worked with Mr. Fuzier on several projects involving the Nueces WSC. The second quote is from Mercer Controls (Mercer) with Fastco Sandblasting and Painting (Fastco), a company based out of Laredo, Texas. Previously, our office worked with another Mercer subcontractor on a liner for a Ricardo WSC GST. The third quote is from Elite National (Elite). Our office was contacted by Elite by telephone inquiring about any upcoming projects. The quote from NG Painting is in the amount of \$45,000. The Fastco quote is in the amount of \$41,383. And, the Elite quote is in the amount of \$32,500. The Fiscal Year 2020 budget includes \$50,000 for tank repairs.

Mr. George Gramatikakis, NG, has been contacted to (1) determine if the \$45,000 quote is still valid and (2) confirm that tank ceiling work is included in the bid. Staff has attempted to contact Mr. Sherrel Mercer to get a revised quote that includes ceiling work (see enclosed email). Staff requested references from Elite since their quote is not as a result of a recommendation from any persons or companies with which we are familiar. Three of the nine references were individuals with AquaTexas (Aqua), a company staff has dealt with as Nueces WSC's management. Aqua is a very large company with utilities all over Texas. I was able to speak to one of the references (Mr. Mark Kocian) who indicated that the (standard) paint job was done to Aqua's satisfaction about a year ago. It was recently inspected and still looks good. I have left messages with most of the other eight references. I have followed-up with Elite about ceiling work and up-front payments.

Although Elite is the lowest cost, several items warrant mention. According to Mr. Mercer, Fastco was recommended by Tnemec, the paint manufacturer. In addition, the Fastco quote includes Mr. Mercer's time to inspect the work. Elite's quote specifies a 50% up-front payment, a requirement that STWA has not practiced with other contractors. The last item I believe has the potential to be a factor is the proximity of Kerrville and Laredo to our office as compared to Elite which is based out of Kansas City, Missouri.

### Staff Recommendation:

At this point, staff believes NG or Fastco would be the more responsible bidder. I hope to have additional information by the Board meeting.

### Board Action:

Determine whether any of the three (3) companies should be selected to coat the interior of the Driscoll Ground Storage Tank.

Memo  
07/26/19  
Page 2 of 2

Summarization:

As mentioned in the last memo on this subject, this tank is part of the original Regional System construction and has never undergone a full rehabilitation.

**GALVANIZED STEEL WATER STORAGE TANK**  
**Interior Liner Options**

**A. 100% Solids Lining System:**

1. **Weld Preparation:** Weld flux and spatter shall be removed by power tool cleaning. Sharp projections shall be ground to a smooth contour. All welds shall be ground to a smooth contour as per NACE Standard SP0178, Designation D.
2. **Surface Preparation:** Abrasive blast uniformly and thoroughly as per ASTM D 6386 to provide tooth and anchor. Anchor profile shall be angular with a minimum 3.0 mil profile. Clean all rusted or bare metal areas as per SSPC-SP10 Near-White Metal Blast Cleaning providing a minimum 3.0-mil angular anchor profile.
3. **Coating System:**  
**Stripe Coat:** Apply Tnemec Series 20-1255 Pota-Pox by brush and scrub into all nuts, bolts, edges, corners and other hard to coat areas.  
**Pit Filler:** Tnemec Series 215 Surfacing Epoxy applied to fill pits as required.  
**Liner:** Tnemec Series 22-1218 Epoxoline applied in one or two coats to achieve 20.0 dry mils.

**B. 100% Solids High Build Epoxy – with Glass Mat**

1. **Weld Preparation:** Weld flux and spatter shall be removed by power tool cleaning. Sharp projections shall be ground to a smooth contour. All welds shall be ground to a smooth contour as per NACE Standard SP0178, Designation D.
2. **Surface Preparation:** Abrasive blast uniformly and thoroughly as per ASTM D 6386 to provide tooth and anchor. Anchor profile shall be angular with a minimum 3.0 mil profile. Clean all rusted or bare metal areas as per SSPC-SP10 Near-White Metal Blast Cleaning providing a minimum 3.0 mil angular anchor profile.
3. **Coating System:**  
**Prime Coat:** Tnemec Series 20-1255 Pota-Pox applied to all surfaces at 3.0 to 5.0 dry mils.  
**Spot Primer:** Apply Tnemec Series 22-WH11 Epoxoline at 10.0 mils over penetrations and holes extending out twelve (12) inches from all sides.  
**Mat:** Install Tnemec Series 273-0273C Glass Mat over spot primer and fully embed into wet coating leaving no voids or air pockets.  
**Liner:** Apply Tnemec Series 22-1218 Epoxoline in one or two coats to achieve 20.0 dry mils.

Total dry film thickness shall be a minimum of 20.0 mils.

**C. Elastomeric Polyurethane System**

1. **Weld Preparation:** Weld flux and spatter shall be removed by power tool cleaning. Sharp projections shall be ground to a smooth contour. All welds shall be ground to a smooth contour as per NACE Standard SP0178, Designation D.
2. **Surface Preparation:** Abrasive blast uniformly and thoroughly as per ASTM D 6386 to provide tooth and anchor. Anchor profile shall be angular with a minimum 3.0 mil profile. Clean all rusted or bare metal areas as per SSPC-SP10 Near-White Metal Blast Cleaning providing a minimum 3.0 mil angular anchor profile.
3. **Coating System:**  
**Primer:** Tnemec Series 20-1255 Pota-Pox applied at 3.0 to 5.0 dry mils to all surfaces.  
**Liner:**
  - a. Apply Tnemec Series 264 Elasto-Shield at 25.0 dry mils. Allow to cure no more than 2 hours.
  - b. Apply Tnemec Series 264 Elasto-Shield at 25.0 to 50.0 dry mils on the floor.

Total dry film thickness shall be a minimum of 50.0 mils.

**mcserrato@stwa.org**

---

**From:** mcserrato@stwa.org  
**Sent:** Friday, July 26, 2019 10:24 AM  
**To:** 'George Gramatikakis'  
**Cc:** 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'  
**Subject:** FW: Galv Tank Coating -- NG Ptg..doc  
**Attachments:** Galv Tank Coating -- NG Ptg..doc; Untitled attachment 00035.txt

George,

This is the previous quote. As we discussed this morning, it isn't clear whether any work on the ceiling of the tank is included for the price. There is another email that was received from you more recently. I will forward that as well. It was received after I contacted you inquiring whether your company was still interested in providing the services - since I had not received a response to my questions. You indicated my email went into your "junk" email folder. I hope that is not the case again.

Thanks,  
Carola

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

-----Original Message-----

**From:** George Gramatikakis <george@ngpainting.net>  
**Sent:** Tuesday, March 12, 2019 9:49 AM  
**To:** mcserrato@stwa.org  
**Subject:** Galv Tank Coating -- NG Ptg..doc

Carola,

After speaking with the reps at Tnemec we believe the first option listed in the attachment would be the best way to get this tank back into shape for you guys.

Cost would be \$45,000.00.

Thanks,



**mcserrato@stwa.org**

---

**From:** mcserrato@stwa.org  
**Sent:** Friday, July 26, 2019 11:13 AM  
**To:** 'George Gramatikakis'  
**Subject:** FW: Galv Tank Coating -- NG Ptg..doc  
**Attachments:** Driscoll GST Submittals Hogan Contract 5 1983.pdf

George,

In response to your inquiry, attached is the file that I previously provided with the dimensions.

Carola

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

-----Original Message-----

From: mcserrato@stwa.org <mcserrato@stwa.org>  
Sent: Tuesday, March 12, 2019 5:20 PM  
To: 'George Gramatikakis' <george@ngpainting.net>  
Cc: 'Dony Cantu (dcantu@stwa.org)' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>  
Subject: RE: Galv Tank Coating -- NG Ptg..doc

George,

I have a few questions regarding the proposed procedures to prep the tank and apply the coatings. The first question pertains to the Weld Preparation step which is the beginning step in all three options. Does this apply to a bolted tank? Attached are the cut sheets/submittal on the tank from 1983 prior to the construction. I am wondering how, if any, that prep and the stripe coat might affect the flanges and/or gaskets. I have downloaded the Tnemec Spec Sheets for Series 20, Series 215 and Series 22. But, I am unable to find information on a warranty for the products. Can this be provided? Also, what type of warranty, if any, would be provided on your labor? In some cases the warranty is coupled in other cases the two items are separate. Please clarify.

Thanks,

Carola

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

**mcserrato@stwa.org**

---

**From:** mcserrato@stwa.org  
**Sent:** Friday, July 26, 2019 10:25 AM  
**To:** 'George Gramatikakis'  
**Cc:** 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'  
**Subject:** FW: Galv Tank Coating -- NG Ptg..doc

George,

This is the follow-up email.

Carola

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

-----Original Message-----

**From:** George Gramatikakis <george@ngpainting.net>  
**Sent:** Thursday, May 23, 2019 1:53 PM  
**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: Galv Tank Coating -- NG Ptg..doc

Carola,

I'm sorry but I think this email got returned to my junk folder for some reason.

The weld prep is just standard practice to make sure there are no sharp edges that the paint won't stick to.

The stripe coat is standard practice to ensure that any difficult to coat areas are covered. It will not affect any seals or gaskets.

Coating warranty would be between the owner and the paint manufacturer and would have to be discussed before the specification is finalized.

Our warranty would generally be for 1 year.

Thanks,

George Gramatikakis  
General Manager  
NG Painting, LP  
o. (830) 257-5940

c. (214) 801-3268  
f. (830) 792-4968  
e. george@ngpainting.net

> On Apr 4, 2019, at 10:40 AM, <mcserrato@stwa.org> <mcserrato@stwa.org> wrote:

>

> George,

>

> I am wondering if you have replied to my email below regarding  
> repairs/painting to a tank owned by South Texas Water Authority and  
> located in Driscoll, Texas. Our network includes a new email filter  
> and it may have been blocked.

>

> If that is not the case, please let me know if you are not interested  
> in performing this work.

>

> Thank-you,

> Carola

>

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

>

> -----Original Message-----

> From: mcserrato@stwa.org <mcserrato@stwa.org>

> Sent: Tuesday, March 12, 2019 5:20 PM

> To: 'George Gramatikakis' <george@ngpainting.net>

> Cc: 'Dony Cantu (dcantu@stwa.org)' <dcantu@stwa.org>; 'Frances Rosales'

> <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella

> Wagner' <jwagner@stwa.org>

> Subject: RE: Galv Tank Coating -- NG Ptg..doc

>

> George,

>

> I have a few questions regarding the proposed procedures to prep the  
> tank and apply the coatings. The first question pertains to the Weld  
> Preparation step which is the beginning step in all three options.  
> Does this apply to a bolted tank? Attached are the cut  
> sheets/submittal on the tank from 1983 prior to the construction. I am  
> wondering how, if any, that prep and the stripe coat might affect the  
> flanges and/or gaskets. I have downloaded the Tnemec Spec Sheets for  
> Series 20, Series 215 and Series 22. But, I am unable to find information on a warranty for the products. Can this be  
> provided?

> Also, what type of warranty, if any, would be provided on your labor?

> In some cases the warranty is coupled in other cases the two items are  
> separate. Please clarify.

>

> Thanks,

>

> Carola

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

>  
>  
>  
> -----Original Message-----

> From: George Gramatikakis <george@ngpainting.net>  
> Sent: Tuesday, March 12, 2019 9:49 AM  
> To: mcgserrato@stwa.org  
> Subject: Galv Tank Coating -- NG Ptg..doc

>  
> Carola,

>  
> After speaking with the reps at Tnemec we believe the first option  
> listed in the attachment would be the best way to get this tank back  
> into shape for you guys.

>  
> Cost would be \$45,000.00.

>  
> Thanks,

>  
>  
>

## N.G. Painting, L.P.

1725 Bandera Hwy., Kernville, TX 78028 • p/(830)257-3948 • f/(830)792-4963 • e/nich@ngpainting.net

HOME PAGE

### *Honesty, integrity, and Quality Workmanship*



N.G. Painting, L.P. is an Texas based commercial coatings contractor that has been providing rehabilitation for large steel structures for two and a half decades. Our quality workmanship has earned us a reputation as one of the state's premiere contractors. We specialize in water reservoirs/tanks and bridge cleaning and painting and have successfully completed over 300 projects on time in the last 25 years.

#### **Quality**

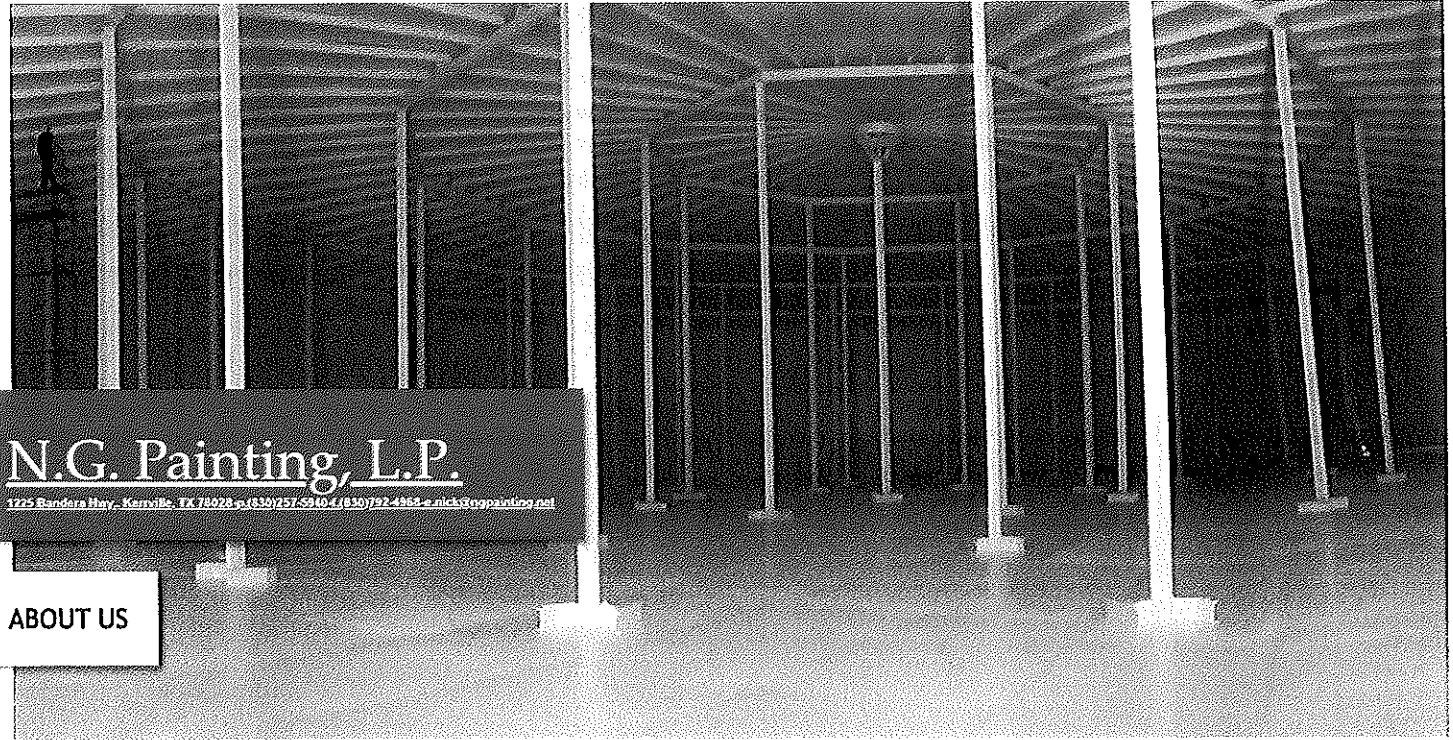
N.G. Painting is an SSPC- QP1 certified company. We maintain control throughout the construction process to ensure that your coatings project is completed to the highest quality standards. All of our project managers, inspection personnel and crew are highly trained in their field and are proficiency tested at least bi-annually .

#### **Safety**

N.G. Painting has an established Health and Safety Plan and is proud to report zero safety incidents on any projects we have managed. All of our crews have CPR, OSHA, and First Aid trained personnel on site at all times. Safety is our highest priority on all projects.

#### **Industry Experts**

With our long history in the coatings industry we have formed relationships with facility owners, architects, engineers, and subcontracting companies. We are proud holders of several certifications from the SSPC and NACE. We can provide everything from expert advice to full rehabilitation on any structural steel coatings project.



## N.G. Painting, L.P.

1725 Sanders Hwy., Kerrville, TX 78028 • (320) 257-5310 / (830) 922-4859 • [nicks@ngpainting.net](mailto:nicks@ngpainting.net)

### ABOUT US

Started in 1987 by Nick Gramatikakis, N.G. Painting is a full service, industry recognized steel coatings contractor based in Kerrville, TX. We have been a QP1 qualified contractor since 2009 and have one of the most highly trained team of managers and crew in the industry. Our equipment fleet is second to none in both state of the art technology and sheer size so our customers are always taken care of well beyond industry standards. All of our project supervisors, foreman, and crew are trained and assessed bi-annually to ensure that they are up to date in a constantly changing industry. We have worked with the same project foremen, supervisors and crew members for the last 10 years and have a strong and capable work force. A few of the certifications our crews hold are:

- SSPC Lead Abatement
- Bridge Coatings Inspector
- Quality Control Supervisor
- OSHA 10 and 30 Hour Training
- CPR and First Aid Training
- NACE Inspector Level 1

Please let us help you with your next coatings project, coatings inspection, budget estimating, or any other coatings related issues.



## MERCER CONTROLS, INC.

P. O. BOX 777 / 804 APOLLO DRIVE

EDNA, TEXAS 77957

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

S.A. Mercer, P.E.

(361) 782-5678

[www.MERCERCONTROLS.com](http://www.MERCERCONTROLS.com)

---

July 18, 2019

To: South Texas Water Authority  
Attn: Carola Serrato

Mercer Controls was invited to consider providing a competent painting contractor to resurface the inside of the ground storage tank at your facility in Driscoll.

We have recently begun an association with Mr. Oscar Juarez of Fastco Sandblasting and Painting of Laredo, Texas. He has not yet performed any work for us, but he will shortly. We find that his knowledge of the painting business is well above average. His name was given to me by the office of the coating manufacturer known as Tnemec.

In offering to you the service of Fastco, Mercer Controls will coordinate his work for this project and will make sure that the interests of the STWA are protected. Our historical knowledge of your system and of the requirements bound on contractors should serve you well.

For this project, we request that the STWA empty the tank in advance of the contractor beginning his work.

The base quotation for Fastco includes the following work on the walls and floor only:

Surface preparation – brush off sandblast the interior walls and floor areas for proper surface profile before application of paint materials. Rusted out areas are to be sandblasted to a near white metal blast and primed before application of final coat. Areas that are not being repaired will retain the remainder of the original galvanizing.

Paint system - Tnemec series 215 pit filler to be used to fill in pits before application of paint systems. Tnemec series 20-1255 to be used as a stripe coat (brush apply). Scrub and paint nuts, bolts, edges, corners, and other hard to coat areas. Tnemec series 22-1218 Epoxoline applied as the finish coat, total mils 18-20 as per manufacturer's recommendations.

**Price Complete: \$41,383.00.**

As an alternate, Tnemec 91H20 zinc-rich coating may be applied in lieu of the 22-1218 epoxy finish coat. For this option, add the sum of **\$3,969.00.**

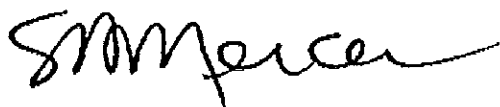
Both of these suggested coating systems are certified for use in potable water vessel according to NSF/ANSI Standard 61.

July 18, 2019  
South Texas Water Authority - Ground Storage Tank  
2 | Page

Thank you for your inquiry.

Please call if any questions.

MERCER CONTROLS, INC.

A handwritten signature in black ink, appearing to read "S. A. Mercer". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

S. A. Mercer, P.E., President

SAM/ag



**mcserrato@stwa.org**

---

**From:** mcserrato@stwa.org  
**Sent:** Friday, July 26, 2019 11:32 AM  
**To:** Oscar Juarez (oscarjuarez1@yahoo.com); Sherrel Mercer (mercercontrols@aol.com)  
**Cc:** 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'  
**Subject:** Driscoll GST Quote - Interior Liner

Mr. Juarez and Mr. Mercer,

In follow-up to my conversation this morning with Mr. Juarez, I am requesting and “add on” to the previous quote which specifically excludes any work on the ceiling of the Driscoll GST.

The Driscoll GST ceiling is in need of at least repainting – perhaps not to the same thickness as the epoxy liner on the walls and floor.

Mr. Mercer, I was unable to reach you by cell – after calling several times, I reached out to Mr. Juarez.

Mr. Juarez, I would very much appreciate the information by Monday, as we discussed, since the STWA Board is meeting on Tuesday, July 30<sup>th</sup>.

Thanks,  
Carola

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



# HYDRO-ZINC® SERIES 91-H<sub>2</sub>O

PRODUCT DATA SHEET

## PRODUCT PROFILE

**GENERIC DESCRIPTION** Aromatic Urethane, Zinc-Rich

**COMMON USAGE** A two-component, moisture-cured, zinc-rich primer for the interior and exterior of steel potable water tanks. Provides outstanding long-term corrosion resistance when used as a primer in conjunction with other Tnemec potable water tank coatings. It cures quickly and can be topcoated the same day at surface temperatures down to 35°F. Series 91-H<sub>2</sub>O has no maximum recoat time, making it ideally suited as a primer for both sides of plate steel surfaces in water tank fabrication shops. Application methods include "dry-fall" under certain conditions (see Application). **Note:** When used in conjunction with cathodic protection, anodes or impressed current systems should not provide current demand more negative than -1.05 volts relative to a copper-copper sulfate reference electrode half-cell.

**COLORS** Greenish-gray

**ZINC PIGMENT** 83% by weight in dried film

**SPECIAL QUALIFICATIONS** Certified (with or without 44-710 Urethane Accelerator) in accordance with **NSF/ANSI Std. 61** for use on interior potable water tanks of 8,000 gallons (30,283 L) capacity or greater, pipes 56 inches (142.2 cm) in diameter or greater, valves 1½ inches (3.8 cm) in diameter or greater, fittings ½ inch (1.3 cm) in diameter or greater, and pumps 1½ inches (3.8 cm) in diameter or greater. Topcoating with Std. 61 certified Tnemec coatings is required. Contact your Tnemec representative for specific recommendations. Reference the "Search Listings" section of the NSF website at [www.nsf.org](http://www.nsf.org) for details on the maximum allowable DFT. Meets zinc-rich primer requirements of **AWWA D102-17 Standard for Inside System No. 3 & 5 and Outside System No. 3, 4 & 6**. Series 91-H<sub>2</sub>O uses a zinc pigment which meets the requirements of **ASTM D 520 Type III** and contains less than .002% lead.

**PERFORMANCE CRITERIA** Extensive test data available. Contact your Tnemec representative for specific test results.

## COATING SYSTEM

**TOPCOATS** **Interior:** Series 20, 20HS, FC20, FC20HS, 22, FC22, L140, L140F, N140, N140F, V140, V140F, 141, 406.  
**Exterior:** Series 27, 27WB, 66, 66HS, L69, L69F, N69, N69F, 73, 115, L140, L140F, N140, N140F, V140, V140F, 161, 161HS, 1026, 1028, 1029, 1074, 1074U, 1075, 1075U. **Note:** Certain topcoat colors may not provide one-coat hiding depending on method of application. Contact your Tnemec representative. **Note:** Series 91-H<sub>2</sub>O must be exterior exposed for three days prior to topcoating with Series 1028 or 1029. **Note:** Series 91-H<sub>2</sub>O must be exterior exposed for one day prior to topcoating with Series 27WB.

## SURFACE PREPARATION

**STEEL** **Wet Interior/Severe Exposure:** SSPC-SP10/NACE 2 Near-White Blast Cleaning with a minimum angular anchor profile of 1.5 mils.  
**Dry Interior/Exterior Exposure:** SSPC-SP6/NACE 3 Commercial Blast Cleaning with a minimum angular anchor profile of 1.5 mils.

**DUCTILE IRON** All external surfaces of ductile iron pipe and fittings shall be delivered to the application facility without asphalt or any other protective lining on the exterior surface. All oils, small deposits of asphalt paint, grease, and soluble deposits should be removed in accordance with NAF 500-03-01. When viewed without magnification, the exterior surfaces shall be free of all visible dirt, dust, loose annealing oxide, rust, mold coating and other foreign matter.  
**Pipe:** Uniformly abrasive blast using angular abrasive to a NAF 500-03-04: External Pipe Surface condition. When viewed without magnification, the exterior surfaces shall be free of all visible dirt, dust, loose annealing oxide, rust, mold coating and other foreign matter.  
**Fittings:** Uniformly abrasive blast using angular abrasive to a NAF 500-03-05: Fitting Blast Clean #2 condition. When viewed without magnification, no more than 5% staining may remain on the surface and the exterior surfaces shall be free of all visible dirt, dust, annealing oxide, rust, mold coating and other foreign matter.

## TECHNICAL DATA

**VOLUME SOLIDS** 63.0 ± 2.0% (mixed)

**RECOMMENDED DFT** 2.5 to 3.5 mils (65 to 90 microns)

**CURING TIME** Without 44-710

Temperature †	To Handle	To Recoat
75°F (24°C)	1 hour	4 hours
65°F (18°C)	1 1/2 hours	5 hours
55°F (11°C)	2 hours	6 hours
45°F (7°C)	2 1/2 hours	7 hours
35°F (2°C)	3 hours	8 hours

† 50% relative humidity. **Note:** Refer to product listings on [www.nsf.org](http://www.nsf.org) for specific potable water return to service information. Curing time will vary with surface temperature, humidity and film thickness. **Ventilation:** When used as a tank lining or in enclosed areas, provide adequate ventilation during application and cure. Reference ventilation guidelines contained in the latest edition of AWWA D 102.  
**Note:** For faster curing, low humidity and low-temperature applications, add No. 44-710 Urethane Accelerator (see separate product data sheet). **Note:** For cure times to immersion service, reference the specified Tnemec interior topcoat product data sheet.

**VOLATILE ORGANIC COMPOUNDS** **Unthinned:** 2.65 lbs/gallon (318 grams/litre)  
**Thinned 2.5%:** 2.76 lbs/gallon (331 grams/litre)  
**Thinned 10%:** 3.07 lbs/gallon (368 grams/litre)

**HAPS** **Unthinned:** 5.05 lbs/gal solids  
**Thinned 2.5%:** 5.33 lbs/gal solids (No. 2 Thinner); 5.06 lbs/gal solids (No. 3 Thinner)  
**Thinned 10%:** 6.19 lbs/gal solids (No. 2 Thinner); 5.09 lbs/gal solids (No. 3 Thinner)

# HYDRO-ZINC® | SERIES 91-H<sub>2</sub>O

**THEORETICAL COVERAGE** 1,011 mil sq ft/gal (24.8 m<sup>2</sup>/L at 25 microns). See APPLICATION for coverage rates.

**NUMBER OF COMPONENTS** Two: Part A and Part B

**PACKAGING** Four-Gallon and One-Gallon Kits: Consist of one premeasured container of liquid (Part A) and one premeasured container of powder (Part B). When mixed, yields four gallons (15.1L) or one gallon (3.79L).

**NET WEIGHT PER GALLON** 23.94 ± 0.60 lbs (10.86 ± .27 kg)

**STORAGE TEMPERATURE** Minimum 20°F (-7°C) Maximum 110°F (43°C)

**TEMPERATURE RESISTANCE** Dry (Continuous) 250°F (121°C) Intermittent 300°F (149°C)

**SHelf LIFE** Part A: 12 months at recommended storage temperature.  
Part B: 24 months at recommended storage temperature.

**FLASH POINT - SETA** Part A: 78°F (26°C) Part B: NA

**HEALTH & SAFETY** Paint products contain chemical ingredients which are considered hazardous. Read container label warning and Material Safety Data Sheet for important health and safety information prior to the use of this product.  
**Keep out of the reach of children.**

## APPLICATION

COVERAGE RATES	Dry Mills (Microns)	Wet Mills (Microns)	Sq Ft/Gal (m <sup>2</sup> /Gal)
Suggested	3.0 (75)	5.0 (125)	337 (31.3)
Minimum	2.5 (65)	4.0 (100)	404 (37.5)
Maximum	3.5 (90)	5.5 (140)	289 (26.9)

Allow for overspray and surface irregularities. Film thickness is rounded to the nearest 0.5 mil or 5 microns. Application of coating below minimum or above maximum recommended dry film thicknesses may adversely affect coating performance. Reference the "Search Listings" section of the NSF website at [www.nsf.org](http://www.nsf.org) for details on the maximum allowable DFT.

**MIXING** **Note:** It is important to always use the entire contents of A and B components. Use a mechanical mixer and keep material under constant agitation while mixing. Slowly sift the entire contents of Part B zinc powder into liquid (Part A). **-Do Not Reverse This Procedure-** Adjust mixer speed to break up lumps and mix until the two components are thoroughly blended. Strain through a 35 to 50 mesh (300 to 600 microns) screen before using. For spray application, keep under low RPM agitation to prevent settling. For brush or roller application, stir frequently to prevent settling. Do not use mixed material beyond pot life limits.

**THINNING** For spray, thin up to 10% or 3/4 pint (380 mL) per gallon with No. 2 Thinner if temperatures are below 80°F (27°C). Thin up to 10% or 3/4 pint (380 mL) per gallon with No. 3 Thinner if temperatures are above 80°F (27°C). For brush or roller, thin up to 10% or 3/4 pint (380 mL) with No. 3 Thinner. Do not thin more than 2.5% when air pollution regulations limit the atmospheric discharge of volatile organic compounds (VOC) in coatings to a maximum of 340 grams/litre (2.80 lbs/gal). **Caution: Series 91-H<sub>2</sub>O certification is based on thinning with No. 2 or No. 3 Thinner. Use of any other thinner voids NSF/ANSI Std. 61 certification.**

**POT LIFE** 8 hours at 77°F (25°C) and 50% R.H.  
**Caution: This product cures with moisture acting as a catalyst. Incorporation of moisture or moisture laden air (humidity) during use will shorten pot life.** Avoid continual agitation at high RPM. When feasible keep containers of mixed material covered during use.

**APPLICATION EQUIPMENT** **Note:** When intermediate and finish coats are white or light colors, best hiding of this dark color primer can be achieved by spray application; or when roller applied, by using 1/4" nap covers.

### Air Spray

Gun	Fluid Tip	Air Cap	Air Hose ID	Mat'l Hose ID	Atomizing Pressure	Pot Pressure
DeVilbiss JGA †	E	765 or 704	5/16" or 3/8" (7.9 or 9.5 mm)	3/8" or 1/2" (9.5 or 12.7 mm)	50-70 psi (3.4-4.8 bar)	10-20 psi (0.7-1.4 bar)

† (with heavy mastic spring) Low temperatures or longer hoses will require additional pressure. Use pressure pot equipped with an agitator and keep pressure pot at same level or higher than the spray gun. Compressed air must be dry.

### Airless Spray

Tip Orifice	Atomizing Pressure	Mat'l Hose ID	Manifold Filter
0.017"-0.021" (430-535 microns) Reversible Tip	3500-4500 psi (241-310 bar)	1/4" or 3/8" (6.4 or 9.5 mm)	60 mesh (250 microns)

Use appropriate tip/atomizing pressure for equipment, applicator technique and weather conditions.

**Roller:** Use a 1/4" or 3/8" (6.4 mm or 9.5 mm) high quality synthetic woven nap cover. Stir material frequently or keep under agitation to prevent settling.

**Brush:** Use high quality natural or synthetic bristle brushes. Stir material frequently or keep under agitation to prevent settling.

**SURFACE TEMPERATURE** Minimum 35°F (2°C) Maximum 140°F (60°C) Maximum for Brush & Roller 120°F (49°C)  
The surface should be dry and at least 5°F (3°C) above the dew point. **Note:** Series 44-710 Accelerator must be used if the surface temperature is 35°F to 60°F (2°C to 16°C) and 20% to 40% relative humidity.

**AMBIENT HUMIDITY** Minimum 20% Maximum 90%

**CLEANUP** Flush and clean all equipment immediately after use with the recommended thinner or xylene.

**CAUTION** Dry overspray can be wiped or washed from most surfaces. Satisfactory dry-fall performance depends upon height of work, weather conditions and equipment adjustment. Low temperature is of particular concern. Test for each application as follows: Spray from 15 to 25 feet towards paint container. The material then should readily wipe off. **Note:** Heat can fuse-dry overspray to surfaces. Always clean dry overspray from hot surfaces before fusing occurs. Be aware that exterior surface temperatures can be higher than air temperature.

# *Elite National*

"A COMPLETE TANK SERVICE COMPANY"

[www.elitenationaltank.com](http://www.elitenationaltank.com)

6320 Brookside Plaza #249

Kansas City, MO 64113

Office: 816-406-1768

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July 24, 2019

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

361-592-9323 Ext:112  
Mcgserrato@stwa.org

Elite National will furnish all labor, material, equipment and insurance necessary to complete the following service(s) to the following tank(s):

(1) 150,000 Gallon Galvanized Ground Storage Tank

Mobilization to: Kingsville, Texas

**All work performed on the above listed tank(s) will be in accordance with any and all applicable AWWA (American Water Works Association) and OSHA (Occupational Safety and Health Administration) guidelines.**

## **SERVICES:**

Interior Paint:

- Sand blast interior of the tank to remove severely rusted and abraded areas to an SSPC #10 (Near White Metal), up to 25%. Followed with an SSPC #7 (Brush Blast) to all remaining interior surfaces to establish an anchor profile
- Spot prime bare metal areas with Tnemec 91H20 Zinc Rich Epoxy
- Stripe coat interior seams with Tnemec Series 20-1255 Pota-Pox
- Apply a complete coat of Tnemec 91H20 Zinc Rich Epoxy to 100% of interior tank surfaces

## **WARRANTY**

The following warranty statement applies only to the work and maintenance performed under the current contract and scope of work. Any additional issues or deficiencies that may arise during the course of this contract that are not directly related to the current scope of work will not be included in the warranty and shall be the sole responsibility of the owner to pay for any existing repairs or deficiencies.

Paint: The interior paint system will be covered under this warranty for a period of one (1) year. Elite National will re-inspect the coating system at a time that correlates with the warranty period to ensure adhesion of all applied coating systems. If there are any deficiencies that have stemmed from the application of the coating system, Elite National will take appropriate action(s) to remedy the situation to the best of its ability and to the customer's satisfaction without causing undue hardship to either party involved in the process. This warranty does not cover any damage to the paint system that is caused by client neglect, acts of nature, vandalism, structural breakdown, or any other event that is not directly related to the work completed by Elite National or any of its employee representatives.

**All of the above to be completed in a substantial and workman like manner for the sum of:**

**Thirty-Two Thousand Five Hundred Dollars and Zero Cents (\$32,500)**

The parties approving this contract certify that they are fully authorized to do so, and that all legal requirements have been complied with. You are hereby authorized to furnish all labor, material, equipment, and insurance required to complete the work mentioned in said proposal and according to the terms thereof.

All quotations subject to acceptance within 30 days.

Payment Terms: 50% Due upon contract acceptance with remaining 50% due upon completion.

**\*\*There will be a 17% late payment fee assigned to any and all balances not paid in full by 30 days from satisfactory completion of the project.**

## **ADDITIONAL TERMS:**

- If needed, customer will be required to remove vehicles and/or equipment from the job site and surrounding area to prevent any damages and if necessary place a physical barricade around the perimeter to restrict access of unauthorized personnel
- Handling, removal, and disposal of hazardous and or contaminated material such as lead or asbestos, is not covered in this quote
- Customer is to provide a dumpster and /or dumpster services for the removal of waste generated during this project (general garbage, paint buckets, etc.)

- Down Time, (if caused by the customer) will be charged at a rate of \$50.00 per hour, per man. Maximum daily rate will be \$480.00 per man
- Customer is to provide adequate power and water needed to job-site

Accepted this: \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Respectfully Submitted By:

A handwritten signature in black ink, appearing to read 'J. Duke', with a horizontal line extending to the right.

John Duke, CEO  
Elite National

**mcgserrato@stwa.org**

---

**From:** Laura Blanz <laurablantz@elitenationaltank.com>  
**Sent:** Friday, July 26, 2019 12:54 PM  
**To:** mcgserrato@stwa.org  
**Subject:** RE: Tank Painting Proposal

Carola,

A lot of my job at this company is reaching out to the people that are in charge of the water storage tanks and towers and they are always in the field working. It can be frustrating at times. You will get a hold of them. The second reference list is from work we had done in 2017 I believe.

Yes, when come out and re-coat the interior of a tank, it is the entire interior.

Yes, 50% payment is due upon contract acceptance.

Please let me know if you have any other questions.

Thank you

On July 26, 2019 at 12:41 PM mcgserrato@stwa.org wrote:

Laura,

I received your voice mail message today. I have tried calling the additional references – and had to leave voice mail messages. It isn't clear when the work was done for these entities, however.

Also, just to be certain:

--100% of the tank means it includes the ceiling/roof of the tank, correct?

--STWA, a governmental entity, has never paid any company an advance payment before any work is done. Elite requires a 50% payment up-front, correct?

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

**From:** Laura Blanz <laurablantz@elitenationaltank.com>  
**Sent:** Thursday, July 25, 2019 11:48 AM  
**To:** mcgserrato@stwa.org  
**Subject:** RE: Tank Painting Proposal

Carola,

Here are some more references.

Kindly,

On July 25, 2019 at 11:49 AM [mogserrato@stwa.org](mailto:mogserrato@stwa.org) wrote:

Laura,

I have not had any luck reaching anyone on the list. The number listed for AquaTexas appears to be a fax number and it is the same number for 3 out of the 4 references. The fourth number appears to be a cell number but is not identified as belonging to Mr. Stanaland.

Carola G. Serrato

Executive Director

**South Texas Water Authority**

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

**From:** Laura Blanz <[laurablantz@elitenationaltank.com](mailto:laurablantz@elitenationaltank.com)>

**Sent:** Thursday, July 25, 2019 9:08 AM

**To:** [mogserrato@stwa.org](mailto:mogserrato@stwa.org)

**Subject:** RE: Tank Painting Proposal

Carola,

Attached you will find our updated reference list for Texas. Please let me know if you have any questions.

Kindly,



On July 24, 2019 at 4:57 PM [mcserrato@stwa.org](mailto:mcserrato@stwa.org) wrote:

Laura,

Please provide the names of at least three (3) utilities for which Elite National has performed this type of service – preferably in the State of Texas.

Thanks,

Carola G. Serrato

Executive Director

**South Texas Water Authority**

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

**From:** Laura Blanz <[laurablantz@elitenationaltank.com](mailto:laurablantz@elitenationaltank.com)>

**Sent:** Wednesday, July 24, 2019 11:09 AM

**To:** [mcserrato@stwa.org](mailto:mcserrato@stwa.org)

**Subject:** Tank Painting Proposal

Carola,

First, let me say thank you for allowing us the opportunity to meet your service needs. Attached you will find a detailed quote outlining our services, costs and terms. If you have any questions please feel free to contact me.

Thank You,

## **Laura Blanz**

**Office Manager**

Elite National

6320 Brookside Plaza #249

Kansas City, MO 64113

Phone: 816-406-1786

[www.elitenationaltank.com](http://www.elitenationaltank.com)

## **Laura Blanz**

**Office Manager**

Elite National

6320 Brookside Plaza #249

Kansas City, MO 64113

Phone: 816-406-1786

[www.elitenationaltank.com](http://www.elitenationaltank.com)

## **Laura Blanz**

**Office Manager**

Elite National

6320 Brookside Plaza #249

Kansas City, MO 64113

Phone: 816-406-1786

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6320 Brookside Plaza #249

Kansas City, MO 64113

Office: 816-406-1768

Cell: 812-484-8439

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5/18

Aqua Texas

Waco, TX

Exterior & Interior Paint with repairs

Mark Kocian (254) 776-1999

6/18

Aqua Texas

Western Hills, TX

Exterior & Interior Paint with repairs

Darryl Waldock (254) 776-1999

3/18

Nacogdoches, TX

Exterior Paint

Bobby Stanaland (936) 553-8001

7/18

Aqua Texas

Ferguson, TX

Exterior & Interior Paint with repairs

Mark Kocian (254) 776-1999

# *Elite National*

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Cell: 812-484-8439

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Sequin, TX

Exterior Paint

Atilano Agüero (830) 379-7683

Pettus, TX

ROV Inspections

Billy Cormier (361) 375-5563

Highland, TX

ROV Inspections

Mark Taylor (281) 426-2115

Bertram, TX

Tank Cleaning

Adam Lambert (512) 751-8613

Premont, TX

Repairs

Ray Recio (361) 455-7919

ATTACHMENT 21

Resolution 19-47

SOUTH TEXAS WATER AUTHORITY

RESOLUTION 19-47

RESOLUTION AWARDING THE BID FOR INSTALLATION OF A TANK LINER  
FOR THE DRISCOLL GROUND STORAGE TANK.

WHEREAS, the South Texas Water Authority solicited bids for installation of a tank liner for the Driscoll Ground Storage Tank 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 installation of a tank liner for the Driscoll Ground Storage Tank to \_\_\_\_\_.

Duly adopted this 30th day of July, 2019.

\_\_\_\_\_  
KATHLEEN LOWMAN, PRESIDENT

ATTEST:

\_\_\_\_\_  
RUDY GALVAN, JR., SECRETARY/TREASURER

ATTACHMENT 22

Resolution 19-48

SOUTH TEXAS WATER AUTHORITY

Resolution 19-48

RESOLUTION OF DETERMINATION OF VALIDITY OF ANNEXATION PETITION,  
SETTING PUBLIC HEARING AND AUTHORIZING PUBLICATION OF NOTICE.

WHEREAS, Eva Helene Perez (Petitioner), has filed the attached petition (the Petition) with the South Texas Water Authority requesting annexation of her property into the South Texas Water Authority in order to allow water service to her property to be provided by Nueces Water Supply Corporation, and

WHEREAS, the South Texas Water Authority Board of Directors has reviewed the Petition and finds that it meets all of the requirements for annexation into the South Texas Water Authority's District, and

WHEREAS, the Board of Directors hereby sets a public hearing to hear evidence for or against the proposed annexation of this property to be held on September 3, 2019 at 5:40 p.m. at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority hereby authorizes the publication of the attached Notice of Public Hearing on Annexation for a public hearing to be held on September 3, 2019 at 5:40 p.m. at South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas. At such hearing all interested persons may appear and offer evidence for or against the proposed annexation of the property described in Exhibit A of the Petition.

Duly adopted this 30th day of July, 2019.

---

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

---

RUDY GALVAN, JR., SECRETARY/TREASURER



PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

STATE OF TEXAS :  
COUNTY OF NUECES :

TO THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

The undersigned (herein called "Petitioner"), holder of title to the territory described by metes and bounds in Exhibit "A" which is attached hereto and incorporated herein for all purposes, being all of the residents and landowners of such territory, as shown by the tax rolls of Nueces County, Texas, and acting pursuant to the provisions of Section 11006.052, Special District Local Laws Code, respectfully petitions the Board of Directors of South Texas Water Authority that the territory described by metes and bounds in Exhibit "A" be added to and become a part of the established South Texas Water Authority, and in support of this petition would show as follows:

I.

Fee simple title and full ownership of the aforesaid territory, which lies wholly within Nueces County, Texas, is vested in Petitioner.

II.

The addition of said territory to South Texas Water Authority is feasible and practical, would be to the best interest both to the territory and to the Authority and would benefit said territory.

III.

The Authority will be able to supply water, or have water supplied, to the added territory.

IV.

This petition shall constitute an election on the part of the Petitioner, its successors and assigns, for the aforesaid land and any improvements which may be constructed thereon to become liable for all present and future debts of the Authority in the same manner and to the same extent as other lands and improvements in the Authority are liable for the Authority's debts.

V.

Petitioner hereby authorizes the Board of Directors of the Authority to levy taxes and set rates sufficient to pay their share of the aforementioned outstanding indebtedness.

WHEREFORE, Petitioner prays that this petition be properly filed, as provided by law; that the Board of Directors of South Texas Water Authority hear and consider the petition in keeping with the provisions of Section 11006.052, Special District Local Laws Code and that this petition in all things be granted and that the territory described in Exhibit "A" be added to and become a part of the established South Texas Water Authority; that after this petition is granted the Board's order thereon be filed of record and be recorded in the Deed Records of Nueces County, Texas; and that the area described in Exhibit "A" be thereafter a component part of South Texas Water Authority.

[Signatures and Acknowledgement on following page.]

EXECUTED this 24 day of July, 2019.

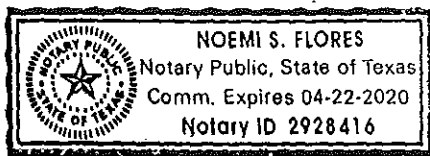
Eva Helene Perez  
Eva Helene Perez

ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY of Kleberg

Subscribed and sworn to before me Eva Helene Perez on this the  
24 day of July, 2019.



NOTARY SEAL

Noemi S Flores  
Notary Public

My Commission Expires: 4/22/2020

Exhibit "A"

To

PETITION FOR ADDITION OF CERTAIN LANDS TO  
THE SOUTH TEXAS WATER AUTHORITY

Property Description:

**Tract Twenty-three (23), Cyndie Park Unit 1, in Nueces County, Texas, and being more particularly described by metes and bounds description in Exhibit A on the Special Warranty Deed with Vendor's Lien recorded under Document No. 2001055993 of the Official Records of Nueces County, Texas.**

NOTICE OF PUBLIC HEARING ON ANNEXATION

THE STATE OF TEXAS  
SOUTH TEXAS WATER AUTHORITY

Pursuant to a Resolution adopted by the Board of Directors of South Texas Water Authority, a hearing shall be held at the South Texas Water Authority, 2302 East Sage Road, Kingsville, Texas, on September 3, 2019 at 5:40 p.m. with respect to the Petition filed by Eva Helene Perez for annexation of the territory described below, on the question of whether the territory sought to be annexed will be benefited by the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the Authority or by the other functions of the Authority. All interested persons may appear at such hearing and offer evidence for or against the proposed annexation.

Signed this the 30th day of July, 2019.

Kathleen Lowman, President  
Board of Directors  
South Texas Water Authority

That certain lot or tract of land situated in Nueces County, Texas, and more particularly described as follows:

Tract Twenty-three (23), Cyndie Park Unit 1, in Nueces County Texas, and being more particularly described by metes and bounds description in Exhibit A on the Special Warranty Deed with Vendor's Lien recorded under Document No. 2001055993 of the Official Records of Nueces County, Texas.