

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose M Graveley, President
DATE: July 29, 2024
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

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

Tuesday, August 6, 2024
5:30 p.m.
Courthouse Annex Law Enforcement Center
1500 E. King
Kingsville TX 78363

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

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Approval of Minutes. (Attachment 1)
4. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 2)
5. Operation and Maintenance Reports. (Attachment 3)
 - O&M Report
 - CP Update
6. Review of 2024 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties. (Attachment 4)
7. **Resolution 24-15.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2024. (Attachment 5)
8. **Resolution 24-16.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2024. (Attachment 5)

This meeting notice was posted on STWA's website, www.stwa.org, and on indoor and outdoor bulletin boards at STWA's administrative offices, 2302 East Sage Road, Kingsville, Texas at 6:15 am/pm on August 2, 2024
Francis De Leon
Assistant Secretary

- 9. Preliminary Fiscal Year 2025 Budget. (Attachment 6)
- 10. Proposed Fiscal Year 2025/Tax Year 2024 tax rate and authorization to publish notice of public hearing. (Attachment 7)
- 11. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2024. (Attachment 8)
- 12. Executive Session Agenda Items - In this executive session the Board of Directors will deliberate or receive legal advice regarding (1) each of the following matters pursuant to the Section(s) of the Texas Open Meetings in parenthesis at the end of such matter, and (2) any other agenda items on today's agenda that the presiding officer of the meeting has announced will be considered in this executive session (collectively, the "Executive Session Agenda Items"). The Board of Directors may take action in open session after the executive session on any of the Executive Session Agenda items. The Board of Directors will deliberate the purchase, exchange, lease or value of real property in executive session only if deliberation in an open meeting would have a detrimental effect on South Texas Water Authority's position in negotiations with a third person.
 - 12.a. Legal advice from counsel regarding a Water Supply Contract with Seven Seas Water (STWA) USA, LLC. (§551.071)
- 13. Open Session Items for Post Executive Session Action – The Board of Directors will convene in Open Session and take action on (1) the agenda items listed below, (2) any other items on this agenda that were postponed or tabled until after Executive Session, and (3) any Executive Session Agenda Items.
 - 13.a. Discuss and take action to approve a Resolution approving a Water Supply Agreement with Seven Seas Water (STWA) USA, LLC, authorizing the execution of the same and related documents and approving matters related thereto.
- 14. Discuss and take action to ratify and approve an Engagement Letter with Charles W. Zahn, Jr to provide legal services to the Authority. (Attachment 9)
- 15. Update on Texas Water Development Board funding. (Attachment 10)
- 16. Administration Report.
- 17. Adjournment.

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

JMG/JM/fdl
Attachments

ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
July 2, 2024

Board Members Present:

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

Board Members Absent:

Angela Pena

Staff Present:

John Marez
Patrick Sendejo
Jo Ella Wagner
Victor Gutierrez

Guests Present:

Oliver Wiese, Seven Seas
Kasy Stinson, Seven Seas
Terry Arnold, Seven Seas
Rogelio Rodriguez, WFX
Ivan G. Luna, I.C.E.
Maria Lucio
Myra B. Alaniz
Holly Bockholt
Bette Cranford
Esteban Ramos, Corpus Christi Water
Baldemar Garcia, Ricardo WSC
Joshua Maxwell, K-III

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:33 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas. A quorum was present.

2. Citizen Comments.

Mr. Graveley opened the floor to citizen's comments. Ms. Maria Lucio provided photographs of water in the Lost Creek area and asked what the problem was that caused cloudy water. She asked if it was due to providing water to Tesla or a broken pipe and asked if there was a need to boil the water. She stated that industry should not be placed before citizens' needs.

Kleberg County Judge spoke about the need for Kleberg County to be water independent. He stated that he has been working closely with STWA's Executive Director and has been in daily contact with him on water issues. He noted that businesses are being attracted to the area and urged the Board to lean on Mr. Marez to negotiate with companies that will bring an independent water source and added that Nueces County Judge Connie Scott is also aware of his concerns.

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the May 21, 2024 Public Hearing and Regular Meeting as presented. Mr. Galvan seconded. The motion passed by unanimous vote.

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

Mr. Graveley moved to table this item. Mr. Rodriguez seconded. All voted in favor.

5. Operation and Maintenance Reports.

Mr. Sendejo presented the O&M Report and Cathodic Protection Update. He also presented quotes on the actuator for the Kingsville MOV and the ARV replacement at FM2826 and CR75 which were mentioned in the O&M Report. He explained that the low water pressure issue in the Lost Creek area in Robstown has been resolved and was a result of air compressor problems at the Central Pump Station.

6. Alternative Water Source Options.

- Ratification of motion to authorize management to engage in groundwater study including scope of work on behalf of South Texas Water Authority
- Ratification of Legal Counsel Contract

Mr. Morales moved to approve ratification of the motion to authorize management to engage in a groundwater study on behalf of South Texas Water Authority. Mr. Galvan seconded. The motion passed by unanimous vote.

7. Recess Open Meeting and Convene in Executive Session - In this executive session the Board of Directors will deliberate or receive legal advice regarding (1) each of the following matters pursuant to the Section(s) of the Texas Open Meetings in parenthesis at the end of such matter, and (2) any other agenda item announced by the President of the meeting has announced will be considered in this executive session (collectively, the "Executive Session Agenda Items"). The Board of Directors may take action in open session after the executive session on any of the Executive Session Agenda items. The Board of Directors will deliberate the purchase, exchange, lease or value of real property in executive session only if deliberation in an open meeting would have a detrimental effect on South Texas Water Authority's position in negotiations with a third person.

7.a. Deliberate and receive legal advice regarding acquisition of an alternate source of water for the Authority. (§551.071)

Mr. Graveley announced that the Board would convene in Closed Session at 5:51 p.m. pursuant to Section 551.071 of the Government Code to discuss acquisition of an alternate source of water for the Authority.

8. Open Session Items for Post Executive Session Action – The Board of Directors will convene in Open Session and take action on (1) the agenda items listed below, (2) any other

items on this agenda that were postponed or tabled until after Executive Session, and (3) any Executive Session Agenda Items.

8.a. Authorize the Executive Director of the Authority to negotiate an agreement to provide an alternate source of water for the Authority.

The Board reconvened in Open Session at 6:50 p.m. No action was taken during Closed Session.

Mr. Graveley moved to authorize the Executive Director of the Authority to initiate and conduct negotiations with Seven Seas Water. Mr. Graveley specified that the purpose of the negotiations is to develop the details of a proposed or alternate water supply. The Executive Director is instructed to bring the completed proposal back to the Board for final review and approval. Mr. Galvan seconded the motion and all voted in favor.

9. Update on Texas Water Development Board Funding.

Mr. Rogelio Rodriguez with Water Finance Exchange presented an update and status of the Texas Water Development Board funding application. He stated that after conducting a comprehensive review of Ricardo WSC and Nueces WSC needs, a master plan of urgent, intermediate and long-term needs was created and an application was submitted to the Texas Water Development Board State Revolving Fund Program. The application was approved by the TWDB and in March 2023, STWA submitted a project information form. This included tanks and generators at the Ricardo WSC and Nueces WSC pump stations at an estimated cost of \$7,829,762. STWA was invited for funding and has been submitting the necessary documentation which includes updating management and operation contracts with the two corporations which will be addressed later in the meeting. This funding should be secured later this year.

Mr. Rodriguez also reported that in March 2024 another project application form was submitted to the TWDB State Revolving Fund program. The entire master plan was included in this application and involves improvements to STWA water infrastructure to address leaks, pumps and transmission lines at an estimated cost of \$45,917,723. He explained that the benefits of using TWDB funding include the possible grant funds, low interest lending, flexibility in negotiating loan features and improving STWA's chances for future funding. The 2024 funding is anticipated to be secured in 2025. Mr. Morales stated that he has not seen a completed master plan. Mr. Ivan Luna, I.C.E., agreed to provide him with a copy.

Ricardo WSC President Baldemar Garcia asked about STWA being the applicant. Mr. Rodriguez explained that the application was submitted under South Texas Water Authority since they have the audits, drought contingency plan, water conservation plan and all the things required to get the funding and are the regional supplier. Mr. Garcia pointed out that the corporations also have those documents and Mr. Rodriguez responded that since STWA manages the corporations, the application is viewed as a collaboration of the systems and receives additional points. Mr. Garcia said he would like a legal explanation on the arrangement. Mr. Rodriguez stated he would provide Mr. Garcia a complete copy for review by the Corporation's attorney.

10. Fiscal Year 2024 Budget Amendments.

Mr. Graveley made a motion to table the Fiscal Year 2024 Budget Amendments. Ms. Garcia seconded. The motion carried.

11. Water District Truth in Taxation Notices, Effective Tax Rate Calculation, and Meeting/Hearing Schedule.

Mr. Marez presented a proposed Truth in Taxation Meeting/Hearing Schedule for the Board's review in order to confirm that a quorum will be available for the necessary meetings and public hearing. In order to avoid the expense of Nueces County sending out separate tax statements for STWA, they must receive STWA's tax information by the County's September 12th deadline. The following schedule was provided to the Board:

Date	Event	Action
July 2, 2024	Board Meeting	Agree on calendar & confirm quorums
July 25, 2024	CADs deliver rolls	Staff calculates ETR
August 6, 2024	Board Meeting	Board votes on proposed rate & sets hearing date/time, approves sending proposed budget to wholesale customers
August 7, 2024	Staff prep	Proposed budget is sent to wholesale customers for 30-day written comment period
Aug 8 – Sep 9	30-day comment period	Wholesale customers review & provide written comments on proposed budget
Aug 24 and Sep 3, 2024	Publish newspaper notices	Publication occurs 7 days before hearing
September 10, 2024	Public Hearing followed by Board Meeting	Board adopts tax rates, water rates and Handling Charge
September 12, 2024	Nueces County Tax Collector Deadline	Failure to submit tax rates could result in STWA paying for separate tax bill mail-out

Mr. Morales made a motion to approve the schedule. Ms. Lowman seconded. All voted in favor.

12. Preliminary FY 2025 Budget.

Ms. Wagner presented and reviewed a preliminary FY 2025 Budget. She stated that this is a rough version since items such as the cost of water and values from the certified rolls are not yet available. She added that currently the cost of living is at 3.3% and is included as a cost of living increase and a 5% increase for field personnel is being considered as a way of recruiting and retaining field employees. This 5% includes the 3.3% cost of living. Mr. Morales asked if annual pay increases and insurance coverage for employees and family are STWA policy because he feels these expenses should be looked at more closely. He added that he feels that the employees should pick up some of the cost of family coverage. Mr. Galvan commented that

these costs could be justified when compared to the cost associated with replacing employees. Ms. Wagner also stated that Capital Acquisition includes \$70,000 for a haul truck, \$50,000 for a field truck, \$5,500 for technology upgrades, \$30,000 for pump station fencing, \$50,000 for engineering and architectural design of a new office building and \$125,000 for a hydrology study. She added that she would contact the board to schedule meetings with small groups of directors in order to review the budget in greater detail and receive feedback from Board members.

13. Bids for purchase of FY 2024 excavator.

Mr. Sendejo presented three bids for an excavator approved under the FY 2024 budget. He stated that the bids ranged from \$39,000 to \$52,000. The lowest bid was submitted by Boss JCB in the amount of \$39,029.73 and includes a credit of \$18,300 for trade in of the current Case CX36B excavator.

14. Resolution 24-14. Resolution awarding the bid for one excavator.

Mr. Morales made a motion to adopt Resolution 24-14 awarding the bid for the excavator to Boss JCB in the amount of \$39,029.73. The motion was seconded by Mr. Rodriguez and passed by unanimous vote.

15. Consideration and approval of a First Amendment to Amended and Restated Water Supply Contract between South Texas Water Authority and Ricardo Water Supply Corporation.

16. Consideration and approval of a Third Amendment to Management Agreement with the Ricardo Water Supply Corporation.

17. Consideration and approval of a Fourth Amendment to Amended and Restated Water Supply Contract between South Texas Water Authority and Nueces Water Supply Corporation.

18. Consideration and approval of a Fourth Amendment to Management Agreement with the Nueces Water Supply Corporation.

Mr. Marez stated that Items 16 – 19 are similar. He stated that the documents were created by bond counsel, Winstead, PC, after they determined that there was a need to get these documents ratified so that the time frame of the agreements matches the length of the TWDB funding.

Mr. Baldemar Garcia, RWSC President, stated that he has concerns with the 25-year term and he believes other RWSC Board members do also. He expressed his concerns with the increases in cost of management services and stated that the Corporation needs to have the option to consider other management services.

Mr. Morales made a motion to approve the amendments listed in items 15 through 18. Mr. Graveley seconded. The motion passed on a seven to one vote. Mr. Galvan voted against the motion.

Mr. Marez explained that the purpose of these contracts is to demonstrate stability. Mr. Rogelio Rodriguez added that because of the highly competitive nature of the application process, Water

Finance Exchange determined that the best way to secure funding was by way of a collaboration between STWA, Ricardo WSC and Nueces WSC. In addition amending the contracts will result in the agreements coinciding with the terms of the funding and will also maximize points for the application. Mr. Garcia stated that he was still concerned with bonds being held under STWA and Mr. Rodriguez explained that there are separate budgets for STWA, Ricardo and Nueces, and Ricardo WSC will only pay on projects associated with Ricardo WSC. Ms. Wagner pointed out that in the 1980's, STWA took out bonds on behalf of Ricardo and other wholesale customers and they were paid by those customers. These bonds/debt would work the same way.

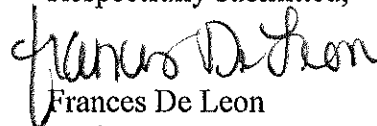
18. Administration Report.

Mr. Marez stated that he will be meeting with the City of Corpus Christi on water contract negotiations. He was also invited to a meeting with Corpus Christi Water and other regional water providers and state officials on what the Coastal Bend can do for long-term water success. In addition, both RWSC and NWSC should be meeting within the next two weeks.

19. Adjournment.

With no further business to discuss, Mr. Rodriguez moved to adjourn the meeting at 7:43 p.m. Ms. Garza seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary

ATTACHMENT 2

Quarterly Report/Treasurer's Report/Payment of Bills

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

ATTACHMENT 3

Field Reports

Memorandum

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

During the Week of July 1st 2024:

Admin:

- Review GPS Records
- Update Daily Water Loss
- City Gallons Report
- TRWA Apprenticeship Weekly Hours Update (Noe Moreno).
- Basic Water Training/Locate Training/CSI Training/Standard Operation Procedure Training.

Operations:

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

Safety & Maintenance:

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

Cathodic Protection:

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

During the Week of July 8th 2024:

Admin:

- Review GPS records
- Update Daily Water Loss
- Submit DLQOR Report to TCEQ by the 10th of July.
- TRWA Apprenticeship Weekly Hours Update (Noe Moreno)
- Basic Water Training/Locate Training/CSI Training/ Standard Operation Procedure Training.

Operations:

- Collect/Monitor NAP samples – STWA, RWSC & NWSC
- Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
- Weekly CL17 Verification
- Lockouts - RWSC
- Locates – STWA, RWSC, NWSC
- Completed Service Orders for NWSC and RWSC
- Completed Taps - (1)

Safety & Maintenance:

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

Cathodic Protection:

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

During the Week of July 15th 2024:

Admin:

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

Operations:

- Collect/Monitor NAP samples – STWA, RWSC & NWSC
- Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
- Weekly CL 17 Verification
- Meter Readings – NWSC and RWSC
- Locates – STWA, RWSC, NWSC
- Completed service orders for NWSC and RWSC
- Completed Taps – (4)

Safety & Maintenance:

Safety Meeting:

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

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

Cathodic Protection:

- Weekly Monitoring of Rectifiers
- Continue to assist with locates for STWA, NWSC, RWSC
- Installed Deep well ground bed @ CR28 (TESLA).

During the Week of July 22nd 2024:

Admin:

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

Operations:

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

Replaced Actuator at Kingsville Pump-Station and operational.

Scada back up in operation to monitor Pump Stations after-hours.

**To better provide preventative maintenance or troubleshooting issues before
an incident occurs. MCA has provided Automated Concepts with cellular
devices we purchased to stabilize our Scada system communications. Due to
recent faulty equipment.**

Completed Taps – (Scheduled for week of 7/29/2024)

Safety & Maintenance:

Safety Meeting:

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

Generators – Exercise Transfer Switch

Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.

Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers

Continue to assist with locates for STWA, NWSC, RWSC

During the Week of July 29th 2024:

Admin:

Review GPS records
Update Daily Water Loss
City Gallons Report
TRWA Apprenticeship Hour Updates (Noe Moreno) (Lauro Bazan)
Basic Water Training/Locate Training/CSI Training/Standard Operation
Procedure Training.
New Hire as of July 29th Damien Cowger (Field Technician)
Lauro Bazan 3rd attempt at Basic water course test.
NACE Rectifier Course (Patrick S., Danny H., Victor G., and Hector B. attended).

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Collect BacT Samples – STWA/NWSC/RWSC
Weekly CL 17 Verification
Meter Readings – NWSC and RWSC
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Installation of MCA Devices at Kingsville and Driscoll for optimized stability in
communications to our Scada systems.
Completed Taps – (2)

Safety & Maintenance:

Safety Meeting:

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

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

Cathodic Protection:

Weekly Monitoring of Rectifiers
NEC still pending to install service at CR36 due to weather conditions.
Scheduled to install rectifier @ CR28 (TESLA) in
Early August to Mid-August 2024. Due to recent rain plan of installation has
been delayed. Planning to reschedule when accessible.
Continue to assist with locates for STWA, NWSC, RWSC

To: STWA Management
From: Hector Barbosa NACE Corrosion Technologist # 186086
Date: July 31, 2024
Re: CP Department

CP department has been doing one calls and verifying water line locations and updating coordinates on Diamond maps. We have been monitoring the progress on CCW master meter at Co Rd 52. They are finally flowing through meter but have some clean up to do. I am keeping a very close eye on the Isolation gasket that separates our entities. They have not installed it with the proper procedure. That has to be remediated as per STWA specifications.

3 of the 4 deep well ground beds have been installed and Electric power is being scheduled but due to wet weather we have had to delay progress in the tie in to pipeline. We should be able to by mid-august.

On the 4th ground bed, I have the GW-2 permit approved by Rail Road Commission and TCEQ and are waiting on farmer to get cotton out which should be by mid-august.

After all tie ins are complete, we will start to survey 42" Main line and dissect any anomalies. I am hoping to have this done by early September if our weather cooperates.

Hector Barbosa

ATTACHMENT 4
Certified Appraisal Rolls

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: August 2, 2024
Re: 2024 Final Certified Estimated Values for Kleberg and Nueces Counties

Background

The 2024 final certified estimated taxable values for the South Texas Water Authority (STWA) have been provided by both the Kleberg County Appraisal District and the Nueces County Appraisal District. These values are crucial for our budgeting and tax rate setting processes for the upcoming fiscal year.

Analysis

Kleberg County:

- The total certified estimated taxable value for 2024 is \$1,708,852,185.
- This value includes all taxable properties within the jurisdiction of Kleberg County as assessed by the Kleberg County Appraisal District.

Nueces County:

- The total net taxable value for properties not under protest is \$1,466,501,609.
- The estimated taxable value for properties under protest is \$44,462,794.
- Therefore, the total net taxable value for the STWA jurisdiction within Nueces County for 2024 is \$1,510,964,403.

Staff Recommendation

Staff recommends the Board review and incorporate these certified values into the STWA's financial planning and tax rate calculations for the fiscal year 2024. The detailed breakdown of taxable values from both Kleberg and Nueces Counties will help in making informed decisions regarding budget allocations and tax rates.

Board Action

The Board is requested to acknowledge the receipt of the 2024 final certified estimated taxable values from both Kleberg and Nueces Counties and proceed with the necessary actions to finalize the tax rates and budget for the upcoming fiscal year.

Summary

The certified estimated taxable values for 2024 from Kleberg and Nueces Counties are crucial for our financial planning. Kleberg County's total certified estimated taxable value is \$1,708,852,185, while Nueces County's total net taxable value, including properties under protest, is \$1,510,964,403. Staff recommends utilizing these values in our budget and tax rate planning to ensure accurate and effective financial management for the STWA.

KLEBERG COUNTY APPRAISAL DISTRICT
P.O. BOX 1027 * 502 E. KLEBERG * KINGSVILLE, TEXAS 78364
PHONE: (361) 595-5775 * FAX: (361) 595-7984

July 25, 2024

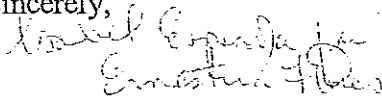
South Texas Water Authority
Attn: John Marez, Administrator
2302 E. Sage Rd.
Kingsville, Texas 78363

Dear Mr. Marez:

Enclosed you will find 2024 Final Certified Estimated Value Information for your taxing entity and a CD(s) of your taxing entity's 2024 Final Certified Estimated Rolls. Also included is a copy of outstanding protest list, information needed for the calculation of the no-new-revenue tax rate and a copy of the 2024 Average Residence Value Report.

If you have any questions, please feel free to call me at 361-595-5775.

Sincerely,



Ernestina Flores, R.P.A.
Chief Appraiser

Cc: Jose Graveley, President
Kleberg County Appraisal District Board of Directors

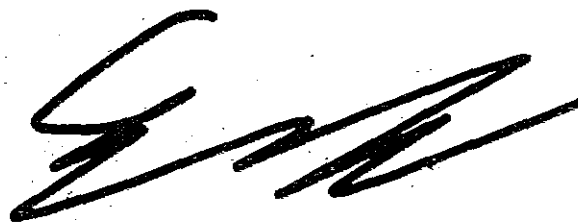
In accordance with the Texas Property Tax Code Section 26.01(a-1), please consider this document as Kleberg County Appraisal District Chief Appraiser's Final Certified Estimate of Taxable Value for:

TAXING UNIT: SOUTH TEXAS WATER AUTHORITY

**2024 FINAL CERTIFIED ESTIMATE OF TAXABLE
VALUE:**

1,708,852,185

DATE: 7-25-24

A handwritten signature in black ink, appearing to be 'S. M.', is written over the signature line.

Chief Appraiser of Kleberg County

2024 FINAL CERTIFIED ESTIMATED VALUE INFORMATION

AS OF 7-25-24

TAXING UNIT
SOUTH TEXAS WATER AUTHORITY

GROSS VALUES	2024 FINAL CERTIFIED ESTIMATED VALUES NOT UNDER REVIEW	2023 FINAL CERTIFIED ESTIMATED VALUES NOT UNDER REVIEW	DIFFERENCE
REAL:	1,984,936,136	1,969,798,734	15,137,402
PERSONAL:	158,102,040	108,433,260	49,668,780
MINERAL:	230,955,639	236,321,046	(5,365,407)
TOTAL GROSS VALUE:	2,373,993,815	2,314,553,040	59,440,775
TOTAL EXEMPTIONS:	428,776,364	406,609,334	22,167,030
HOMESTEAD CAP ADJ:	51,034,936	43,609,515	7,425,421
23.231 CAP:	28,558,248		28,558,248
LOSS TO AGRICULTURAL: VALUATION	336,801,644	235,530,314	101,271,330
NET TAXABLE VALUE:	1,528,822,623	1,628,803,877	(99,981,254)
ADJUSTMENT FOR REAL MH, AND PERSONAL 2024 STILL UNDER ARB REVIEW INCLUDED IN TOTALS ABOVE WARDLAW ADJUSTMENT	(-)	(-) 4.5% 2023 62,661,727	(-) (-) (62,661,727)
ADJUSTED TAXABLE VALUE NOT UNDER ARB REVIEW	(=)	(-)	(=) (-) (17,211,080)
	1,528,822,623	1,548,931,070	(20,108,447)
	CERTIFIED ESTIMATED VALUE UNDER ARB REVIEW 2024	CERTIFIED ESTIMATED VALUE UNDER ARB REVIEW 2023	
STILL UNDER ARB REVIEW (CAD REAL, MH, & PERSONAL) TAXABLE VALUE	(+)	179,148,469	62,661,727
STILL UNDER ARB REVIEW MINERAL ROLL TAXABLE VALUE	(+)	881,093	17,211,080
STILL UNDER ARB REVIEW TOTAL TAXABLE VALUE	(-)	180,029,562	79,872,807

2024 FINAL CERTIFIED ESTIMATED TAXABLE VALUE	(=)	1,508,852,485	2023 CERTIFIED VALUES	1,628,803,877	(=) (INC)	80,048,308
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Nueces County Appraisal District
201 N. Chaparral, Ste. 206
Corpus Christi, Texas 78401-2503



Ramiro "Ronnie" Canales
Chief Appraiser

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

July 25, 2024

Dear Tax Assessor-Collectors, Taxing Units, and Texas Comptroller,

Please see the following regarding your certified roll information.

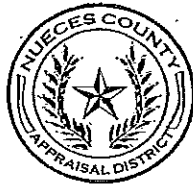
1. 2024 Certified Appraisal Roll and Reports:
 - a. Certified Appraisal Roll on attached page(s). *The Texas Property Tax Code requires the District provide:*
 - i. *Net taxable value of property not under protest (Section 26.01-a), and*
 - ii. *Estimated ultimate taxable values for properties presently under protest. (Section 26.01-c)*
 - b. Detailed reports, as applicable to your jurisdiction, available at <http://www.nuecescad.net/Entity-Reports>
 - i. Click on your entity. For access, please email Info@nuecescad.net to get started.
 - ii. ARB Approved Totals and exemption details
 - iii. Under ARB Review Totals and exemption details (underlying values used for 1. a. ii. above)
 - iv. Grand Totals and exemption details
 - v. State Category breakdowns for 1.b. i–iii. above
 - vi. Effective Rate Assumption
 - vii. Lower Value Used (system-computed estimate for protested values – *information only*)
 - viii. Average Homestead Value
 - ix. Freeze Totals report series
 - x. Top 50 Taxpayers List
 - xi. Other available database reports which may provide useful information
 - xii. ***Please do not distribute this roll as it contains confidential information per Section 22.27 the Texas Property Tax Code.***
2. Access Truth-in-Taxation.
 - a. Email info@nuecescad.net with the email addresses for a "primary" and a "secondary" person. NOTE: If the County Tax Office handles your forms, then email us telling us that.
 - b. These two persons will be emailed a link to set up their password to access the site.
 - c. Site: <https://nueces.countytaxrates.com> (click on **For Administrative Access, Click Here to Sign In** in the lower right).
3. Property Truth-in-Taxation. The Texas Property Tax Reform and Transparency Act of 2019 requires that taxing units post certain tax-related information to a publicly-accessible website. If you have not already done so, please email the contact information (including email address) for at least one person who will be responsible for entering the required information. They will then be sent instructions for setting up their account and using the site.
Email to info@nuecescad.net.

Please contact Leticia Roberts at 361.696.7616 or lroberts@nuecescad.net if you have any questions or need additional information.

Sincerely,

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

Ramiro "Ronnie" Canales, RPA, CTA
Chief Appraiser



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

SO TX WATER AUTH

CERTIFICATION OF 2024 APPRAISAL ROLL

Pursuant to Section 26.01(a) and (c) of the Texas Property Tax Code, I, Ramiro "Ronnie" Canales, Chief 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.

A. Value of all taxable property NOT Under Protest for 2024	\$ 1,466,501,609
B. Estimated taxable value of property Under Protest for 2024	\$ 44,462,794

2024 TOTAL NET TAXABLE VALUE FOR YOUR JURISDICTION \$ 1,510,964,403

A handwritten signature in black ink, appearing to be "R Canales", is written over a horizontal line. Below the line, the name and title of the signatory are printed.

Ramiro "Ronnie" Canales, RPA, CTA
Chief Appraiser

07/25/2024
Date

ATTACHMENT 5

Resolutions 24-15 and 24-16

SOUTH TEXAS WATER AUTHORITY

Resolution 24-15

RESOLUTION ADOPTING THE APPRAISAL ROLL FOR THE SOUTH TEXAS WATER AUTHORITY'S DISTRICT IN KLEBERG COUNTY FOR TAX YEAR 2024.

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 2024 appraisal roll compiled by the Kleberg County Appraisal District on behalf of the Authority.

Duly adopted this 6th day of August, 2024.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

SOUTH TEXAS WATER AUTHORITY

Resolution 24-16

RESOLUTION ADOPTING THE APPRAISAL ROLL FOR THE SOUTH TEXAS
WATER AUTHORITY'S DISTRICT IN NUECES COUNTY FOR TAX YEAR 2024.

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 2024 appraisal roll compiled by the Nueces County Appraisal District on behalf of the Authority.

Duly adopted this 6th day of August, 2024.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 6

FY 2025 Budget

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: August 2, 2024
Re: Preliminary Fiscal Year 2025 Budget

Background

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

Analysis

Enclosed please find the Preliminary Fiscal Year 2025 Budgets. Since the July 2, 2024 meeting staff has received most of the information needed for the Fiscal Year 2025 Budget. The certified values were delivered by both counties on July 25th as required by state law. The overall values exceeded the preliminary values by approximately \$200 million. The proposed budgets from the appraisal districts were received and the proposed STWA quarterly contributions were included in the presented budget. The parcel count was obtained and multiplied by the current per parcel fee for the Tax Offices' annual collection charges. The City of Corpus Christi will be increasing the water rate again this year by approximately \$0.47 per 1000 gallons. The increase is passed on to our wholesale customers which in turn pass it on to their customers. Staff continues to wait on insurance quotes which usually come after the budget is approved. This preliminary budget is based on the same Handling Charge rate of \$0.50/1,000g. If the same Handling Charge is adopted in FY 25. This Preliminary Budget is based on a sales volume of approximately 570 million gallons and generates approximately \$273,000 in Handling Charge revenues. The calculated volume is based on the five-year average volume for all customers with the exception of the City of Kingsville.

Staff Recommendation

Review the preliminary budgets and provide feedback to staff.

Board Action

Determine what revenues and expenditures need further review or adjustment.

Summary

The preliminary budgets will be sent to the wholesale customers for a 30-day review and comment period. The budget is set for approval at the September 10, 2024 Board Meeting.

STWA Board of Directors,

Attached is the FY 2025 Proposed Budget. I will attempt to explain most line items in this memo.

Revenues:

- *Water Service Revenue is a wash with the Bulk Water Purchases – both with a box around it. This is because we charge STWA's wholesale customers the same rate as the cost of water from City of Corpus Christi. Every month I take the Corpus Christi water invoice amount and divide it by the number of gallons the City calculated STWA purchasing. This per-thousand-gallons rate is then applied to each wholesale customer's water usage. Therefore, a wash.*
- *Handling Charge remains at 50¢ per thousand gallons. This is the amount allocated to STWA's wholesale customers in addition to the cost of water. The Handling Charge is charged to the wholesale customers to assist paying STWA's Operations and Maintenance costs. The number used to forecast the water and handling charge is calculated by using a 5- year average of water sales.*
- *Premium Incremental Increase is charged to NCWCID#5 (Banquete) for not having a signed contract. This amount is 50¢ in addition to the handling charge.*
- *Surcharge – Out of District is also called "In Lieu of Taxes". The residents do not pay taxes to STWA because NCWCID#5 is a district of its own that has the authority to charge taxes. In order to receive water from STWA the residence or business must lie within STWA's boundaries and pay taxes to STWA. Since Banquete residents do not pay STWA taxes, an amount equal to the amount of taxes they would pay STWA if in our district is calculated and added to the water invoice for NCWCID#5. I acquire the values inside their district, apply it to our tax rate, divide by 12 and this is the monthly amount that is charged to District#5 on their monthly water invoice.*
- *Interest Income is for interest received from Prosperity Bank, TexPool and TexSTAR.*
- *Interest Note – Paid*
- *Operating & Maintenance Fees is the amount charged to City of Driscoll to maintain the Driscoll pump station. Driscoll does not have the staff to maintain their pump station so the city pays the Authority \$0.2803 per 1000/g to maintain the pump station.*

- *Miscellaneous Revenues is where rebates, refunds, and unforeseen income is accounted.*

Expenditures:

- *The Cost of Living increase of 3.3% is included in the payroll. The total increase in Payroll Cost is approximate \$25,000 which includes payroll, insurances, and retirement. The standby pay was increased from \$75 per week to \$90 per week. This is divided 3 ways with the Corporations making each entity's portion increasing from \$25 per week to \$30 per week. The standby pay has not been adjusted in approximately 10 years. The other portion of payroll is charged to the Corporations and collected through monthly General and Administration charges.*
- *Supplies and Materials decreased \$20,000 from FY 2024. Field staff made significant repairs this fiscal year and don't foresee as many needed repairs in FY 2025.*
- *Professional Fees had a \$10,000 increase in Legal due to various projects needing to be closed out. And Womack increased the audit service by \$1000.00. Mr. Graveley requested that the Engineering line item be increased to \$50,000 for engineering planning and studies last year and it has remained in the budget for 2025. Management & Consulting, and Inspection Charges remained the same.*
- *Consumer Supplies/Materials was decreased by \$23,000 mainly in Fuel/Lubricants/Repairs. The Authority has purchased 4 new vehicles in the past 2 years and requesting the purchase of 2 additional trucks and 1 office vehicle in this budget. The cost of truck repairs was getting very expensive and by replacing the older vehicles the repair costs have dropped significantly. NWSC & RWSC contribute to repairs and fuel costs through the General and Administration charges.*
- *Recurring Operating Costs had a slight increase again to cover for inflation. The insurance premiums have not been received for FY25; however, the FY24 premiums were quite a bit higher than anticipated. I have adjusted those line items for another increase. Travel, Training and Meetings increased by \$5,000 for staff training and \$10,000 for the Legislation line item. Other slight increases are due to continued inflation.*
- *Miscellaneous - No Change*
- *Capital Outlay items include 2 new trucks, 1 new office vehicle, technology upgrades and a Hydro Vac. The Hydrovac was listed in FY23 but did not get purchased. However, the Authority's new Field Superintendent requested for the equipment to be purchased if there were funds available. Again engineering for a new office building is included and the Hydrology study to*

be performed by ICE Engineering. This report might be completed in FY24. Fencing is not included for FY25 budget. The Authority was able to contract new fencing at the new Banquete Pump Station and the Central Pump Station. Nueces Water Supply Corporation agreed to split the cost of the new fencing enabling two pump stations to acquire new fencing. Agua Dulce Pump Station might also be receiving new fencing prior to FY24 end. \$30,000 was budgeted for fencing and approximately only \$21,000 has been expended on both fences.

Other Finance Sources

- Disposition of Assets line is to account for revenue from the Surplus Sales that the Authority has occasionally.*
- Tax revenue is transferred to the General Fund from the Tax Fund. Taxes are the largest revenue source for STWA.*

STWA FY 2025 CHANGES TO FUND BALANCE

PROJECTED BEGINNING BALANCE	REVENUES	EXPENSES	PROJECTED NET INCOME & ENDING BALANCE
General/ Revenue Fund \$5,135,254	Water Revenue (Pass thru) \$1,730,677	Cost of Corpus Christi Water \$1,730,677	FY 2025 Net Income/(Loss) \$98,097
Direct Delivery Water Cost \$3.23000	Handling Charge Revenue \$272,771	Water Loss \$0	END FUND BALANCE \$5,233,351
	Premium Incremental Increase/O & M Fees \$19,000		
Handling Charge \$0.500000	Interest Rev. Incl. Driscoll \$232,000	M & O/Administrative \$1,686,550	
	Special Services Fees \$888,240	Special Services Expenses \$888,240	
	Misc, Tax Sur & Asset Disp \$28,350	Capital Outlay/Acquisition \$397,500	
	Transfer from Tax Fund \$1,630,025		
	Total General Revenues \$4,801,062	Total Expenses \$4,702,966	
M&O Tax Fund \$0	M&OTax Revenues \$1,665,196	Transfer to Revenue Fund \$1,630,025	Tax Fund \$0
Tax Base Value \$3,219,816,588	M&O Delinquent Taxes + P&I \$65,460	Appraisal Districts \$31,651	
Kleberg County \$1,708,852,185	Interest Earned \$0	Tax Collector's Fees \$68,980	
Nueces County \$1,510,964,403	Transfer from Reserve Fund \$0	Miscellaneous \$0	
95.30%	Miscellaneous \$0	Total Expenses \$1,730,656	
M&O Tax Rate @ \$0.054268	Total M&O Tax Fund Revenue \$1,730,656		
I&S Tax Fund \$133,260	I &STax Revenues \$367,927	Transfer to Revenue Fund \$0	I&S Tax Fund Est. Balance \$163,684
Tax Base Value \$3,219,816,588	I&S Delinquent Taxes + P&I \$15,000	Appraisal Districts \$6,723	
Kleberg County \$1,708,852,185	Interest Earned \$13,200	Tax Collector's Fees \$14,650	
Nueces County \$1,510,964,403	Transfer from Reserve Fund \$0	Principal, Interest, Fiscal Fees \$346,550	
100.00%	Fee in Lieu of Taxes \$2,220	Total Expenses \$367,923	
I&STax Rate @ \$0.011427	Total I&S Tax Fund Revenue \$398,347	Financing Sources Over (Under) \$30,424	

SOUTH TEXAS WATER AUTHORITY
 PROPOSED FY 2025 BUDGET
 GENERAL FUND

CC Water Cost
 \$3.23000
 Handling Charge
 \$0.500000
 M&O Tax Rate
 \$0.054268
 I&S Tax Rate
 \$0.011427

PROPOSED
 FY 2025
 BUDGET

REVENUES

Water Service Revenues	\$1,730,677
Handling Charge Revenue	\$272,771
Premium Incremental Increase	\$10,750
Fee in Lieu of Taxes	\$12,850
Interest on Temp. Invest.	\$232,000
Interest Note - City of Driscoll	\$0
Other Revenue	
Operations & Maintenance Fees	\$8,250
Miscellaneous Revenues	\$12,000
TOTAL REVENUES	\$2,279,297

EXPENDITURES

Water Service Expenditures:	
Bulk Water Purchases	\$1,730,677
Water Loss	\$0
TOTAL WATER SERVICE	\$1,730,677

Payroll Costs

Salaries & Wages -	
Permanent Employees	\$429,690
Vacation Buy Back	\$5,500
Part-Time Employee	\$0
Overtime - NWSC	\$0
Stand-by Pay - NWSC	\$0
Overtime - RWSC	\$0
Stand-by Pay - RWSC	\$0
Overtime - STWA	\$22,500
Stand-by Pay - STWA	\$1,560
Employee Retirement Premiums	\$71,228
Group Insurance Premium	\$229,340
Unemployment Compensation	\$3,060
Workers' Compensation	\$7,675
Hospital Insurance Tax	\$6,247
TOTAL PERSONNEL	\$776,800

Supplies & Materials

Repairs & Maintenance	\$125,000
Meter Expense	\$5,000
Tank Repairs	\$35,000
Major Repairs	\$25,000
TOTAL SUPPLIES & MATERIALS	\$190,000

Other Operating Expenditures:

Professional Fees

Legal	\$50,000
Auditing	\$11,500
Engineering	\$50,000
Management & Consulting	\$25,000
JMAR Management Consulting, LLC	\$70,000
Inspection	\$7,500

TOTAL PROFESSIONAL FEES \$214,000

Consum Supplies/Materials

Postage	\$8,500
Printing/Office Supplies	\$37,500
Janitorial/Site Maintenance	\$20,000
Fuel/Lubricants/Repairs	\$60,000
Chemicals/Water Samples	\$60,000
Safety Equipment	\$3,000
Small Tools	\$3,000

TOTAL CONSUM SUPPLIES/MATERIALS \$192,000

Recurring Operating Costs

Telephone/Communications	\$40,000
Utilities	\$122,500
D & O Liability Insurance	\$4,500
Property Insurance	\$55,000
General Liability	\$6,000
Auto Insurance	\$4,000
Travel/Training/Meetings - Staff	\$20,000
Travel/Training/Meetings - Board of Directors	\$10,000
Travel/Training/Meetings - Legislation	\$10,000
Rental-Equipment/Uniforms	\$7,500
Dues/Subscriptions/Publications	\$19,000
Pass Through Costs	\$250

TOTAL RECURRING OPER. COSTS \$298,750

Miscellaneous

Miscellaneous Expenditures	\$15,000
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TOTAL MISCELLANEOUS \$15,000

Total Administrative & Operations Exp. \$3,417,227

Capital Outlay

Capital Acquisition	\$227,500
Engineering	\$170,000

TOTAL CAPITAL OUTLAY \$397,500

TOTAL EXPENDITURES (w/o D.S. exp.) \$3,814,727

Excess (Deficiencies) of

Revenue Over Expenditures (\$1,535,429)

OTHER FINANCE SOURCES (USES)

Transfer to Other Funds	
Disposition of Assets (Surplus Sale)	\$3,500
Transfer from Tax Fund	\$1,630,025
TOTAL OTHER FINANCING SOURCES (USES)	\$1,633,525
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USED)	\$98,096
NET INCOME	\$98,096

FY 2025

CAPITAL ACQUISITIONS

\$50,000	1 New Truck
\$70,000	1 Haul Truck
\$27,000	Office Car
\$5,500	Technology
\$75,000	Hydro-Vac trailer mount
<hr/>	
\$227,500	

ENGINEERING

\$50,000	New Office
\$120,000	Hydrology Rpt
<hr/>	
\$170,000	
\$397,500	

SOUTH TEXAS WATER AUTHORITY
 PROPOSED FY 2025 BUDGET
 M & O TAX FUND

CC Water Cost
 \$3.23000
 Handling Charge
 \$0.500000
 M&O Tax Rate
 \$0.054268
 I&S Tax Rate
 \$0.011427

PROPOSED
 FY 2025
 BUDGET

REVENUES

Ad Valorem - Current (M&O) \$1,665,196
 Delinquent Taxes \$38,115
 Penalty & Interest - Tax Accounts (M&O) \$27,345

TOTAL M&O TAX REVENUES \$1,730,656

EXPENDITURES

Tax Collector Fees \$68,980
 Appraisal Districts \$31,651
 Refunds \$0

TOTAL EXPENDITURES \$100,631

REVENUES OVER EXPENDITURES \$1,630,025

OTHER USES

Transfer to Revenue Fund (Tax) \$1,630,025

TOTAL EXPEND. & OTHER USES \$1,730,656

Excess Revenues and Other
 Financing Sources Over (Under)
 Expenditures and Other Uses \$0

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2025 BUDGET
SPECIAL SERVICES

RWSC - 1130 customers
NWSC - 1105 customers

CC Water Cost
\$3.23000
Handling Charge
\$0.50000
M&O Tax Rate
\$0.054268
I&S Tax Rate
\$0.011427

	PROPOSED FY 2025 BUDGET
REVENUES	
Ricardo Water Supply Corporation	\$449,088
Nueces Water Supply Corporation	\$439,152
TOTAL SPECIAL SERVICES REVENUE	\$888,240
EXPENDITURES	
Personnel	\$454,994
Overhead	\$403,246
Administrator	\$30,000
TOTAL EXPENDITURES	\$888,240
REVENUES OVER EXPENDITURES	\$0

SOUTH TEXAS WATER AUTHORITY
 PROPOSED FY2025 BUDGET
 DEBT SERVICE FUND

CC Water Cost
 \$3.23000
 Handling Charge
 \$0.500000
 M&O Tax Rate
 \$0.054268
 I&S Tax Rate
 \$0.011427

PROPOSED
 FY 2025
 BUDGET

REVENUES

Ad Valorem - Current (M&O)	\$367,927
Delinquent Taxes	\$9,500
Out of District - Fee in Lieu of Taxes - NCWCID#5	\$2,220
Penalty & Interest - Tax Accounts (M&O)	\$5,500
Interest on Temporary Investments	\$13,200
 TOTAL M&O TAX REVENUES	 \$398,347

EXPENDITURES

Fiscal Agent Fees	\$200
Bond Interest Expense	\$86,350
Bond Principal Payments	\$260,000
Tax Collector Fees	\$14,650
Appraisal Districts	\$6,723
Refunds	\$0
 TOTAL EXPENDITURES	 \$367,923

REVENUES OVER EXPENDITURES	\$30,424
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TOTAL EXPEND. & OTHER USES	\$367,923
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Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$30,424
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ATTACHMENT 7

Proposed FY 2025/Tax Year 2024 Tax Rate

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Administrator
Date: August 2, 2024
Re: Proposed Tax Rate Publication for Tax Year 2024

Background:

Enclosed are the Worksheet and Notice provided by the Texas Comptroller. Information from the Worksheet is transferred to the Notice. The Tax Rate procedures for water districts require a comparison of the Average Home Value of Tax Year 2023 to Tax Year 2024. Both of those values are adjusted by subtracting the \$5,000 homestead exemption that is Board approved annually. The enclosed Notice has blanks left for the Board members' recorded vote. The current tax rate is \$0.070374/\$100 valuation, which is comprised of the M&O Tax Rate of \$0.058044/\$100 and the I&S Tax Rate of \$0.012330/\$100. The FY 25 debt service requirements including the prorated cost of appraisals and collections payment is \$367,927. Since the overall tax base increased, the I&S tax component has once again decreased from the previous year. The proposed tax rate per the Comptroller's Form 50-860 is \$0.065695/\$100 valuation. This proposed rate is comprised of two (2) components -the M&O Tax Rate of \$0.054268/\$100 and the I&S Tax Rate of \$0.011427/\$100.

Analysis:

The state mandated forms and calculation were used in calculating the Tax Year 2024/ Fiscal Year 2025 tax rate. Water Districts calculate tax rates by using only the average home values within STWA's district. All other taxing entities use all values. After calculating the "No New Tax Rate" which would generate the same taxes as the previous year. The State of Texas allows water districts to multiply the rate by 1.035 allowing an increase to the calculated tax rate. As such, the calculated rate is 0.065696/100 valuation. Anything over the 1.035 increase can trigger a rollback petition and possibly an election. Staff deducts 0.000001 to ensure that the Authority stays under the rollback rate.

Staff Recommendation:

Authorize staff to publish the Notice with the highest rate possible without exceeding the 3.5% limit.

Board Action:

Determine whether to authorize staff to publish the Notice of the proposed rate.

Summarization:

The recommended rate for publication allows for flexibility to adopt the slightly increased rate or a lower rate. This publication is a mandatory part of the property tax and budgetary process.

Water District

Notice of Public Hearing on Tax Rate

The SOUTH TEXAS WATER AUTHORITY will hold a public hearing on a proposed tax rate for the tax year 2024 on SEPTEMBER 10, 2024 at SOUTH TEXAS WATER AUTHORITY BOARDROOM, 2302 E. SAGE RD., KINGSVILLE, TEXAS 78363. Your individual

taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

FOR the proposal: _____ (names of all members of the

AGAINST the proposal: _____ governing body and how each

PRESENT and not voting: _____ voted on the proposed tax rate)

ABSENT: _____

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

	Last Year		This Year	
Total tax rate (per \$100 of value)	<u>0.070374</u>	/\$100	<u>0.065695</u>	/\$100
	Adopted		Proposed	
Difference in rates per \$100 of value		\$ <u>-0.004679</u>		/\$100
Percentage increase/decrease in rates(+/-)		<u>-6.65</u>		%
Average appraised residence homestead value	\$ <u>130,245</u>		\$ <u>143,860</u>	
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$ <u>5,000</u>		\$ <u>5,000</u>	
Average residence homestead taxable value	\$ <u>125,245</u>		\$ <u>138,860</u>	
Tax on average residence homestead	\$ <u>88.14</u>		\$ <u>91.22</u>	
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)	\$ <u>+3.08</u>			
and percentage of increase (+/-)		<u>+3.50</u>		%

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

If the district is a district described by Section 49.23601:

NOTICE OF VOTE ON TAX RATE

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

If the district is a district described by Section 49.23602:

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code. An election is not required if the adopted tax rate is less than or equal to the voter-approval tax rate.

If the district is a district described in by Section 49.23603

NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

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

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

Water District

Notice of Public Hearing on Tax Rate

The South Texas Water Authority Board of Directors will hold a public hearing on a proposed tax rate for the tax year 2024 on September 10, 2024 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)	\$0.070374 /\$100	\$0.065695 /\$100
	Adopted	Proposed
Difference in rates per \$100 of value		-\$0.004679 /\$100
Percentage increase/decrease in rates(+/-)		-6.65%
Average appraised residence homestead value	\$130,245	\$143,860
General exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$5,000	\$5,000
Average residence homestead taxable value	\$125,245	\$138,860
Tax on average residence homestead	\$88.14	\$91.22
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)	+ \$3.08	
and percentage of increase (+/-)	+ 3.50%	

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.

THIS LOWER PORTION IS NOT PUBLISHED - FOR INTERNAL INFORMATION ONLY

Total of Debt Service Expenses at % collection below:	\$	367,926.69	
		100%	
			Kleberg
			\$ 1,708,852,185
			Nueces
Certified Taxable Value	\$	3,219,816,588	\$ 1,510,964,403
I&S Tax included in Proposed Rate Above		\$0.011427	Total
Actual M&O Tax Rate Proposed		\$0.054268	\$ 3,219,816,588
		\$0.065695	DS Requirement
			\$ 367,927
			Percent Collection 100%

2024 SOUTH TEXAS WATER AUTHORITY TAX RATE ROLLBACK WORKSHEET

	Nueces	Kleberg	Total
2023 Total Market Value of Residences	\$450,816,282	\$626,440,662	\$1,077,256,944
2023 Total Parcels	3,511	4,760	8,271
1 2023 average appraised value of residence homestead			\$130,245
2 2023 general exemptions available for the average homestead (excluding age 65 or older or disabled person's exemptions)			\$5,000
3 2023 average taxable value of residence homestead (line 1 minus line 2)			\$125,245
4 2023 adopted M&O tax rate (per \$100 of value)			\$0.058044
5 2023 M&O tax on average residence homestead (multiply line 3 by line 4, divide by \$100)			\$72.70
6 Highest M&O tax on average residence homestead with increase (multiply line 5 by 1.035.)			\$75.24
2024 Total Market Value of Residences	\$524,918,066	\$676,887,175	\$1,201,805,241
2024 Total Parcels	3,576	4,778	8,354
7 2024 average appraised value of residence homestead			\$143,860
8 2024 general exemptions available for the average homestead (excluding age 65 or older or disabled persons exemptions)			\$5,000
9 2024 average taxable value of residence homestead (line 7 minus line 8)			\$138,860
10 Highest 2024 M&O Tax Rate (line 6 divided by line 9, multiply by \$100)			\$0.054185 /\$100
11 2024 Debt Tax Rate			\$0.011427 /\$100
12 2024 Contract Tax Rate			\$0.000000 /\$100
13 2023 Unused Incremental Rate - subtract the 2023 actual tax rate and the 2023 unused increment rate from the 2023 voter-approved tax rate. If the number is less than zero, enter zero.			\$0.000000 /\$100
14 2021 Unused Incremental Rate - subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approved tax rate. If the number is less than zero, enter zero.			\$0.000000 /\$100
15 2021 Unused Incremental Rate - subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approved tax rate. If the number is less than zero, enter zero.			\$0.000000 /\$100
16 Total Foregone Revenue Amount - add lines 13G, 14G, and 15G.			\$0.000000 /\$100
17 2024 Total Unused Incremental Rate - divide line 16 by line 9, multiply the result by 100.			\$0.000000 /\$100
18 Total 2024 voter approval tax rate, including the unused increment rate.			\$0.065612 /\$100

The mandatory tax election rate is the highest total tax rate a developed water district may adopt without holding an election. The mandatory tax election rate is the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on the average appraised value of a residence homestead in the water district plus the unused increment rate. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.

WORKSHEET

18 2023 Average Taxable Value of Residence Homesteads - Enter the amount from Line 3.	\$125,245
19 2023 Adopted Total Tax Rate.	\$0.070374 /\$100
20 2023 Total Tax on Average Residence Homestead. Multiply Line 18 by Line 19	\$88.14
21 2024 Mandatory Election Amount of taxes per average residence homestead. Multiply line 20 by 1.035.	\$91.22
22 2024 Mandatory Election Tax Rate before unused increment. Divide Line 21 by Line 9 and multiply by \$100.	\$0.065696
23 2024 Mandatory Tax Election Rate. Add Line 16 and Line 22.	\$0.065696

Signed: Jo Ella Wagner, Finance Manager

2024 Developed Water District Voter-Approval Tax Rate Worksheet

Form 50-860

SOUTH TEXAS WATER AUTHORITY

361-592-9323

Water District Name

Phone (area code and number)

2302 E. SAGE RD., KINGSVILLE, TEXAS 78363

stwa.org

Water District's Address, City, State, ZIP Code

Water District's Website Address

GENERAL INFORMATION: The Comptroller's office provides this worksheet to assist water districts in determining their voter-approval tax rate. The information provided in this worksheet is offered as technical assistance and not legal advice. Water districts should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: Voter-Approval Tax Rate

The voter-approval tax rate for developed water districts is the current year's debt service, contract and unused increment tax rates plus the maintenance and operation (M&O) tax rate that would impose no more than 1.035 times the amount of M&O tax imposed by the water district in the preceding year on the average appraised value of a residence homestead in the water district. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.

The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

If any part of the developed water district is located in an area declared a disaster area during the current tax year by the governor or by the president, the board of the district may calculate the voter-approval tax rate in the manner provided in Water Code Section 49.23601(a) and determine whether an election is required to approve the adopted tax rate in the manner provided in Water Code Section 49.23601(c). In such cases, the developed water district may use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* to calculate its voter-approval tax rate.

Line	Worksheet	Amount/Rate
1.	Prior year average appraised value of residence homestead. ¹	\$ 130245
2.	Prior year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ²	\$ 5000
3.	Prior year average taxable value of residence homestead. Line 1 minus Line 2.	\$ 125245
4.	Prior year adopted M&O tax rate.	\$ 0.058044 /\$100
5.	Prior year M&O tax on average residence homestead. Multiply Line 3 by Line 4, divide by \$100.	\$ 72.70
6.	Highest M&O tax on average residence homestead with increase. Multiply Line 5 by 1.035. ³	\$ 75.24
7.	Current year average appraised value of residence homestead.	\$ 143860
8.	Current year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ⁴	\$ 5000
9.	Current year average taxable value of residence homestead. Line 7 minus Line 8.	\$ 138860
10.	Highest current year M&O tax rate. Line 6 divided by Line 9, multiply by \$100. ⁵	\$ 0.054185 /\$100
11.	Current year debt tax rate.	\$ 0.012263 /\$100
12.	Current year contract tax rate.	\$ 0.00 /\$100
13.	Year 3 Foregone Revenue Amount. Subtract the 2023 unused increment rate and 2023 actual tax rate from the 2023 voter-approval tax rate. Multiply the result by the 2023 current total value.	
	A. Voter-approval tax rate	\$ 0.00 /\$100
	B. Unused increment rate	\$ 0.00 /\$100
	C. Subtract B from A	\$ 0.00 /\$100
	D. Adopted Tax Rate	\$ 0.00 /\$100
	E. Subtract D from C	\$ 0.00 /\$100
	F. 2023 Total Taxable Value	\$
	G. Multiply E by F and divide the results by \$100	\$ 0.00

¹ Tex. Water Code § 49.236(a)(2)(C)

² Tex. Water Code § 49.236(a)(2)(D)

³ Tex. Water Code § 49.23602(a)(2)(A)

⁴ Tex. Water Code § 49.236(a)(2)(E)

⁵ Tex. Water Code § 49.236(a)(2)(F)

Line	Worksheet	Amount/Rate
14.	Year 2 Foregone Revenue Amount. Subtract the 2022 unused increment rate and 2022 actual tax rate from the 2022 voter-approval tax rate. Multiply the result by the 2022 current total value.	
	A. Voter-approval tax rate	\$ 0.00 /\$100
	B. Unused increment rate	\$ 0.00 /\$100
	C. Subtract B from A	\$ 0.00 /\$100
	D. Adopted Tax Rate	\$ 0.00 /\$100
	E. Subtract D from C	\$ 0.00 /\$100
	F. 2022 Total Taxable Value	\$
	G. Multiply E by F and divide the results by \$100	\$ 0.00
15.	Year 1 Foregone Revenue Amount. Subtract the 2021 unused increment rate and 2021 actual tax rate from the 2021 voter-approval tax rate. Multiply the result by the 2021 current total value	
	A. Voter-approval tax rate	\$ 0.00 /\$100
	B. Unused increment rate	\$ 0.00 /\$100
	C. Subtract B from A	\$ 0.00 /\$100
	D. Adopted Tax Rate	\$ 0.00 /\$100
	E. Subtract D from C	\$ 0.00 /\$100
	F. 2021 Total Taxable Value	\$
	G. Multiply E by F and divide the results by \$100	\$ 0.00
16.	Total Foregone Revenue Amount. Add Lines 13G, 14G and 15G.	\$ 0.00
17.	2024 Unused Increment Rate. Divide Line 16 by Line 9. Multiply the result by 100.	\$ 0.00 /\$100
18.	Total 2024 voter-approval tax rate, including the unused increment rate.	\$ 0.066448 /\$100

SECTION 2: Mandatory Tax Election Rate

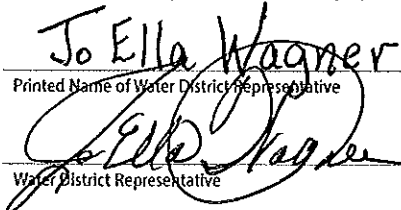
The mandatory tax election rate is the highest total tax rate a developed water district may adopt without holding an election. The mandatory tax election rate is the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on the average appraised value of a residence homestead in the water district plus the unused increment rate. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older. ⁷

Line	Worksheet	Amount/Rate
19.	Prior year average taxable value of residence homestead. Enter the amount from Line 3.	\$ 125245
20.	Prior year adopted total tax rate.	\$ 0.070375 /\$100
21.	Prior year total tax on average residence homestead. Multiply Line 19 by Line 20 divide by \$100.	\$ 88.14
22.	Current year mandatory election amount of taxes per average residence homestead. Multiply Line 21 by 1.035.	\$ 91.22
23.	Current year mandatory election tax rate, before unused increment. Divide Line 22 by Line 9 and multiply by \$100.	\$ 0.065700 /\$100
24.	Current year mandatory tax election rate. Add Line 17 and Line 23.	\$ 0.065700 /\$100

SECTION 3: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the voter-approval tax rate and mandatory tax election rate as authorized by the governing body of the water district. By signing below, you certify that you are the designated officer or employee of the taxing unit and have calculated the tax rates in accordance with requirements in Water Code. ⁸

print here → Jo Ella Wagner
 Printed Name of Water District Representative

sign here → 
 Water District Representative

8/1/24
 Date

⁶ Tex. Tax Code § 26.013
⁷ Tex. Water Code § 49.23602(a)(2)
⁸ Tex. Water Code § 49.23602

ATTACHMENT 8

Engagement Letter - Womack

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: August 2, 2024
Re: Engagement Letter-John Womack and Company-Fiscal Year 2024

Background:

Enclosed is a Letter of Engagement for Auditing Services with John Womack & Company, P.C. (Womack) for fiscal year ending September 30, 2024.

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 approximately \$10,950 plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.), which compared to last year's estimate is a potential slight increase. Based on the attached letter from Womack and Company we should expect to have the audit begin by December 9, 2024 and reports should be issued no later than January 31, 2025. Review and acknowledge Womack's letter outlining the various factors of the external audit.

Staff Recommendation:

Approve the Letter of Engagement for Auditing Services with John Womack & Company, P.C. for fiscal year ending September 30, 2024.

Board Action:

Determine whether to approve the engagement letter from John Womack & Company, P. C. for audit services of an approximate amount of \$10,950.

Summary:

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

Engagement letter was not available at time of posting agenda. It will be provided prior to board meeting.

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 30, 2024

To the Board of Directors
South Texas Water Authority
2302 East Sage Road
Kingsville, Texas 78363

We are pleased to confirm our understanding of the services we are to provide South Texas Water Authority for the year ended September 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of South Texas Water Authority as of and for the year ended September 30, 2024. Accounting standards generally accepted in the United States of America (GAAP) 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 (GAAS). 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 appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures but will not be audited.

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules – General Fund.



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 GAAS, 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) Individual Nonmajor Fund Financial Statements.
- 2) Supplementary Information Required by the Texas Commission on Environmental Quality.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. 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 an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. 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.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. 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.

As part of this communication, we have not identified any significant risks of material misstatement. However, planning has not concluded, and modifications may be made. If new significant risks are identified after the date of this initial communication, for example during the course of fieldwork, we will communicate them to those charged with governance in a timely manner, in writing.

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 conversions) of South Texas Water Authority in conformity with accounting principles generally accepted in the United States of America 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.

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

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining 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 accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). 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, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (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. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

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 of each opinion unit 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, grantors, 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 accounting principles generally accepted in the United States of America (GAAP). 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.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

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 Water 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 Water Authority, John Womack & Co., P.C.'s liability to the Water Authority will be limited to actual damages or losses incurred by the Water Authority. John Womack & Co., P.C. will not be liable to the Water Authority for any punitive damages.

Engagement Administration, Fees, and Other

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 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. 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.

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.

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.

We expect to begin our audit on approximately December 09, 2024 and to issue our reports no later than January 31, 2025.

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.

Our fee for services will be approximately \$10,950 plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, 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.

As an attest client, John Womack & Co., P.C. cannot retain your documents on your behalf. This is in accordance with the ET 1.295.143 of the *AICPA Code of Professional Conduct*. South Texas Water Authority is responsible for maintaining its own data and records.

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.

Reporting

We will issue a written report upon completion of our audit of South Texas Water Authority's financial statements which will also address other information in accordance with AU-C 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. Our report will be addressed to management and those charged with governance of South Texas Water Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance.

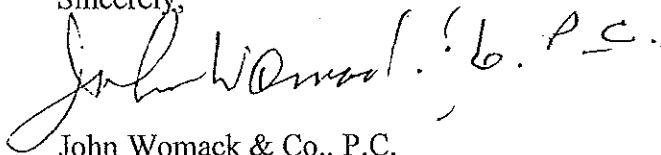
If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which 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.

You have engaged us to include in our report a section that discusses key audit matters, if any, identified during our audit. Key audit matters are matters that are communicated or required to be communicated to those charged with governance that were, in the auditor's professional judgment, of most significance to the audit of the financial statements of the current period. Key audit matters may involve, among other things, areas of higher assessed risk of material misstatement or significant identified risks; areas that required significant auditor judgment, such as accounting estimates or other areas subject to a high degree of estimation uncertainty; or the effect of significant events or transactions in the current period. For each key audit matter identified in our report, our report will describe the

primary reason(s) we designated it as a key audit matter, how it was addressed in the audit, and refer to the financial statement account(s) or disclosure(s) related to it. The communication of key audit matters does not alter in any way our opinion on the financial statements, taken as a whole. If our audit does not identify any key audit matters, our audit report will state that conclusion.

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 attached copy and return it to us.

Sincerely,

A handwritten signature in cursive script that reads "John Womack & Co., P.C." The signature is written in dark ink and is positioned above the printed name of the firm.

John Womack & Co., P.C.

RESPONSE:

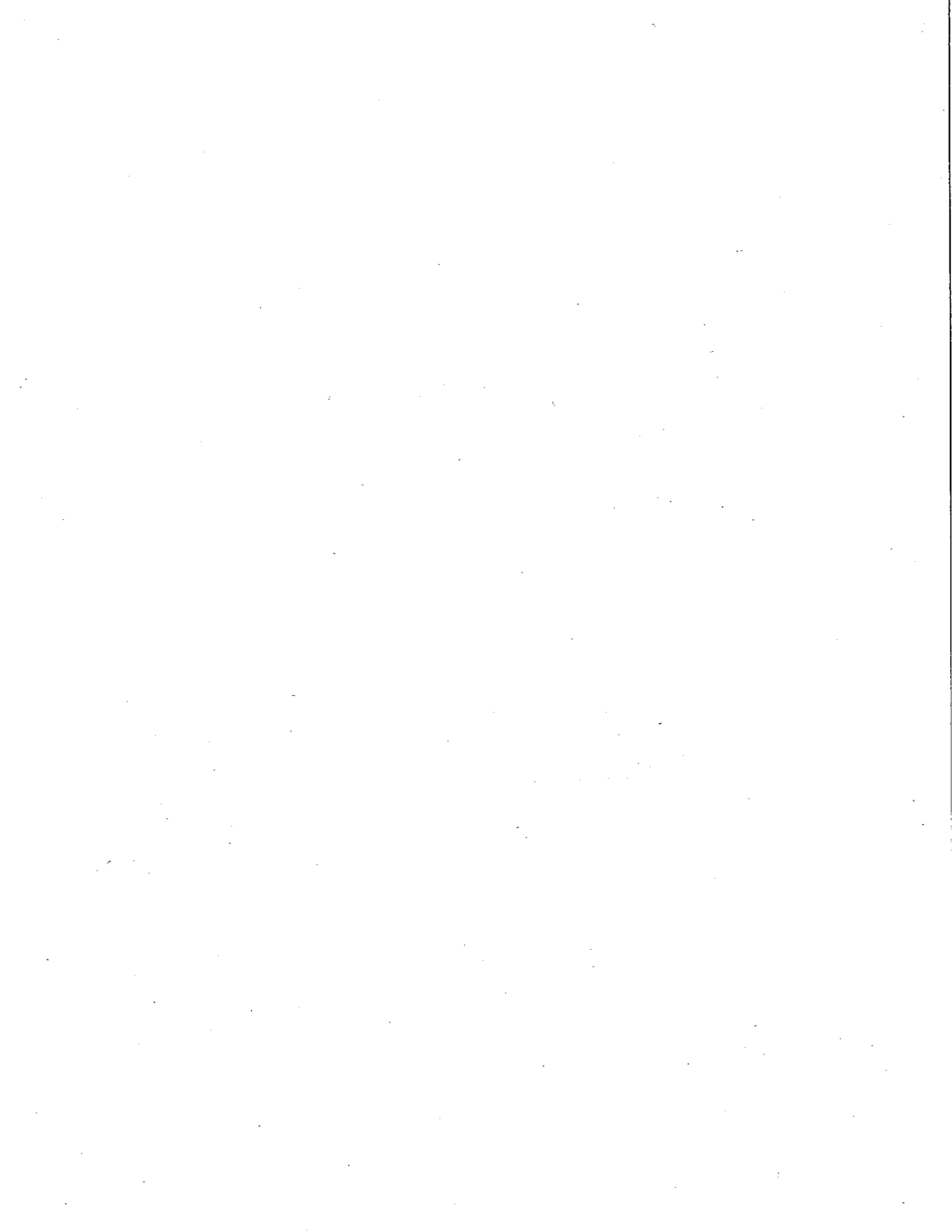
This letter correctly sets forth the understanding of South Texas Water Authority.

Management signature: _____

Title: _____

Governance signature: _____

Title: _____



ATTACHMENT 9

Engagement Letter – Charles Zahn, Jr.

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: August 2, 2024
Topic: Ratification of Engagement Letter – Charlie Zahn Jr.

Background:

The need for legal services to address a water supply proposal has been a crucial matter for our board and staff. In light of our ongoing discussions and the complex legal considerations involved, we have identified the need to engage specialized legal counsel. Charlie Zahn Jr. has a distinguished background in water law and public utility regulations, making him an ideal candidate to provide the necessary legal services.

Analysis:

Charlie Zahn Jr.'s extensive experience in water law and his familiarity with the regulatory landscape will be instrumental in navigating the legal challenges associated with our water supply proposal. Securing Mr. Zahn's services will ensure that we adhere to all legal requirements and effectively address any legal obstacles that may arise. The scope of work includes providing legal advice, drafting and reviewing documents, and representing STWA in negotiations and proceedings related to the water supply proposal.

Staff Recommendation:

Based on the analysis of Mr. Zahn's qualifications and the critical nature of the legal services required, staff recommends that the Board approve the ratification of the engagement letter with Charlie Zahn Jr. His expertise is vital to the successful advancement of our water supply proposal.

Board Action:

Review and approve the ratification of the engagement letter with Charlie Zahn Jr. for legal services pertaining to the water supply proposal.

Summary:

In summary, the engagement of Charlie Zahn Jr. will provide the South Texas Water Authority with the expert legal counsel needed to effectively manage the legal aspects of our water supply proposal. Staff recommends the approval of the engagement letter to proceed with his services.

John Marez

From: John Marez <jmarez@stwa.org>
Sent: Monday, July 29, 2024 4:06 PM
To: John Marez
Subject: Fwd: Engagement Letter
Attachments: Charles W. Zahn, Jr. - Engagement letter - South Texas Water Authority.docx

Begin forwarded message:

From: Charlie Zahn <cwzjr@centurytel.net>
Date: June 28, 2024 at 8:09:28 PM CDT
To: jmarez@stwa.org
Subject: Engagement Letter

John:

As requested. Lety me know if you receive it.

Charlie

Charles W. Zahn, Jr.
Attorney at Law
2106 State Highway 361, Suite C
P.O. Box 941
Port Aransas, Texas 78373
Telephone: (361) 548-8967
Facsimile: (361) 729-2381
cwzjr@centurytel.net

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CHARLES W. ZAHN, JR.
ATTORNEY AT LAW
2106 STATE HIGHWAY 361, SUITE B
P.O. BOX 941
PORT ARANSAS, TEXAS 78373
Telephone: (361) 548-8967 * Fax: (361) 729-2381
Email: cwzjr@centurytel.net
June 13, 2024

South Texas Water Authority
2302 E. Sage Road
Kingsville, Texas 78363
Attn: Mr. John Marez
Executive Director

Gentlemen:

The Law Offices of Charles W. Zahn, Jr. ("Firm") would be pleased to serve as the South Texas Water Authority's ("Authority") Counsel for the Seven Seas Water Contract Proposal or other potential contracts for a specific or limited timeframe. Our legal services will include the following without limitation: providing legal advice regarding the Authority's compliance with the Water Code, Local Government Code, Government Code, Open Meetings Act, the Public Information Act, and similar statutes applicable to the Authority's operations; assisting the Authority in connection with its local, state and federal governmental entities, reviewing and approving agendas for and contracts to be considered at Authority meetings; representing the Authority's interests in litigation, administrative hearings, negotiations, and similar proceedings not assigned to special counsel; preparing purchasing agreements, sales agreements, requests for proposals, requests for competitive sealed bids, letters of intent, memorandums of understanding, leases, licenses, easements, deeds, permits, resolutions, contracts, certificates, notices, legal opinions and keeping the Authority and staff apprised of court rulings and legislation affecting the legal interests of the Authority.

When representing the Authority, lawyers in our Firm report to and accept directions from the Authority's authorized constituents, such as the Authority Administrator, the Board of Directors and other members of the Authority's staff, but the Authority is the Firm's only client in this engagement. We do, however, advise the Authority Administrator from time to time about his legal authority to act on behalf of the Authority without Board of Directors approval. Similarly, we regularly consider whether the Directors are allowed to deliberate an Authority agenda item in executive session under one or more of the exceptions described in the Texas Open Meetings Act. We also consult with individual Directors periodically, at their request, to determine whether they have a legal conflict of interest with respect to an item on an Authority meeting agenda. From time to time, we are also called on to advise individual Directors regarding Texas laws pertaining to nepotism, abuse of office, and gifts to public servants. So, while the Authority is our client, the foregoing individuals may also rely on our legal advice when acting in their official capacity on behalf of the Authority.

This letter summarizes our billing and payment arrangements, and the terms of our agreement.

COOPERATION AND PRESERVATION. In order to provide effective legal services to you, it is essential that you disclose to us fully and accurately all material facts pertaining to our engagement and inform us of all developments, and that you give us prompt instructions. Additionally, you will undertake to preserve relevant documents and materials, including electronic information that may be necessary for our representation of you.

FEES. Our fees are determined primarily on the basis of our time at current hourly rates. Our rates are adjusted by us from time to time, normally once a year. Unless we otherwise agree, the rates we charge will change at that time. I, Charles W. Zahn, Jr. will be the lawyer principally involved in this matter and my current hourly rate is \$450.00 per hour. Any estimates of fees and expenses we may give are merely approximations and are often based on many circumstances not within our control. Such estimates are not binding, and the fees and expenses owed will be as set forth in our statements to you.

EXPENSES. Costs and expenses related to our legal services will be included in our statements. Costs may include travel expenses, messenger charges, filing and recording fees, and other costs. We intend to bill such expenses to you at our cost. Certain other expenses, such as photocopying and computerized research, will be billed in accordance with our standard schedule of charges. For certain substantial expenses, such as expert, mediation and arbitration fees, e-discovery, court and deposition costs and travel expenses, we may ask that you be responsible for paying them directly.

AGREEMENT TO PAY. Our statements are rendered monthly and are due upon receipt. If a question concerning a statement arises, we ask that it be raised in writing within 30 days. You agree to timely payment of our statements. A statement not paid within 30 days of receipt is overdue and will be subject to interest on the unpaid balance at a rate of 12% per annum, but in no event at a rate exceeding the amount allowed by law. If our statements are not timely paid, we reserve the right to suspend our services until satisfactory payment arrangements are made, or if necessary, to terminate our services, subject to applicable legal requirements. Payments shall be performable and due in Nueces County.

RETAINER. Considering the nature and scope of the matter for which you have engaged us, we have agreed to waive the retainer requirement. However, we may request a retainer and, subject to your approval, apply this retainer to fees and expenses from time to time and, if we do, we may ask that it be replenished. When our representation is completed, we will apply the balance of the retainer against our final statement and refund any excess to you.

CLIENT AND SCOPE OF REPRESENTATION. In this engagement, our representation is solely of South Texas Water Authority. Our engagement is limited to the matters described above and if we agree to perform additional legal services, this letter will apply to such services. Unless specifically agreed to by us in a letter like this one, we will not be representing other related persons or entities, including any subsidiaries, affiliates or shareholders. In addition, we will provide only legal advice and services, and not financial, accounting, business or other advisory services.

TERMINATION. South Texas Water Authority is free to terminate this engagement at any time for any reason, as are we. If this engagement is terminated, South Texas Water Authority remains responsible for the payment of fees and expenses incurred until termination, and if court approval is required, both of us will cooperate in obtaining it.

CONTACT PERSON. Unless you otherwise direct, I will be your principal contact.

CONFLICTS. Please be aware that the undersigned represents many other companies and individuals. It is possible that while we are representing you, some of our present or future clients will have disputes or transactions with you. By entering into this engagement letter, you agree that the undersigned may continue to represent, or may undertake in the future to represent, existing or new clients in any matter that is not substantially related to our work for you in this matter, even if the interests of such clients in those other matters are directly adverse to yours. We agree, however, that your prospective consent shall not apply in any instance where, as a result of representing you, we have obtained proprietary or other material, confidential, non-public information, that, if known to such other client, could be used by such client to your material disadvantage in the other matter.

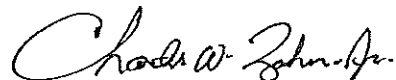
GUARANTEE DISCLAIMER. We will do our best to provide you with the legal services reasonably necessary to achieve a result satisfactory to you. However, the outcome of all transactions or lawsuits is subject to uncertainties and risks, and we make no promises, warranties or guarantees to you concerning the outcome of our legal representation. Any statements we may make are expressions of opinion only.

CONCLUSION AND DISPOSITION OF DOCUMENTS. Our representation of you will terminate when we send the final statement for services rendered. Upon the conclusion of this matter, you will promptly advise us which, if any, documents you wish us to return to you. You agree that we need not return or provide any electronic information, except upon payment of our reasonable costs. We may retain copies for our records. We will retain or dispose of any documents, including electronic information, in accordance with our record retention policy then in effect.

ONLY AGREEMENT. This written agreement supersedes all prior oral or written agreements and may be amended or changed only in writing signed by both parties.

Once again, we are very pleased to represent you. Please confirm acceptance of the terms of our engagement by signing the enclosed copy of this agreement in the space provided below and returning it to me.

Very truly yours,



Charles W. Zahn, Jr.

Agreed to and accepted this 13th day of June 2024.

South Texas Water Authority

By: _____
Jose Graveley, Board President or designee

THE STATE BAR OF TEXAS INVESTIGATES AND PROSECUTES PROFESSIONAL MISCONDUCT COMMITTED BY TEXAS ATTORNEYS. ALTHOUGH NOT EVERY COMPLAINT AGAINST OR DISPUTE WITH A LAWYER INVOLVES PROFESSIONAL MISCONDUCT, THE STATE BAR'S OFFICE OF GENERAL COUNSEL WILL PROVIDE YOU WITH INFORMATION ABOUT HOW TO FILE A COMPLAINT. PLEASE CALL 1-800-932-1900 TOLL-FREE FOR MORE INFORMATION.

ATTACHMENT 10

TWDB Funding

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: August 2, 2024
Re: Update TWDB Funding SFY 2024

Background

The Texas Water Development Board (TWDB) has reviewed our application for financial assistance for the South Texas Water Authority Pump Station Improvements project. This project, submitted under the Drinking Water State Revolving Fund (DWSRF), is eligible for funding under the Infrastructure Investment and Jobs Act (IIJA) general supplemental appropriations.

The project, qualifies as an equivalency project, meaning it must adhere to all federal requirements. Importantly, the project is eligible for a substantial subsidy (principal forgiveness) amounting to \$5,377,207 for disadvantaged communities roughly 70% will be a grant. The remaining funding will be provided as an equivalency loan under the program's regular terms.

Analysis

Our application is undergoing technical review by the TWDB staff. It is important to note that until the TWDB issues a funding commitment, the budgeted amounts specified in the application are subject to modification.

Staff Recommendation

No immediate action is required from the board at this stage. However, we must prepare to comply with all federal requirements associated with the equivalency project status to ensure we secure the funding.

Board Action

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

Summary

1. Monitor the technical review process and provide any additional information or documentation requested by TWDB.
2. Begin preliminary planning for compliance with federal requirements linked to the IIJA-equivalency status.
3. Prepare for potential adjustments to the project budget based on TWDB's final funding determination.

This funding opportunity represents a significant step forward in our efforts to improve the Pump Stations within the STWA system. We appreciate the board's continued support and will keep you informed as we progress through the review and funding commitment stages.



P.O. Box 13231, 1700 N. Congress Ave.
 Austin, TX 78711-3231, www.twdb.texas.gov
 Phone (512) 463-7847, Fax (512) 475-2053

Official Electronic Mail sent via email. No hard copy to follow.

July 31, 2024

Mr. John Marez
 General Manager
 South Texas WA
 P.O. Box 1701
 Kingsville, TX 78363-1701
jmarez@stwa.org

Re: **Funding Determination Letter – SFY 2024 (IIJA-Equivalency)**

Dear Mr. Marez:

The Texas Water Development Board (TWDB) received your application for financial assistance for the project detailed below.

Program	Drinking Water State Revolving Fund (DWSRF)
Project Description	South Texas Water Authority Pump Station Improvements
Project Number	63025
PIF Number	14988

This project is eligible for funding under the general supplemental appropriations from the Infrastructure Investment and Jobs Act (IIJA). This is an **equivalency** project; therefore, the project must follow all federal requirements.

This project is eligible for additional subsidy (principal forgiveness) in an amount not to exceed the following:

Disadvantaged Community	\$5,377,207
-------------------------	-------------

The remainder of the funding available for this project will be in the form of an **equivalency** loan at the program’s regular terms.

The application is currently under technical review by TWDB staff. **Until the project receives a funding commitment from the TWDB, the budgeted amounts in the application are subject to change.**

Our Mission : Board Members
 Leading the state’s efforts : Brooke T. Paup, Chairwoman | George B. Peyton V, Board Member | L’Oreal Stepney, P.E., Board
 in ensuring a secure : Member
 water future for Texas :
 Bryan McMath, Interim Executive Administrator

Mr. John Marez
July 31, 2024
Page 2

If you have any questions regarding this funding determination, please contact Heather O'Keefe at (512) 475-1835 or DWSRF@twdb.texas.gov.

The TWDB appreciates your interest in the DWSRF program and looks forward to working with you to complete this project.

Sincerely,

Marvin Cole-Chaney

Marvin Cole-Chaney
Director, Program Administration and Reporting
Water Supply and Infrastructure

c: Mr. Ivan Luna; ICE; ivan@iceengineers.net
Dain Larsen, Assistant Director, RWPD
RWPD-Team 6
RWPD-Team-FA