

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: August 27, 2018
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

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

Tuesday, September 4, 2018

5:30 p.m.

South Texas Water Authority

2302 East Sage Road

Kingsville, Texas

Agenda

1. Call to order.
2. Public Hearing on **proposed** \$0.086664 per \$100 valuation tax rate for Fiscal Year 2019/Tax Year 2018.
3. Public Comment.
4. Adjournment.

KL/CGS/fdl

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 1030 am/pm on 8-31-18
James De Leon
Assistant Secretary

MEMORANDUM

KINGSVILLE, TEXAS 78364-1701

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: August 27, 2018
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

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

Tuesday, September 4, 2018
5:40 p.m.
South Texas Water Authority
2302 East Sage Road, Kingsville, Texas

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

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Approval of Minutes. (Attachment 1)
4. Report/Treasurer's Report/Payment of Bills. (Attachment 2)
5. Proposal for line locate services from USIC Locating Services, LLC. (Attachment 3)
6. Fiscal Year 2019 budget, revenues and rates. (Attachment 4)
7. **Resolution 18-12.** Resolution adopting the recommended Fiscal Year 2019 budget. (Attachment 5)
8. **Resolution 18-13.** Resolution adopting the Fiscal Year 2019/Tax Year 2018 tax rate. (Attachment 6)
9. Update on TCEQ Enforcement Action and State Office of Administrative Hearings. (Attachment 7)
10. Update on Driscoll Pump Station LAS Chemical Feed System Addition. (Attachment 8)

11. Authorization to solicit bids for Fiscal Year 2019 pickup truck. (Attachment 9)
12. Water Supply Contract with the City of Bishop. (Attachment 10)
13. Water Supply Contract with City of Driscoll. (Attachment 11)
14. Update on offer for Supplemental Easement on CR 38 in Agua Dulce for the AEP Texas Banquete to Stadium Transmission Line Project in Nueces and Jim Wells Counties pertaining to the Agua Dulce Pump Station. (Attachment 12)
15. Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election. (Attachment 13)
16. Official Consent and Ballot Form for Approval of Proposed Amendments to the ERCOT Articles of Incorporation and Approval of Proposed Amendments to the ERCOT Bylaws. (Attachment 14)
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.

KL/CGS/fdl
Attachments

This meeting notice was posted on
STWA's website, www.stwa.org, and on
indoor and outdoor bulletin boards at
STWA's administrative offices,
2302 East Sage Road, Kingsville, Texas at
10:30 (am) on 08-31-18
James DeLeon
Assistant Secretary

ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
July 31, 2018
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Rudy Galvan
Lupita Perez
Patsy Rodgers
Filiberto Treviño
Steven Vaughn

Board Members Absent:

Charles Schultz

Staff Present:

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

Guests Present:

Tem Miller – Mayor, City of Bishop
Cynthia Contreras – City of Bishop

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 p.m. A quorum was present.

2. Citizen Comments.

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

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the June 26, 2018 Regular Meeting as presented. Mr. Treviño seconded. The motion passed by unanimous vote.

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

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

South Texas Water Authority Investment Report for Quarter Ended June 2018
Treasurer's Report for period ending June 30, 2018
Revenue Fund Income Statement for period ending June 30, 2018
Tax Fund Income Statement for period ending June 30, 2018
Special Services Income Statement for period ending June 30, 2018
STWA Revenue Fund Balance Sheet – June 30, 2018
STWA Revenue Fund GL Account Summary Report as of June 30, 2018
STWA Debt Service Fund Income Statement for period ending June 30, 2018
STWA Debt Service Fund Balance Sheet June 30, 2018

STWA Debt Service Fund GL Account Summary Report as of June 30, 2018
STWA Capital Projects Fund Income Statement for period ending June 30, 2018
STWA Capital Projects Fund Balance Sheet – June 30, 2018
STWA Capital Projects Fund GL Account Summary Report as of June 30, 2018
STWA 2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Willatt & Flickinger, Attorneys at Law	\$ 451.50
• Walker Partners	\$ 592.00
• TML Intergovernmental Risk Pool	\$ 10,233.16
• Kevin Kieschnick-NC Tax Assessor	\$ 341.47
• City of Corpus Christi	\$ 141,297.49

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

5. Review of 2018 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties.

Ms. Serrato reported that the Certified Appraisal Rolls were delivered by Kleberg County Appraisal District and Nueces County Appraisal District and reflect net taxable values of \$1,139,137,395 and \$804,058,640 respectively, approximately \$200,000,000 more than last year. Ms. Serrato recommended approval of Resolutions 18-09 and 18-10.

6. Resolution 18-09. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2018.

After reviewing the Kleberg County appraisal roll for tax year 2018, Mr. Galvan made a motion to approve resolution 18-09. Mr. Treviño seconded the motion. The motion carried.

7. Resolution 18-10. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2018.

Following review of the Nueces County appraisal roll for tax year 2018, Mr. Galvan made a motion to approve resolution 18-10. Mr. Treviño seconded the motion. The motion passed by unanimous vote.

8. Preliminary Fiscal Year 2019 Budget.

Ms. Serrato presented an updated preliminary Fiscal Year 2019 Budget based on certified appraisal district values. The Raw Water and Treater Water Costs from the City of Corpus Christi and information on insurance renewal premiums are not yet available. She stated that Superior Building Systems from Whitsett, Texas provided a quote on a 20x60x20 equipment

barn for a total cost of \$30,577 with additional option totaling \$3,175 for galvanized purlins, painted columns/trusses and colored side walls. She added that \$35,000 was included in the budget. No changes were requested by the Board.

9. Proposed Fiscal Year 2019/Tax Year 2018 tax rate and authorization to publish notice of public hearing.

Ms. Serrato presented the Water District Notice of Public Hearing on Tax Rate reflecting a proposed total tax rate of \$0.086664/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.067886/\$100 and an Interest & Sinking tax rate of \$0.018778. The proposed total tax rate is slightly higher than the current total tax rate of \$0.085170. The public hearing is scheduled for September 4, 2018 and if approved the notice of public hearing will be published on August 26, 2018. Mr. Treviño made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Dr. Ruiz seconded. All voted in favor.

10. Bids for pickup truck.

Ms. Serrato reported that bid packets were delivered to several dealerships in order to replace the truck totaled recently as a result of a hit and run accident. Sames Kingsville Ford submitted the two lowest bids – \$26,011.75 for a ½ ton 4x2 truck and \$29,171.75 for a 4x4 truck. She added that TML has paid \$19,285 on the claim.

11. Resolution 18-11. Resolution awarding the bid for the purchase of one pickup truck.

Ms. Rodgers made a motion to award the bid for the purchase of one 4x4 ½ ton pickup truck to Sames Ford Kingsville in the amount of \$29,171.75. Ms. Perez seconded. All voted in favor.

12. Update on TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that a conference call with TCEQ representatives is scheduled for tomorrow and she should have more to report at the next Board meeting.

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

Ms. Serrato reported that the system continues to be monitored closely and staff continues troubleshooting in hopes of determining the cause of the system's failure to perform as expected. Several items have been discovered that could be contributing to the problem of boosting the residual to the desired level downstream from the booster station. A programming error was allowing the LAS to inject when no chlorine was being injected. Mr. Sherrel Mercer has also indicated that the wiring for the magnetic flow meter will need to be checked because there appears to be a problem with the signal. In addition it was discovered that the rotameter on the chlorine system is not sized properly a 100 pound per day rotameter has been installed. Ms. Serrato added that the system appears to work a lot better when a larger flow is moving through the pipeline. The levels remain in compliance but better readings are desired.

14. Water Supply Contract with the City of Bishop.

Mayor Tem Miller and City Secretary Cynthia Contreras were present at the meeting for discussion on this agenda item. Ms. Serrato reported that at the Bishop City Council meeting on July 25, 2018, the City approved authorizing their legal counsel Ken Fields to modify STWA's offered contract to reflect a beginning purchase percentage of 46% and increasing to 50% over a 5-year period. In addition the Council agreed to accept the same term language as in the City of Kingsville's contract and to delete the added language that STWA objected to pertaining to the City purchasing water from other sources. Ms. Serrato said she offered to have STWA's legal counsel work on the revisions, but it was her understanding that Mr. Fields would be taking care of the changes. Ms. Serrato suggested that the Board accept the City's offer of purchasing 46% of their water from STWA with an annual 1% increase every year up to 50%. She added that although she did not have a document to present, the Board can approve the offer in concept and she will present the contract for Board approval once it is prepared. She added that she would work with the City to provide updates on their purchases so that they stay on track to meet the contracted amount. Mr. Treviño made a motion to approve the 46% in year 1 building to 50% in year 5 as the volume of purchase. Mr. Galvan seconded. All voted in favor. Ms. Contreras stated that she would contact Mr. Fields in the morning to begin working on the changes.

15. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she recently had a discussion with legal counsel Bill Flickinger about pursuing water supply contract negotiations with the City of Driscoll. She requested Board authorization to work with legal counsel to negotiate a contract. The Board agreed by consensus to authorize Ms. Serrato to work on contract negotiations with Mr. Flickinger.

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

Ms. Serrato stated that she has not received the updated metes and bounds but Brent Starr of Right of Way Service, Inc., has indicated that the revised metes and bounds description should have a southern boundary abutting the pump station's fence and going no further south. She said that this item would be included in the next agenda.

17. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2018.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2018. Ms. Serrato stated that the cost is \$8,925 which is \$100 more than last year's cost. She added that \$9,750 has been budgeted for the audit including \$500 to cover the cost of another firm that will oversee Womack's audit process, and she recommended approval of the Letter of Engagement. Dr. Ruiz made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2018. Ms. Rogers seconded. All voted in favor.

18. Nomination to the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool.

Ms. Serrato provided information on the upcoming election of the Board of Trustees for the TML Intergovernmental Risk Pool and asked if the Board had any nominations. No nominations were made by the Board.

19. Selection of Personnel Evaluation Committee for evaluation of the Executive Director.

Ms. Serrato provided an opportunity for the Board to discuss selection of a Personnel Evaluation Committee to perform her evaluation. The Board decided by consensus to conduct the evaluation as an entire Board rather than appoint a committee.

20. Review of current South Texas Water Authority policy for employees and supervisors taking work vehicles home and its impact on insurance costs.

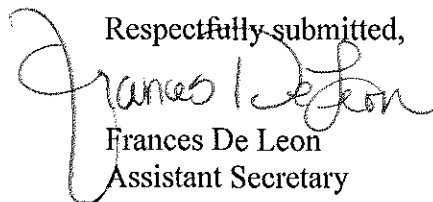
Ms. Serrato stated that Mr. Treviño requested this item be added to the agenda in order to review the current policy for employees taking working vehicles to their homes and its impact on insurance costs. She presented a copy of STWA's Vehicle Use Policies and Guidelines and a response from TML indicating that there is no additional cost associated with auto coverage for employees who drive STWA's vehicles home. The Board and staff discussed the policy and determined that the policy is working as it should be. No action was taken by the Board.

21. City of Corpus Christi Rate Model and True Up.

Ms. Serrato stated that due to the City of Corpus Christi's new billing system, their cost of water information will not be available until the end of September. She discussed the matter with Chris Ekrut of NewGen Strategies who agreed that her method of using last year's model and the projected 2019 figures as the Corpus Christi cost of water was the best option for determining a value although it might be a little high. The Board took no action.

22. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:55 p.m.

Respectfully submitted,

Frances De Leon
Assistant Secretary

ATTACHMENT 2

Treasurer's Report/Payment of Bills

SOUTH TEXAS WATER AUTHORITY
Treasurer's Report
For Period Ending July 31, 2018

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.389603 per 1000 g</u>	<u>Handling Charge @ \$0.426386/1000g</u>	<u>Incremental Increase @ \$0.426386/1000g</u>	<u>Out of District Surcharge and Pass-Thru Credit</u>	<u>Total Due</u>
Kingsville	21,078	\$50,368.05	\$8,987.36	\$0.00	\$0.00	\$59,355.42
Bishop	3,734	\$8,922.78	\$1,592.13	\$1,592.13	\$0.00	\$12,107.03
Agua Dulce	2,595	\$6,201.74	\$1,106.60	\$0.00	\$0.00	\$7,308.34
RWSC	9,307	\$22,240.04	\$3,968.37	\$0.00	\$0.00	\$26,208.41
Driscoll	4,882	\$11,666.28	\$2,081.66	\$2,081.66	-\$115.45	\$15,714.15
NCWCID #5	1,914	\$4,573.20	\$816.01	\$816.01	\$731.47	\$6,936.69
NWSC	17,981	\$42,966.64	\$7,666.70	\$0.00	\$0.00	\$50,633.34
TOTAL	61,491	\$146,938.72	\$26,218.84	\$4,489.80	\$616.02	\$178,263.38

Water Cost and Usage for Period of:

	07/01/18 to 07/31/18
City of Corpus Christi Invoice for Cost of Water Purchased:	\$156,041.09
Gallons of Water Recorded by City of Corpus Christi:	65,300,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	61,490,850
Water Loss Percentage:	5.83%

Annual Usage for FY 2018

	Annual
Gallons of Water Recorded by City of Corpus Christi:	447,198,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	459,219,530
Water Loss Percentage: (year to date)	-2.69%

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

83.33%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Water Service Revenue	146,939	1,104,472	1,257,962	88%	1,049,513	1,240,206
Handling Charge Revenue	26,219	198,262	220,170	90%	193,389	228,517
Premium Incremental Increase	4,490	37,034	35,000	106%	0	0
Surcharge - Out of District	552	5,516	6,619	83%	4,815	5,778
Interest Income	3,673	25,506	22,000	116%	10,633	13,500
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	25,530	27,226	5,000	545%	6,756	6,750
TOTAL REVENUES	207,402	1,398,015	1,546,751	90%	1,265,106	1,494,751
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	156,041	1,062,228	1,257,962	84%	1,046,032	1,233,414
Payroll Costs						
Salaries & Wages - Reg. Employees	29,009	256,382	313,366	82%	239,495	285,123
Salaries & Wages - Part-Time	117	1,237	1,607	77%	4,699	5,851
Overtime - NWSC	0	(0)	0	0%	0	0
Stand-by Pay - NWSC	0	0	0	0%	0	0
Overtime - RWSC	30	30	0	0%	0	0
Stand-by Pay - RWSC	0	0	0	0%	0	0
Overtime - STWA	1,614	15,709	20,300	77%	13,166	17,910
Stand-by Pay - STWA	100	1,050	1,300	81%	1,050	1,300
Employee Retirement Premiums	(2,840)	36,244	54,023	67%	25,355	36,612
Group Insurance Premium	14,822	129,045	156,292	83%	125,214	147,404
Unemployment Compensation	77	1,234	1,115	111%	162	300
Workers' Compensation	(697)	1,861	6,498	29%	8,048	7,252
Car Allowance	500	4,900	5,900	83%	4,000	4,800
Hospital Insurance Tax	294	2,830	3,825	74%	2,698	3,388
Supplies & Materials						
Repairs & Maintenance	1,296	61,423	80,000	77%	114,240	126,500
Meter Expense	0	12,523	11,500	109%	7,140	7,140
Tank Repairs	0	26,140	20,000	131%	0	7,800
Major Repairs	0	0	25,000	0%	0	25,000
Other Operating Expenditures:						
Professional Fees						
Legal	1,557	8,156	30,000	27%	22,080	30,000
Auditing	0	9,369	9,370	100%	9,155	9,155
Engineering	0	59,493	70,000	85%	26,239	60,000
Management & Consulting	0	2,778	10,000	28%	11,788	14,550
Inspection	0	2,725	3,725	73%	1,598	1,600
Leak Detection	0	55,440	55,440	100%	0	20,000
Consum Supplies/Materials						
Postage	216	5,834	6,500	90%	6,142	8,950
Printing/Office Supplies/Tech Support	1,801	20,302	26,500	77%	15,032	18,650
Janitorial/Site Maintenance	941	4,817	6,000	80%	2,480	4,350
Fuel/Lubricants/Repairs	3,354	24,139	33,000	73%	18,315	24,335
Chemicals/Water Samples	2,300	37,824	58,000	65%	37,347	49,900
Safety Equipment	44	673	1,500	45%	678	1,500
Small Tools	(323)	1,398	4,500	31%	318	1,000

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
Recurring Operating Costs						
Telephone/Communications	1,781	15,900	23,500	68%	16,177	23,700
Utilities	8,603	73,616	115,000	64%	87,764	108,500
D & O Liability Insurance	71	1,377	3,500	39%	1,577	2,100
Property Insurance	0	29,462	20,000	147%	33,247	33,247
General Liability	0	2,617	2,750	95%	2,247	2,750
Auto Insurance	0	2,050	2,050	100%	2,050	2,050
Travel/Training/Meetings	233	7,575	10,000	76%	4,926	6,300
Rental-Equipment/Uniforms	54	3,116	5,000	62%	2,178	3,500
Dues/Subscriptions/Publication	149	9,440	15,000	63%	5,859	9,300
Pass Through Cost	115	611	800	76%	482	780
Educational Materials	0	0	0	0%	0	0
Miscellaneous						
Miscellaneous Expenditures	199	3,829	11,647	33%	7,257	9,000
Total Administrative & Operations Exp.	221,460	1,995,378	2,482,470	80%	1,906,235	2,355,011
Capital Outlay						
Capital Acquisition	0	88,759	89,000	100%	79,269	114,500
Engineering	3,875	3,875	0	0%	798	1,000
TOTAL EXPENDITURES (w/o D.S. exp.)	225,335	2,088,012	2,571,470	81%	1,986,302	2,470,511
Excess (Deficiencies) of Revenue Over Expenditures	(17,933)	(689,997)	(1,024,719)	67%	(721,196)	(975,760)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	(1,068,253)	(1,055,703)	101%	(979,973)	(991,729)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	(19,825)	(24,257)	(4,432)	547%	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(19,825)	(1,092,510)	(1,060,135)	103%	(979,973)	(991,729)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)						
	1,892	402,513	35,416		258,777	15,969
NET INCOME	1,892	402,513	35,416		258,777	15,969

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

83.33%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	4,944	1,079,747	1,070,008	101%	982,264	989,500
Delinquent Tax Revenue	6,217	31,874	27,500	116%	26,467	33,850
Penalty & Interest - Tax Accounts	1,836	20,564	16,000	129%	18,764	22,050
Miscellaneous	0	0	0	0%	0	0
TOTAL TAXES & INTEREST	12,997	1,132,185	1,113,508	102%	1,027,495	1,045,400
EXPENDITURES						
Tax Collector Fees	845	36,527	37,215	98%	34,058	35,371
Appraisal Districts	0	15,252	20,590	74%	13,464	18,300
TOTAL EXPENDITURES	845	51,779	57,805	90%	47,522	53,671
Transfer to General Fund	0	1,068,253	1,055,703	101%	979,973	991,729
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	12,152	12,152	0		0	0

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

83.33%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	19,359	214,318	293,020	73%	199,223	271,554
Nueces Water Supply Corporation	22,078	225,924	275,134	82%	229,344	250,665
TOTAL REVENUES	41,437	440,241	568,154	77%	428,567	522,219
EXPENDITURES						
Personnel	22,593	242,150	304,185	80%	235,916	288,626
Overhead	22,016	206,388	263,969	78%	174,666	233,593
TOTAL EXPENDITURES	44,610	448,538	568,154	79%	410,582	522,219
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(3,173)	(8,296)	0		17,985	0

**South Texas Water Authority
Balance Sheet
July 31, 2018**

ASSETS

Current Assets

STWA - General	\$	291,419.47	
STWA - Payroll		33,891.47	
STWA - Operations		53,331.96	
Petty Cash		150.00	
TexPool - STWA General		2,254,929.77	
Due From Capital Projects Fund		35,497.09	
Due from Debt Service Fund		17.34	
Due from D.S. -Collect Service		275.48	
Tax Accounts Receivable		165,274.52	
Allowance for Uncollect Taxes		(66,653.05)	
Service accts receivable		268,487.18	
Interlocal Rec-Ricardo		4,995.00	
Interlocal Rec-Nueces		8,602.36	
Interlocal Rec. - Tax Assessor		2,097.91	
Inventory		17,836.50	
Total Assets			\$ 3,070,153.00

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$	328,672.48	
Salaries & Wages Payable		20,230.78	
Unemployment Comp. Pbl.		32.14	
Miscellaneous Payables		1,345.66	
Compensated Absences		17,620.65	
Deferred tax revenue		98,621.47	
Due to Debt Service Fund		179.89	
Total Liabilities			466,703.07

Fund Equity

Unassigned Fund Balance		2,179,245.44	
Assigned Fund Bal. - Inventory		17,836.50	
Current Earning		406,367.99	
Total Fund Equity			2,603,449.93
Total Liabilities & Fund Equity			\$ 3,070,153.00

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

<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
Current Assets					
STWA - General	167,525.32	\$ 246,439.60	\$ (122,545.45)	\$ 123,894.15	\$ 291,419.47
STWA - Payroll	33,844.40	30,009.48	(29,962.41)	47.07	33,891.47
STWA - Operations	49,030.34	40,018.85	(35,717.23)	4,301.62	53,331.96
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	70,000.00	(70,000.00)	0.00	0.00
TexPool - STWA General	2,215,084.73	39,961.70	(116.66)	39,845.04	2,254,929.77
Due From Capital Projects Fund	35,497.09	0.00	0.00	0.00	35,497.09
Due from Debt Service Fund	5,818.76	17.34	(5,818.76)	(5,801.42)	17.34
Due from D.S. -Collect Service	16,827.71	275.49	(16,827.72)	(16,552.23)	275.48
Tax Accounts Receivable	165,274.52	0.00	0.00	0.00	165,274.52
Allowance for Uncollect Taxes	(66,653.05)	0.00	0.00	0.00	(66,653.05)
Service accts receivable	240,448.90	206,113.23	(178,074.95)	28,038.28	268,487.18
Interlocal Rec-Ricardo	15,734.12	4,995.00	(15,734.12)	(10,739.12)	4,995.00
Interlocal Rec-Nueces	7,214.62	8,602.36	(7,214.62)	1,387.74	8,602.36
Interlocal Rec. - Tax Assessor	2,851.30	2,097.91	(2,851.30)	(753.39)	2,097.91
Inventory	17,836.50	0.00	0.00	0.00	17,836.50
Total Assets	2,906,485.26	648,530.96	(484,863.22)	163,667.74	3,070,153.00
Current Liabilities					
Trade Accounts Payable	(175,262.76)	66,172.32	(219,582.04)	(153,409.72)	(328,672.48)
Salaries & Wages Payable	(15,756.83)	15,756.83	(20,230.78)	(4,473.95)	(20,230.78)
Hospital Ins Tax Payable	(0.03)	1,211.91	(1,211.88)	0.03	0.00
Withholding Taxes Payable	0.00	3,894.61	(3,894.61)	0.00	0.00
Emply Retire Prem Payable	(5,241.98)	15,790.26	(10,548.28)	5,241.98	0.00
Unemployment Comp. Pbl.	(35.54)	35.54	(32.14)	3.40	(32.14)
Miscellaneous Payables	(1,251.06)	9,658.26	(9,752.86)	(94.60)	(1,345.66)
Compensated Absences	(17,620.65)	0.00	0.00	0.00	(17,620.65)
Deferred tax revenue	(98,621.47)	0.00	0.00	0.00	(98,621.47)
Due to Debt Service Fund	(116.66)	116.66	(179.89)	(63.23)	(179.89)
Total Liabilities	(313,906.98)	112,636.39	(265,432.48)	(152,796.09)	(466,703.07)
Fund Equity					
Unassigned Fund Balance	(2,179,245.44)	0.00	0.00	0.00	(2,179,245.44)
Assigned Fund Bal. - Inventory	(17,836.50)	0.00	0.00	0.00	(17,836.50)
Total Fund Equity	(2,197,081.94)	0.00	0.00	0.00	(2,197,081.94)
Totals	395,496.34	\$ 761,167.35	\$ (750,295.70)	\$ 10,871.65	\$ 406,367.99

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

83.33%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	1,613	352,153	366,174	96%	353,407	354,529
Delinquent Tax Revenue	1,996	10,082	7,000	144%	8,913	10,400
Penalty & Interest - Tax Accounts	544	5,888	5,500	107%	5,058	5,675
Out-of-District Surcharge	180	1,799	2,159	83%	1,725	2,070
Interest on Temporary Investments	529	3,079	2,280	135%	1,307	1,450
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL TAXES & INTEREST	4,861	373,000	383,113	97%	370,411	374,124
OTHER FINANCING SOURCES						
Excess Bond Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCE SOURCES	0	0	0		0	374,124
TOTAL REVENUE AND OTHER FINANCE SOURCES	4,861	373,000	383,113	97%	370,411	374,124
EXPENDITURES						
Fiscal Agent Fees	0	100	200	50%	100	200
Bond Interest Expense	0	63,375	126,750	50%	65,525	131,050
Bond Principal Payments	0	0	220,000	0%	0	215,000
Tax Collector Fees	275	11,966	12,189	98%	12,670	12,676
Appraisal District Fees	0	5,137	6,714	77%	4,823	6,555
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	275	80,578	365,853	22%	83,118	365,481
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	4,586	292,422	17,260		287,292	8,643

STWA Debt Service Fund
Balance Sheet
July 31, 2018

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$ 314,535.03
Due from General	179.89
Due from Other Governments	690.06
Taxes Receivable	30,191.56
Allowance for Uncollectibles	(8,581.46)

Total Current Assets 337,015.08

Other Assets

Total Other Assets 0.00

Total Assets \$ 337,015.08

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$ 21,610.10
Due to General Fund	292.83

Total Current Liabilities 21,902.93

Long-Term Liabilities

Total Long-Term Liabilities 0.00

Total Liabilities 21,902.93

Funds Equity

Fund Balance	22,690.35
Net Income	292,421.80

Total Funds Equity 315,112.15

Total Liabilities & Funds Equity \$ 337,015.08

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

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
10400	Debt Service Acct. - TexPool	332,137.98	\$ 5,043.53	\$ (22,646.48)	\$ (17,602.95)	\$ 314,535.03
12200	Due from General	116.66	179.89	(116.66)	63.23	179.89
13100	Due from Other Government	200.83	690.06	(200.83)	489.23	690.06
13300	Taxes Receivable	30,908.75	200.83	(918.02)	(717.19)	30,191.56
13301	Allowance for Uncollectibles	(8,581.46)	0.00	0.00	0.00	(8,581.46)
21700	Deferred Tax Revenue	(21,610.10)	0.00	0.00	0.00	(21,610.10)
24000	Due to General Fund	(22,646.48)	22,646.48	(292.83)	22,353.65	(292.83)
39100	Fund Balance	(22,690.35)	0.00	0.00	0.00	(22,690.35)
	Totals	<u>287,835.83</u>	<u>\$ 28,760.79</u>	<u>\$ (24,174.82)</u>	<u>\$ 4,585.97</u>	<u>\$ 292,421.80</u>

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

83.33%

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	1,644	14,298	12,500	114%	9,163	11,750
TOTAL REVENUE AND OTHER FINANCE SOURCES	1,644	14,298	12,500	114%	9,163	11,750
 EXPENDITURES						
Right of Way Acquisition	0	0	7,264	0%	0	0
Engineering Fees	0	5,400	228,320	2%	95,926	125,000
Construction Costs	0	228,484	643,232	36%	197,288	678,066
Pipeline Condition Assessment	0	0	194,100	0%	5,295	5,295
Legal & Administrative Fees	0	0	181,712	0%	0	0
Cost of Bond Issuance	0	0	0	0%	0	0
Miscellaneous Fees	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	0	233,884	1,254,628	19%	298,509	808,361
 EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES						
	1,644	(219,586)	(1,242,128)		(289,346)	(796,611)

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

ASSETS

Current Assets

TexSTAR - Construction Fund	\$ 1,022,574.63	
Total Current Assets		1,022,574.63

Property and Equipment

Total Property and Equipment		0.00
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Other Assets

Total Other Assets		0.00
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Total Assets		\$ 1,022,574.63

LIABILITIES AND FUNDS EQUITY

Current Liabilities

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

Long-Term Liabilities

Total Long-Term Liabilities		0.00
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Total Liabilities		35,497.09
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Fund Balance

Fund Balance	1,206,663.20	
Net Income	(219,585.66)	
Total Fund Balance		987,077.54

Total Liabilities & Fund Balance		\$ 1,022,574.63

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

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
11300	TexSTAR - Construction	1,020,930.29	\$ 1,644.34	\$ 0.00	\$ 1,644.34	\$ 1,022,574.63
2400	Due to General Fund	(35,497.09)	0.00	0.00	0.00	(35,497.09)
39100	Fund Balance	(1,206,663.20)	0.00	0.00	0.00	(1,206,663.20)
Totals		<u>(221,230.00)</u>	<u>\$ 1,644.34</u>	<u>\$ 0.00</u>	<u>\$ 1,644.34</u>	<u>\$ (219,585.66)</u>

OUTSTANDING INVOICES FOR BOARD APPROVAL

INV DATE	VENDOR	INV #	DESCRIPTION	STATUS	AMOUNT
7/31/2018	Willatt & Flickinger		July legal fees	pending	\$1,556.70
8/8/2018	LNV		Banquete Pump Station Improvements	pending	\$3,875.00
8/13/2018	Kevin Kieschnick-NC Tax Assessor		July and remaining parcels 2018	pending	\$1,120.20
8/13/2018	City of Corpus Christi		July water purchases	pending	\$156,041.09
8/24/2018	Nueces County Appraisal District	93018	4th Quarterly payment	pending	<u>\$1,691.00</u>
					\$164,283.99

**SOUTH TEXAS WATER AUTHORITY
2012 BOND ELECTION**

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

Cost of Bond Issuance		
Financial Advisory Fee (First Southwest)	\$30,385.00	
Computer Structure Fee (for bidding securities)	\$6,000.00	
Bond Counsel - Leroy Grawunder (MP&H)	\$39,000.00	
Attorney General - State Fees and Review	\$5,110.00	
Standard & Poor's - Rating Agency	\$11,000.00	
Paying Agent - Bank processing bonds/paid semi annually	\$200.00	
Document Preparation/Printing	\$5,000.00	
Miscellaneous	\$1,973.90	
Accrued Interest - use to make first Debt Payment	<u>\$8,717.50</u>	
TOTAL Cost of Bond Issuance	\$107,386.40	

Proposition #1: REGIONAL WATERLINE

36.54%

	Engineer Estimate	Contract Amount	Percent Expended	Amount Expended	Amount Remaining
TOTAL PROPOSITION #1:	\$1,900,000.00				
Construction: Lewis Construction		\$1,035,100.00		\$1,035,100.00	
Change Order #1		\$4,320.85		\$4,320.85	
Change Order #2		\$30,815.17		\$30,815.17	
Change Order #3		-\$5,100.00		-\$5,100.00	
Change Order #4		\$13,954.16		\$13,954.16	
		<u>\$1,079,090.18</u>	100.00%	<u>\$1,079,090.18</u>	
ROW Acquisition:		<u>\$60,541.31</u>	100.00%	<u>\$60,541.31</u>	
		\$1,139,631.49		\$1,139,631.49	\$760,368.51
HDR Pipeline Condition Assessment		\$105,900.00	100.00%	\$105,900.00	
HDR LAS Booster -Driscoll		\$71,100.00	100.00%	\$71,100.00	
LAS Booster - Construction		\$369,000.00			
Change Order #1		\$45,586.84			
Change Order #2		\$1,705.00			
Change Order #3		\$10,650.00			
		<u>\$426,941.84</u>	100.00%	\$426,941.84	
Rock Engineering		\$1,051.00		\$1,051.00	
Rock Engineering		\$2,026.00		<u>\$2,026.00</u>	
				\$430,018.84	
Non-Construction Related Costs:		<u>\$36,076.45</u>	100.00%	<u>\$36,076.45</u>	<u>\$0.00</u>
TOTAL Proposition #1	\$1,900,000.00	\$1,782,726.78		\$1,782,726.78	\$116,222.22

Proposition #2: KINGSVILLE PUMP STATION

56.25%

	Engineer Estimate	Contract Amount	Percent Expended	Amount Expended	Amount Remaining
ROW Acquisition:					
Construction Related Costs:					
Ground Storage Tank - PreLoad	\$1,894,460.00	\$1,248,602.55 *	100.00%	\$1,206,897.95	
Final - Payment #8				<u>\$41,704.60</u>	
				\$1,248,602.55	\$645,857.45
New Pumps - ACP	\$327,378.00	\$295,000.00		\$295,000.00	
Change Order #1		\$12,310.75		\$12,310.75	
Odessa Pumps		<u>\$20,162.00</u>		<u>\$20,162.00</u>	
		\$327,472.75	100.00%	\$327,472.75	-\$94.75
Emergency Generator	\$0.00	\$123,586.38	100.00%	\$123,586.39	-\$123,586.39
Engineering Costs:	\$560,500.00				
Engineering - GST*		\$234,800.00	100.00%	\$234,800.00	
Engineering - GST additional work by HDR		\$48,000.00	100.00%	\$48,000.00	
Engineering - Pump Station		\$91,600.00	100.00%	\$91,600.00	
Rock Engineering, Inc.				\$1,121.00	
LNV - Generator		\$30,000.00	100.00%	<u>\$30,000.00</u>	
				\$405,521.00	\$154,979.00
Non-Construction Related Costs:	<u>\$122,500.00</u>	<u>\$60,404.85</u>		<u>\$60,404.85</u>	<u>\$62,095.15</u>
TOTAL Proposition #2	\$2,904,838.00	\$2,164,466.53		\$2,165,587.54	\$739,250.46

*Reduced by Change Order #1

Proposition #3: BISHOP FACILITY

7.21%

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

TOTAL \$1,047,345.83

WILLATT & FLICKINGER, PLLC
ATTORNEYS AT LAW

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

July 31, 2018

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

FOR PROFESSIONAL SERVICES RENDERED since the date of last billing:

GENERAL

BILL FLICKINGER

- 07/02/18 Receive, review and respond to email from Carola Serrato on status of Corpus Christi's review of rate information for next adjustment. Review prior settlement in connection with same. (0.4 Hours).
- 07/07/18 Email to Carola Serrato on decision by City of Bishop to stop taking water from STWA after City Council meeting. (0.2 Hours).
- 07/09/18 Telephone conference with Carola Serrato on allocation of electric costs for pumps to City of Bishop. (0.2 Hours).
- 07/12/18 Receive, review and respond to email from Carola Serrato on need to ask TCEQ to remove regulatory sample site at Bishop West PS. (0.2 Hours).
- 07/13/18 Receive, review and respond to email from Kim Mann on rescheduling next TCEQ conference call on enforcement order. (0.2 Hours). Receive, review and respond to email from Carola Serrato on draft email to Joel Klumpp on sample point at Bishop Westside PS. (0.2 Hours).
- 07/16/18 Telephone conference with Carola Serrato on status of contract with City of Bishop. (0.2 Hours).
- 07/18/18 Receive and review email from Carola Serrato to Kenny Dykes at the TCEQ on water taken by City of Bishop recently and status of TCEQ review of prior request to eliminate sampling point. (0.2 Hours). Receive and review additional email from Carola Serrato to Kenny Dykes at the TCEQ on water taken by City of Bishop in recent days. (0.2 Hours).

July 31, 2018

Page 2

- 07/20/18 Telephone conference with Carola Serrato on items on next City of Bishop Council agenda. (0.2 Hours).
- 07/23/18 Review emails from Carola Serrato and Bishop City Secretary on wholesale contract with City of Bishop. (0.2 Hours). Telephone conferences and emails with Carola Serrato on Water Tower Road and proposed fencing changes. Review file on Water Tower Road in connection with same. (0.5 Hours).
- 07/24/18 Receive and review email from Carola Serrato to Reba George at City of Corpus Christi on updated rate model. (0.2 Hours). Receive, review and respond to email from Carola Serrato on proposed statement at City of Bishop Council meeting on proposed wholesale contract. (0.2 Hours). Continue review of prior draft of wholesale agreement with City of Driscoll and email to Carola Serrato with current draft of same. (0.7 Hours).
- 07/25/18 Telephone conference with Carola Serrato on City of Bishop Council meeting scheduled for today. (0.2 Hours). Receive and review email from Reba George to Carola Serrato on update to Corpus Christi rate model. (0.2 Hours).
- 07/26/18 Telephone conference with Carola Serrato on last night's City of Bishop Council meeting. (0.2 Hours).
- 07/31/18 Continue revising wholesale water contract with City of Driscoll. (0.3 Hours).

Attorney BF: 4.9 Hours

ALLISON NIX

- 07/24/18 Continue revising the Water Supply Contract with the City of Driscoll. (0.3 Hours).
- 07/31/18 Continue revising the City of Driscoll contract. (0.3 Hours).

Legal Assistant AN: 0.6 Hours

Attorney BF: 4.9 Hours @ \$300.00 per hour	\$1,470.00
Attorney MM: 0 Hours @ \$300.00 per hour	
Legal Assistant AN: 0.6 Hours @ \$95.00 per hour	\$57.00

July 31, 2018

Page 3

CLIENT EXPENSES

116 Photocopies @ \$.20 each \$23.20

13 Color Photocopies @ \$.50 each \$6.50

Total Client Expenses \$29.70

TOTAL AMOUNT DUE \$1,556.70



August 8, 2018

Project No: 160470.000.2

Invoice No: 28533

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

Project 160470.000.2 Pump Station Improvements

Professional Services for the period ending July 31, 2018

Fee

Billing Phase	Fee	Percent Complete	Earned	Previous Fee Billing	Current Fee Billing
Engineering Design	15,500.00	40.00	6,200.00	2,325.00	3,875.00
Bidding	1,500.00	0.00	0.00	0.00	0.00
Construction Administration	3,500.00	0.00	0.00	0.00	0.00
Surveying	1,500.00	100.00	1,500.00	1,500.00	0.00
Total Fee	22,000.00		7,700.00	3,825.00	3,875.00
	Total Fee				3,875.00
			Total this Invoice	<u><u>3,875.00</u></u>	

sent via email: cserrato@stwa.org; jwagner@stwa.org; fvrosales@stwa.org

POSTED

We reserve the right to process checks electronically by transmitting the amount of the check, routing number, account number and check serial number to your financial institution.

REMIT TO: LNV, INC. • 801 NAVIGATION, STE 300 • CORPUS CHRISTI, TX 78408 • P361.883.1984 • F361.883.1986 • TERMS: DUE UPON RECEIPT



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

Kevin Kieschnick
Assessor and Collector of Taxes

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

August 13, 2018

RECEIVED

AUG 15 2018

SOUTH TEXAS WATER AUTHORITY

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

536
POSTED
8/16/18

**Fees for Collection of Ad Valorem Taxes
for the remaining parcels as of July 2018**

Total collected parcels	807
Collection Fee per Parcel	<u>\$1,3881</u>
Total for JULY	<u>\$1,120.20</u>

Please Make Checks Payable To:
Nueces County Tax Assessor-Collector

For information contact:
voice
fax

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

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

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



**CITY OF
CORPUS
CHRISTI**

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

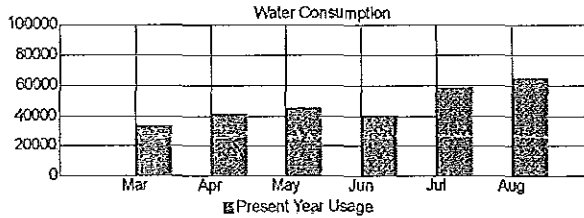
Account Name: SOUTH TX WATER AUTH
Account Number: 20004093
Service Address: 0 END DR WTR5 RAW
Account Type: PA
Bill Date: 08/13/2018

METER INFORMATION

Meter ID	Service Type	Current Read	Previous Read	Consumption 7/2018
WT200006	WA	4354200	4288900	65300

SERVICE PERIOD: 6/30/18 7/31/18 31 DAYS

CONSUMPTION HISTORY



IMPORTANT MESSAGE

The payment address and customer account number changed for all customers in December 2017. Please use the remit to address and account number on the bottom portion of the utility bill.
Include the bottom portion of the utility bill with your mailed payment.
Include the account number only when making your online bill payments.
Thank you.

ACCOUNT ACTIVITY

LAST BILL	\$141,297.49
TOTAL PAID SINCE LAST BILL	-\$141,297.49
ADJUSTMENTS	\$0.00
BALANCE FORWARD DUE NOW	\$0.00
NEW CHARGES	
WATER	\$92,438.89
RWCA \$0.974/TGAL	\$63,602.20
TOTAL WATER	\$156,041.09

PAY THIS AMOUNT BY 09/03/2018: \$156,041.09

ACCOUNT BALANCE \$156,041.09

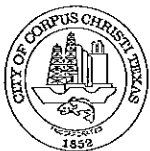
PLEASE ALLOW 5 BUSINESS DAYS BEFORE DUE DATE TO ENSURE PROPER CREDIT.

RECEIVED

AUG 20 2018

SOUTH TEXAS WATER AUTHORITY

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



**CITY OF
CORPUS
CHRISTI**

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

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18-2
SOUTH TX WATER AUTH
P O BOX 1701
KINGSVILLE TX 78364-1701



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

DUE DATE:	09/03/2018
AMOUNT DUE:	\$156,041.09

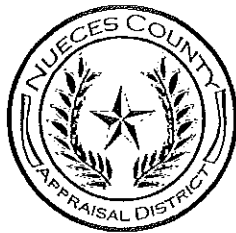
AFTER DUE DATE PAY: \$163,843.14



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

When making payment in person, please bring entire statement.

200040930156041091



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AUG 24 2018

SOUTH TEXAS WATER AUTHORITY

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

Ramiro "Ronnie" Canales, CTA, RPA

Office: (361) 881-9978

Fax: (361) 887-6721

Nueces County Chief Appraiser

info@nuecescad.net

**NUECES COUNTY APPRAISAL DISTRICT
2018 BUDGET ALLOCATION**

INVOICE #093018

Taxing Unit: South Texas Water Authority

Due Date: September 30, 2018

4th Quarter Amount Due: \$1,691.00

ANTICIPATED (BUDGETED) vs. ACTUAL WATER RATE CHARGED

	ANTICIPATED (BUDGETED) CHARGES			ACTUAL CHARGES			Difference: Actual vs. Budgeted
	Handling Charge	CC Cost	Total	Handling Charge	CC Cost	Total	
Oct-17	\$0.426386	\$2.4362	\$2.8626	\$0.426386	\$2.312247	\$2.738633	-\$0.1239
Nov-17	\$0.426386	\$2.4380	\$2.8644	\$0.426386	\$2.316174	\$2.742560	-\$0.1218
Dec-17	\$0.426386	\$2.4383	\$2.8647	\$0.426386	\$2.349496	\$2.775882	-\$0.0888
Jan-18	\$0.426386	\$2.4381	\$2.8645	\$0.426386	\$2.397528	\$2.823914	-\$0.0405
Feb-18	\$0.426386	\$2.4398	\$2.8662	\$0.426386	\$2.400483	\$2.826869	-\$0.0393
Mar-18	\$0.426386	\$2.4376	\$2.8640	\$0.426386	\$2.396127	\$2.822513	-\$0.0415
Apr-18	\$0.426386	\$2.4359	\$2.8623	\$0.426386	\$2.394525	\$2.820911	-\$0.0414
May-18	\$0.426386	\$2.4358	\$2.8622	\$0.426386	\$2.396732	\$2.823118	-\$0.0391
Jun-18	\$0.426386	\$2.4350	\$2.8614	\$0.426386	\$2.390820	\$2.817206	-\$0.0442
Jul-18	\$0.426386	\$2.4335	\$2.8599	\$0.426386	\$2.389603	\$2.815989	-\$0.0439
Aug-18	\$0.426386	\$2.4330	\$2.8594	\$0.426386		\$0.426386	-\$2.4330
Sep-18	\$0.426386	\$2.4360	\$2.8624	\$0.426386		\$0.426386	-\$2.4360
Avg Cost	\$0.426386	\$2.4364	\$2.8628	\$0.426386	\$2.374374	\$2.800760	-\$0.0621

ANTICIPATED (BUDGETED) vs. ACTUAL WATER USAGE

All Customers	Budgeted			Actual			Difference		
	Budgeted	Actual	Difference	NWSC	Budgeted	Actual	Difference		
Oct-17	43,106,064	49,257,770	6,151,706	Oct-17	11,406,490	13,839,280	2,432,790		
Nov-17	39,010,208	41,240,370	2,230,162	Nov-17	10,288,004	12,528,080	2,240,076		
Dec-17	38,272,268	37,196,850	-1,075,418	Dec-17	10,329,528	11,526,840	1,197,312		
Jan-18	39,270,789	41,006,500	1,735,711	Jan-18	10,835,370	13,263,230	2,427,860		
Feb-18	35,570,793	38,505,650	2,934,857	Feb-18	9,334,104	11,186,170	1,852,066		
Mar-18	39,754,343	42,148,523	2,394,180	Mar-18	10,296,803	13,521,510	3,224,707		
Apr-18	43,693,987	47,151,371	3,457,384	Apr-18	11,536,949	13,717,040	2,180,091		
May-18	44,073,875	56,026,230	11,952,355	May-18	12,015,101	16,634,320	4,619,219		
Jun-18	46,279,865	54,082,960	7,803,095	Jun-18	12,879,697	16,440,950	3,561,253		
Jul-18	50,891,700	61,490,850	10,599,150	Jul-18	14,328,969	17,980,660	3,651,691		
Aug-18	52,856,325	0		Aug-18	14,308,455	0			
Sep-18	43,581,741	0		Sep-18	12,438,360	0			
TOTAL	516,361,957	468,107,074	48,183,182	TOTAL	139,997,830	140,638,080	27,387,065		

Kingsville	Budgeted			Actual			Difference		
	Budgeted	Actual	Difference	RWSC	Budgeted	Actual	Difference		
Oct-17	10,188,919	13,323,000	3,134,081	Oct-17	8,892,000	8,533,000	-359,000		
Nov-17	10,188,919	8,716,000	-1,472,919	Nov-17	7,675,200	7,776,000	100,800		
Dec-17	10,188,919	6,734,000	-3,454,919	Dec-17	7,091,800	7,006,000	-85,800		
Jan-18	10,188,919	7,519,000	-2,669,919	Jan-18	7,211,600	6,986,000	-225,600		
Feb-18	10,188,919	8,188,000	-2,000,919	Feb-18	6,276,600	5,462,000	-814,600		
Mar-18	10,188,919	9,466,000	-722,919	Mar-18	8,122,200	6,669,000	-1,453,200		
Apr-18	10,188,919	11,438,000	1,249,081	Apr-18	9,168,400	7,887,000	-1,281,400		
May-18	10,188,919	13,274,000	3,085,081	May-18	9,261,200	10,058,000	796,800		
Jun-18	10,188,919	14,132,000	3,943,081	Jun-18	10,412,600	8,670,000	-1,742,600		
Jul-18	10,188,919	21,078,000	10,889,081	Jul-18	11,164,600	9,307,000	-1,857,600		
Aug-18	10,188,919	0		Aug-18	11,785,400	0			
Sep-18	10,188,919	0		Sep-18	8,403,600	0			
TOTAL	122,267,026	113,868,000	11,978,812	TOTAL	105,465,200	78,354,000	-6,922,200		

Bishop	Budgeted	Actual	Difference
Oct-17	5,417,400	5,521,000	103,600
Nov-17	4,275,800	4,247,000	-28,800
Dec-17	4,314,400	4,005,000	-309,400
Jan-18	4,635,200	4,873,000	237,800
Feb-18	3,702,800	6,598,000	2,895,200
Mar-18	4,623,400	4,135,333	-488,067
Apr-18	5,871,600	5,380,111	-491,489
May-18	5,176,600	6,264,000	1,087,400
Jun-18	4,661,600	5,656,000	994,400
Jul-18	6,609,800	3,734,000	-2,875,800
Aug-18	8,080,400	0	
Sep-18	5,338,000	0	
TOTAL	62,707,000	50,413,444	1,124,844

Banquete	Budgeted	Actual	Difference
Oct-17	2,393,856	2,107,860	-285,996
Nov-17	2,168,468	1,979,060	-189,408
Dec-17	2,078,142	2,033,820	-44,322
Jan-18	2,037,054	2,288,560	251,506
Feb-18	1,971,256	1,929,340	-41,916
Mar-18	2,043,050	2,270,690	227,640
Apr-18	2,106,092	2,277,260	171,168
May-18	2,278,536	2,324,680	46,144
Jun-18	2,477,094	1,910,140	-566,954
Jul-18	2,533,790	1,913,790	-620,000
Aug-18	2,561,114	0	
Sep-18	2,232,010	0	
TOTAL	26,880,462	21,035,200	-1,052,138

Driscoll	Budgeted	Actual	Difference
Oct-17	2,440,991	3,788,900	1,347,909
Nov-17	2,318,365	3,995,000	1,676,635
Dec-17	2,240,349	3,669,100	1,428,751
Jan-18	2,422,620	3,925,000	1,502,380
Feb-18	2,237,900	3,316,400	1,078,500
Mar-18	2,467,160	3,731,100	1,263,940
Apr-18	2,610,900	4,109,200	1,498,300
May-18	2,832,220	4,611,200	1,778,980
Jun-18	3,105,320	4,143,500	1,038,180
Jul-18	3,369,200	4,882,100	1,512,900
Aug-18	3,091,193	0	
Sep-18	2,683,790	0	
TOTAL	31,820,009	40,171,500	14,126,475

Agua Dulce	Budgeted	Actual	Difference
Oct-17	2,366,408	2,144,730	-221,678
Nov-17	2,095,452	1,999,230	-96,222
Dec-17	2,029,130	2,222,090	192,960
Jan-18	1,940,026	2,151,710	211,684
Feb-18	1,859,214	1,825,740	-33,474
Mar-18	2,012,811	2,354,890	342,079
Apr-18	2,211,127	2,342,760	131,633
May-18	2,321,299	2,860,030	538,731
Jun-18	2,554,636	3,130,370	575,734
Jul-18	2,696,422	2,595,300	-101,122
Aug-18	2,840,844	0	
Sep-18	2,297,062	0	
TOTAL	27,224,431	23,626,850	1,540,325

Kingsville Actual Usage vs. Bell Chart Volume

	Target Volume	Actual Volume	Difference
Oct-17	12,451,513	13,323,000	871,487
Nov-17	7,362,963	8,716,000	1,353,037
Dec-17	5,893,607	6,734,000	840,393
Jan-18	4,650,000	7,519,000	2,869,000
Feb-18	6,760,471	8,188,000	1,427,529
Mar-18	8,319,028	9,466,000	1,146,972
Apr-18	10,906,161	11,438,000	531,839
May-18	12,497,858	13,274,000	776,142
Jun-18	14,240,055	14,132,000	-108,055
Jul-18	15,711,155	21,078,000	5,366,845
Aug-18	15,911,986	0	
Sep-18	13,866,300	0	
TOTAL	128,571,097	113,868,000	15,075,189

Net Revenue per Thousand (1,000) Gallons

Kingsville	Actual	Net Rev	Per 1000g	NWSC	Actual	Net Rev	Per 1000g
Oct-17	13,323,000	\$4,456.79	\$0.3345	Oct-17	13,839,280	\$3,919.47	\$0.2832
Nov-17	8,716,000	\$2,145.93	\$0.2462	Nov-17	12,528,080	\$3,932.40	\$0.3139
Dec-17	6,734,000	\$1,213.48	\$0.1802	Dec-17	11,526,840	\$3,182.96	\$0.2761
Jan-18	7,519,000	\$2,137.00	\$0.2842	Jan-18	13,263,230	\$3,938.08	\$0.2969
Feb-18	8,188,000	\$2,309.87	\$0.2821	Feb-18	11,186,170	\$2,841.79	\$0.2540
Mar-18	9,466,000	\$2,968.91	\$0.3136	Mar-18	13,521,510	\$3,919.29	\$0.2899
Apr-18	11,438,000	\$3,691.61	\$0.3227	Apr-18	13,717,040	\$4,004.40	\$0.2919
May-18	13,274,000	\$4,354.30	\$0.3280	May-18	16,634,320	\$4,999.22	\$0.3005
Jun-18	14,132,000	\$4,865.13	\$0.3443	Jun-18	16,440,950	\$5,061.77	\$0.3079
Jul-18	0		#DIV/0!	Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
TOTAL	92,790,000	\$28,143.02	\$0.3033	TOTAL	122,657,420	\$35,799.38	\$0.2919

Bishop	Actual	Net Rev	Per 1000g	RWSC	Actual	Net Rev	Per 1000g
Oct-17	5,521,000	\$1,015.42	\$0.1839	Oct-17	8,533,000	\$538.11	\$0.0631
Nov-17	4,247,000	\$425.49	\$0.1002	Nov-17	7,776,000	\$1,907.85	\$0.2454
Dec-17	4,005,000	\$608.07	\$0.1518	Dec-17	7,006,000	\$1,660.87	\$0.2371
Jan-18	4,873,000	\$1,017.40	\$0.2088	Jan-18	6,986,000	\$1,612.65	\$0.2308
Feb-18	6,598,000	\$594.49	\$0.0901	Feb-18	5,462,000	\$1,038.33	\$0.1901
Mar-18	4,135,333	\$671.87	\$0.1625	Mar-18	6,669,000	\$1,430.82	\$0.2145
Apr-18	5,380,111	\$1,283.20	\$0.2385	Apr-18	7,887,000	\$1,814.00	\$0.2300
May-18	6,264,000	\$1,534.13	\$0.2449	May-18	10,058,000	\$2,515.11	\$0.2501
Jun-18	5,656,000	\$1,316.38	\$0.2327	Jun-18	8,670,000	\$2,172.74	\$0.2506
Jul-18	0		#DIV/0!	Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
TOTAL	46,679,444	\$8,466.45	\$0.1814	TOTAL	69,047,000	\$14,690.48	\$0.2128

Driscoll	Actual	Net Rev	Per 1000g	Banquete	Actual	Net Rev	Per 1000g
Oct-17	3,788,900	\$847.98	\$0.2238	Oct-17	2,107,860	\$243.69	\$0.1156
Nov-17	3,995,000	\$979.64	\$0.2452	Nov-17	1,979,060	\$386.16	\$0.1951
Dec-17	3,669,100	\$945.70	\$0.2577	Dec-17	2,033,820	\$295.27	\$0.1452
Jan-18	3,925,000	\$1,090.72	\$0.2779	Jan-18	2,288,560	\$473.32	\$0.2068
Feb-18	3,316,400	\$672.03	\$0.2026	Feb-18	1,929,340	\$330.66	\$0.1714
Mar-18	3,731,100	\$925.87	\$0.2481	Mar-18	2,270,690	\$500.04	\$0.2202
Apr-18	4,109,200	\$1,146.87	\$0.2791	Apr-18	2,277,260	\$489.09	\$0.2148
May-18	4,611,200	\$1,276.16	\$0.2768	May-18	2,324,680	\$521.72	\$0.2244
Jun-18	4,143,500	\$1,195.94	\$0.2886	Jun-18	1,910,140	\$421.37	\$0.2206
Jul-18	0		#DIV/0!	Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
TOTAL	35,289,400	\$9,080.91	\$0.2573	TOTAL	19,121,410	\$3,661.32	\$0.1915

Agua Dulce	Actual	Net Rev	Per 1000g
Oct-17	2,144,730	\$475.40	\$0.2217
Nov-17	1,999,230	\$477.13	\$0.2387
Dec-17	2,222,090	\$387.81	\$0.1745
Jan-18	2,151,710	\$512.72	\$0.2383
Feb-18	1,825,740	\$318.93	\$0.1747
Mar-18	2,354,890	\$545.11	\$0.2315
Apr-18	2,342,760	\$577.58	\$0.2465
May-18	2,860,030	\$727.20	\$0.2543
Jun-18	3,130,370	\$745.94	\$0.2383
Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!
TOTAL	21,031,550	\$4,767.82	\$0.2267

All Customers	Actual	Net Rev	Per 1000g
Oct-17	49,257,770	\$11,496.86	\$0.2334
Nov-17	41,240,370	\$10,254.60	\$0.2487
Dec-17	37,196,850	\$8,294.16	\$0.2230
Jan-18	41,006,500	\$10,781.89	\$0.2629
Feb-18	38,505,650	\$8,106.10	\$0.2105
Mar-18	42,148,523	\$10,961.91	\$0.2601
Apr-18	47,151,371	\$13,006.75	\$0.2759
May-18	56,026,230	\$15,927.84	\$0.2843
Jun-18	54,082,960	\$15,779.27	\$0.2918
Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!
TOTAL	406,616,224	\$104,609.38	\$0.2573

INTER-OFFICE MEMO

TO: Carola G. Serrato, Executive Director
FROM: Jacob Hinojosa, O&M Supervisor
DATE: August 29, 2018
RE: Maintenance & Technical Report

During the week of July 23, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for the Driscoll Booster Station project.
- Conducted employee evaluations.
- Changed out battery on haul truck.
- Dropped off the 16" chop saw for a repair quote.
- Trained employees on the colorimeter verification procedures.
- Took water samples.
- Replaced a tire on the 4" trash pump trailer.
- Picked up Unit #2 from the shop.
- Had to troubleshoot and reset pumps for the Driscoll EST.

During the week of July 30, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for the Driscoll Booster Station project.
- Took Unit #7 to get oil pressure checked.
- Dropped off Unit #5 back at dealership for engine lights.
- Repaired trailer hook up for haul truck.
- Mowed grass at Kingsville Pump Station.
- Replaced fuses and re-adjusted setting for employee gate at office.
- Took Unit #2 to get brake work.

During the week of August 6, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for the Driscoll Booster Station project.
- Took tool inventory on trucks.

- Changed out a tire on the haul trailer and repaired a flat on another.
- Cleaned out the drain line for the employee parking area
- Met with Mercer Controls at Driscoll Pump Station to trouble shoot LAS/Flowmeter.
- Checked on connections for the 42" flow meter at Driscoll Pump Station.
- Worked on TCEQ quarterly report for Aaron Archer, Walker Partners to submit.
- Picked up Unit #2 and dropped Unit #5 back off at dealership.
- Picked up cleaning materials for trucks.
- Had to troubleshoot Bishop East Pump Station SCADA and MOV.

During the week of August 13, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for Driscoll booster station project.
- Mowed pump stations.
- Replaced coupler housing on pump #2 for the Driscoll EST.
- Met with Mercer Controls at O.N. Stevens to check meter.
- Employees took written CDL exam.
- Took Bac-T water samples.
- Took Unit #2 to get new tires.
- Checked on transfer switch for generator at Agua Dulce Pump Station.
- Replaced bad hose for chlorine injection at Kingsville Pump Station.
- With Mercer Controls working on SCADA cables and various stations.

During the week of August 20, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for the Driscoll Booster Station project.
- Worked on transfer switch for generator at Agua Dulce Pump Station with contractor.
- Trouble shoot Driscoll LAS pump blowing hose from connector.
- Took Bac-T water samples.
- Cleaned out pump stations.
- Picked up new locks for pump stations.

ATTACHMENT 3

USIC Locating Services, LLC. Proposal

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 31, 2018
Re: USIC Locating Services Inc. (USIC) Proposal for Line Locate Services

Background:

As reported in a recent weekly update, our office was contacted by USIC regarding line locate services. According to the USIC representative, Mr. Neil Punt, their line locator, during about a one-week span, was at the same sites as STWA at least thirty-four (34) times. Enclosed is information on the cost of providing the service and a template of their contract. Staff is asking whether the Board would consider *in concept* this service as advantageous. The Nueces WSC Board will be approached about this service due to their number of locates being greater than the STWA count. Staff is assessing whether to approach the RWSC Board during their September 13 meeting since their number of locates was less than 400.

Analysis:

As mentioned in the weekly update, in the past year STWA located more than 1600 lines. In fact, between STWA, NWSC and RWSC, field personnel performed just under 4,000 line locates. Staff recognizes that some of the increased activity is related to numerous TxDOT projects. Staff also realizes that increased oil/gas activity and the associated pipeline construction is a key factor in the number of locates. As such, the estimated cost of the service for FY 19 was based on last year's count with added dollars for possible emergency and extended time locates. The amount included in the proposed budget is \$25,000.

As reported in the weekly update, management had a conference call during which the locate process and each party's responsibilities were discussed. The company offers various ways for the services to be performed including selecting which locates are assigned to USIC or having all locates go to USIC with confirmation reports. Following the conference call, management discussed the pros and cons of the services. The main advantage is freeing up considerable man hours each week. Although it varies, there are weeks when a field tech may spend all day performing locates for three out of five days. The main disadvantage is the apprehension over the 42" line being mismarked. The accuracy of the construction "as built" plans would be of the utmost importance and staff is concerned that the age of the plans could prove a hindrance.

The enclosed template contract has provisions that raise concern as shown from my "notes" in the margins. Mr. Punt has not been contacted about the items, although during the conference call he suggested that items could be modified.

Staff Recommendation:

As mentioned above, staff is interested in feedback from the Board about the concept of using an outside provider to locate lines. Additional research would be needed if the Board believes it should be considered. If so, the matter would be placed on a future agenda.

Board Action:

Provide feedback to staff.

Summarization:

If the Board determines that this matter warrants additional research, staff will calculate historic man hours as well as getting written responses to the items of concern in the template contract.

From: Punt, Neil <NeilPunt@usicllc.com>
Sent: Wednesday, August 22, 2018 3:34 PM
To: mcserrato@stwa.org
Subject: USIC Pricing Proposal(s)
Attachments: STWA Proposal.pdf; Ricardo Water Proposal.pdf; Nueces Water Proposal.pdf

Good afternoon Carola:

I am excited about the opportunity to partner with your three water supply corporations. I have prepared and attached a very aggressive proposal for your review.

As you are aware, having multiple staff and resources at one job site is far less efficient than sending one truck, one technician and completing the work at one time. Our proposal reflects the economies of scale and efficiencies gained by USIC performing multiple locates at one job site. In short, STWA, Ricardo, and Nueces are going to experience, and our proposal reflects the significant savings from the fact that we already have a technician at every job site for each one call ticket in your service area.

The raw ticket price is only a portion of the true cost of damage prevention. We encourage you to consider the total value of our proposal. Our value proposition includes:

- § Accurate and Timely Locates
- § Pictures Taken After Every Locate Performed
- § Real time ticket receipt, processing and billing
- § Direct Access to our Customer Portal (we allow you to enter directly into our ticket Management system)
- § Damage Investigation and Access to Electronic Damage Reports
- § All Pictures
- § Unmatched Data Integrity
- § Each Technician is Accessible through Wireless Technology
- § Direct Access to Local Management
- § Direct Access to Senior Management
- § Key Accounts Management
- § References
- § USIC Additional Services
- § All Paint and Flags

I look forward to your decision. Please contact me at your earliest convenience so we can go over this proposal and I can answer any questions or comments you might have. Thank you for the opportunity to serve you.

Neil Punt
Business Development Manager
C: 817.944.8739

1933 Westridge Drive
Irving, TX 75038
USICLLC.COM





PROTECTING INFRASTRUCTURE

USIC PRICING PROPOSAL FOR SOUTH TEXAS WATER AUTHORITY

Pricing Proposal

- Per One Call Ticket \$12.00
- Project \$14.00 Per ¼ Hour
- Watchdog’s \$14.00 Per ¼ Hour
- After Hour Emergencies \$17.00 Flat Fee
- Standard Hour Emergencies \$17.00 Flat Fee

Pricing Definitions

Per One Call Ticket – All tickets received from State One Call. Each ticket granted 60 minutes of locating time.

Project Rate -- If locating exceeds thirty minutes, the ticket will then be billed the proposed per ¼ hour Project Rate starting after the first sixty minutes of locating time.

Watch Dog -- If South Texas Water Authority requests that a USIC technician to be onsite to ensure the protection if the utility during excavation.

After Hour Emergencies – This service will be for After Hour Emergency Tickets that are called in between the hours 5:00 P.M - 7:00 A.M, Monday - Friday and all day Saturday & Sunday including Holidays. The fee is a flat fee and total billed for this type of ticket will only be After Hour Emergencies fee identified above. NOTE: We do not charge for travel time.

In addition to saving money on locating expense, South Texas Water Authority will experience the added value of using our Professional Damage Prevention Services.

OUR VALUE PROPOSITION INCLUDES:

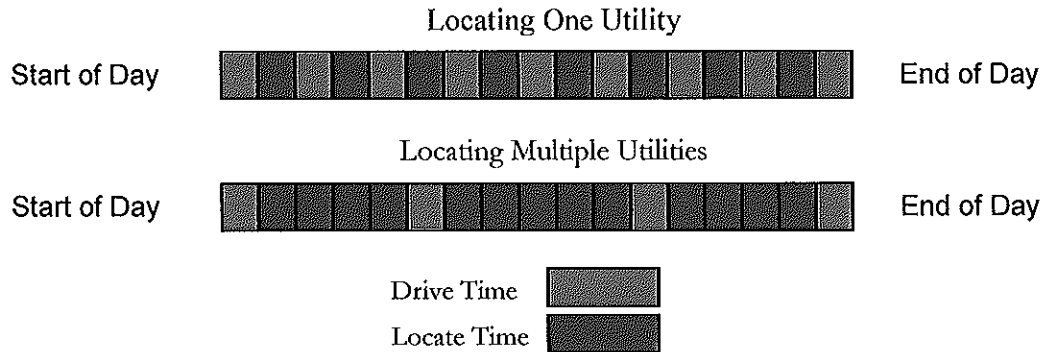
- Basic Economic Value Summary
- Risk Management Summary
- Advanced Technology Summary
- Professional Services Summary



PROTECTING INFRASTRUCTURE

BASIC ECONOMIC VALUE

- USIC currently visits every job site already for other utility clients creating *economies of scale that cannot be matched* internally or by any other vendor.



RISK MANAGEMENT

- USIC *investigates every damage occurrence. Reports Upon Request*
- USIC uses a CDI (Certified Damage Investigator) to investigate and prepare reports.
- Each report includes pre and post dig photos and all pertinent documentation.
All reports are prepared electronically and uploaded through wireless technology.
- All damage reports made available for use in claims recovery efforts
 - Damage reports enables you to recover all damage expense from either the locate vendor or from the excavator.

ADVANCED TECHNOLOGY

- USIC utilizes an in-house proprietary ‘real time’ ticket management system (TicketPro) that reflects 30 plus years of locating experience. The depth of TicketPro cannot be matched by any ‘off the shelf’ ticket management system.
- USIC technicians work their ticket load in a real time, paperless environment (creating even more labor related efficiencies).
- **South Texas Water Authority will have direct, real time access** to our ticket management system (**Customer Portal**). South Texas Water Authority will have ability to:
 - View tickets as they come in from the State One Call service “Real-Time”
 - Quickly identify when ticket is due and if completed, time it was completed and what was located.
 - Query any ticket by ticket number
 - View all post locate photos attributed to that located
 - Additional information package available upon request.



PROTECTING INFRASTRUCTURE

PROFESSIONAL SERVICES

- South Texas Water Authority increases labor support.
- South Texas Water Authority increases labor management in terms of Supervisors, District Managers, Senior Directors and VP of Operations.
- Technician support also includes a Claims Manager, a Quality Manager, a HR Specialist and a Key Accounts Manager
- Accurate and timely locates to include pre-dig photographs to assist in damage recovery.
- USIC uses the latest technology and works 'real time' in a paperless environment to ensure data integrity.
- USIC encourages regular performance meetings with South Texas Water Authority
- USIC is engaged nationally in the prominent industry association and legislation (to include the Common Ground Alliance (CGA) and National Utility Locating Contractors Association (NULCA). We also track and invest in the latest locating technology.
- USIC provides all labor and materials to include all after hours emergencies, weekends and holidays. We manage the work, you manage us.
- USIC provides South Texas Water Authority all data and tools necessary to professionally manage their damage prevention program.

South Texas Water Authority

In partnership with

USIC Locating Services, LLC

mcserrato@stwa.org

From: Punt, Neil <NeilPunt@usicllc.com>
Sent: Thursday, August 23, 2018 10:49 AM
To: mcserrato@stwa.org
Subject: RE: USIC Pricing Proposal(s)
Attachments: South Texas WA Agreement.docx

Attached is our standard agreement template. Thanks.

Neil Punt
Business Development Manager
C: 817.944.8739

1933 Westridge Drive
Irving, TX 75038
USICLLC.COM



From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Thursday, August 23, 2018 10:27 AM
To: Punt, Neil <NeilPunt@usicllc.com>
Cc: 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>
Subject: RE: USIC Pricing Proposal(s)

Neil,

I have reviewed the information and will be placing an item on the STWA Board agenda for their consideration. However, as we discussed, you indicated a template of USIC's standard agreement would be provided. Next week staff will be preparing the agenda packet for the STWA Board meeting on September 4th. It would be very helpful to have that agreement by the beginning of next week.

Thanks,
Carola

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

From: Punt, Neil <NeilPunt@usicllc.com>
Sent: Wednesday, August 22, 2018 3:34 PM
To: mcgserrato@stwa.org
Subject: USIC Pricing Proposal(s)

Good afternoon Carola:

I am excited about the opportunity to partner with your three water supply corporations. I have prepared and attached a very aggressive proposal for your review.

As you are aware, having multiple staff and resources at one job site is far less efficient than sending one truck, one technician and completing the work at one time. Our proposal reflects the economies of scale and efficiencies gained by USIC performing multiple locates at one job site. In short, STWA, Ricardo, and Nueces are going to experience, and our proposal reflects the significant savings from the fact that we already have a technician at every job site for each one call ticket in your service area.

The raw ticket price is only a portion of the true cost of damage prevention. We encourage you to consider the total value of our proposal. Our value proposition includes:

- § Accurate and Timely Locates
- § Pictures Taken After Every Locate Performed
- § Real time ticket receipt, processing and billing
- § Direct Access to our Customer Portal (we allow you to enter directly into our ticket Management system)
- § Damage Investigation and Access to Electronic Damage Reports
- § All Pictures
- § Unmatched Data Integrity
- § Each Technician is Accessible through Wireless Technology
- § Direct Access to Local Management
- § Direct Access to Senior Management
- § Key Accounts Management
- § References
- § USIC Additional Services
- § All Paint and Flags

I look forward to your decision. Please contact me at your earliest convenience so we can go over this proposal and I can answer any questions or comments you might have. Thank you for the opportunity to serve you.

Neil Punt
Business Development Manager
C: 817.944.8739

1933 Westridge Drive
Irving, TX 75038
USICLLC.COM



**UNDERGROUND FACILITIES LOCATING AND MARKING
SERVICE AGREEMENT**

THIS CONTRACT is entered into as of August 31, 2018 and is by and between USIC Locating Services, LLC, an Indiana limited liability company, (**USIC**), and South Texas Water Authority (**Customer**).

*Auto fill
on date
file
is
accessed*

BACKGROUND

- A. Customer owns and operates underground facilities in the geographic area described on Attachment A to this Agreement (**Contract Service Area**).

- B. Customer desires to have USIC provide the necessary labor and equipment to provide certain services relative to locating and marking Customer's underground facilities in the Contract Service Area.

AGREEMENT

Based on the Background set forth above and in consideration of the mutual covenants, terms and conditions set forth below, USIC and Customer agree as follows:

- 1. Definitions. In addition to the terms defined above the following capitalized terms when used in this Agreement shall have the following meanings:
 - 1.1 **After Hours Call Out** means locate requests made on USIC-observed holidays (Memorial Day, Independence Day/July 4th, Labor Day, Thanksgiving, Christmas, and New Year's Day), weekends, and weekdays from 5 p.m. to 7 a.m., or any time outside of the applicable state one-call's regular business hours.

 - 1.2 **APWA** means the American Public Works Association and its Underground Utility Location and Coordination Council.

- 1.3 **At Fault Damages** means Damage to Customer's Facilities caused by an Excavator that occurs with respect to Locatable Facilities where USIC did not perform the Locate with Reasonable Accuracy.
- 1.4 **Contract Year** means the 365 (366 if period includes February during a leap year) days beginning with the date this agreement begins and the anniversary date each year after.
- 1.5 **Customer's Facilities** means any Underground Facilities owned by Customer.
- 1.6 **Damage to Customer's Facilities** means the penetration or destruction of any protective coating, sheath, housing or other protective facility of underground plant, the partial or complete severance of underground plant, or the rendering of any underground plant partially or completely inoperable.
- 1.7 **Excavator** means any person or entity which engages directly in excavation.
- 1.8 **High Profile Facilities** means fiber cable, 900 pair or greater, switchgear cable, and 6" main or greater.
- 1.9 **Interruption of Service** means an interruption in the services provided by Customer to its customers arising from a Damage to Customer's Facilities.
- 1.10 **Locatable Facilities** means Customer's Facilities that can be field marked with Reasonable Accuracy by using devices designed to respond to the presence of Customer's Facilities, together with records and facility prints, drawings, and maps of sufficient accuracy, but shall specifically not include Unidentifiable Facilities and Unlocatable Facilities.
- 1.11 **Locate** means the completed process of having provided Locate Services at an excavation site.

- 1.12 **Locate Service** means the process of determining the presence or absence of Customer's Facilities, their conflict with proposed excavations, and the Marking of the proper places or routes of Customer's Facilities within Reasonable Accuracy limits as required.
- 1.13 **Low Profile Facilities** means any of Customer's Facilities that are not High Profile Facilities.
- 1.14 **Marking** means the use of stakes and flags, paint strips or other clearly identifiable materials at appropriately distanced intervals and at each divergence from a straight line in accordance with the current marking standards of the APWA to show the field location of Underground Facilities accurately.
- 1.15 **Paintable Locate** means that Customer has buried facilities within the area of the locate request or scope of the ticket.

1.16 **Project Locate** means a Locate that requires USIC to spend more than thirty (30) minutes at the excavation site.

This is a very short time frame
→
??

1.17 **Reasonable Accuracy** means the placement of appropriate Markings within (TX) eighteen (18) inches of the outside dimensions of both sides of an Underground Facility.

1.18 **Restoration Costs** means the actual costs incurred by Customer to repair Damage to Customer's Facilities arising from At Fault Damages, but shall specifically exclude any Third Party Claims. Restoration Costs is equal to only the actual labor, equipment and material costs incurred by Customer to repair the Damage to Customer's Facilities. Restoration Costs specifically exclude overhead charges, costs arising from betterment of plant (which shall include, among other things, any upgrade, improvement, reinforcement, enlargement or extension of Customer's Facilities), costs arising out of collection actions, whether incurred by the Customer or collection agencies.

- 1.19 **Services** mean the services to be provided by USIC under this Agreement.
- 1.20 **Site Visit** means to visit the site of the locate request, but there are no Locatable Facilities to be marked.
- 1.21 **Site Surveillance** means to watch over and protect Customer's Facilities during unusual or extensive excavation projects (i.e. road widening projects, sewer projects, etc.) and providing such continuous on-site Locate Services as may be dictated by the nature and scope of the excavations. Commonly referred to as a "Watchdog" within the industry.
- 1.22 **Ticket** means the document generated at the one-call center and transmitted to USIC, containing each locate request which USIC is contractually obligated to mark.
- 1.23 **Third Party Claims** means any claims for losses, fines, penalties, damages or expenses made by a person not a party to this Agreement arising from Damages to Customer's Facilities, including but not limited to, claims as a result of (a) injury to or death of any person, (b) damage to or loss or destruction of any property, or (c) Interruption of Service.
- 1.24 **Underground Facilities** means any item buried or placed below the ground for use in connection with the storage or conveyance of water, sewage, electronic telephonic or telegraphic communications, cablevision, electric energy, petroleum products, gas, gaseous vapors, hazardous liquids or other substance including, but not limited to, pipes, sewers, conduits, cables, valves, lines, wires, manholes, attachments and those parts of poles or anchors below ground.
- 1.25 **Unidentifiable Facilities** means Customer's Facilities that are neither apparent on the records or facility prints, drawings or maps provided by Customer or from a Visual Examination.
- 1.26 **Unlocatable Facilities** means Customer's Facilities whose presence is known either from records provided by Customer or a Visual

Examination, but which cannot be field marked with Reasonable Accuracy using standard procedures employed by USIC.

What are those?

1.27 **Visual Examination** means an attempt to determine the existence of Customer's Facilities at an excavation site by a reasonable visual inspection rather than from Customer's maps and records.

2. Responsibilities of USIC.

2.1 USIC shall furnish all labor, materials and equipment necessary to perform Locate Services for Customer within the Contract Service Area except for the maps and records to be provided by Customer under Section 3.1. USIC will receive Ticket transmittals directly from the one-call center for the Contract Service Area at no additional cost to Customer.

2.2 Upon receipt of a request for a Locate, USIC will assess whether a field visit to the excavation site and a Visual Examination is required to determine if a conflict exists between the Customer's Facilities and the proposed excavation. If USIC determines that no field visit or Visual Examination is necessary, USIC will proceed under section 2.4 below.

2.3 If USIC determines that there are Locatable Facilities present at the excavation site, it will indicate the presence of those facilities with appropriate Markings.

2.4 If USIC determines that Customer's Facilities are not present at the excavation site, USIC will either notify Excavator prior to the proposed excavation that Customer's Facilities are not present or mark the excavation site in a manner to indicate that Customer's Facilities are not present at the proposed excavation site.

2.5 Customer agrees that USIC will have the right to screen tickets via prints. Customer also agrees that, notwithstanding anything to the contrary contained in this Agreement, USIC will not be liable for any damages that occur because of incorrect prints.

Need more info.

*In
What time
frame?*

2.6 If USIC determines that there are Unlocatable Facilities at the excavation site, it will notify Customer and Customer will be responsible for determining what course of action should be followed to assure that the Unlocatable Facilities are not damaged by Excavator.

2.7 Any maps and records furnished by Customer pursuant to section 3.1 shall remain the property of Customer. USIC agrees to return all copies of such maps and records to Customer upon Customer's written request or at the termination of this Agreement. Unless such maps and records were previously known to USIC free of any obligation to keep them confidential, are given to USIC by a third party not obligated to keep them confidential, or become public without any act or omission of USIC, USIC agrees to keep such maps and records confidential and shall use such maps and records only in the performance of this Agreement except upon such terms as may be agreed upon by Customer or as required by law. This obligation of confidentiality shall survive the termination of this Agreement.

*3rd
Party
Claims*

2.8 Subject to the terms of section 3.2 USIC shall perform the Services as an independent contractor and as such it has the right to exercise control and supervision of the work and full control over the employment, direction, compensation and discharge of all persons assisting it in performing the Services; that it will be solely responsible for the payment of its employees and for the payment of all federal, state, county and municipal taxes and contributions pertaining thereto; and that it will be responsible for its own acts.

2.9 USIC shall not subcontract the Services or any part of the Services without the prior written approval of Customer, which approval Customer may choose to withhold in its sole discretion.

2.10 USIC shall comply with the provisions of all applicable permits and licenses relative to the services to be performed hereunder. USIC shall comply with all applicable laws, ordinances and regulations of the United States, the State or States where the Services are performed, and any

unit of local government correctly asserting jurisdiction, applicable to the Services (including, but not limited to Worker's Compensation, Unemployment Insurance and Social Security).

3. Responsibilities of Customer.

Discussion
Clarify any
factors

3.1 Customer agrees to provide USIC with the necessary maps and records to permit USIC to provide the Locate Services. Customer acknowledges that it is Customer's responsibility to keep all applicable maps, records, prints up to date with accurate information. USIC bears no liability for Customer's failure to provide accurate maps, records, and prints, or any damage which results from inaccurate maps, records, and prints.

W/age
of plans -
multiple
sets due

3.2 Customer agrees that it will reasonably cooperate with USIC so that USIC enjoys the same protection under the laws applicable to the Customer regarding Third Party Claims as the Customer would enjoy if it were performing the Services.

to
modifications
of
42" line
route.

3.3 Customer will pay USIC for the Locate Services in accordance with the charges set forth on Exhibit B. USIC shall bill for all tickets received from the State One Call, on behalf of Customer. USIC will not be responsible for the accuracy, updates to or the completeness of the definition of the Customer's service area that Customer has provided to the State One Call center.

4. Term, Termination and Exclusive Nature of Agreement

4.1 This Agreement shall be effective as of 10/1/2018 12:00 AM, and continue for a period of one (1) year, with automatic renewal for consecutive periods of one (1) year on each expiration date, unless sooner terminated pursuant to section 4.3.

4.2 Customer shall use USIC as its exclusive provider of Locate Services within the Contract Service Area.

"Out" clause

4.3 Either party to this Agreement can terminate this Agreement upon thirty (30 Days) days prior written notice to the other. Upon such termination the only liability will be that of the Customer for any Services performed by USIC prior to the effective date of termination.

5. Investigations of Damage to Customer's Facilities

Needs to be written -

5.1 Should either party to this Agreement become aware of any Damage to Customer's Facilities that occurs after USIC has been asked to perform a Locate with respect to the Customer's Facilities, the party learning of the Damage to Customer's Facilities shall promptly notify the other party. This notification may be made orally Both parties to this Agreement reserve the right and shall be entitled to investigate any reports of Damage to Customer's Facilities.

also in what form is acceptable

5.2 USIC will investigate incidents of Damage to Customer's Facilities and provide a written report of its findings to Customer upon request. Such report will contain USIC's determination as to whether the Damage to Customer's Facilities constitutes At Fault Damages. Customer shall have thirty (30) days after receipt of USIC's written report to contest USIC's conclusion. Unless Customer notifies USIC in writing within such period that it disputes USIC's conclusion as to At Fault Damages, USIC's conclusion with regard to that issue shall be deemed binding with respect to this Agreement. If Customer disputes USIC's conclusion, the parties will seek to mutually resolve such dispute and if they cannot such dispute will be resolved in accordance with section 11.1.

Dispute/Controversies

5.3 USIC shall be entitled to collect an investigation fee for each investigation and written report thereof, which it provides to Customer, unless such report concludes or the parties ultimately agree that the report involves At Fault Damages.

5.4 Customer agrees that should it fail to notify USIC as provided in section 5.1 of any Damage to Customer's Facilities within forty-eight (48) hours after Customer receives notice of the damage and USIC is otherwise unaware of the damage within that period, then USIC shall not be liable

Short time frame

to Customer for Restoration Costs arising from that Damage to Customers' Facilities and Customer shall indemnify USIC against Third Party Claims in accordance with section 7.1, even if it is later determined that such damage constitutes At Fault Damages.

Legal Counsel
review

6. Limitation of Liability and Indemnification of Customer by USIC

6.1 USIC will be responsible for paying Customer's Restoration Costs only if:
a) USIC receives a request to provide Locate Services with respect to Customer's Facilities, and b) the Damage to Customer's Facilities constitutes an At Fault Damage. Restoration costs payable by USIC shall at no time collectively exceed \$4,600.00 per incident. If the Damage to Customer's Facilities is not At Fault Damages or if Customer's Facilities are Unidentifiable Facilities or Unlocatable Facilities, USIC's only responsibility will be to provide whatever support to Customer it can reasonably provide to establish whether the Excavator or another third party is liable for such Damage to Customer's Facilities. USIC shall indemnify and hold harmless Customer, its agents, employees, officers, directors and shareholders (**Customer Indemnities**) from and against any and all Third Party Claims to the extent the same arise from At Fault Damages; provided, however, USIC shall not indemnify Customer Indemnities for Third Party Claims arising from Damages that are not At Fault Damages or damages to Unidentifiable Facilities or Unlocatable Facilities or for Third Party Claims that arise from the negligence or willful misconduct of Customer, its agents or employees.

This
Could
be
reason
not to
Secure
Services -
Max is
Way too low.

7. Indemnification of USIC by Customer

7.1 Customer shall indemnify and hold harmless USIC, its agents, employees, officers, directors and shareholders (**USIC Indemnities**) from and against any and all Third Party Claims to the extent the same arise from Damage to Customer Facilities if the Customer's Facilities were either Unidentifiable Facilities or Unlocatable Facilities or if the Third Party Claims arose from the negligence or willful misconduct of Customer, its agents or employees.

8. Price Revisions

8.1 USIC may adjust the prices for Locate Services set forth on Exhibit B upon thirty (30) days notice to Customer, provided that USIC provides Customer evidence that such price increase results from either (a) an increase in USIC costs for providing the Services that exceeds the average rate of inflation for the period since USIC's most recent price increase; (b) a material change in the one-call statute effective within the Contract Service Area; or (c) a change in the mix of the number or types of Locates on which the pricing set forth in Exhibit A was based. Unless Customer contests, in writing within the thirty (30) day notice period, the evidence provided by USIC the price increase will become effective on the date identified in USIC's notice. If Customer contests the basis for the price increase as provided above, the parties shall either negotiate a mutually agreeable resolution or resolve the dispute as provided in section 11.1.

At the beginning of each Contract Year subsequent to the first Contract Year, the charges for Locate Services set forth on Exhibit B shall be increased by 3.00%.

Another reason not to secure services - does not seem justified.

8.2 USIC may on a semiannual basis adjust fees based upon fluctuation in fuel prices. The adjustment will be based on "U.S. Regular Conventional Retail Gas Prices" from the US Department of Energy site: http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_history.html. The average fuel price over the previous 6-months will be reviewed every Contract Year on January 1st and July 1st and pricing will be adjusted when applicable based the average fuel price as outlined in the chart below. There will be no adjustment in fees as long as the average fuel price is at or below \$3.99. For example, if the average fuel price for the previous 6-months is \$4.00 - \$4.49 on July 1, fees will be increased by 1.50% for the next 6-month period through December 31st. If the reviewed average 6-month fuel price (on January 1st or July 1st) drops below \$4.00, the increases will cease to be in effect.

unable to pull up exact site - unclear if by region - State - or Avg for USA

6-month Average Fuel

Price per Gallon	Rate Increase
\$4.00 - \$4.49	1.50%
\$4.50 - \$4.99	Additional 1.00%
\$5.00 - \$5.49	Additional 1.00%
\$5.50 +	Additional 1.00%

9. Equal Employment

9.1 USIC acknowledges that it is an equal opportunity employer. We are committed to ensuring equal employment opportunities for all applicants and employees, and to further our commitment not to discriminate on the basis of sex, race, religion, color, national origin, age, disability, genetic information, or veteran status, or any other basis protected by federal, state or local law ("Protected Classifications).

10. Insurance

10.1 USIC provides the following insurance coverage:

<u>INSURANCE COVERAGE:</u>	<u>LIMITS:</u>
Worker's Compensation	Statutory Limit
Employers' Liability	
Each Accident	\$1,000,000
Disease, Policy Limit	\$1,000,000
Disease, Each Employee	\$1,000,000
Comprehensive General Liability	
including Contractual Liability	\$1,000,000 Each Occurrence
Occurrence Basis BI & PD	\$1,000,000 Each Occurrence
	\$2,000,000 General Aggregate
	(Each occurrence)
Personal Injury	\$1,000,000 Each Occurrence
Products & Completed Operations	\$2,000,000 Each Occurrence
Automobile Liability	
BI & PD Combined	\$1,000,000 Each Occurrence

11. Dispute Resolution

11.1 The parties shall attempt in good faith to resolve all disputes (**Controversy**) promptly by negotiation, as follows. Any party may give the other party written notice of any Controversy not resolved in the normal course of business. Executives of both parties at levels one level above the personnel who have previously been involved in the Controversy shall meet at a mutually acceptable time and place within ten days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the Controversy. If the matter has not been resolved within thirty days from the referral of the Controversy to senior executives, or if no meeting of senior executives has taken place within fifteen days after such referral and if the Controversy is over the amount of Restoration Costs owed by USIC to Customer, the parties shall simply split the difference between their respective positions. If more than two Controversies within a given contract year result in a split of the difference under the preceding sentence or if a Controversy involves more than simply a dispute about Restoration Costs, the parties hereto reserve to themselves the right to litigate any such disputes in an appropriate forum. If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least three working days' notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State rules of evidence.

B. Flickinger

would

likely

advise not specific enough -

need to know what court/country etc.

12. Miscellaneous

- 12.1 Neither party shall be deemed to be in default of this Agreement to the extent that any delay or failure to perform its obligations, other than the payment of money, results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions or strikes. If USIC claims that it is delayed by such a cause, it shall notify Customer immediately and Customer shall be entitled to obtain the Services from any other person until such cause terminates as evidenced by a notice from USIC that such cause has ended.
- 12.2 This Agreement may only be modified or amended by a written instrument signed by an authorized representative of USIC and Customer. The term "Agreement" shall include any such future amendments or modifications.
- 12.3 This Agreement shall constitute the entire contract between the parties with respect to the subject matter of this Agreement. Customer and USIC each represent that it has read this Contract, agrees to be bound by all terms and conditions contained in this Agreement, and acknowledge receipt of a signed, true exact copy of this Agreement.
- 12.4 Customer agrees that during the Term of this Agreement and for a period of six (6) months thereafter, Customer will not hire or solicit for hire any employee of USIC who has been used by USIC within the last six months for the purpose of providing the Services to Customer.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives.

South Texas Water Authority

USIC Locating Services, LLC

By: _____
(Signature)

By: _____
(Signature)

(Please print)

Darin Stalbaum
(Please print)

Title: _____

Title: Vice President

Date 8/31/2018

South Texas Water Authority
ATTN:
PO Box 1701

Kingsville, TX 78364

«Contract_Name», «States»

Contract #: «USIC_Contract_Number»

Exhibit A

USIC Locating Services, LLC shall provide services in the State of TX.

Exhibit B

USIC Locating Services, LLC will charge for services rendered hereunder:

- \$ 12.00 Per Ticket Received from the One Call**
- \$ 17.00 Per Emergency Ticket Regular Hours**
- \$ 17.00 Per After Hour Call Out Ticket**
- \$ 14.00 Project Price Per Quarter Hour for Tickets that Exceed 30 Minutes**
- \$ 14.00 Per Quarter Hour for Watchdogs or Site Surveillance Work**
- \$ 275.00 Damage Investigation Fee**

Mail Invoices To: South Texas Water Authority
ATTN: Carola G. Serrato
PO Box 1701

Kingsville, TX 78364
Phone: 361-592-9323 x112
Email: mcserrato@stwa.org

USIC shall render invoices and statements to Customer on a monthly basis. Each statement shall be paid by Customer within thirty (30) days of invoice date.

ATTACHMENT 4

FY 2019 Budget

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 31, 2018
Re: Final Fiscal Year 2019 Budget

Background:

Enclosed please find Final Fiscal Year 2019 budgets for the General Fund, Tax Fund, Special Services Fund, Debt Service Fund and Capital Improvement Fund. As reported previously, the City of Corpus Christi's final Cost of Water model has not been provided. As such, the budget is based on last year's model which projects rates for multiple years. As the Board is aware, the cost of water is passed through to our customers; however, the cost of water purchased from the City of Corpus Christi impacts the volume the City of Kingsville can purchase. The City of Kingsville will be purchasing \$370,000 in FY 19 according to the water supply contract.

The budgets are based on (1) a slightly higher M&O Tax Rate of \$0.067886/\$100, (2) a slightly lower I&S tax of \$0.018778/\$100 valuation, (3) the same Handling Charge for the 9th year in a row, and (4) passing through the cost of water from the City of Corpus Christi, resulting in an ending net income in the General Fund of \$111,433.

Analysis:

As mentioned above, the budget is based on a slightly higher M&O tax rate but a slightly lower I&S tax rate. The combined tax rate is less than a \$0.0015 (\$0.001494) increase as compared to last year's combined tax rate. On the average home value of \$84,477 (after the homestead exemption), the tax increase for the year would be \$1.26.

In addition, the Fiscal Year 2019 budget is based on historic expenses, a 9% increase in medical/dental insurance, and the acquisition of certain items that STWA typically expenses on a rotating basis, such as the replacement of one of the 2009 pick-up trucks, the rehabilitation of a pump station building, and the replacement of three (3) computers. However, there are some items that have not occurred in recent years such as the construction of a new equipment barn, the purchase of a new trackhoe and items associated with the construction of the new Banquete Pump Station which will result in stations devoted to Nueces Water Supply Corporation and the Nueces County Water Control and Improvement District #5. The General Fund Budget and the Special Services Budget reflect an overall salary increase of 2% for all eligible employees with the exception of the Executive Director.

Rehab Ki PS	\$37,900
3/4 ton Truck	\$32,500
Equipment Barn -- an increase of \$15,000 from previous draft budget	\$50,000
Trackhoe	\$95,000
Computers	\$5,000
New BA PS Hydro -- added since previous draft budget	<u>\$20,000</u>
	\$240,400.00

The revenues and expenses for Special Services are directly related to the management and operation services provided to the Nueces and Ricardo Water Supply Corporations. This final budget is based on a biennial analysis conducted this year. The analysis results indicate that the fees charged to those corporations should be adjusted as shown in Table 1. In addition, the budget is based on adjusting the fee schedule for Taps/Repairs, listed in Tables 2 and 3. Based on the current number of customers and the anticipated growth in FY 2019 and FY 2020, staff calculated that these fees will generate the necessary revenues to recoup the personnel and overhead expenses. Overall, between the two (2) corporations, there is approximately a \$20,000 increase. The split between the two corporations is about a 51% to 49% split with RWSC charges higher due to having about 50 more customers than NWSC.

Table 1 – Recurring and Additional Administrative Fees Service Description	Nueces Water Supply Corporation		Ricardo Water Supply Corporation	
	FY 2017/FY 2018	FY 2019/FY 2020	FY 2017/FY 2018	FY 2019/FY 2020
Administration per Connection*	\$5.25	\$5.50	\$5.25	\$5.50
Meter Reading*	\$1.65	\$1.80	\$2.15	\$2.35
Water Statement (Bill) Per Conn.*	\$1.50	\$1.65	\$1.50	\$1.65
Past Due Notices	\$1.00	\$1.10	\$1.00	\$1.10
Meter Removal/Cancellation Letter	\$1.50	\$1.75	\$1.50	\$1.75
Annual Meeting Mail-outs	\$4.50	\$4.50	\$4.50	\$4.50
Additional Mail-outs	\$0.50	\$0.60	\$0.50	\$0.60
Consumer Confidence Report (CCR)	\$500.00	\$500.00	\$500.00	\$500.00
Copies	\$0.05	\$0.10	\$0.05	\$0.10
General Maintenance per Conn.*	\$5.35	\$5.65	\$5.10	\$5.35
Water Sample Collection	\$35.00	\$40.00	\$35.00	\$40.00

*The increase in these recurring fees total 85 cents per connection per month for NWSC and RWSC.

Table 2 – Taps/Repairs – for NWSC and RWSC – Most items recouped directly from customer		
Service Description	FY 2017 & FY 2018	FY 2019 & FY 2020
Standard Service Tap	\$250	\$250
Install Meter	\$100	\$100
Install Meter Box Only	\$50	\$50
Install Meter Box Lid Only	\$25	\$25
Valve Install w/tap and/or extension (2in. - 3in.)	\$275	\$300
Valve Install w/tap and/or extension (4in.+)	\$370	\$400
Customer Service Inspection (CSI) 1 st /repeat	\$75/\$50	\$75/\$50
Road Bore – 3” or less	\$22.50/lf	\$24.00/lf
Road Bore – greater than 3”	\$26.25/lf	\$28.00/lf
Long Service Connection	\$1.90/lf	\$2.00/lf
Line Extensions - 2" line or less	\$2.40/lf	\$2.55/lf
Line Extensions - 2.5" line	\$2.60/lf	\$2.70/lf
Line Extensions - 3.0" line	\$2.80/lf	\$2.95/lf
Extensions - 4.0" & larger - up to 100 lf/100lf+	\$5.25/\$4.75	\$5.45/\$5.00
Meter Unlock Fee – 8 am to 4 pm M-F	\$60	\$60
Meter Unlock Fee – between 4 pm – 8 pm M-F	\$90	\$90
Meter Removal	\$60	\$60
Customer Request - Shut Off Water – Reg Hrs	\$35	\$35
Residential Meter Testing	\$15	\$25

Table 3 – Taps/Repairs – for NWSC and RWSC – Paid by Corporation through rates charged to all customers		
Service Description	FY 2017 & FY 2018	FY 2019 & FY 2020
Line Repairs/per hour – up to 4” line	\$160	\$180
Line Repairs/overtime – up to 4”	\$240	\$270
Line Repairs /per hour – larger than 4”	\$220	\$250
Line Repairs /overtime – larger than 4”	\$330	\$375
Bee Control & Repair Call w/o Equipment	\$50	\$50
After Hour Call Out per MH – 1 hr. Min.	\$60	\$75
Weekend Residual Checks	\$60	\$60
Hydrant Installation	Hourly Repair Rate	Hourly Repair Rate
Air Relief Valve/Valve Installation	Hourly Repair Rate	Hourly Repair Rate

Staff Recommendation:

Adopt the Final Proposed Fiscal Year 2019 Budgets and Resolutions 18-12 and 18-13.

Board Action:

Determine whether to adopt Resolutions 18-12 and 18-13.

Summarization:

Below are the last ten (10) years’ rates and the rates that the enclosed FY 19 Budget is based on.

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
H. Ch.	\$0.3366	\$0.3535	\$0.4264	\$0.4264	\$0.4264	\$0.4264	\$0.4264	\$0.4264	\$0.4264	\$0.4264	\$0.4264
M&O	5.590¢	5.731¢	6.189¢	6.189¢	6.189¢	6.189¢	6.189¢	6.189¢	6.1067¢	6.4224¢	6.7886¢
I&S	n/a	n/a	n/a	n/a	n/a	2.322¢	2.352¢	2.136¢	2.1875¢	2.0946¢	1.8778¢
Total	n/a	n/a	n/a	n/a	n/a	8.511¢	8.541¢	8.2942¢	8.2942¢	8.5170¢	8.6664¢

SOUTH TEXAS WATER AUTHORITY
GENERAL FUND
PROPOSED FY2019 BUDGET

2019 PROPOSED RATES

O & M TAX RATE:	\$0.067886
I & S TAX RATE:	\$0.018778
HANDLING CHARGE:	\$0.426386
WATER RATE:	\$2.632450

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

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
REVENUES			
Water Service Revenue	\$1,257,962	\$1,257,962	\$1,366,000
Handling Charge Revenue	\$220,170	\$220,170	\$221,255
Premium Incremental Increase	\$0	\$35,000	\$20,000
Surcharge - Out of District	\$6,619	\$6,619	\$7,299
Interest Income	\$10,000	\$22,000	\$37,000
Other Revenue			
Operating & Maintenance Fees	\$0	\$0	\$0
Miscellaneous Revenues	\$5,000	\$5,000	\$5,000
TOTAL REVENUES	\$1,499,751	\$1,546,751	\$1,656,554
EXPENDITURES			
Water Service Expenditures:			
Bulk Water Purchases	\$1,254,637	\$1,257,962	\$1,366,000
Water Loss	\$3,325	\$0	\$0
TOTAL WATER SERVICE	\$1,257,962	\$1,257,962	\$1,366,000
Payroll Costs			
Salaries & Wages -			
Permanent Employees	\$328,813	\$313,366	\$329,340
Part-Time Employee	\$1,607	\$1,607	\$1,677
Overtime - NWSC	\$0	\$0	\$0
Stand-by Pay - NWSC	\$0	\$0	\$0
Overtime - RWSC	\$0	\$0	\$0
Stand-by Pay - RWSC	\$0	\$0	\$0
Overtime - STWA	\$12,500	\$12,500	\$12,500
Stand-by Pay - STWA	\$1,300	\$1,300	\$1,300
Janitorial Pay - STWA Overtime	\$8,500	\$7,800	\$8,500
Employee Retirement Premiums	\$44,452	\$54,023	\$44,959
Group Insurance Premium	\$169,122	\$156,292	\$169,292
Unemployment Compensation	\$874	\$1,115	\$1,034
Workers' Compensation	\$6,498	\$6,498	\$6,841
Car Allowance	\$4,800	\$5,900	\$6,000
Hospital Insurance Tax	\$3,757	\$3,825	\$3,817
TOTAL PERSONNEL	\$582,223	\$564,226	\$585,260
Supplies & Materials			
Repairs & Maintenance	\$80,000	\$80,000	\$80,000
Meter Expense	\$5,000	\$11,500	\$5,000
Tank Repairs	\$20,000	\$20,000	\$25,000
Major Repairs	\$25,000	\$25,000	\$25,000
TOTAL SUPPLIES & MATERIALS	\$130,000	\$136,500	\$135,000

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
Other Operating Expenditures:			
Professional Fees			
Legal	\$40,000	\$30,000	\$30,000
Auditing	\$9,500	\$9,370	\$9,750
Engineering	\$90,000	\$70,000	\$12,500
Management & Consulting	\$10,000	\$10,000	\$7,500
Inspections	\$5,500	\$3,725	\$4,000
Leak Detection	\$75,000	\$55,440	\$0
Banquete Overhead Tank Demolition	\$0	\$0	\$30,000
Line Locates	\$0	\$0	\$25,000
TOTAL PROFESSIONAL FEES	\$230,000	\$178,535	\$118,750
Consum Supplies/Materials			
Postage	\$11,500	\$6,500	\$6,500
Printing/Office Supplies/Tech Support	\$19,000	\$26,500	\$27,500
Janitorial/Site Maintenance	\$5,000	\$6,000	\$6,000
Fuel/Lubricants/Repairs	\$33,000	\$33,000	\$34,000
Chemicals/Water Samples	\$58,000	\$58,000	\$52,500
Safety Equipment	\$1,500	\$1,500	\$1,500
Small Tools	\$1,000	\$4,500	\$2,000
TOTAL CON. SUPPLIES/MATERIALS	\$129,000	\$136,000	\$130,000
Recurring Operating Costs			
Telephone/Communications	\$21,100	\$23,500	\$20,654
Utilities	\$115,000	\$115,000	\$112,500
D & O Liability Insurance	\$3,500	\$3,500	\$3,500
Property Insurance	\$33,247	\$20,000	\$30,000
General Liability	\$2,750	\$2,750	\$2,750
Auto Insurance	\$2,050	\$2,050	\$2,050
Travel/Training/Meetings	\$10,000	\$10,000	\$10,000
Rental-Equipment/Uniforms	\$5,000	\$5,000	\$5,000
Dues/Subscriptions/Publication	\$15,000	\$15,000	\$15,000
Pass Through Cost	\$500	\$800	\$600
Educational Materials	\$660	\$0	\$0
TOTAL RECURRING OPER. COSTS	\$208,807	\$197,600	\$202,054
Miscellaneous			
Miscellaneous Expenditures	\$7,500	\$11,647	\$7,500
TOTAL MISCELLANEOUS	\$7,500	\$11,647	\$7,500
Total Administrative & Operations Exp.	\$2,545,492	\$2,482,470	\$2,544,564
Capital Outlay			
Capital Acquisition	\$79,000	\$89,000	\$240,400
Engineering	\$0	\$0	\$0
TOTAL CAPITAL OUTLAY	\$79,000	\$89,000	\$240,400
TOTAL EXPENDITURES (w/o D.S. exp.)	\$2,624,492	\$2,571,470	\$2,784,964
Excess (Deficiencies) of			
Revenue Over Expenditures	-\$1,124,741	-\$1,024,719	-\$1,128,410

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
OTHER FINANCE SOURCE (USES)			
Transfer to Other Funds			
Disposition of Assets (Surplus Sale)	\$1,500	\$4,432	\$1,500
Transfer from Tax Accounts	\$1,054,566	\$1,055,703	\$1,238,343
TOTAL OTHER FINANCING SOURCES (USES)	\$1,056,066	\$1,060,135	\$1,239,843
TOTAL EXPENDITURES	\$1,533,905	\$35,416	\$1,545,121
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)	-\$68,675	\$35,416	\$111,433
NET INCOME	-\$68,675	\$35,416	\$111,433

Capital Acquisition

a. Rehab Kingsville Pump Station	\$37,900 actual quote
b. New truck to replace 2009 F150 4x4	\$32,500
c. 3 Computers/Installation	\$5,000
d. Equipment Barn	\$50,000
e. New Trackhoe	\$95,000
f. New Hydropneumatic Tank - Banquete	<u>\$20,000</u>
	\$240,400
Engineering	\$0

SOUTH TEXAS WATER AUTHORITY
GENERAL FUND
PROPOSED FY2019 BUDGET

2019 PROPOSED RATES

O & M TAX RATE:	\$0.067886
I & S TAX RATE:	\$0.018778
HANDLING CHARGE:	\$0.426386
WATER RATE:	\$2.632450

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

Budget without Line Locate Service

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
REVENUES			
Water Service Revenue	\$1,257,962	\$1,257,962	\$1,366,000
Handling Charge Revenue	\$220,170	\$220,170	\$221,255
Premium Incremental Increase	\$0	\$35,000	\$20,000
Surcharge - Out of District	\$6,619	\$6,619	\$7,299
Interest Income	\$10,000	\$22,000	\$37,000
Other Revenue			
Operating & Maintenance Fees	\$0	\$0	\$0
Miscellaneous Revenues	\$5,000	\$5,000	\$5,000
TOTAL REVENUES	\$1,499,751	\$1,546,751	\$1,656,554
EXPENDITURES			
Water Service Expenditures:			
Bulk Water Purchases	\$1,254,637	\$1,257,962	\$1,366,000
Water Loss	\$3,325	\$0	\$0
TOTAL WATER SERVICE	\$1,257,962	\$1,257,962	\$1,366,000
Payroll Costs			
Salaries & Wages -			
Permanent Employees	\$328,813	\$313,366	\$329,340
Part-Time Employee	\$1,607	\$1,607	\$1,677
Overtime - NWSC	\$0	\$0	\$0
Stand-by Pay - NWSC	\$0	\$0	\$0
Overtime - RWSC	\$0	\$0	\$0
Stand-by Pay - RWSC	\$0	\$0	\$0
Overtime - STWA	\$12,500	\$12,500	\$12,500
Stand-by Pay - STWA	\$1,300	\$1,300	\$1,300
Janitorial Pay - STWA Overtime	\$8,500	\$7,800	\$8,500
Employee Retirement Premiums	\$44,452	\$54,023	\$44,959
Group Insurance Premium	\$169,122	\$156,292	\$169,292
Unemployment Compensation	\$874	\$1,115	\$1,034
Workers' Compensation	\$6,498	\$6,498	\$6,841
Car Allowance	\$4,800	\$5,900	\$6,000
Hospital Insurance Tax	\$3,757	\$3,825	\$3,817
TOTAL PERSONNEL	\$582,223	\$564,226	\$585,260
Supplies & Materials			
Repairs & Maintenance	\$80,000	\$80,000	\$80,000
Meter Expense	\$5,000	\$11,500	\$5,000
Tank Repairs	\$20,000	\$20,000	\$25,000
Major Repairs	\$25,000	\$25,000	\$25,000
TOTAL SUPPLIES & MATERIALS	\$130,000	\$136,500	\$135,000

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
Other Operating Expenditures:			
Professional Fees			
Legal	\$40,000	\$30,000	\$30,000
Auditing	\$9,500	\$9,370	\$9,750
Engineering	\$90,000	\$70,000	\$12,500
Management & Consulting	\$10,000	\$10,000	\$7,500
Inspections	\$5,500	\$3,725	\$4,000
Leak Detection	\$75,000	\$55,440	\$0
Banquete Overhead Tank Demolition	\$0	\$0	\$30,000
TOTAL PROFESSIONAL FEES	\$230,000	\$178,535	\$93,750
Consum Supplies/Materials			
Postage	\$11,500	\$6,500	\$6,500
Printing/Office Supplies/Tech Support	\$19,000	\$26,500	\$27,500
Janitorial/Site Maintenance	\$5,000	\$6,000	\$6,000
Fuel/Lubricants/Repairs	\$33,000	\$33,000	\$34,000
Chemicals/Water Samples	\$58,000	\$58,000	\$52,500
Safety Equipment	\$1,500	\$1,500	\$1,500
Small Tools	\$1,000	\$4,500	\$2,000
TOTAL CON. SUPPLIES/MATERIALS	\$129,000	\$136,000	\$130,000
Recurring Operating Costs			
Telephone/Communications	\$21,100	\$23,500	\$20,654
Utilities	\$115,000	\$115,000	\$112,500
D & O Liability Insurance	\$3,500	\$3,500	\$3,500
Property Insurance	\$33,247	\$20,000	\$30,000
General Liability	\$2,750	\$2,750	\$2,750
Auto Insurance	\$2,050	\$2,050	\$2,050
Travel/Training/Meetings	\$10,000	\$10,000	\$10,000
Rental-Equipment/Uniforms	\$5,000	\$5,000	\$5,000
Dues/Subscriptions/Publication	\$15,000	\$15,000	\$15,000
Pass Through Cost	\$500	\$800	\$600
Educational Materials	\$660	\$0	\$0
TOTAL RECURRING OPER. COSTS	\$208,807	\$197,600	\$202,054
Miscellaneous			
Miscellaneous Expenditures	\$7,500	\$11,647	\$7,500
TOTAL MISCELLANEOUS	\$7,500	\$11,647	\$7,500
Total Administrative & Operations Exp.	\$2,545,492	\$2,482,470	\$2,519,564
Capital Outlay			
Capital Acquisition	\$79,000	\$89,000	\$240,400
Engineering	\$0	\$0	\$0
TOTAL CAPITAL OUTLAY	\$79,000	\$89,000	\$240,400
TOTAL EXPENDITURES (w/o D.S. exp.)	\$2,624,492	\$2,571,470	\$2,759,964
Excess (Deficiencies) of Revenue Over Expenditures	-\$1,124,741	-\$1,024,719	-\$1,103,410

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
OTHER FINANCE SOURCE (USES)			
Transfer to Other Funds			
Disposition of Assets (Surplus Sale)	\$1,500	\$4,432	\$1,500
Transfer from Tax Accounts	\$1,054,566	\$1,055,703	\$1,238,343
TOTAL OTHER FINANCING SOURCES (USES)	\$1,056,066	\$1,060,135	\$1,239,843
TOTAL EXPENDITURES	\$1,533,905	\$35,416	\$1,520,121
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)	-\$68,675	\$35,416	\$136,433
NET INCOME	-\$68,675	\$35,416	\$136,433

Capital Acquisition

a. Rehab Kingsville Pump Station	\$37,900 actual quote
b. New truck to replace 2009 F150 4x4	\$32,500
c. 3 Computers/Installation	\$5,000
d. Equipment Barn	\$50,000
e. New Trackhoe	\$95,000
f. New Hydropneumatic Tank - Banquete	\$20,000
	<u>\$240,400</u>
Engineering	\$0

SOUTH TEXAS WATER AUTHORITY
GENERAL FUND - TAX ACCOUNTS
PROPOSED FY2019 BUDGET

2019 PROPOSED RATES

O & M TAX RATE: \$0.067886
I & S TAX RATE: \$0.018778
HANDLING CHARGE: \$0.426386
WATER RATE: \$2.632450

Tax Base Value: \$1,943,196,035
Collection Rate: 95.30%

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
REVENUES			
Ad Valorem - Current (M & O)	\$1,070,008	\$1,070,008	\$1,257,158
Delinquent Taxes (M & O)	\$27,500	\$27,500	\$27,500
Penalty & Interest - Tax Accounts (M & O)	\$16,000	\$16,000	\$16,000
TOTAL M&O TAX REVENUES	\$1,113,508	\$1,113,508	\$1,300,658
EXPENDITURES			
Tax Collector Fees	\$37,165	\$37,215	\$38,597
Appraisal Districts	\$21,777	\$20,590	\$23,718
Refunds	\$0	\$0	\$0
TOTAL EXPENDITURES	\$58,942	\$57,805	\$62,315
REVENUES OVER EXPENDITURES	\$1,054,566	\$1,055,703	\$1,238,343
OTHER USES			
Transfer to Revenue Fund (Tax)	\$1,054,566	\$1,055,703	\$1,238,343
TOTAL EXPEND. & OTHER USES	\$1,113,508	\$1,113,508	\$1,300,658
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0	\$0	\$0

SOUTH TEXAS WATER AUTHORITY
DEBT SERVICE FUND
PROPOSED FY2019 BUDGET

2019 PROPOSED RATES

O & M TAX RATE:	\$0.067886
I & S TAX RATE:	\$0.018778
HANDLING CHARG	\$0.426386
WATER RATE:	\$2.632450

Tax Base Value: \$1,943,196,035

Collection Rate: 100.00%

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
REVENUES			
Ad Valorem - Current	\$366,174	\$366,174	\$364,889
Ad Valorem - Delinquent	\$7,000	\$7,000	\$7,000
Penalty & Interest - Tax Accounts	\$5,500	\$5,500	\$5,500
Out-of-District Surcharge	\$2,159	\$2,159	\$2,019
Interest on Temporary Investments	\$900	\$2,280	\$3,250
Miscellaneous	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL REVENUES	\$381,733	\$383,113	\$382,658
EXPENDITURES			
Fiscal Agent Fees	\$200	\$200	\$200
Bond Interest Expense	\$126,750	\$126,750	\$122,350
Bond Principal Payments	\$220,000	\$220,000	\$225,000
Tax Collector Fees	\$12,121	\$12,189	\$10,739
Appraisal District Fees	\$7,103	\$6,714	\$6,600
Miscellaneous Fees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL EXPENDITURES	\$366,174	\$365,853	\$364,890
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$15,559	\$17,260	\$17,768

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

2019 PROPOSED RATES

**O & M TAX RATE: \$0.067886
I & S TAX RATE: \$0.018778
HANDLING CHARGE: \$0.426386
WATER RATE: \$2.632450**

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	2019 PROPOSED BUDGET
REVENUES			
Ricardo Water Supply Corporation 994 customers	\$293,020	\$293,020	\$302,825
Nueces Water Supply Corporation 942 customers	\$275,134	\$275,134	\$285,529
TOTAL SPECIAL SERVICES REVENUE	\$568,154	\$568,154	\$588,354
EXPENDITURES			
Personnel	\$304,185	\$304,185	\$319,559
Overhead	\$263,969	\$263,969	\$268,794
TOTAL SPECIAL SERVICES EXPENDITURES	\$568,154	\$568,154	\$588,354
REVENUES OVER EXPENDITURES	\$0	\$0	\$0

Personnel allocations:

Billing Clerk	85.00%	Retirement	\$38,001.95
Receptionist	75.00%	Medicare	\$4,210.33
Accountant Assistant	75.00%	TEC	\$1,072.44
Finance Manager	27.00%	WC	\$6,895.35
Business/Risk Manager	25.00%	Health, etc	\$189,769.14
Field Manager	75.00%	Fuel	\$26,000.00
Field Supervisor	35.00%	Phone	<u>\$2,845.28</u>
2.5 Man Field Crew	100.00%		\$268,794.49
Executive Director	15.00%		

**SOUTH TEXAS WATER AUTHORITY
FISCAL YEAR 2019 PROPOSED BUDGET
CAPITAL PROJECT FUND**

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

	2013 BUDGET	2013 & 2014 REVENUE & EXPEND.	2015 REVENUE & EXPEND.	2016 REVENUE & EXPEND.	2017 REVENUE & EXPEND.	2018 REVENUE & EXPEND. as of 07/31/18	Projected 2018 Year End REVENUE & EXPEND.	2019 PROPOSED BUDGET
REVENUES								
Bond Proceeds	\$5,307,386.40	\$5,307,386.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Earnings	\$0.00	\$2,751.15	\$2,307.69	\$8,624.35	\$11,987.27	\$14,298.04	\$17,300.00	\$17,500.00
Other Income	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$7,167.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total Revenue and Other Financing Sources	\$5,307,386.40	\$5,310,137.55	\$9,474.69	\$8,624.35	\$11,987.27	\$14,298.04	\$17,300.00	\$17,500.00
EXPENDITURES								
Right of Way Acquisition	\$64,700.00	\$57,436.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,264.00
Engineering Fees	\$942,400.00	\$461,257.00	\$57,770.00	\$70,053.00	\$102,326.00	\$5,400.00	\$5,400.00	\$245,594.00
Construction Costs	\$3,649,200.00	\$1,039,322.26	\$118,084.54	\$1,581,729.53	\$375,603.27	\$228,483.70	\$228,483.70	\$305,976.70
Pipeline Condition Assessment	\$300,000.00	\$0.00	\$0.00	\$100,605.00	\$0.00	\$0.00	\$0.00	\$199,395.00
Legal & Administrative Fees	\$243,700.00	\$61,988.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181,712.00
Cost of Bond Issuance	\$98,668.90	\$98,669.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$0.10
Miscellaneous Fees	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL EXPENDITURES	\$5,298,668.90	\$1,718,672.26	\$175,854.54	\$1,752,387.53	\$477,929.27	\$233,883.70	\$233,883.70	\$939,941.60
TOTAL EXPEND. & OTHER USE	\$5,298,668.90	\$1,718,672.26	\$175,854.54	\$1,752,387.53	\$477,929.27	\$233,883.70	\$233,883.70	\$939,941.60
Excess Bond Proceeds/ Transfer to Debt Service to use toward first Debt Service payment.	\$8,717.50	\$8,717.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Financing Expenditures	\$5,307,386.40	\$1,727,389.76	\$175,854.54	\$1,752,387.53	\$477,929.27	\$233,883.70	\$233,883.70	\$939,941.60
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0.00	\$3,582,747.79	-\$166,379.85	-\$1,743,763.18	-\$465,942.00	-\$219,585.66	-\$216,583.70	-\$922,441.60
FUND BALANCE		\$1,317,941.11	\$3,416,367.94	\$1,672,604.76	\$1,206,662.76	\$987,077.10	\$990,079.06	\$67,637.46

STWA FY 2019 WATER RATE CALCULATION USING SALES VOLUME METHOD

		FY 19 Proposed	FY 18 Adopted	
Based On	Tax Base--	\$1,943,196,035	\$1,748,222,320	\$194,973,715
	Annual Debt Service	\$364,889	\$366,174	-\$1,285
	Estimated Tax Levy for M&O - Current	\$1,257,158	\$1,070,008	\$187,150
	Major Repairs--	\$25,000	\$25,000	
	Capital Outlay--	\$240,400	\$79,000	
	Special Services Fees--	\$588,354	\$554,475	
	Deferred Revenue--		\$0	
	Reserve Supplement--	(\$111,433)	\$60,741	
Maintenance & Operations (M&O) Tax Rate/\$100 valuation		\$0.067886	\$0.064224	\$0.003662
Interest & Sinking (I&S) Tax Rate/\$100 valuation		<u>\$0.018778</u>	<u>\$0.020946</u>	-\$0.002168
	TOTAL	\$0.086664	\$0.085170	\$0.001494
	Corpus Christi Cost of Water	\$2.632445	\$2.433995	
	Handling Charge	<u>\$0.426386</u>	<u>\$0.426386</u>	
	TOTAL	\$3.058831	\$2.860381	

Water Usage (Volume)	FY 18 Gallons	Percentage Usage	FY 17 Gallons	Difference
KINGSVILLE	120,961,236	9.1064%	122,267,026	-1,305,790
BISHOP	59,300,400	100.00%	62,707,000	-3,406,600
DRISCOLL	34,971,079	100.00%	31,820,009	3,151,070
AGUA DULCE	26,516,633	100.00%	27,224,431	-707,798
NWSC	148,179,918	100.00%	139,997,830	8,182,088
RWSC	102,940,000	100.00%	105,465,200	-2,525,200
NWC&ID #5	<u>26,039,712</u>	100.00%	<u>26,880,462</u>	-840,750
	518,908,977		516,361,958	2,547,019
Sale of Gallons (Double check)	518,908,977			2,547,019
	518,908,977			

Estimated Annual Invoice based on 5 year avg and \$350k CoK	Annual Amt Based on %	Proposed Gallons
Kingsville - \$370k for FY 19	\$370,000.00	120,961,236
Bishop	\$181,389.91	59,300,400
Driscoll	\$106,970.63	34,971,079
Agua Dulce	\$81,109.90	26,516,633
NWSC	\$453,257.35	148,179,918
RWSC	\$314,876.08	102,940,000
NCWCID #5	<u>\$79,651.08</u>	<u>26,039,712</u>
TOTAL	\$1,587,254.95	518,908,977

Estimated Handling Charge Revenue \$221,256

Revenues

Water Revenue	\$1,366,000
Handling Charge	\$221,255
Interest	\$37,000
Premium Incremental Increase	\$20,000
M&O Taxes & Interest	\$1,300,658
Misc. Rev.	\$5,000
Management Fees	\$0
Out of District Surcharge	\$7,299
Disposition of Assets	<u>\$1,500</u>
TOTAL	\$2,958,712

Expenses

Cost of Water	\$1,366,000
Water Loss	\$0
Total Admin, Operations	\$1,178,564
Capital Outlay	\$240,400
Appraisal & Tax A/C	<u>\$62,315</u>
TOTAL	\$2,847,279

Excess Revenues or (Shortfall)	\$111,433
Water Rev - Cost of Water	\$0
O&M Taxes-Total Admin, Oper.	\$122,094

FY 19 Estimated Percentage of Total Invoices

KINGSVILLE	23.31%
BISHOP	11.43%
DRISCOLL	6.74%
AGUA DULCE	5.11%
NWSC	28.56%
RWSC	19.84%
NWC&ID #5	<u>5.02%</u>
	100.00%

MONTHLY CHARGES

	Total	Handling Charge	CC Cost of Water
October-18	\$2.862729	\$0.426386	\$2.436343
November-18	\$2.864374	\$0.426386	\$2.437989
December-18	\$2.864225	\$0.426386	\$2.437840
January-19	\$3.119721	\$0.426386	\$2.693336
February-19	\$3.121375	\$0.426386	\$2.694989
March-19	\$3.119584	\$0.426386	\$2.693199
April-19	\$3.118712	\$0.426386	\$2.692327
May-19	\$3.118142	\$0.426386	\$2.691757
June-19	\$3.117780	\$0.426386	\$2.691395
July-19	\$3.115602	\$0.426386	\$2.689216
August-19	\$3.115665	\$0.426386	\$2.689280
September-19	\$3.118159	\$0.426386	\$2.691774

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

BEGINNING BALANCE	REVENUES	EXPENSES	NET INCOME & BALANCE
General/ Revenue Fund \$2,197,082	Water Revenue (Pass thru) \$1,366,000	Cost of Corpus Christi Water \$1,366,000	FY 2018 Net Income/(Loss) \$111,433
Direct Delivery Water Cost \$2,63245	Handling Charge Revenue \$221,255	Water Loss \$0	END FUND BALANCE \$2,308,515
	Premium Incremental Increase \$20,000		
Handling Charge \$0.426386	Interest Revenues \$37,000	M & O/Administrative \$1,178,564	
	Special Services Fees \$588,354	Special Services Expenses \$588,354	
	Misc, Tax Sur & Asset Disp \$13,799	Capital Outlay/Acquisition \$240,400	
	Transfer from Tax Fund \$1,238,343		
	Total General Revenues \$3,484,750	Total Expenses \$3,373,317	

M&O Tax Fund \$0	M&OTax Revenues \$1,257,158	Transfer to Revenue Fund \$1,238,343	Tax Fund \$0
Tax Base Value \$1,943,196,035	M&O Delinquent Taxes + P&I \$43,500	Appraisal Districts \$23,718	
Kleberg County \$1,139,137,395	Interest Earned \$0	Tax Collector's Fees \$38,597	
Nueces County \$804,058,640	Transfer from Reserve Fund \$0	Miscellaneous \$0	
"Current Tax" Collection 95.30%	Miscellaneous \$0	Total Expenses \$1,300,658	
M&O Tax Rate @ \$0.067886	Total M&O Tax Fund Revenue \$1,300,658		

I&S Tax Fund \$18,301	I &STax Revenues \$364,889	Transfer to Revenue Fund \$0	I&S Tax Fund Est. Balance \$36,070
Tax Base Value \$1,943,196,035	I&S Delinquent Taxes + P&I \$12,500	Appraisal Districts \$6,600	
Kleberg County \$1,139,137,395	Interest Earned \$3,250	Tax Collector's Fees \$10,739	
Nueces County \$804,058,640	Transfer from Reserve Fund \$0	Principal, Interest, Fiscal Fees \$347,550	
"Current Tax" Collection 100.00%	Fee in Lieu of Taxes \$2,019	Total Expenses \$364,889	
I&STax Rate @ \$0.018778	Total I&S Tax Fund Revenue \$382,658	Financing Sources Over (Under) \$17,769	

ATTACHMENT 5

Resolution 18-12

SOUTH TEXAS WATER AUTHORITY
Resolution 18-12

A RESOLUTION ADOPTING THE RECOMMENDED FISCAL YEAR 2019 BUDGET.

WHEREAS, the South Texas Water Authority is required to adopt a budget for each fiscal year, and

WHEREAS, with the adoption of this budget, the Authority adopts the following Handling Charge and *estimated* Water Rate for Customers:

A Handling Charge of \$0.426386 per thousand gallons PLUS the cost of water purchased from the City of Corpus Christi which is based on *estimated* monthly sales volume as follows:

Month	ESTIMATED Volume	Corpus Christi Water Cost	Corpus Christi Price Per 1000g
October-2018	42,676,644	\$103,974.96	\$ 2.436343
November-2018	38,978,800	\$95,029.88	\$ 2.437989
December-2018	39,287,010	\$95,775.44	\$ 2.437840
January-2019	40,351,095	\$108,679.05	\$ 2.693336
February-2019	37,013,275	\$99,750.38	\$ 2.694989
March-2019	40,654,853	\$109,491.60	\$ 2.693199
April-2019	42,700,910	\$114,964.81	\$ 2.692327
May-2019	44,153,686	\$118,850.98	\$ 2.691757
June-2019	45,128,438	\$121,458.44	\$ 2.691395
July-2019	52,043,834	\$139,957.13	\$ 2.689216
August-2019	51,812,449	\$139,338.17	\$ 2.689280
September-2019	44,107,983	\$118,728.73	\$ 2.691774

The *estimated* Total Monthly Water Rate per month is as follows:

Month	Handling Charge	Corpus Christi Price Per 1000g	Estimated Total Price Per 1000g
October-2018	\$0.426386	\$ 2.436343	\$2.862729
November-2018	\$0.426386	\$ 2.437989	\$2.864374
December-2018	\$0.426386	\$ 2.437840	\$2.864225
January-2019	\$0.426386	\$ 2.693336	\$3.119721
February-2019	\$0.426386	\$ 2.694989	\$3.121375
March-2019	\$0.426386	\$ 2.693199	\$3.119584
April-2019	\$0.426386	\$ 2.692327	\$3.118712
May-2019	\$0.426386	\$ 2.691757	\$3.118142
June-2019	\$0.426386	\$ 2.691395	\$3.117780
July-2019	\$0.426386	\$ 2.689216	\$3.115602
August-2019	\$0.426386	\$ 2.689280	\$3.115665
September-2019	\$0.426386	\$ 2.691774	\$3.118159

Out of District Customers shall pay an in lieu of taxes monthly charge based on the Customer's taxable value and the adopted tax rate.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority adopts the attached Fiscal Year 2019 Budget and above stated water rates as reviewed by the Board of Directors.

Duly adopted this 4th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 6

Resolution 18-13

SOUTH TEXAS WATER AUTHORITY

Resolution 18-13

RESOLUTION ADOPTING THE FISCAL YEAR 2019/TAX YEAR 2018 TAX RATE.

WHEREAS, the South Texas Water Authority Board of Directors has determined that it is necessary to levy and collect ad valorem taxes for the 2018 tax year, and

WHEREAS, the combined appraisal rolls of the South Texas Water Authority have been compiled by the Appraisal Districts in Nueces and Kleberg Counties, and

WHEREAS, South Texas Water Authority held a public hearing on a proposed tax rate for the tax year 2018 on September 4, 2018 at 5:30 p.m. at 2302 East Sage Road, Kingsville, Texas 78363.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Texas Water Authority that the following tax rate shall be levied for Fiscal Year 2019/Tax Year 2018:

\$0.067886 per \$100 of taxable value for the purposes of maintenance and operation

\$0.018778 per \$100 of taxable value for debt service

\$0.086664 total tax rate per \$100 of taxable value

Duly adopted this 4th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 7

TCEQ Enforcement Action

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 30, 2018
Re: Texas Commission on Environmental Quality (TCEQ) Enforcement Action

Background:

Since the last meeting, staff has participated in a conference call on August 2nd and another Quarterly Report was submitted on August 20th. Typically, after the submission of a Quarterly Report, the TCEQ staff will determine the number of months that STWA has complied with the Order. Following receipt of the Quarterly Report, there was a request for some additional information – daily residual readings, which were provided. (See enclosed email). In addition, another conference call was held on August 24th with the Financial, Managerial, and Technical (FMT) staff.

Analysis:

Enclosed are the agendas/talking points for the August 2nd and August 24th conference calls. The August 2nd call clarified what action STWA would need to take in response to one of its wholesale customers ceasing to purchase water resulting in a regulatory sample site becoming invalid. TCEQ staff indicated since STWA is operating under an Order that a revised Monitoring Plan and NAP would need to be submitted for their review and approval. However, once STWA complies with the Order (possibly by November), modifying the Monitoring Plan and NAP is strictly an internal task, as long as it is kept up to date and available for the TCEQ investigator when an inspection occurs.

With regards to the FMT conference call on August 24th, as reported in a recent weekly update, Mr. Joel Klumpp and Texas Rural Water Association (TRWA) representatives also participated in the call. The majority of the items listed have been addressed. However, there was a discussion about the last item listed on page 1 pertaining to the Central Pump Station. I again clarified that STWA located the downstream sample point on the meter run since TCEQ does not allow STWA to collect that sample from the ground storage tanks. There was also a discussion about the fourth bullet on page 2. I stated that STWA does not have any issues identifying our distribution system and entry point; rather, the TRWA representative and their subcontractor may not be familiar with the Regional System and how wholesale customers are served.

Staff Recommendation:

Keep the Board updated on the TCEQ Order.

Board Action:

Provide feedback to staff and consultants.

Summarization:

The next conference call is scheduled for September 18th. Staff hopes to have more information to report during the September 25th Board meeting.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Tuesday, August 28, 2018 9:49 AM
To: 'Andrew Nidoh'
Cc: 'Jacob Hinojosa'; Joel Klumpp; Aaron Archer
Subject: RE: STWA Quarterly Report - August 2018
Attachments: Daily Disinfectant Worksheets May June July Partial Aug 2018.pdf

Andrew,

Attached is the information requested.

Carola

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

From: Andrew Nidoh <Andrew.Nidoh@tceq.texas.gov>
Sent: Thursday, August 23, 2018 1:52 PM
To: mcserrato@stwa.org
Cc: 'Jacob Hinojosa' <jhinojosa@stwa.org>
Subject: RE: STWA Quarterly Report - August 2018

Carola,

Thank you for the heads up.

Jacob, I know you won't see this until Tuesday at the earliest but congratulations on all of your recent changes! It must be very satisfying to have a yearlong project come to a close and especially one that directly involves your well-being and livelihood. As you can see in the emails below, we are missing the daily residual sheets from the quarterly report and need them to round out the entire report. No immediate rush as I understand you might have some things to attend to when you first get back on Tuesday, but maybe Tuesday afternoon or Wednesday morning if you have some time you can send them in. Let me know if you need anything or have any questions!

Kind Regards,

Andrew Nidoh
Natural Resource Specialist
Drinking Water Inventory & Protection Team
Texas Commission on Environmental Quality
University of Texas-Arlington Contractor



STWA Monthly Phone Conference Agenda

Thursday, August 2, 2018 - Room RMD-F1206 10:30 -11:30 a.m.

Participants Dialing Instructions

- TCEQ Staff Access Number: 512-239-3446
- Toll Free (for external customers ONLY): 844-368-7161
- Participant's Collaboration code: 828230 #

1. Update on upcoming Order deadlines – Michael Tucker

Note: Next quarterly report due August 20, 2018.

2. Discussion of FMT Assistance – Rita Setser

- Discuss STWA feedback from FMT assistance
- Discuss any follow-up training that would be beneficial for STWA staff
- Discuss setting up a separate call to go over FMT contractors' recommendations

Key Recommendation: verify data before recording on operating reports.
Monochloramine concentration cannot be higher than total chlorine concentration.

3. Discussion of City of Bishop and STWA's inquiries. By email dated 7/13/18, STWA inquired about the following items:

- (1) authorization to close the 10" valve located off the 42" line
- (2) modify STWA's Monitoring Plan to eliminate the sample points associated with the Bishop Westside Pump Station
- (3) amend STWA's Nitrification Action Plan to eliminate monitoring sites associated with the Bishop Westside Pump Station [TCEQ comment: the Bishop West sites are not listed in the NAP. Any changes regarding the Bishop West sites would not affect the NAP but would affect the Monitoring Plan.]

- Discuss whether the City of Bishop purchased additional water following July 18, 2018
- Verify that the City of Bishop does not receive water from the Bishop East Pump Station
- Discuss STWA's options and process for getting TCEQ approval for changes to the Monitoring Plan/NAP

4. Wrap-up and schedule next meeting - Joel Klumpp

Suggest third week of September

Recommendations from FMT Assistance for: Instrument Calibration, Sampling and Analytical Techniques, and Operating Reports

- Verify data before reporting.
 - Monochloramine cannot be higher than total chlorine.
 - If reading is higher, then identify cause as incorrect sampling and/or inaccurate instrument.
- Check serial numbers of Hach Pocket Colorimeter II with Hach to determine if they need to be reprogrammed to ensure they are accepting the current DPD powders/solutions.
 - Mr. Rodriguez relayed that later models of the Hach Pocket Colorimeter II needed to be reprogrammed to ensure proper variance when conducting mono/ammonia testing.
 - STWA staff said they would research serial number and take appropriate steps to update.
- Use a sample container to take grab samples for different analytes.
 - Ensures sampling from the “same” water.
- Use Chem-wipes to clean fingerprints and dirt from sample containers.
- Use DI water to clean sample containers between samples.
- Make sure entire contents of the DPD packet is emptied into sample vial.
 - Not entirely emptying packet produced inconsistent results.
- Train all samplers to properly use the meters (Hach 900) and check for calibration as required.
- Make sure latest Hach sampling methods are being used.
 - Use of older method was observed during assistance.
- Follow SOPs for consistency
 - It was observed that not all staff were following the same methods.
- Instructions and SOPs should be printed, laminated and kept with field instruments.
- Make sure to give sample minimum of 3 minutes to run test with Pocket Colorimeter.
- Coordinate and communicate any changes made at the entry point with staff so appropriate adjustments can be made downstream.
- Consider changing sample location after chemical injection at the Banquete station.
 - At Central Station, Mr. Rodriguez and Mr. Knobloch suggest the distance between Cl₂ injection point and sampling location may not allow for sufficient contact time to collect an accurate reading of the monochloramine.

Recommendations from FMT Assistance for DAM 5: Process Control for Systems Using Chloramines and DAM 8: Creating a Nitrification Action Plan for Systems Using Chloramines

- Take pH and temperature readings when analyzing for chloramine components.
- Consider installing additional sampling taps to monitor the chloramination process.
- Evaluate current NAP sample locations and frequency and consider changing/adding sites for noncompliance or “quality control” data.
- Clearly determine what is considered distribution and what is considered entry point with respect to compliance sampling.
- Create a laminated copy of the NAP action levels in each sample kit and at each pump station
 - Allows staff to react immediately.
- Make sure yellow or red NAP triggers are communicated between operators to catch nitrification early.
- Alter goals and triggers in the NAP now that have new knowledge and data.
- Central Station triggers and action levels should be used to adjust downstream residuals.
- Correct problem with automatic dosing system at Driscoll plant (severely overdosing?)

ATTACHMENT 8

Driscoll LAS Project

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 30, 2018
Re: Driscoll Disinfection Booster Station – Conversion to Chloramination System

Background:

As you can see from O&M Supervisor Jacob Hinojosa's report, staff continues to take daily samples associated with the Driscoll Disinfection Booster Station. In addition, staff time has been devoted to trouble shooting possible reasons that the downstream Total Chlorine residual is not higher than the levels being recorded. In recent days, the residual has gotten as high as 3.0 mg/l at the CR 16 sample site and the "before" Total Chlorine residual at the Kingsville Meter Run is close to or at 2.0 mg/l. In addition, since the last Board meeting, pH testing was conducted and the results indicate that nitrification is not occurring.

Analysis:

The computer programming and rotameter items mentioned in the last Board memo have been addressed. For approximately 20 days, the system was operated in manual – not depending on the flow meter to adjust the dosage of chlorine and ammonia based on a desired downstream residual and the level of incoming free available ammonia. This week, the system was placed back to automatic. In my opinion, the residuals have not shown any significant changes due to that change. However, I believe definite differences can be seen whenever less water is consumed, regardless of whether in a manual or automatic mode. Nonetheless, this is typically the hottest time of the year when residuals will dissipate quickly and the "before" reading in the farthest reaches of the distribution system (Kingsville) have been well above the minimum required 0.50 mg/l of Total Chlorine.

Staff Recommendation:

Continue to examine the system, make corrections as needed, and ensure that STWA remains in compliance with the required residual.

Board Action:

Provide feedback to staff.

Summarization:

Staff is of the opinion that without the booster station STWA would be having major difficulties complying with the TCEQ Order.

ATTACHMENT 9

Bids for FY 2019 Pickup Truck

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 31, 2018
Re: FY 2019 - Purchase of ½ Ton 4x4 Truck

Background:

One of the items included in the FY 2019 budget is the purchase of a one-half ton 4x4 pickup which is estimated to cost \$32,500. During the July meeting, the Board awarded a bid for the replacement of the truck totaled recently as the result of a hit and run accident. The specs were also for a ½ ton, 4x4 truck and the amount of the bid was \$29,171.75. This item has been added to the agenda contingent upon the Board approving the recommended FY 2019 budget and in order to get a “jump start” on replacing a 2009 truck. That unit has been serviced multiple times without success in addressing a problem with burning oil. That vehicle has been driven almost 232,000 miles.

Analysis:

Staff has confirmed with STWA’s outside auditor that it would be acceptable for the Board to consider bids and award the bid during the next meeting on September 25th, provided the vehicle is paid for on or after October 1st.

Staff Recommendation:

Authorize staff to solicit bids for the replacement of the 2009 truck with a 4x4, ½ ton pickup for presentation to the Board during the September 25, 2018 meeting.

Board Action:

Determine whether to authorize staff to solicit bids for the replacement of the 2009 truck with a 4x4, ½ ton pickup.

Summarization:

At this time, field personnel have typically been operating without two (2) units. The newest vehicle purchased as part of the FY 2018 budget has been in and out of the “shop” numerous times. The most recent conversation with the GM Corporate office is that they continue to run special diagnostics apparently using special tools that have to be shipped in from other parts of the country. I have pressed the GM representatives about their “Buy Back” program; however, they have stated that they must be allowed the opportunity to run the entire gamut of tests to at least try to fix the problem. And, STWA awaits the replacement unit on the totaled truck which is expected to arrive in mid-October.

ATTACHMENT 10

Water Supply Contract – City of Bishop

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 30, 2018
Re: City of Bishop - Revised Wholesale Water Supply Contract

Background:

As mentioned in a recent weekly update, on August 23rd legal counsel Bill Flickinger was contacted by Gerald Benadum, the attorney that has represented the City of Bishop in the past. Mr. Benadum's email indicates that he will be working on the revisions agreed to during the last Board meeting which were based on a discussion between Council members and me during the July 25th Bishop City Council meeting.

During the last meeting, the Board agreed to a beginning purchase percentage of 46% with an annual increase of 1% each year for five years, a contract term identical to the term with Kingsville, and eliminating language the City added which would allow them to purchase water based on a more economical cost from another source. You will recall that Mayor Tem Miller and City Secretary Cynthia Contreras attended the meeting. Following the Board's decision, Ms. Contreras stated she would contact Mr. Ken Fields to draft those changes. That announcement is consistent with her statement from the July 25th Council meeting.

Analysis:

Based on Ms. Contreras' statement, I believe the Board understood that Mr. Fields would be contacted on August 1st to begin work on the agreed upon terms. It is not known whether Mr. Fields was unable to provide the services. Regardless, Mr. Flickinger has provided the information requested from Mr. Benadum. However, as of today, Mr. Benadum had not acknowledged receipt of the information, as requested by Mr. Flickinger's email. Mr. Flickinger and I discussed the matter and Mr. Flickinger emailed Mr. Benadum as a follow-up. Enclosed is Mr. Benadum's response indicating he had not received the email; however, he adds that he has been indisposed but will try to work on the contract in the next few days.

It appears the City has resolved that it should be the entity in charge of the revisions. The Board will recall that I offered during the City Council meeting to have Mr. Flickinger make the revisions. This was also stated during the Board meeting attended by Mayor Miller and City Secretary Contreras.

Staff Recommendation:

At this juncture, a timeline to receive the revisions is unknown; therefore, await a revised contract from Mr. Benadum. Past experience indicates the wait could be lengthy.

Board Action:

Provide feedback to staff and legal counsel. Should a revised agreement, reviewed with a positive recommendation from legal counsel, be available by the meeting, consider approving the water supply contract between the City of Bishop and South Texas Water Authority.

Summarization:

Staff views the City of Bishop and the City of Driscoll in the same light. It is to their benefit to assist in moving these negotiations along. Thus far in August, the City of Bishop has purchased 6,356,000 gallons (67%) as compared to 3,111,000 gallons (33%) produced from their groundwater well. Since a contract has not been signed, the City will pay approximately \$2,770 in premium charges.

mcserrato@stwa.org

From: Bill Flickinger <bflickinger@wfaustin.com>
Sent: Thursday, August 30, 2018 4:09 PM
To: gerald benadum
Cc: Ken Fields; Cynthia Contreras; Carola Serrato (mcserrato@stwa.org)
Subject: RE: Bishop / STWA Contract
Attachments: STWA Clean Draft Revised Bishop Water Supply Contract bfver 112917.doc; STWA Redline Draft Revised Bishop Water Supply Contract bfver 112917.doc

Dear Jerry:

I am providing the attachments from my 8/24/18 email for your reference and use. Thank you.

Very truly yours,

Bill Flickinger

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

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

Email: bflickinger@wfaustin.com

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From: gerald benadum <glbenadum@att.net>
Sent: Thursday, August 30, 2018 4:00 PM
To: Bill Flickinger <bflickinger@wfaustin.com>
Cc: Ken Fields <kfields@mmjw-law.com>; Cynthia Contreras <bishopcitysecretary@corpus.twcbc.com>; Carola Serrato (mcserrato@stwa.org) <mcserrato@stwa.org>
Subject: Re: Bishop / STWA Contract

Bill, thanks for today's email. I did not receive the email of 8-24-18. I've been ill this week, but will try to turn my attention to this Contract within the next few days.

Jerry

Gerald Benadum
glbenadum@att.net

On Aug 30, 2018, at 2:22 PM, Bill Flickinger <bflickinger@wfaustin.com> wrote:

Dear Jerry:

Can you please confirm that you received my prior email of 8/24/18 copied below? I want to be sure it made it to you. Thank you.

Very truly yours,

Bill Flickinger

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

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

Email: bflickinger@wfaustin.com

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From: Bill Flickinger
Sent: Friday, August 24, 2018 4:17 PM
To: 'gerald benadum' <gbenadum@att.net>
Cc: Ken Fields <kfields@mmjw-law.com>; Cynthia Contreras <bishopcitysecretary@corpus.twcbc.com>; Carola Serrato <mcserrato@stwa.org>
Subject: RE: Bishop / STWA Contract

Dear Jerry:

I am responding to your email copied below.

The most recent draft of the contract provided by STWA is the 11/29/17 draft that was sent to the Mayor on December 7, 2017 with a cover letter signed by Carola G. Serrato, Executive Director. You were copied by mail on that letter. The enclosures to that letter included STWA's redline dated 11/29/17 and a clean version of that redline.

I am attaching to this email the 11/29/17 redline draft and a clean version of that same draft. These are the same documents enclosed with the December 7, 2017 letter.

I recommend that you begin with the clean version attached and produce a redline showing changes from that draft. Both attachments are in Word.

Please confirm receipt of this email so that I know it has reached you. If there is any assistance I can provide that will help expedite the process, please let me know.

Thank you.

Very truly yours,

Bill Flickinger

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

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

Email: bflickinger@wfaustin.com

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From: gerald benadum <gbenadum@att.net>
Sent: Thursday, August 23, 2018 4:53 PM
To: Bill Flickinger <bflickinger@wfaustin.com>
Cc: Ken Fields <kfields@mmjw-law.com>; Cynthia Contreras <bishopcitysecretary@corpus.twcbc.com>
Subject: Bishop / STWA Contract

Bill, I will be drafting the proposed revised Contract between Bishop and STWA. Cynthia has informed me of the changes that have been informally agreed upon.

I am not certain that I have the latest version you submitted. Please send that to me.

Thanks.

Jerry

Gerald Benadum
gbenadum@att.net

City of Bishop
 Month of August, 2018

Day	Master Eastside	Master Westside	Rural	Well	Usage Eastside	Usage Westside	Eastside & Westside Combined	Usage Rural	Net Master Usage (Less Rural)	Well Usage	Total Consumption
1	312508	18100	189823	474634							
2	312578	18296	189898	474742	70,000	196,000	266,000	75,000	191,000	108,000	304,000
3	312672	18526	189985	474858	94,000	230,000	324,000	87,000	237,000	116,000	346,000
4	312747	18742	190061	474958	75,000	216,000	291,000	76,000	215,000	100,000	316,000
5	312823	18975	190137	475075	76,000	233,000	309,000	76,000	233,000	117,000	350,000
6	312899	19237	190213	475224	76,000	262,000	338,000	76,000	262,000	149,000	411,000
7	312976	19439	190280	475310	77,000	202,000	279,000	67,000	212,000	86,000	288,000
8	313022	19620	190331	475391	46,000	181,000	227,000	51,000	176,000	81,000	262,000
9	313091	19800	190396	475494	69,000	180,000	249,000	65,000	184,000	103,000	283,000
10	313180	20031	190477	475603	89,000	231,000	320,000	81,000	239,000	109,000	340,000
11	313339	20202	190630	475681	159,000	171,000	330,000	153,000	177,000	78,000	249,000
12	313498	20390	190783	475767	159,000	188,000	347,000	153,000	194,000	86,000	274,000
13	313657	20616	190937	475871	159,000	226,000	385,000	154,000	231,000	104,000	330,000
14	313757	20799	191054	475948	100,000	183,000	283,000	117,000	166,000	77,000	260,000
15	313828	20996	191128	476037	71,000	197,000	268,000	74,000	194,000	89,000	286,000
16	313899	21210	191197	476131	71,000	214,000	285,000	69,000	216,000	94,000	308,000
17	313992	21431	191276	476246	93,000	221,000	314,000	79,000	235,000	115,000	336,000
18	314087	21661	191369	476366	95,000	230,000	325,000	93,000	232,000	120,000	350,000
19	314183	21891	191462	476478	96,000	230,000	326,000	93,000	233,000	112,000	342,000
20	314279	22123	191555	476588	96,000	232,000	328,000	93,000	235,000	110,000	342,000
21	314374	22347	191663	476709	95,000	224,000	319,000	108,000	211,000	121,000	345,000
22	314474	22575	191763	476821	100,000	228,000	328,000	100,000	228,000	112,000	340,000
23	314606	22823	191888	476949	132,000	248,000	380,000	125,000	255,000	128,000	376,000
24	314751	23073	192018	477078	145,000	250,000	395,000	130,000	265,000	129,000	379,000
25	314884	23321	192150	477173	133,000	248,000	381,000	132,000	249,000	95,000	343,000
26	315017	23612	192282	477314	133,000	291,000	424,000	132,000	292,000	141,000	432,000
27	315152	23941	192414	477495	135,000	329,000	464,000	132,000	332,000	181,000	510,000
28	315256	24190	192532	477620	104,000	249,000	353,000	118,000	235,000	125,000	374,000
29	315412	24456	192669	477745	156,000	266,000	422,000	137,000	285,000	125,000	391,000
30											
31					-	-	-	-	-	-	-
1					-	-	-	-	-	-	-
TTL					2,904,000	6,356,000	9,260,000	2,846,000	6,414,000	3,111,000	9,467,000
AVG					96,800	211,867	308,667	94,867	213,800	103,700	315,567

Westside Master Meter stopped working - 03/10/18; replaced on 04/18/2018 (beginning reading was 11)

ATTACHMENT 11

Water Supply Contract – City of Driscoll

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 30, 2018
Re: City of Driscoll – 20-Year Wholesale Water Supply Contract

Background:

During the last meeting, the Board authorized staff by consensus to contact the City of Driscoll again and utilize the services of legal counsel, Bill Flickinger, for contract negotiations including meeting with Driscoll representatives in person. Enclosed is the correspondence sent to Mayor Marcos Zavala and copied to the Driscoll Council. However, recent events with the City may have a curbing effect on progress. Namely, the Mayor is no longer in office. I contacted Driscoll City Hall in hopes of discussing an alternative person to contact and was told to contact Mr. John Valls. It appears Mr. Valls is once again acting as an interim City Administrator. Enclosed is an email to Mr. Valls sent at his request following a brief telephone conversation.

Analysis:

Upon hearing the local news regarding the Mayor's departure from office, I contacted Mr. Flickinger to discuss possible alternatives for negotiations and whether a council of two (2) persons could act on a contract. We discussed whether the City would want to resolve the issue of the vacated seat prior to addressing any such matter. During my conversation with Mr. Valls, he indicated that the City had not yet determined how to replace the Mayor – by appointment or a special election. Regardless, staff will follow-up with Mr. Valls on the contract.

Staff Recommendation:

Keep the Board updated on this matter.

Board Action:

Provide feedback to staff and legal counsel.

Summarization:

As stated in the enclosed letter, the City will benefit from a financial perspective by entering into a contract with STWA. Staff believes this is a compelling incentive to meet and discuss the contract.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Monday, August 27, 2018 11:52 AM
To: John Valls (jvalls@cityofdriscoll.com)
Cc: Jo Ella Wagner; Frances Rosales
Subject: City of Driscoll - STWA Water Supply Contract
Attachments: City of Driscoll M Zavala Letter and Water Supply Contract of 08032018.pdf

John,

Per our conversation this morning, attached is the cover letter to Mayor Zavala with enclosures. My recollection was correct that the letter with the contract was copied to the other two council persons. Please let me know if you need any additional information. The STWA Board will be meeting next week on Tuesday, September 4th. The contract will be an item on the agenda.

Have a good day,

Carola

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

August 3, 2018

Honorable Marcos D. Zavala
City of Driscoll
P.O. Box 178
Driscoll, Texas 78351

Re: Contract Negotiations – Follow-up to October 9, 2017 and October 31, 2017 correspondence

Dear Mayor Zavala:

On July 31, 2018, the South Texas Water Authority (STWA) Board met and again considered the proposed wholesale water supply contract (enclosed) between the City of Driscoll (City) and STWA. The Board directed staff to contact the City to arrange the first of perhaps several meetings between STWA's legal counsel, Bill Flickinger, the City's legal counsel, the City representative(s), and me to address concerns of the City.

However, the Board questioned the City's unresponsiveness to October 2017 correspondence, which pertained to a Premium Policy and the need for a contract between the City and STWA. The October 9th letter stated the City would be subject to the premium as a Monthly Wholesale Customer since the City had not executed a long-term water supply contract. The October 31, 2017 letter outlined STWA's outreach related to the premium and noted that the City had not provided any comment or feedback. That correspondence stated the effective date of the premium charge would be December 1, 2017. Following the October 31st letter, the City has not contacted STWA by any means – written, in person or by telephone.


As a result of not having a long-term contract with STWA, the City has paid a total of \$11,758.05 in premium charges for December 2017 through June 2018 usage. It also warrants mention that the October 31, 2017 letter reminded the City of the TCEQ's rule that requires the City to have a water supply contract.

To date, STWA has finalized contracts with the City of Agua Dulce, the Nueces Water Supply Corporation, the Ricardo Water Supply Corporation and the City of Kingsville. During the July 31st meeting, the Board agreed to a purchase volume provision pertaining to the contract being negotiated with the City of Bishop. The Board and staff believe those negotiations may soon be complete. Once a City of Bishop contract is executed, the only remaining wholesale customers without a long-term contract would be the City of Driscoll and the Nueces County Water Control and Improvement District #5 (Banquete).

City of Driscoll
Water Supply Contract – Negotiation Meetings
August 3, 2018
Page 2 of 2

In conclusion, please contact me in order to arrange the aforementioned meeting to discuss this important matter and avoid unnecessary costs for the City.

Sincerely,



Carola G. Serrato
Executive Director

CGS//

Enclosure

cc: City of Driscoll Council Members
STWA Board of Directors
Mr. Bill Flickinger, Willatt and Flickinger, PLLC

ATTACHMENT 12

Supplemental Easement – CR 38 in Agua Dulce

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 30, 2018
Re: AEP Offered Easement – Agua Dulce Pump Station – Amendment to Current Easement

Background:

Per Board authorization, enclosed is the executed Amendment to the current easement with AEP related to the Agua Dulce Pump Station. As reported during previous meetings, there was a concern that the metes and bounds area extended into the fenced portion of the pump station. The executed amendment modified the area so that the easement abuts the pump station's north fence line.

Analysis:

This is the final update on this matter.

Staff Recommendation:

There are not any recommendations necessary. This matter is considered closed.

Board Action:

Provide feedback to staff.

Summarization:

As stated in previous memoranda, it was to the benefit of STWA to have the metes and bounds amendment rather than the original blanket easement signed by the previous owners decades ago.

mcserrato@stwa.org

From: Maria Diaz <mdiaz@rowsinc.com>
Sent: Thursday, August 2, 2018 5:06 PM
To: 'Brent Starr'; mcserrato@stwa.org
Cc: 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: RE: Banquete - Stadium Tr. 19B
Attachments: OTC 19B TRANSROW 38E South Texas Water Authority Supplemental Easement and Right of Way.docx; OTC 19B TRANSROW 38E South Texas Water Authority EPS revised with new acreage.pdf

Carola,

Attached please find a revised supplement along with a revised EPS.

Thanks,
Maria

From: Brent Starr <bstarr@rowsinc.com>
Sent: Thursday, August 2, 2018 2:35 PM
To: mcserrato@stwa.org
Cc: 'Maria Diaz' <mdiaz@rowsinc.com>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>
Subject: RE: Banquete - Stadium Tr. 19B

Yes Mam, Maria will email you a corrected supplement.
Thanks,

Brent Starr



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

From: mcserrato@stwa.org [mailto:mcserrato@stwa.org]
Sent: Thursday, August 02, 2018 2:22 PM
To: 'Brent Starr'
Cc: 'Maria Diaz'; 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: RE: Banquete - Stadium Tr. 19B

Brent,

The revised Exhibit A with the plat and metes and bounds are acceptable. Will the easement on page 1 referring to the 0.191 acres need to be revised?

If so, please provide and I will execute the easement.

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

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

From: Brent Starr <bstarr@rowsinc.com>
Sent: Thursday, August 2, 2018 8:59 AM
To: mogserrato@stwa.org
Cc: 'Maria Diaz' <mdiaz@rowsinc.com>
Subject: Banquete - Stadium Tr. 19B

Carola,

Attached is the revised survey for the property in Auga Dulce.
If you have any questions contact me.

Thanks,

Brent Starr



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

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Line Name: Banquete to Stadium

Line No.: 169:05037 **Easement No.:** 38E

SUPPLEMENTAL EASEMENT AND RIGHT-OF-WAY

THIS SUPPLEMENTAL EASEMENT AND RIGHT OF WAY is made by and between South Texas Water Authority, whose address is 111 East Sage Road, Kingsville, Texas 78363 ("Grantor"), whether one or more persons, and AEP TEXAS INC., a Delaware corporation, being a unit of American Electric Power, whose principal business address is 1 Riverside Plaza, Columbus, Ohio 43215 ("AEP").

WHEREAS, Grantor owns an interest in a tract of real property consisting of approximately 0.3707 acres of land that is more particularly described in that one certain document recorded in Volume 1859, Page 823 of the Deed Records of Nueces County, Texas (the "Property"), and such Property is subject to easements and rights-of-way in favor of AEP, as successor in interest to Central Power and Light Company, including but not limited to the following:

Easement and Right of Way dated February 27, 1946, Original Grantor Ruth Moore Baker and J. A. C. Baker, and recorded in Volume 326, Page 513 of the Deed Records of Nueces County, Texas (the "Original Easement").

WHEREAS, AEP is the current owner and holder of the rights, title and interest, or a portion thereof, granted in or arising under the Original Easement.

WHEREAS, Grantor is the successor in interest to all or part of the lands affected by the Original Easement.

NOW THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby Grants, Conveys and Warrants this Supplemental Easement and Right-of-Way ("Supplemental Easement") to AEP, its successors and assigns, for the purpose of electric transmission, distribution, communication facilities and appurtenant equipment and fixtures in order to ratify, supplement, modify and fix the location of the Original Easement insofar as it encumbers the Property, as follows:

The location, width, and boundaries of the Easement on the Property, comprising of approximately 0.158 acres of land, are hereby revised, modified, and clarified to be as described and depicted on Exhibit "A" (the "Easement Area"), attached hereto and made a part hereof for all purposes.

The Original Easement is also supplemented by the addition of the following language:

AEP, its successors and assigns, are granted the right to construct, reconstruct, operate, maintain, alter, inspect, patrol, protect, repair, replace, renew, upgrade, relocate within the Easement Area, remove and replace poles, towers, and structures, made of wood, metal, concrete or other materials, including crossarms, guys, anchors, anchoring systems, grounding systems, communications facilities, and all other appurtenant equipment and fixtures, and to string conductors, wires and cables. The electric transmission facilities may consist of a variable number of towers, poles, wires, guys, anchors and associated fixtures, including the right to enlarge, and may transmit electricity of any voltage or amperage, together with the right to add to said facilities from time to time, and the right to do anything necessary, useful or convenient for the enjoyment of the Easement Area herein granted, together with the privilege of removing at any time any or all of said facilities erected on the Easement Area.

AEP and its successors and assigns, shall have the right, in AEP's reasonable discretion, to cut down, trim, and otherwise control, using herbicides or tree growth regulators, or other means, and at AEP's option, to remove from the Easement Area any and all trees, overhanging branches, vegetation, brush, or other obstructions. AEP shall also have the right to cut down, trim, remove, and otherwise control trees situated on lands of the Grantor which adjoin the Easement Area, when in the reasonable opinion of AEP those trees may endanger the safety of, or interfere with the construction, operation or maintenance of AEP's facilities or ingress or egress to, from or along the Easement Area.

AEP and its successors and assigns are granted the right of unobstructed ingress and egress, at any and all times, on, over, across, along and upon the Easement Area, and across the adjoining lands of Grantor as may be necessary to access the Easement Area for the above referenced purposes.

In no event shall Grantor, its heirs, successors, and assigns plant or cultivate any trees or place, construct, install, erect or permit any temporary or permanent building, structure, improvement or obstruction including but not limited to, storage tanks, billboards, signs, sheds, dumpsters, light poles, water impoundments, above ground irrigation systems, swimming pools or wells, or permit any alteration of the ground elevation, over or within the Easement Area. AEP may, at Grantor's cost, remove any structure or obstruction if placed within the Easement Area and may re-grade any alterations of the ground elevation within the Easement Area.

AEP shall repair or pay Grantor for actual damages to growing crops, fences, gates, field tile, drainage ways, drives, or lawns caused by AEP in the exercise of the rights herein granted.

The failure of AEP to exercise any of the rights granted herein, including but not limited to the removal of any obstructions from the Easement Area, shall not be deemed to constitute a waiver of the rights granted herein and the removal of any facilities from the Easement Area shall not be deemed to constitute a permanent abandonment or release of the rights granted herein.

Except as modified by this Supplemental Easement and Right-of-Way, all terms and provisions of the Original Easement, and all rights arising in connection with the Original Easement shall

remain in full force and effect. Those provisions and rights are expressly ratified and reaffirmed by, and incorporated within, this Supplemental Easement and Right-of-Way. The Original Easement along with this Supplemental Easement and Right-of-Way shall for all purposes function as a single instrument. To the extent any terms or provisions of this Supplemental Easement and Right-of-Way conflict or are inconsistent with any term or provision of the Original Easement, the terms and provisions of this Supplemental Easement and Right-of-Way shall control. Nothing herein shall in any manner vary, change, modify, or restrict the rights and privileges that Grantee may have acquired through any instrument other than the Original Easement or by any other means.

The terms and conditions as supplemented by this instrument, are the complete agreement, expressed or implied between the parties hereto and shall inure to the benefit of and be binding on their respective successors, assigns, heirs, executors, administrators, lessees, tenants, licensees, and legal representatives.

Grantor acknowledges that AEP has explained the project to rebuild, alter, and upgrade the transmission line to Grantor, and Grantor's consent for such project is hereby granted.

This instrument may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. The signature pages from each counterpart may be removed and attached to one document for purposes of recording this Supplemental Easement and Right of Way in the real property records of Nueces County, Texas.

Any remaining space on this page intentionally left blank.

See next page(s) for signature(s).

EXECUTED effective this 3rd day of August, 2018.

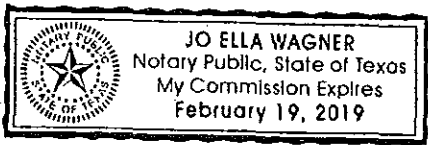
GRANTOR
South Texas Water Authority

By: Carola G. Serrato
Name: Carola G. Serrato
Title: Executive Director

State of Texas §
Kleberg County § SS:

This instrument was acknowledged before me on August 3, 2018
by Carola G. Serrato acting as Executive Director of
South Texas Water Authority, on behalf of said entity.

Jo Ella Wagner
Notary Public
Commission
expires: 2/19/2019



When recorded return to: American Electric Power -- Transmission Right of Way, 539 N. Carancahua,
Corpus Christi, TX 78401-2401

Line Name: Banquete – Stadium
Line No.: TLN169:05037 Tract No.: 38E

EASEMENT PAYMENT SCHEDULE

THE UNDERSIGNED:

GRANTOR: South Texas Water Authority
ADDRESS: 111 East Sage Road, Kingsville, Texas 78363-3336

HEREBY OFFER to accept amount as determined in accordance with the schedule below in full payment of the Easement and Right of Way for an electric transmission, distribution and communication lines, being, in, on, over, under, through and across the land of the Undersigned under an easement dated August 3, 2018 from the Undersigned to the Company, to wit:

PAYMENT SCHEDULE

Easement Acquisition Cost Description:	Easement Paid	Damages Paid
Easement Consideration Paid - 0.158 acres @ \$3,000.00/ac =	\$ 474.00\$	
Nueces County, State of Texas	\$	\$
	\$	\$
Sub-Totals	\$ 474.00\$	
Total Consideration includes Initial Consideration Paid	\$ 484.00\$	

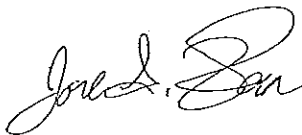
The amounts so determined are full payment for the Easement and Right of Way. Any construction damages will be paid separately unless noted above.

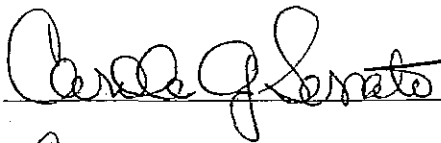
Accepted on August 3, 2018 Signed on August 3, 2018

Right of Way Service, Inc.
Contract Agent for
AEP Texas Inc.

GRANTOR:

South Texas Water Authority

By: 
Field Agent: Willie Vera

By: 
Name: Carola G. Serrato
Title: Executive Director

Attach Required W-9

EXHIBIT "A"
6,901 SQUARE FEET OR 0.158 OF AN ACRE
VARIABLE WIDTH EASEMENT

BEING A TRACT OF LAND LOCATED IN THE R. GARCIA SURVEY, ABSTRACT NO. 120, NUECES COUNTY, TEXAS AND BEING PART OF LOT 26 OF AGUA DULCE FARM TRACT AT AGUA DULCE, A SUBDIVISION OF RECORD IN VOLUME A, PAGE 76, MAP RECORDS, NUECES COUNTY, TEXAS, AS CONVEYED IN DEED TO SOUTH TEXAS WATER AUTHORITY, RECORDED IN VOLUME 1859, PAGE 823, DEED RECORDS, NUECES COUNTY, TEXAS (D.R.N.C.T.), AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT 5/8-INCH IRON ROD FOUND IN COUNTY ROAD 38 (CR 38) FOR THE COMMON CORNER OF SAID WATER AUTHORITY TRACT AND A TRACT CONVEYED IN DEED TO AEP TEXAS CENTRAL POWER CO., RECORDED IN VOLUME 172, PAGE 154, D.R.N.C.T., SAID POINT OF BEGINNING HAVING GRID COORDINATES N:17172736.36, E:1174497.84;

THENCE SOUTH 10 DEGREES 27 MINUTES 57 SECONDS EAST, WITH THE COMMON LINE OF SAID WATER AUTHORITY TRACT AND SAID AEP TEXAS CENTRAL POWER CO. TRACT, A DISTANCE OF 59.61 FEET TO A CALCULATED POINT AT AN EXISTING FENCE POST;

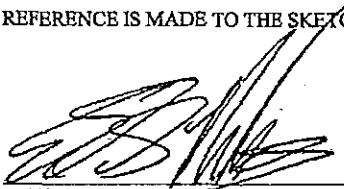
THENCE SOUTH 79 DEGREES 33 MINUTES 35 SECONDS WEST, OVER AND ACROSS SAID SOUTH TEXAS WATER AUTHORITY TRACT WITH THE EXISTING FENCE LINE, A DISTANCE OF 115.32 FEET TO A CALCULATED POINT AT AN EXISTING FENCE POST IN THE COMMON LINE OF SAID WATER AUTHORITY TRACT AND THE REMAINDER OF A TRACT OF LAND CONVEYED IN DEED TO REFUGIA ZEPEDA, ET AL, RECORDED IN DOCUMENT NUMBER 1996024147, OFFICIAL PUBLIC RECORDS, NUECES COUNTY, TEXAS (O.R.N.C.T.);

THENCE NORTH 10 DEGREES 14 MINUTES 37 SECONDS WEST, WITH THE WEST LINE OF SAID WATER AUTHORITY TRACT, A DISTANCE OF 60.19 FEET TO A 5/8-INCH IRON ROD FOUND IN SAID CR 38, FOR THE NORTHWEST CORNER OF SAID WATER AUTHORITY TRACT;

THENCE NORTH 79 DEGREES 50 MINUTES 41 SECONDS EAST, WITH THE NORTH LINE OF SAID SOUTH TEXAS WATER AUTHORITY TRACT, A DISTANCE OF 115.09 FEET TO THE POINT OF BEGINNING AND CONTAINING 6,901 SQUARE FEET OR 0.158 OF AN ACRE, MORE OR LESS.

BEARING BASIS: ALL BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 83(2011), SOUTH ZONE. ALL DISTANCES SHOWN HEREON ARE SURFACE DISTANCES. GRID DISTANCES CAN BE CALCULATED BY DIVIDING BY A COMBINED SCALE FACTOR OF 1.000016072.

REFERENCE IS MADE TO THE SKETCH OF EVEN DATE ACCOMPANYING THIS DESCRIPTION.

 8/1/18

ERIK S. MILNES
TEXAS REGISTERED PROFESSIONAL
LAND SURVEYOR NUMBER 6622
SURVEYING AND MAPPING, LLC.
TEXAS FIRM REGISTRATION NO. 10064300

DATE: JULY 31, 2018



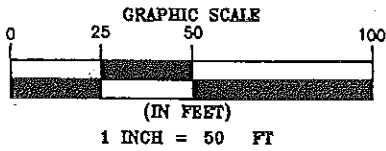
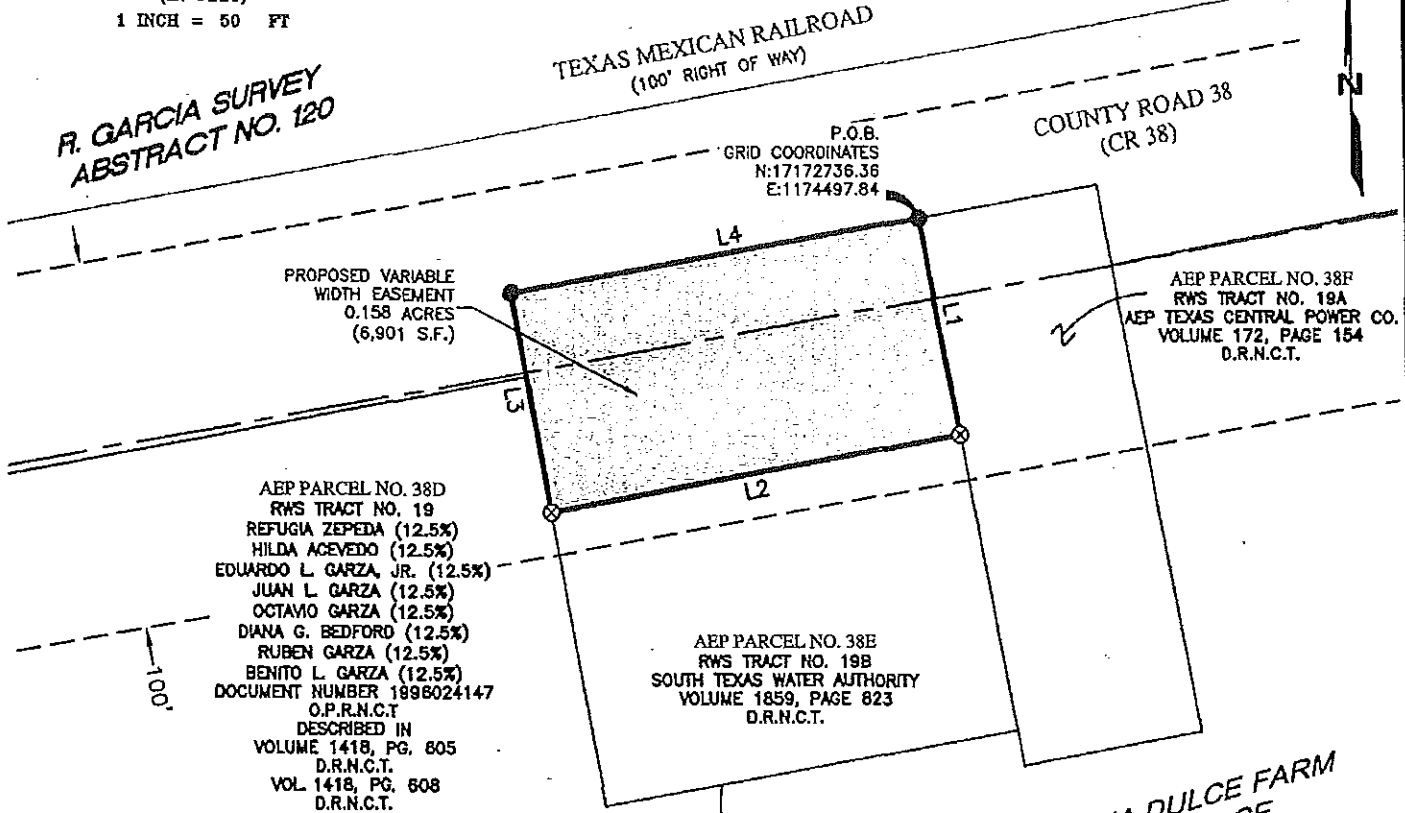


EXHIBIT "A"

REVISIONS			
NO.	REVISION	DATE	TECH
1	MODIFIED EASEMENT	07/31/18	AA



LINE TABLE		
NUMBER	BEARING	DISTANCE
L1	S10°27'57"E	59.61'
L2	S79°33'35"W	115.32'
L3	N10°14'37"W	60.19'
L4	N79°50'41"E	115.09'

LEGEND

- D.R.N.C.T. DEED RECORDS
- O.P.R.N.C.T. OFFICIAL PUBLIC RECORDS
- M.R.N.C.T. MAP RECORDS
- P.O.B. POINT OF BEGINNING
- P.O.R. POINT OF REFERENCE
- 5/8" IRON ROD FOUND
- ⊗ FENCE POST FOUND (AS NOTED)
- PROPOSED EASEMENT CENTERLINE
- - - PROPOSED EASEMENT
- ___ BOUNDARY LINE
- Z LAND HOOK



[Signature] 8/1/18

ERIK S. MILNES
 TEXAS REGISTERED PROFESSIONAL
 LAND SURVEYOR NO. 6622
 TEXAS FIRM REGISTRATION NO. 10064300

BEARING BASIS: ALL BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 83(2011), SOUTH ZONE. ALL DISTANCES SHOWN HEREON ARE SURFACE DISTANCES. GRID DISTANCES CAN BE CALCULATED BY DIVIDING BY A COMBINED SCALE FACTOR OF 1.000016072.

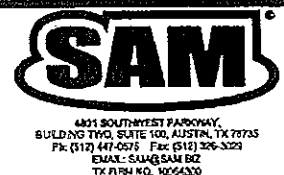
THIS EXHIBIT DOES NOT REFLECT ANY UNDERGROUND UTILITIES, EASEMENT OF RECORD OR OTHER ENCUMBRANCES THAT MAY AFFECT THE SUBJECT TRACT.

REFERENCE IS MADE TO THE DESCRIPTION OF EVEN DATE ACCOMPANYING THIS SKETCH.

REFERENCE IS MADE TO AN EXISTING EASEMENT RECORDED IN VOLUME 326, PAGE 513, D.R.N.C.T.

PROJECT: BANQUETE TO STADIUM
JOB NUMBER: 38568
DATE: 3/12/2018
SCALE: 1" = 50'
TRACT ID: RWS 19B
DRAWN BY: EEV

AEP TEXAS INC.
 6,901 SQUARE FEET OR 0.158 OF AN ACRE
 VARIABLE WIDTH TRANSMISSION LINE EASEMENT
 R. GARCIA SURVEY
 ABSTRACT NO. 120
 NUECES COUNTY, TEXAS



ATTACHMENT 13

TMLIRP Board of Trustees Election

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 30, 2018
Re: Texas Municipal League (TML) Intergovernmental Risk Pool Board of Trustees Election Ballot

Background:

Enclosed please find the ballot for the TML Intergovernmental Risk Pool (TML) Board of Trustees election. As you are aware, STWA has insurance coverage for general liability on property, general liability on vehicles, windstorm and workers compensation through TML. STWA is eligible to vote in the election for Places 11, 12, 13, and 14. The deadline for submittal of the ballot is September 30, 2018.

Analysis:

Enclosed for each candidate is a short bio. Two (2) out of the four (4) races have incumbents in the field of candidates. The Board is not required to vote in the election.

Staff Recommendation:

Staff does not have any recommendations to offer.

Board Action:

Determine which candidates to cast a vote for in Places 11, 12, 13, and 14 of the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election.

Summarization:

Staff does not know any of the persons on the ballot.

RECEIVED

AUG 20 2018

OFFICIAL BALLOT

SOUTH TEXAS WATER AUTHORITY

**Texas Municipal League Intergovernmental Risk Pool
Board of Trustees Election**

This is the official ballot for the election of Places 11 – 14 of the Board of Trustees for the Texas Municipal League Intergovernmental Risk Pool. Each Member of the Pool is entitled to vote for Board of Trustee members. Please record your organization's choices by placing an "X" in the square beside the candidate's name or writing in the name of an eligible person in the space provided. You can only vote for one candidate for each place.

The officials listed on this ballot have been nominated to serve a six-year term on the TML Intergovernmental Risk Pool (Workers' Compensation, Property and Liability) Board of Trustees. The names of the candidates for each Place on the Board of Trustees are listed in alphabetical order on this ballot.

Ballots must reach the office of David Reagan, Secretary of the Board, no later than September 30, 2018. Ballots received after September 30, 2018, cannot be counted. **The ballot must be properly signed and all pages of the ballot must be mailed to: Trustee Election, David Reagan, Secretary of the Board, P.O. Box 149194, Austin, Texas 78714-9194. If the ballot is not signed, it will not be counted.**

PLACE 11

- Dietrich von Biedenfeld.** Alderman for the City of West Columbia (Region 14) since May 2012. Mr. Biedenfeld teaches at the Marilyn Davies College of Business at the University of Houston – Downtown and is a VA-accredited attorney. He serves as Chair of the Dispute Resolution Committee and past Chair of the Public Contract Law Committee for the American Bar Association Young Lawyer Division. He is also President of the Brazoria County Cities Association. Mr. Biedenfeld is a member of the International Association of Emergency Managers, Federal Bar Association, NIGP: The Institute for Public Procurement, and U.S. Green Building Council. He is also a member of the Columbia Historical and Brazoria County Heritage Museums.

- Randy Criswell (Incumbent).** City Manager for the City of Canyon (Region 2) since 2008. Mr. Criswell has served on the TML Risk Pool Board of Trustees since 2015 and currently serves as Chair of the Underwriting and Claims Committee. He has been in public service for 28 years, with nearly 24 years as an employee of the City of Canyon. Mr. Criswell has a Bachelor of Science degree from Texas Tech University, is an active member of TCMA, having served multiple terms on the Board of Directors and Committees. He has served as the TCMA Affiliate Representative on the TML Board of Directors, is a member of ICMA, and is a Certified Public Manager.

- Rick A. Schroder.** City Administrator for the City of Helotes (Region 7) since September 2008. Mr. Schroder also serves as the Executive Director for the Helotes Economic Development Corporation (EDC). Prior to his tenure as City Administrator, Rick was employed by the EDC as the Economic Development Specialist from 2006 to 2008. He graduated Magna Cum Laude from Trinity University in 2004 with a degree in Political Science, and he earned a Master of Public Service and Administration in 2006 from the George H.W. Bush School of Government and Public Service at Texas A&M University. During his coursework, he worked for a variety of public and private organizations, primarily focused on public service and government relations.

WRITE IN CANDIDATE:

PLACE 12

- Bert Lumbreras.** City Manager for the City of San Marcos, Texas (Region 10). Bert Lumbreras has 37 years of experience as a City Manager or an Assistant City Manager in seven Texas communities, including Austin and Waco. He currently serves as the International City/County Management Association Mountain Plains Vice President and previously served on the Board of Directors of the Texas City Management Association from 2010-2014, including President in 2012. He has a Bachelor's Degree in Political Science, with a concentration in Public Administration, and a minor in Geography and Urban Planning from Southwest Texas State University.

- Kimberly Meisner.** Executive Director of General Operations for the City of Kerrville (Region 7), overseeing Human Resources, Municipal Court, Public Library, and Public Information. Ms. Meisner has over 21 years of public service, which includes serving the Cities of Kerrville and La Porte. She earned a Master's degree in Public Administration from U.T.–Arlington and a Bachelor's degree in Human Resource Management from Columbia Southern University. She is a member of the TCMA, International Public Management Association for Human Resources (IPMA-HR), Society for Human Resource Management (SHRM), San Antonio Human Resource Management Association, and is a former President of the Bay Area Human Resource Management Association. She is an IPMA-HR Senior Certified Professional and a SHRM Certified Professional.

- Jana Traxler.** Human Resources Director and Risk Manager for the City of Murphy, Texas (Region 13). Jana Traxler is a municipal Human Resources Executive who is committed to being a strategic partner in municipal management, an employee advocate and a change agent. She has experience working in both local and state governments as well as experience working under a state funded contract with Hewlett Packard Enterprise Services. Prior to relocating to Murphy, Texas, she held the position of the Human Resources Labor Relations Officer for Shawnee County, Kansas. She is a graduate of the Villanova University Masters in Human Resource Development program and holds the Senior Professional in Human Resources designation.

- Robert D. Wilson, Jr.** Board of Directors of the Post Oak Savannah Ground Conservation District in Milano, Texas (Region 10) for the last four years. Robert Wilson has also served on the Board of Directors for the Southwest Milam Water Supply Corporation for the past 13 years, and currently is the President. Mr. Wilson graduated from the University of Minnesota, majoring in mathematics. He was a Captain in the US Army, 1964-1968, and served in Viet Nam. He spent over 40 years in Commercial Banking, with the last 15 as Branch President of Citizens National Bank in Rockdale, Texas. Mr. Wilson has served on numerous local boards and organizations, volunteering his time to assist and improve the quality of life in Rockdale over the past 15 years. He is active in his church as a Sunday School Teacher, Deacon, and Treasurer.

WRITE IN CANDIDATE:

PLACE 13

- Byron Black.** (Incumbent). Board Chair, Central Appraisal District of Johnson County (Region 8). He served as Mayor of Burleson from 1998-2004, previously serving as mayor pro tem and as a Councilmember. He currently serves as Chair of the Impact Fee Committee for the City of Burleson. Mr. Black is a past board member of the Area Metro Ambulance Authority Board. He was a member of the Burleson Independent School District Board for 12 years, nine as President, and served as president of TASB. Mr. Black has served as a Board member of the TML Intergovernmental Risk Pool since 2000, serving as Vice-Chair and Chair.

- Mike Jones.** Chief Appraiser/Chief Administrator of the Fannin Central Appraisal District in Bonham, Texas (Region 13). His service in the property tax profession began in February, 2006 after serving a 20-year career in the United States Air Force. He holds a Bachelor of Science in Occupational Education from Wayland Baptist University. His professional credentials include the Registered Professional Appraiser and Registered Texas Assessor/Collector Designations, a Certified Tax Administrator from the Institute of Certified Tax Administrators and a Certified Chief Appraiser from the Texas Association of Appraisal Districts and the Texas Association of Assessing Officers.

WRITE IN CANDIDATE:

PLACE 14

- Bert Echterling.** Mayor for the City of Robinson (Region 9) since 2015. Mr. Echterling has served as a council member for Robinson since 2006. He serves on the McLennan County Park Committee and on the Robinson Campus Improvement Committee. He is a past Board Member for the Robinson Economic Development Committee and the Robinson Chamber of Commerce. He was born and raised in Robinson, graduated from Robinson High School, and attended McLennan Community College. In 1996, he joined the family business, Echterling Builders, which he has owned since.

- David J. Harris.** City Administrator for the City of Balcones Heights (Region 7) since 2014. Mr. Harris began his local government career in 1996 at Bexar County and has served 18 years in leadership of the cities of Hill Country Village (City Administrator), Schertz (Assistant City Manager), and Alamo Heights (Interim Director). He serves as Immediate Past President and on the Board of the Texas City Management Association, Secretary of TML Region 7, President of Alamo Heights Rotary Club. Mr. Harris received his BA in American Studies from Whitworth University and a MS in Urban Administration from Trinity University. He is an ICMA Credentialed Manager and a member of TCMA and ICMA.

- David Rutledge.** Mayor of Bridge City (Region 16) since 2016, re-elected to a second term this past May, previously served as council member from 2005-2010 (term-limited), again in 2015, and is a representative on the Southeast Texas Regional Planning Commission (COG). Active in TML, he has been recognized as a Certified Municipal Official (CMO) the previous three years, is Vice President of TML Region 16, and serves on the TML Municipal Advocacy Committee and the Municipal Policy Summit. A mechanical engineer by profession from Lamar University in Beaumont, he serves on that university's Mechanical Engineering Advisory Council.

WRITE IN CANDIDATE:

Certificate

I certify that the vote cast above has been cast in accordance with the will of the majority of the governing body of the public entity named below.

Witness my hand, this _____ day of _____, 2018.

Signature of Authorized Official

Title

Printed Name of Authorized Official

Printed Name of Political Entity

ATTACHMENT 14

ERCOT Ballot

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 30, 2018
Re: ERCOT Membership Meeting to Amend Articles of Incorporation and Bylaws - Ballot

Background:

Enclosed please find a meeting notice for ERCOT Membership and a ballot associated with amending the ERCOT Articles of Incorporation and Bylaws. ERCOT's deadline requires the ballot be submitted by September 7th.

Analysis:

Chris Brewster, an attorney that works for Texas Coalition for Affordable Power (TCAP), recommends approving the amendments to both the Articles of Incorporation and the Bylaws.

Staff Recommendation:

Authorize staff to submit a ballot of "For" on both items.

Board Action:

Determine whether to authorize staff to submit a ballot of "For" on both items.

Summarization:

Staff continues to be pleased with the energy prices and services as a result of our membership in TCAP. STWA became a member of TCAP when the South Texas Aggregate Power (STAP) merged with Cities Aggregation Power Project (CAPP). One of TCAP's main services is remaining involved in ERCOT as a means of ensuring that fair energy prices are secured for public entities such as STWA.

mcserrato@stwa.org

From: Membership <membership@ercot.com>
Sent: Wednesday, August 29, 2018 1:44 PM
To: Membership
Subject: FW: Notice of Special Meeting of ERCOT Corporate Members
Attachments: Correspondence to Corporate Members re Special Meeting.pdf; Official Consent and Ballot Form.docx

Reminder that ERCOT is requesting the return of your ballot **on or before Friday, September 7, 2018 at 5:00 p.m.** Please note that, to date, we do not have enough ballots to achieve a quorum.

To avoid having an in-person meeting, please submit your ballots as soon as possible, but before 5:00 p.m. on September 7, 2018.

Your participation in this vote is crucial.

Sincerely,

Amy L. Loera
Regulatory Specialist
ERCOT Legal Department

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

From: Membership
Sent: Wednesday, August 15, 2018 3:51 PM
To: Membership <membership@ercot.com>
Subject: Notice of Special Meeting of ERCOT Corporate Members

ERCOT Corporate Members -

Please review the attached materials regarding an upcoming Special Meeting of the Corporate Members wherein the Members will vote on amendments to the ERCOT Articles of Incorporation and vote on amendments to the ERCOT Amended and Restated Bylaws (<http://www.ercot.com/calendar/2018/9/12/161373>).

Your participation in this vote is crucial. Please return your ballot on or before Friday, September 7, 2018 at 5:00 p.m.

Thank you in advance for your participation.

Sincerely,

Amy L. Loera
Regulatory Specialist
ERCOT Legal Department
7620 Metro Center Drive
Austin, Texas 78744

Office: 512-225-7026

Fax: 512-225-7079

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



**Official Consent and Ballot Form
For Approval of Proposed Amendments to the ERCOT Articles of Incorporation
and Approval of Proposed Amendments to the ERCOT Bylaws**

	For	Against
The undersigned Corporate Member of ERCOT (Member) approves the proposed amendments to the <i>Amended and Restated Articles of Incorporation of Electric Reliability Council of Texas</i> , effective December 19, 2000 (Articles of Incorporation), which were approved and recommended by the ERCOT Board of Directors (Board), subject to Public Utility Commission of Texas (PUCT) approval, as reflected in <i>Attachment 1</i> to the Notice of Special Meeting of Corporate Members (Notice) that accompanied this Official Consent and Ballot Form (Form).	<input type="checkbox"/>	<input type="checkbox"/>
The undersigned Member approves the proposed amendments to the <i>Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.</i> , effective August 17, 2015 (Bylaws), which were approved and recommended by the Board, subject to PUCT approval, as reflected in <i>Attachment 2</i> to the Notice that accompanied this Form.	<input type="checkbox"/>	<input type="checkbox"/>

I hereby certify that:

1. I am a duly authorized representative of the Corporate Member of ERCOT listed below;
2. I consent to this action in writing in lieu of the Special Meeting of the Corporate Members currently scheduled for Wednesday, September 12, 2018; and
3. My votes on the approval of proposed amendments to the ERCOT Articles of Incorporation and proposed amendments to the ERCOT Bylaws are listed above.

Signature

Name: Click here to enter text.

Corporate Member (Organization or Company): Click here to enter text.

Date: Click here to enter a date.

Please make every effort to return this Official Consent and Ballot Form (Ballot) no later than **5:00 p.m. on Friday, September 7, 2018**. The Ballot can be submitted via email (.pdf version) to membership@ercot.com, via facsimile to 512-225-7079, or via first class mail to ERCOT, Attention: Membership. 7620 Metro Center Drive, Austin, Texas 78744. If you have any questions, please contact Amy Loera at membership@ercot.com.

From: Judy McMahon <jmcmahon@lglawfirm.com> on behalf of Chris Brewster <CBrewster@lglawfirm.com>
Sent: Wednesday, August 22, 2018 5:02 PM
To: Addison (Olivia Riley); Alamo (Luciano Ozuna, Jr.); Allen (Stephen Massey); Aransas County MUD (Jack Chaney); Arlington (David L. Barber); Bedford (Meg Jakubik); Belton (Sam Listi); Benbrook (Sherri Newhouse); Big Spring (Donald Moore); Breckenridge (Andy McCuistion); Bridgeport (Erika McComis); Brownwood (Walter Middleton); Burkburnett (Mike Whaley); Caddo Mills (Matt McMahon); Canton (Lonny Cluck); Carrollton (Susan Keller); Cedar Hill (Marie Watts); Celina (Jay Toutouchian); Clear Lake Shores (Christy Stroup); Clyde (Connie Thornton); Colleyville (Adrienne Lothery); Colorado City (David Hoover); Colorado City (Donna Madrid); Coppell (Kimberley Tiehen); Copperas Cove (Velia Key); Corinth (Bob Hart); Corpus Christi (Miles Risley); Crowley (Robert Loftin); Dallas (Nick Fehrenbach); Dalworthington Gardens (Kay Day); Decatur (Brett Shannon); Denison (Jud Rex); DeSoto (Trivinio Posley); Dublin (Nancy Wooldridge); Duncanville (Richard Summerlin); Early (Brenda Kilgo); Eastland (Ron Duncan); Ennis (Scott Dixon); Euless (Chris D. Barker); Everman (Michael Box); Henry Moore (hm@smhglaw.com)
Cc: Chris Brewster
Subject: URGENT ACTION REQUESTED: Notice of Special Meeting of ERCOT Corporate Members
Attachments: Official Consent and Ballot Form.docx

ERCOT Member:

If you have not already done so, please be sure to complete the attached ballot and submit it to ERCOT as I discuss below. The deadline for your ballot is Friday, September 7.

The email address to which it can be sent is stated on the ballot. Your ballot will be essential for this email vote to achieve quorum and avoid the need to hold an in-person ERCOT membership meeting here in Austin.

Please contact me if you have any questions or concerns. Thanks – Chris

ERCOT Member Cities -

On August 15, each of you received the attached notice from ERCOT regarding a vote of the ERCOT membership to amend ERCOT's Bylaws and Articles of Incorporation. ERCOT included the attached ballot, along with correspondence explaining the vote. As I detail below, I recommend that we vote **FOR** the changes to both the Bylaws and the Articles. Because cities are such a large group within ERCOT's total membership, your ballot is necessary if this email vote is to obtain quorum. If quorum is not reached, ERCOT will need to convene a costly, in-person meeting of its members here in Austin. Therefore, please submit your ballot FOR both initiatives by the deadline, Friday, September 7.

Background on the vote:

As a non-profit corporation organized under Texas law, ERCOT is governed two basic documents – its Bylaws and Articles of Incorporation.

The changes to the Bylaws, other than non-substantive cleanup edits, relate to the definition of an affiliate for purposes of ERCOT membership and add a requirement that an ERCOT Member disclose its affiliates to ERCOT. The definition is important, because an entity and its affiliates can only hold one corporate membership in ERCOT and one seat on each of the Board and the Technical Advisory Committee. The modifications to the definition generally provide more detail as to what kind or extent of relationship would give rise to an Affiliate relationship under the protocols, and

thus trigger the prohibition against holding more than one corporate membership. The new definition is appropriate, based on typical business organization concepts and restrictions, and should not result in an entity and its affiliates exerting additional influence in the ERCOT stakeholder process.

The changes to the **Articles of Incorporation** include cleanup edits to reflect current references to the Texas Business Organizations Code and to make other minor stylistic changes.

Please contact me if you have any questions or concerns. Thanks – Chris

CHRIS BREWSTER

Principal

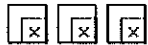
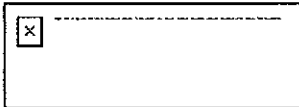
512-322-5831 Direct

Lloyd Gosselink Rochelle & Townsend, P.C.

816 Congress Ave., Suite 1900, Austin, TX 78701

www.lglawfirm.com | 512-322-5800

[News](#) | [vCard](#) | [LinkedIn](#) | [Bio](#)



From: Membership

Sent: Wednesday, August 15, 2018 3:51 PM

To: Membership <membership@ercot.com>

Subject: Notice of Special Meeting of ERCOT Corporate Members

ERCOT Corporate Members -

Please review the attached materials regarding an upcoming Special Meeting of the Corporate Members wherein the Members will vote on amendments to the ERCOT Articles of Incorporation and vote on amendments to the ERCOT Amended and Restated Bylaws (<http://www.ercot.com/calendar/2018/9/12/161373>).

Your participation in this vote is crucial. Please return your ballot on or before Friday, September 7, 2018 at 5:00 p.m.

Thank you in advance for your participation.

Sincerely,

Amy L. Loera
Regulatory Specialist
ERCOT Legal Department
7620 Metro Center Drive
Austin, Texas 78744
Office: 512-225-7026
Fax: 512-225-7079

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

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

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August 15, 2018

ERCOT Corporate Member:

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

Recommendations to the Corporate Members on Two Voting Items

On August 7, 2018, the ERCOT Board of Directors (Board) unanimously voted to approve proposed amendments to the *Amended and Restated Articles of Incorporation of Electric Reliability Council of Texas*, effective December 19, 2000 (Articles) and *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*, effective August 17, 2015 (Bylaws), and to recommend and present such proposed amendments to the ERCOT Corporate Members for their approval, subject to final approval by the Public Utility Commission of Texas (PUCT).

Proposed Amendments to the Articles and Bylaws for Corporate Member Approval

The proposed amendments to the Articles would conform the Articles with current corporate and tax-exempt organization legal requirements, maintain ERCOT's tax-exempt organization status, update factual references, and include references to applicable provisions of the Public Utility Regulatory Act (PURA) and PUCT Substantive Rules. The language of the proposed Articles amendments is attached for your review and consideration as *Attachment 1*. If the amendments are approved, the Articles would be known as the "Amended and Restated Certificate of Formation of Electric Reliability Council of Texas, Inc."

The proposed amendments to the Bylaws would update the definition of "Affiliate" and clarify the process for determining Affiliate status, clarify the definition of "Officer," update legal code references, and correct scrivener's errors. The language of the proposed Bylaws amendments is attached for your review and consideration as *Attachment 2*.

Additional information on these amendments, including red-lined changes, may be found in the materials associated with Agenda Items 11.1 and 11.2 of the August 7, 2018 Board meeting, which are available at <http://www.ercot.com/calendar/2018/8/7/137984-BOARD>, under "Key Documents."

Special Meeting of Corporate Members Called by the Board

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



Corporate Members as would be necessary to take that action at a meeting at which all of the Corporate Members were present and voted.”

On August 7, 2018, the Board called a Special Meeting as soon as reasonably possible to vote on the proposed amendments to the Articles and Bylaws. Thus, on Wednesday, September 12, 2018, at 10:00 a.m. in Room 210A at 7620 Metro Center Drive, Austin, Texas 78744, a Special Meeting will be held for the purpose of voting on the above-mentioned proposed amendments to the Articles and Bylaws.

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

We are seeking Corporate Membership approval to have each vote in writing, in lieu of a Special Meeting. Please review the enclosed Official Consent and Ballot form (Ballot). If you agree to take action on the proposed amendments to the Articles and Bylaws without a Special Meeting, please indicate your voting preference, sign the Ballot and return it to ERCOT by **5:00 p.m. on Friday, September 7, 2018**. After 5:00 p.m. on Friday, September 7, 2018, we will count the Ballots received to determine if we have sufficient number to allow a vote on the amendments to the Articles and Bylaws in lieu of the Special Meeting. We will post a notice of either a successful vote or of the need to have the September 12, 2018 Special Meeting on the ERCOT website at <http://www.ercot.com/calendar/2018/9/12/161373>, no later than Monday, September 10, 2018, at 12:00 p.m.

ACTION NEEDED: Submit Consent and Ballot Form by 5:00 p.m., Friday, September 7, 2018

Please note that the requested votes require approval by the Members and the PUCT prior to becoming effective. So that the votes may be approved as soon as possible by the Members and the PUCT, please indicate your vote in favor or against the voting matters, sign the Ballot, and make every effort to return it to ERCOT as noted on the Ballot no later than 5:00 p.m., Friday, September 7, 2018.

Sincerely,

Amy L. Loera
Regulatory Specialist
ERCOT

**AMENDED AND RESTATED CERTIFICATE OF FORMATION
OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
(A Texas Nonprofit Corporation)**

Pursuant to the provisions of the Texas Business Organizations Code (the "TBOC"), Electric Reliability Council of Texas, Inc., a Texas nonprofit corporation (the "Corporation"), hereby adopts this Amended and Restated Certificate of Formation (the "Restated Certificate"), which accurately states the text of the Amended and Restated Articles of Incorporation (as amended, the "Restated Articles") being restated and each amendment to the Restated Articles being restated that is in effect, and as further amended by the attached Restated Certificate of Formation. The attached Restated Certificate of Formation does not contain any other change in the Restated Articles being restated except for the information permitted to be omitted by the provisions of the TBOC applicable to the Corporation.

1. The name of the Corporation is Electric Reliability Council of Texas, Inc.
2. The type of entity of the Corporation is a nonprofit corporation. The file number issued to the Corporation by the Secretary of State is 116906401. The date of formation of the Corporation is October 10, 1990.
3. Each new amendment has been made in accordance with the provisions of the TBOC. The amendments to the Restated Articles and the Restated Certificate have been approved in the manner required by the TBOC and by the governing documents of the Corporation.
4. This document becomes effective when the document is filed by the Secretary of State.

The undersigned affirms that the person designated as registered agent in the Restated Certificate has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Dated: _____, 2018

Bill Magness, President and CEO

EXHIBIT A

**RESTATED CERTIFICATE OF FORMATION
OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

**ARTICLE ONE
NAME**

The name of the Corporation is Electric Reliability Council of Texas, Inc.

**ARTICLE TWO
NONPROFIT CORPORATION**

The Corporation is a nonprofit corporation.

**ARTICLE THREE
DURATION**

The period of its duration is perpetual.

**ARTICLE FOUR
PURPOSE**

The purposes of the Corporation are to:

(a) Ensure open access to the transmission and distribution systems within the Electric Reliability Council of Texas, Inc. ("ERCOT") region for all buyers and sellers of electricity on non-discriminatory basis terms, ensure the reliability and adequacy of the regional electrical network, ensure that information relating to a customer's choice of retail electric provider is conveyed in a timely manner to the persons who need that information, and ensure that electricity production and delivery are accurately accounted for among the generators and wholesale buyers and sellers within the ERCOT region;

(b) Coordinate activities within the region of ERCOT to fulfill these purposes;

(c) Perform the functions of an Independent Organization as certified by the Public Utility Commission of Texas ("Commission") and provided by the Public Utility Regulatory Act and Commission Rules; and

(d) Engage in any lawful act or activity consistent with the foregoing for which nonprofit corporations may be formed under the TBOC.

**ARTICLE FIVE
REGISTERED OFFICE AND AGENT**

The street address of the Corporation's registered office is 7620 Metro Center Drive, Austin, Texas 78744, and the name of the Corporation's registered agent at such address is Bill Magness.

**ARTICLE SIX
BOARD OF DIRECTORS**

The management of the Corporation is vested in the Board of Directors and such committees of the Board that the Board may, from time to time, establish. The composition of the Board of Directors is legislatively mandated through Section 39.151 of the Public Utility Regulatory Act and requires sixteen (16) directors to serve on the Board. The Bylaws provide the qualifications, manner of selection, duties, terms and other matters relating to the Board of Directors. The names and addresses of the persons currently serving as directors of the Corporation, as identified by their respective segments and roles, are:

<p>Consumer – Residential and Small Commercial Subsegment– Public Counsel Ex Officio Director</p> <p>Tonya Baer c/o Office of Public Utility Counsel 1701 North Congress Avenue, Suite 9-180 Austin, Texas 78701</p>	<p>Consumer – Large Commercial Subsegment Director</p> <p>Nick Fehrenbach c/o City of Dallas 1500 Marilla, Room 4F North Dallas, Texas 75201</p>
<p>Consumer – Industrial Subsegment Director</p> <p>Sam Harper c/o Gerdau 300 Ward Road Midlothian, Texas 76065</p>	<p>Cooperative Segment Director</p> <p>Clifton Karnei c/o Brazos Electric Power Cooperative 7616 Bagby Avenue Waco, Texas 76702-2585</p>
<p>ERCOT Chief Executive Officer - Ex Officio Director</p> <p>Bill Magness c/o ERCOT 7620 Metro Center Drive Austin, Texas 78744</p>	<p>Independent Generator Segment</p> <p>Kevin Gresham c/o E.ON North America LLC 701 Brazos Street, Suite 1400 Austin, Texas 78701</p>
<p>Independent Power Marketer Segment Director</p> <p>Keith Emery c/o Tenaska Power Services 1701 East Lamar Boulevard, Ste. 100 Arlington, Texas 76006</p>	<p>Independent Retail Electric Provider Segment Director</p> <p>Rick Bluntzer c/o Just Energy Texas, LP 5251 Westheimer Road, Suite 1000 Houston, Texas 77056</p>

<p>Investor-Owned Utility Segment Director</p> <p>Kenny Mercado c/o CenterPoint Energy P.O. Box 4467 Houston, Texas 77510</p>	<p>Municipal Segment Director</p> <p>Carolyn Shellman c/o CPS Energy 145 Navarro St., MD #101011 San Antonio, Texas 78205</p>
<p>Public Utility Commission of Texas Chairman – Ex Officio Director (nonvoting)</p> <p>Chairman DeAnn Walker c/o Public Utility Commission of Texas 1701 N. Congress Ave. P.O. Box 13326 Austin, Texas 78711</p>	<p>Unaffiliated Director</p> <p>Craven Crowell c/o ERCOT 7620 Metro Center Drive Austin, Texas 78744</p>
<p>Unaffiliated Director</p> <p>Peter Cramton c/o ERCOT 7620 Metro Center Drive Austin, Texas 78744</p>	<p>Unaffiliated Director</p> <p>Karl Pfirrmann c/o ERCOT 7620 Metro Center Drive Austin, Texas 78744</p>
<p>Unaffiliated Director</p> <p>Judy Walsh c/o ERCOT 7620 Metro Center Drive Austin, Texas 78744</p>	<p>Unaffiliated Director</p> <p>Terry Bulger c/o ERCOT 7620 Metro Center Drive Austin, Texas 78744</p>

ARTICLE SEVEN POWERS

Except as this Restated Certificate of Formation otherwise provides, the Corporation has all the powers provided by the TBOC. Moreover, the Corporation has all the implied powers necessary and proper to carry out its express powers.

ARTICLE EIGHT RESTRICTIONS AND REQUIREMENTS

The Corporation shall have no capital stock, and no Member shall be obligated or entitled to subscribe to or hold capital stock or other evidence of ownership in order to exercise its rights to participate in the Corporation.

The Corporation may not pay dividends or other corporate income to its Members, directors, or officers, or otherwise accrue distributable profits, or permit realization of private gain. The Corporation may not take any actions prohibited by the TBOC.

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to any Member, any director or any officer of the Corporation or any other individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and reimbursement for expenses incurred, for the benefit of the Corporation, and to make payments and distributions in furtherance of the purposes set forth in Article Four hereof. Notwithstanding any other provision of this Restated Certificate of Formation, the Corporation shall not carry on any activities not permitted to be carried on by an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(4) of the Code.

Subject to Public Utility Commission of Texas Substantive Rule 16 Tex. Admin. Code § 25.364, upon the winding up and termination of the Corporation, the Board of Directors shall dispose of and distribute the assets remaining, after the payment or provision for all liabilities, exclusively for the purposes of the Corporation, to such organization or organizations, and in such proportions and amounts, and in such manner, as the Board of Directors may determine, provided that each such organization is organized and operated exclusively as an organization exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, or to the federal government, or to a state or local government, for a public purpose.

ARTICLE NINE MEMBERS

The Corporation may have Members as provided in the Bylaws. The Bylaws may be altered, amended or repealed or new Bylaws adopted, by the Members, if allowed, through a procedure set forth in the Bylaws or any other manner set forth in the Bylaws.

ARTICLE TEN ACTION WITHOUT A MEETING

Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Members, Board of Directors or of any committee thereof may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Members, directors or committee members as would be necessary to take that action at a meeting at which all of the Members, directors or members of the committee were present and voted.

ARTICLE ELEVEN LIMITATION OF LIABILITY OF DIRECTORS

A director shall not be liable to the Corporation or its Members for monetary damages for any act or omission in the director's capacity as a director, except that this provision does not eliminate or limit the liability of a director for:

- A. a breach of a director's duty of loyalty to the Corporation or its Members;
- B. an act or omission not in good faith that constitutes a breach of duty of the director to the Corporation or that involves intentional misconduct or a knowing violation of the law;

C. a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or

D. an act or omission for which the liability of a director is expressly provided by statute.

If the TBOC is amended to authorize action further eliminating or limiting the personal liability of directors, the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by such statutes, as so amended. Any repeal or modification of Article Eleven shall not adversely affect any right of protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE TWELVE CONSTRUCTION

All references in this Restated Certificate of Formation to statutes, regulations, or other sources of legal authority refer to the authorities cited, or their successors, as they may be amended from time to time.



**AMENDED AND RESTATED BYLAWS
OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
(A Texas Non-Stock, Non-Profit Corporation)
Approved on {Month Day, Year – Date of PUCT Approval}**

ARTICLE 1 OFFICES

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

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

ARTICLE 2 DEFINITIONS

For purposes of these Bylaws, the following definitions apply:

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

(A) Construction

As used in this definition:

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

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

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

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

(B) Affiliation Through Control

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

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

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

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

(C) Affiliation Through Substantial Influence

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

may be made by the Board only after notice and an opportunity for hearing at an ERCOT Board meeting as set forth in Subsection (D).

(D) Procedure for Board Determinations Regarding Affiliation

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

(E) Changes in Affiliates

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

2. **Consumers.** Any entity meeting the definition for Residential Consumers, Commercial Consumers or Industrial Consumers as set forth in this Article.
3. **Commercial Consumers.** A commercial consumer in the ERCOT Region: (a) **Small Commercial Consumer** – A commercial consumer having a peak demand of 1000 kilowatts or less (or an organization representing such consumers); (b) **Large Commercial Consumer** – A commercial consumer having a peak demand of greater than 1000 kilowatts. An entity applying for ERCOT membership as either a Small Commercial Consumer or a Large Commercial Consumer is ineligible if that entity has interests in the electric industry in any other capacity than as an end-use consumer or represents the

interests of another entity that has interests in the electric industry in any other capacity than as an end-use consumer, such as but not limited to, aggregators, power marketers, retail electric providers, transmission or distribution companies, cooperatives, municipals, or generators and the interest is of such an extent or nature that its decisions might be affected or determined by it. The three Consumer Directors have the right to determine by majority vote of the Consumer Directors whether any applicant or member is ineligible, as described above, to become or remain a member of the Consumer Segment.

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

utilities operating outside the jurisdiction of the Public Utility Commission of Texas.

11. **Independent Generator.** Any entity that is not a T&D Entity or Affiliate of a T&D Entity and that (i) owns or controls generation capable of operating at least 10 MW in the ERCOT Region, or (ii) is preparing to operate and control generation of at least 10 MW, in the ERCOT Region, and has approval of the appropriate governmental authority, has any necessary real property rights, has given the connecting transmission provider written authorization to proceed with construction and has provided security to the connecting transmission provider.
12. **Independent Power Marketer.** Any entity that is not a T&D Entity or Affiliate of a T&D Entity and is registered at the PUCT as a Power Marketer to serve in the ERCOT Region.
13. **Independent REP.** Any entity that is certified by the PUCT to serve in the ERCOT Region as a Retail Electric Provider ("REP") under PURA §39.352 and that is not an Affiliate of a T&D Entity. For the purposes of Segment classification, an aggregator, if such Member does not fit in any other classification, shall participate as an Independent REP.
14. **Industrial Consumers.** An industrial consumer is a consumer with at least one meter with average monthly demand greater than 1 megawatt consumed within the ERCOT Region engaged in an industrial process.
15. **Investor-Owned Utility ("IOU").**
 - a. An investor-held, for-profit "electric utility" as defined in PURA §31.002(6) that (a) operates within the ERCOT Region, (b) owns 345 KV interconnected transmission facilities in the ERCOT Region, (c) owns more than 500 pole miles of transmission facilities in the ERCOT Region, or (d) is an Affiliate of an entity described in (a), (b) or (c); or
 - b. A public utility holding company of any such electric utility.
16. **Market Participant.** For purposes of these Bylaws, a Market Participant is (i) any entity that engages in any activity that is in whole or in part the subject of the ERCOT Protocols and has, or should have, a contract regarding such activities with ERCOT or (ii) any entity that qualifies for ERCOT membership.
17. **Market Segment.** For purposes of these Bylaws, any of the segments (all of which are defined within this Article 2 of these Bylaws) as follows:
 - a. Cooperative;
 - b. Independent Generator;

- c. Independent Power Marketer;
 - d. Independent REP;
 - e. IOU;
 - f. Municipal; or
 - g. Consumer (including: (1) Commercial Consumer comprised of Small Commercial Consumer and Large Commercial Consumer, (2) Industrial Consumer, or (3) Residential Consumer).
18. **Market Segment Director.** A Director who has been elected by one of the Market Segments.
19. **Member.** A member of ERCOT, the Texas non-stock, non-profit corporation, which has been approved by ERCOT to meet the applicable membership qualifications described in Sections 3.1 and 3.2 of these Bylaws, or the member's appointed representative, as the context so requires.
20. **Municipal.** An entity operating in the ERCOT Region that owns or controls transmission or distribution facilities, owns or controls dispatchable generating facilities, or provides retail electric service and is either:
- a. a municipal owned utility as defined in PURA §11.003 or
 - b. a River Authority as defined in Tex. Water Code §30.003.
21. **Officer.** An individual elected, appointed, or designated as an officer of an entity by the entity's governing authority or under the entity's governing documents.
22. **PUCT.** The Public Utility Commission of Texas, which is the Texas state agency that has responsibility and oversight of the activities conducted by ERCOT.
23. **Residential Consumers.** The appointed Board Director representing residential consumer interests, an organization or agency representing the interests of residential consumers in the ERCOT Region, or the Residential Consumer Technical Advisory Committee ("TAC") Representative. An entity applying for ERCOT membership as a Residential Consumer is ineligible if that entity has interests in the electric industry in any other capacity than as an end-use consumer or represents the interests of another entity that has interests in the electric industry in any other capacity than as a end-use consumer, such as but not limited to, aggregators, power marketers, retail electric providers, transmission or distribution companies, cooperatives, municipals, or generators. The three Consumer Directors have the right to determine by majority vote of the Consumer Directors whether any applicant or member is ineligible, as described above, to become or remain a member of the Consumer Segment.

24. **Seated Director.** A Director, or the Director's designated Segment Alternate when serving in the Director's stead (if applicable), who is currently serving, having been selected in accordance with these Bylaws, regardless of attendance at meetings. A vacant position shall not be considered a "Seated Director".
25. **Seated Representative.** A TAC Representative (as defined in Section 5.1 of these Bylaws) or a member of a subcommittee of TAC, or the TAC Representative's designated alternate representatives when serving in the TAC Representative's stead (if applicable), who is currently serving, having been selected in accordance with these Bylaws, regardless of attendance at meetings. A vacant position shall not be considered a "Seated Representative".
26. **Segment.** For purposes of these Bylaws, a "Segment" refers to a Market Segment as defined in this Article 2 of these Bylaws.
27. **Segment Alternate.** A designated alternate Board representative, duly elected by his respective Market Segment, who can attend and vote at meetings in the absence of the respective Market Segment Director (including while such Director is unable to attend a Board meeting or while such Director's seat is vacant). Each Segment Alternate must meet all qualifications of a Director and shall receive all Board materials.
28. **Transmission and Distribution ("T&D") Entity.** Any entity that is an IOU, Cooperative or Municipal that owns or controls transmission and/or distribution facilities including at least 200 pole miles of such facilities in the ERCOT Region or any entity that is a "retail electric utility," as defined in PURA §37.001, operating in the ERCOT Region.
29. **Unaffiliated Director.** A Director who is unaffiliated with a Market Participant and who meets the requirements identified in Section 4.3(b).

ARTICLE 3 MEMBERS

Section 3.1 Membership.

- (a) Members must qualify in one of the following segments as defined in Article 2:
 - (1) Cooperative;
 - (2) Independent Generator;
 - (3) Independent Power Marketer;

- (4) Independent REP;
 - (5) Investor-Owned Utility;
 - (6) Municipal; or,
 - (7) Consumer in one of three subsegments: (i) Commercial (which is further divided into Large and Small Commercial Consumer); (ii) Industrial; and (iii) Residential.
- (b) Except for the Consumer Segment, Members must have an actual financial interest in the retail or wholesale electric market in the ERCOT Region and be able to do business in one of these markets. A Member must maintain its registration or certification by the PUCT to the extent it is required to do so by statute or PUCT rule.
- (c) The Board may adopt and amend Member application procedures.

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

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

Section 3.3 Obligations of All Members.

- (a) Each Member must comply with any applicable planning and operating criteria, procedures and guides adopted by or under the direction of the Board to maintain electric system reliability, coordinate planning, promote comparable access to the transmission system by all users and to further the exempt purposes of ERCOT.

- (b) Consistent with applicable laws and regulations, Members must share information at ERCOT's request as necessary for the furtherance of the exempt purposes or activities of ERCOT and consistent with PUCT rules relating to confidentiality.
- (c) Each Member shall fully disclose any Affiliates in its annual Membership application submitted pursuant to procedures adopted under Section 3.1(c). If a Member's Affiliates change prior to submission of the next year's Membership application, the Member shall notify ERCOT of any change in writing by letter to the General Counsel or by the online link found on ERCOT's website on the Membership page. When there is a change to Affiliates previously submitted to ERCOT, the notice must be submitted upon the earliest of: (i) promptly after the Member's designated representative has obtained actual knowledge; (ii) promptly after any Member's representative who serves on an ERCOT governing body or committee with Membership representation (such as, the Board of Directors, Technical Advisory Committee or TAC subcommittee) has obtained actual knowledge; or (iii) within 90 days of a change to the Member's Affiliates. A Member's designated and voting representatives are responsible for taking steps to remain informed about the Member's Affiliates and for conducting a reasonable inquiry if they have reason to believe that there may have been a change in Affiliates.

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

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

Section 3.6 Participation.

- (a) No Entity shall simultaneously hold more than one Corporate Membership. Any Entity may also simultaneously have a maximum of one seat on each of the following: the Board and TAC.
- (b) Except for Adjunct Members, Members must qualify for Membership in a Segment. Entities may join ERCOT in any Segment in which they qualify for Membership provided that an Entity may join as a Corporate Member in only one Segment. In the event that an Entity qualifies for more than one Segment, such Entity may join such other Segments as an Associate Member upon payment of the Associate Annual Member Dues for each Segment in which such Entity desires to participate as an Associate Member. Once an Entity has applied to be and has been approved by ERCOT to meet the minimum qualifications as a Corporate Member of a Segment, the Entity must continue to vote in that Segment for a minimum of one (1) year. If, at any point during the membership year, an Entity no longer meets the qualifications for the Segment for which it was originally approved by ERCOT, the Entity may not vote in that Segment; however, that Entity may then immediately elect to become a Corporate Member in any Segment for which it does qualify. Except as otherwise provided in these Bylaws, an Associate Member may be selected by the Corporate Members of a Segment in which the Associate Member participates to serve as a voting member of the Board, TAC or any subcommittee of the Board or TAC.
- (c) Subject to any specific provisions in these Bylaws or the Certificate of Formation, each Corporate Member in good standing is entitled to one vote on each matter submitted to a vote of the Corporate Members. A Corporate Member in good standing is one that is not in arrears for payment of its Annual Member Dues for a Corporate Membership or payment of any other fees owed to ERCOT unless in good faith disputed, is not in breach of any contract with ERCOT, and is not suspended or expelled as a Corporate Member as of the record date of the meeting. Corporate Members that are not in good standing are not entitled to vote on any matters unless and until they have regained good standing.

Section 3.7 Meetings of the Corporate Members.

- (a) Corporate Members shall meet at least annually on a date and at a place to be established by the Board ("Annual Meeting"). Except for appointed Directors, the representatives of the Corporate Members shall confirm the members of the Board at the Annual Meeting, and conduct such other business as may be properly brought before them.
- (b) Special meetings of the Corporate Members may be called by the Board.
- (c) Written or printed notice of any meeting of the Corporate Members shall be delivered to each Member at least three weeks prior to the date of the meeting. Notice to Members of such meetings shall be by mail, facsimile, or email. Notice

shall include an agenda explaining the purpose of the meeting and any business upon which the Corporate Members will be requested to vote.

- (d) The record date for determining Corporate Members entitled to notice shall be on the Friday which is at least thirty days but not more than thirty-six days prior to the meeting date.
- (e) Representation at any meeting of ERCOT of at least fifty-one percent (51%) of the Corporate Members, in person or by proxy, shall constitute a quorum for the transaction of business at such meeting; and abstentions do not affect calculation of a quorum. Except as otherwise provided in these Bylaws, an act of fifty-one percent (51%) of the Corporate Members shall be the act of the Corporate Members. For purposes of voting of the Corporate Members, Corporate Members who abstain from voting shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action.
- (f) Written proxies may be used for meetings of the Corporate Members in accordance with any relevant provisions in these Bylaws and the Texas Business Organizations Code, including Chapter 22 thereof. For any meeting of the Corporate Members, proxies shall count towards a quorum.
- (g) Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Corporate Members may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Corporate Members as would be necessary to take that action at a meeting at which all of the Corporate Members were present and voted. Corporate Members may participate in and hold a meeting by means of a conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Where action is taken without a meeting, notice of the proposed action shall be provided to Corporate Members in accordance with Section 3.7(c).

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

- (a) Written notice. An intent to terminate, expel or suspend a Member shall be preceded by twenty (20) days written notice of the date when a hearing will be held to determine whether the Member shall be expelled, suspended, terminated or sanctioned. Such notice shall set forth the reasons therefore. Said notice must be given by first class or certified mail sent to the last address of the Member to be expelled, suspended, terminated or sanctioned, as shown in ERCOT's records.
- (b) Hearing. An opportunity shall be provided for the Member to be heard, orally and in writing. The Member shall be entitled to have counsel present at and to participate in the hearing at his or its own expense, and to present and cross-examine any witnesses. The hearing shall be conducted at the next meeting of the Board for which there is time to give proper notice.
- (c) Liability. A Member who has been sanctioned, expelled, terminated or suspended shall be liable to ERCOT for fees as a result of obligations incurred or commitments made prior to sanction, expulsion, termination or suspension.
- (d) Challenges. Any proceeding challenging an expulsion, suspension, sanction or termination, including a proceeding in which defective notice is alleged, must be commenced within one year after the effective date of the expulsion, suspension, sanction or termination. Any such proceeding before the Board will be subject to the hearing requirements described in (b) of this section.

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

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

Section 3.11 Property Ownership and Control. Subject to applicable laws, rules, regulations, agreements, and ERCOT Protocols, each Member shall retain sole control of its own facilities and the use thereof, and nothing in these Bylaws shall require a Member to construct or dedicate facilities for the benefit of any other electric system or allow its facilities to be used by any other Member, or to construct or provide any facilities for its own use, and nothing herein shall be deemed to impair the ability or right of any Member to take such actions or to fail to act, as it deems necessary or desirable,

with respect to the management, extension, construction maintenance and operation of its own facilities, present and future. A Member has no interest in specific property of ERCOT and waives the right to require a partition of any ERCOT property.

ARTICLE 4 BOARD OF DIRECTORS

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

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

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

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

- (a) Selection of Market Segment Directors and Segment Alternates.

- (1) For Consumer Directors, the following shall apply: The Director and Segment Alternate from the Commercial Consumer subsegment shall be elected by the Large Commercial Consumer Corporate Members. If there are no Large Commercial Consumer Corporate Members eligible or willing to serve, then the current Large Commercial Consumer Director shall appoint the Large Commercial Consumer Director and Segment Alternate. The Industrial Consumer Director and Segment Alternate shall be elected by the Industrial Consumer Corporate Members.
- (2) Within each Market Segment represented on the Board (except for the Consumer Segment which follows the process described in Section 4.3(a)(1)), only Corporate Members of the respective Membership Segment for the available Board seat shall be allowed to elect a Director and a Segment Alternate for that seat.
- (3) The Board shall establish procedures for the election and appointment of new Directors, Segment Alternates and Representatives of TAC. A Segment may choose an alternate election procedure for the year by an affirmative vote of at least two-thirds of members of that Segment and may conduct elections as needed to fill any Director or Segment Alternate vacancies.
- (4) With regard to eligibility of Consumer Directors (other than the *ex officio* Consumer Director representing Residential and Small Commercial Consumers), Market Segment Directors and Segment Alternates, the following shall apply:
 - (i) Each Director and Segment Alternate respectively elected by the Industrial Consumer subsegment or the Independent Generator, Independent Power Marketer, Independent Retail Electric Provider, or Investor Owned Utility Market Segments must be an employee of:
 - a. a Corporate or Associate Member; or
 - b. an Affiliate of a Corporate or Associate Member of the respective Market Segment or subsegment which provides services through the Affiliate's employees to such Corporate or Associate Member.
 - (ii) Each Director and Segment Alternate respectively elected by the Large Commercial Consumer subsegment as described in Section 4.3(a)(1) or by the Cooperative or Municipal Market Segments must be an employee of a Corporate or Associate Member.

- (iii) Unless otherwise provided in these Bylaws, if a Director or Segment Alternate is elected or appointed to serve on the Board, such person is only eligible to serve in such capacity so long as he or she is an employee of the same Member or Affiliate as described in Section 4.3(a)(4)(i) (as applicable), as he or she was at the time of such election or appointment. If the Member or Affiliate as described in Section 4.3(a)(4)(i)(b) (as applicable) is subject to a corporate restructure for tax or operational purposes which is not the result of a merger or acquisition, then such restructure shall not affect the eligibility of the Director or Segment Alternate.

(b) Selection of Unaffiliated Directors.

- (1) The Nominating Committee shall consist of all of the voting Directors, other than the CEO. The Chair and Vice-Chair of the Nominating Committee shall be the Chair and Vice-Chair of the Board, respectively, absent a request for an election of these positions by a member of the Nominating Committee.
- (2) The Nominating Committee shall retain an executive search firm to locate and present candidates with the required qualifications. Qualifications for Unaffiliated Directors shall be as follows:
 - (i) Experience in one or more of these fields: senior corporate leadership; professional disciplines of finance, accounting, engineering or law; regulation of utilities; risk management; and information technology.
 - (ii) Independence of any Market Participant in the ERCOT Region. Requirements of such independence include, but are not limited to, the following:
 - a. An Unaffiliated Director or family member (any spouse, parent, spouse of a parent, child or sibling, including step and adoptive relatives and household member) shall not have the following:
 - 1. Current or recent ties (within the last two years) as a director, or Officer of a Market Participant or its Affiliates;

2. Current or recent ties (within the last two years) as an employee of an ERCOT Member or NERC-Registered Entity operating in the ERCOT Region;
 3. Direct business relationships, other than retail customer relationships, with a Market Participant or its Affiliates; and
 4. To the extent that an Unaffiliated Director or family member (any spouse, parent, spouse of a parent, child or sibling, including step and adoptive relatives) living in the same household or any other household member owns stocks or bonds of Market Participants, these must be divested or placed in a blind trust prior to being seated on the Board.
- b. An Unaffiliated Director shall not have any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of an ERCOT board member, including the Delegated Authority pursuant to these Bylaws.
- (iii) Residence in the State of Texas preferred.
 - (iv) Other criteria as approved by the Board.
- (3) The Nominating Committee or its subcommittee shall interview the qualified candidates; and the Nominating Committee shall select, by at least a two-thirds majority, an Unaffiliated Director(s) (as such seat is vacant) to present to ERCOT Membership for its approval.
 - (4) The Membership shall vote by Segment as described in Section 13.1(d) in favor or against the proposed Unaffiliated Director(s) as needed to fill Unaffiliated Director positions. A proposed Unaffiliated Director(s) that is approved by at least four out of seven Segments shall be elected as an Unaffiliated Director(s). Upon election by the Membership, ERCOT staff shall file a petition for approval of the Unaffiliated Director(s) with the PUCT.
 - (5) The Membership-elected Unaffiliated Director(s) shall be seated only upon approval by the PUCT. If elected by the Membership, an Unaffiliated Director shall not begin service for his initial term and be seated on the Board until the PUCT approves such election. An Unaffiliated Director who has been elected by the Membership for any renewal term shall cease service on the Board upon expiration of the Unaffiliated Director's current

term and shall not be re-seated on the Board for a renewal term until the PUCT approves such election of the Unaffiliated Director for a renewal term. If the PUCT does not approve of the Unaffiliated Director for any of the initial or renewal terms, then the Nominating Committee shall recommend another Unaffiliated Director candidate to the Membership for election and, if elected by the Membership, for approval by the PUCT as soon as reasonably possible.

- (c) Terms. The term for all Market Segment Directors shall be for one year. Any Market Segment Director may be reappointed or reelected for consecutive terms. The term for all Unaffiliated Directors shall be three year terms, which shall be staggered to the extent possible, unless changed by Amendment to these Bylaws. An Unaffiliated Director may be reelected for up to two consecutive terms. In order to serve on the Board during their terms, all Directors and Segment Alternates shall continuously remain in good standing and meet their respective minimum requirements and qualifications of their Director and Segment Alternate positions, respectively.
- (d) Director Voting Weights. All voting Directors shall have a single vote each.
- (e) Alternates and Proxies. Market Segment Directors with a Segment Alternate may not designate other alternate representatives and may not designate another Director as a proxy unless their Segment Alternate is unavailable. Unaffiliated Directors may designate another Director, preferably an Unaffiliated Director whenever possible, as a proxy if unable to attend a Board meeting. Consumer Directors and *ex officio* Directors may designate a proxy or an alternate representative who may attend meetings and vote (if applicable) in the absence of such Director.
- (f) Prohibitions on Certain Stakeholder Memberships and Representation. With the exception of the Public Counsel and representatives of OPUC, no Director or Segment Alternate shall vote or otherwise become or hold themselves out as a member, representative or alternate of TAC; any of TAC's subcommittees, task forces or working groups; or any other group the decisions of which may ultimately be appealed to the Board. For a period of one year from the last date of service as an Unaffiliated Director, the former Unaffiliated Director shall not represent a Market Participant before the Board, TAC, any of TAC's subcommittees, task forces or working groups.

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

Section 4.5 Vacancies and Removal.

- (a) A vacancy of a Director or Segment Alternate position will occur if: (1) the respective Director, other than an Unaffiliated Director, or Segment Alternate elected or appointed is no longer employed by the Entity for which the Director or Segment Alternate was employed at the time of his election or appointment; (2) the respective Director or Segment Alternate resigns his Director or Segment Alternate position from the Board; or (3) the Director or Segment Alternate is removed from the Board in accordance with the provisions of Section 4.5(b).
- (b) A Director or Segment Alternate may be removed: (1) with or without cause at any time by whomever had the right to appoint such respective Director or Segment Alternate, or if elected, by an affirmative vote of sixty percent (60%) of the Members allowed to elect that Director or Segment Alternate; or (2) with cause by the Board upon at least seventy-five percent (75%) affirmative votes of the eligible, remaining voting Directors. Removal shall occur if: (1) a Director, other than an Unaffiliated Director, a Segment Alternate, or the organization that a Director, other than an Unaffiliated Director, or Segment Alternate represents no longer meets the criteria of their representative Segment; or (2) an Unaffiliated Director, a Director, a Segment Alternate, or the organization that a Director or Segment Alternate represents is: (A) found by the Board to have committed a prohibited act as identified in Section 9.3 of these Bylaws pursuant to and after completion of a hearing process as described in Section 9.3 of these Bylaws, and (B) the Board recommends removal of an Unaffiliated Director, a Director or a Segment Alternate from the Board. Any Board action to remove a Director or a Segment Alternate from the Board shall be subject to review by the PUCT. An Unaffiliated Director may be removed by the PUCT in accordance with applicable law.
- (c) The right to elect Directors or Segment Alternates may not be assigned, sold, pledged or transferred in any manner.
- (d) A vacancy may be filled only by the persons authorized to elect or appoint such Director or Segment Alternate.
- (e) The Chair of the Nominating Committee shall notify the PUCT Commissioners when a vacancy of an Unaffiliated Director position occurs and shall provide information to the PUCT Commissioners as required by the PUCT.
- (f) Any Director or Segment Alternate so chosen shall serve in his respective Director or Segment Alternate position until the earlier of the expiration of his term, resignation, ineligibility, inability to serve or removal.

Section 4.6 Meetings.

- (a) The Board shall meet at least quarterly, with at least one meeting occurring in conjunction with the Annual Meeting of the Members. Additional meetings of the Board shall be held at such time and at such place as may from time to time be determined by the Board. Special meetings of the Board may be called by the Chair, Vice Chair, or the CEO or his designee.
- (b) Notice stating the purpose, business to be transacted, place, date and hour of any meeting of the Board or any Board subcommittee where at least one Board Director is present shall be given to each Director and made available electronically to the public on the Internet not less than one week before the date of the meeting; provided, however, the Board may meet on urgent matters on such shorter notice, not less than 2 hours, as the person or persons calling such meeting reasonably may deem necessary or appropriate for urgent matters (emergency conditions threatening public health or safety, or a reasonably unforeseen situation).
- (c) The Board and its subcommittees having at least one Director may meet by teleconference to consider urgent matters in accordance with Section 4.7(e). The Board must ratify any action taken on notice of less than one week or by teleconference at its next regularly scheduled meeting.
- (d) The Board shall promulgate procedures allowing public access to meetings of the Board and Board subcommittees and allowing for members of the public to provide comment on the matters under discussion at public portions of meetings of the Board and subcommittees.
- (e) Meetings of the Board or Board subcommittees shall be open to the public provided that the Board or Board subcommittee on which at least one Board Director sits may, at its discretion, exclude any persons who are not Directors from any meeting or portion of any meeting held in Executive Session, including for purposes of voting. An Executive Session shall be held at the discretion of the Board or Board subcommittee for sensitive matters including, but not limited to, confidential personnel information, contracts, lawsuits, deliberation of purchase of real property, competitively sensitive information, deployment or implementation of security devices or other information related to the security of ERCOT's regional electrical network and discussion of any matters on which the Board receives legal advice from its attorney(s) in which the Texas Disciplinary Rules of Professional Conduct impose on the attorney(s) a duty to preserve confidentiality, including but not limited to anticipated or pending litigation, administrative agency contested cases, and other regulatory matters.
- (f) The Secretary or his designee shall keep minutes of every Board meeting.

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

- (a) Except as may be otherwise specifically provided by law, the Certificate of Formation or these Bylaws, at all meetings of the Board, fifty percent (50%) of the Seated Directors shall constitute a quorum for the transaction of business; and abstentions do not affect calculation of a quorum.
- (b) The act of: (i) at least two-thirds of the affirmative votes of the Eligible Voting Directors; and (ii) at least 50% of the total Seated Directors shall be the act of the Board, unless the act of a greater number is otherwise required by law, the Certificate of Formation, or these Bylaws. If a quorum shall not be present at any meeting of the Board, the Directors present may adjourn the meeting.
- (c) For purposes of voting on the Board, Directors who abstain from voting shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action.
- (d) Written proxies may be used for meetings of the Board or any subcommittees of the Board in accordance with any relevant provisions in these Bylaws and the Texas Business Organizations Code, including Chapter 22 thereof. For any meeting of the Board or any subcommittee of the Board, a Segment Alternate or designated alternate representative, where permitted by these Bylaws, attending in place of a member shall be counted towards a quorum, while proxies shall not be counted towards a quorum.
- (e) Directors (for urgent matters in accordance with Section 4.6) may participate in and hold a meeting by means of a conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

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

Section 4.9 Other Appointments. If requested by the North American Electric Reliability Corporation ("NERC"), the Board shall elect, from among its members, persons to serve on the NERC Member Representatives Committee or its successor. The selection of the

representatives shall require an act of the Board as set forth in Section 4.7. If more than one representative is requested, such representatives shall be from different Segments.

Section 4.10 Duties. It shall be the duty of the Board to initiate any specific action required, in its opinion, to fulfill the exempt purposes of ERCOT as stated in the Articles of Incorporation, within the limitations of the Certificate of Formation, applicable law, and these Bylaws. Such action may be taken by the Board, by such subcommittee(s) as may be formed by the Board, the CEO as directed by the Board or by individuals appointed by the Board provided that the following actions of the Board may not be delegated: (a) approval of the Budget (as defined in Section 10.3); (b) approval of the employment and terms for the CEO, as well as termination of CEO's employment; (c) ratification of other Officers of ERCOT; (d) annual selection of a qualified independent public accounting firm ("Auditor") to audit the financial statements of ERCOT; (e) approval of the initiation of any non-routine filing to a regulatory agency that requests regulatory action; and (f) initiation of any lawsuit. The Board shall adopt policies regarding the delegation of the following actions: (a) the acquisition of real property; (b) the sale of ERCOT assets; (c) the execution of contracts; (d) large purchases; and (e) borrowing money or establishing a line of credit in the name of ERCOT.

ARTICLE 5 TECHNICAL ADVISORY COMMITTEE

Section 5.1 TAC Representatives.

- (a) For the purposes of this section, membership in the TAC shall be divided in accordance with the definitions of the Segments described in Section 3.1. TAC shall be comprised of the following ("Representatives"):
 - (1) Representatives of four Members elected from each of the six Segments (other than as described for the Consumer Segment) listed in Section 3.1.
 - (2) For the Consumer Segment, Corporate Members of each subsegment shall elect its Representatives. For any subsegment in which there are no Corporate Members, the Consumer Director of that subsegment shall appoint such Representatives. For the Residential, Commercial and Industrial subsegments, the TAC Representative seats are as follows:
 - (i) Two Representatives of Industrial Consumers;
 - (ii) One Representative of Small Commercial Consumers;
 - (iii) One Representative of Large Commercial Consumers;
 - (iv) One Representative of Residential Consumers; and

- (v) The Public Counsel's designee as an *ex officio* voting member.
- (b) Each TAC Representative shall be entitled to one vote on matters submitted to TAC.
- (c) Fifty-one percent (51%) of the eligible, Seated Representatives of TAC shall constitute a quorum for the transaction of business; and abstentions do not affect calculation of a quorum. Affirmative votes of: (i) two-thirds of the Eligible Voting Representatives of TAC; and (ii) at least 50% of the total Seated Representatives shall be the act of TAC. For purposes of voting on TAC, TAC Representatives shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action if: (i) they are not present and have not designated a proxy, or (ii) they abstain from voting.
- (d) Written proxies may be used for meetings of TAC or any subcommittees of TAC in accordance with any relevant provisions in these Bylaws and the Texas Business Organizations Code, including Chapter 22 thereof. For any meeting of TAC or any subcommittee of TAC, where permitted by these Bylaws, attending in place of a member shall be counted towards a quorum, while proxies shall not be counted towards a quorum.
- (e) Unless otherwise provided by law, any action required or permitted to be taken at any meeting of TAC Representatives or any subcommittee of TAC may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of TAC Representatives or subcommittee members as would be necessary to take that action at a meeting at which all of the TAC Representatives and subcommittee members were present and voted. TAC Representatives or subcommittee members may participate in and hold a meeting by means of a conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Where action is taken by TAC without a meeting, notice of the proposed action shall be provided to the TAC Representatives in accordance with Section 5.3.
- (f) Each Segment may choose to participate in "Participatory Voting" as described herein. If a Segment chooses to engage in Participatory Voting, each TAC Representative elected by that Segment shall be required to present the decision of the Corporate Members of that Segment. A Corporate Member may delegate an employee or agent other than the Member representative described in Section 3.5 to vote on its behalf for purposes of Participatory Voting. If a Corporate Member of a Segment using Participatory Voting is unable or does not wish to attend a TAC meeting that Member may deliver a written proxy, at any time prior

to the start of the meeting at which it will be voted, to a Participatory Voting delegate of any Member of the same Segment. A Corporate Member delegate in attendance at a TAC meeting may give a written proxy to a Participatory Voting delegate of any Member of the same Segment during such meeting.

- (g) All TAC Representatives shall be appointed or elected annually by the Corporate Members of their respective Segments. The term for all TAC Representatives shall be one year. Any TAC Representative may be reappointed or reelected for consecutive terms, without limitation. A vacancy shall be filled by the same means used to elect or appoint the previous TAC Representative. No Entity shall participate in more than one Segment of TAC. The Representatives of TAC shall elect from amongst themselves a Chair and Vice Chair subject to confirmation by the Board. The Chair and Vice Chair shall provide full disclosure pursuant to Section 9.2 (Potential Conflicts of Interest) of these Bylaws during the confirmation process, and any person speaking on behalf of TAC before the Board shall provide full disclosure pursuant to Section 9.2 (Potential Conflicts of Interest) of these Bylaws before speaking on behalf of TAC.
- (h) Each person (other than the Residential Consumers Representative) serving on TAC or any subcommittee thereof must be an employee or agent of a Corporate or Associate Member. Unless otherwise provided in these Bylaws, if an employee or agent of a Member is elected or appointed to serve on TAC or any subcommittee thereof, such person is only eligible to serve in such capacity so long as he or she is an employee or agent of the same Member as he or she was at the time of such election or appointment.
- (i) In the event that a Small Commercial Consumer Representative cannot be identified to serve on TAC, that seat may be filled by any other Commercial Consumer representative appointed by the Consumer Director of the Small Commercial subsegment provided that such representative represents at least one consumer in the ERCOT Region. Any Representative of the Consumer Segment appointed to TAC by a Consumer Director, if not otherwise a Member of ERCOT, shall be allowed to vote on TAC without the payment of the Annual Member Service Fees. An appointed Commercial Consumer TAC Representative is eligible to serve in such capacity so long as he or she is an employee or representative of the same company as he or she was at the time of such appointment.

Section 5.2 Functions of TAC. TAC shall have the authority to create subcommittees, task forces and study groups ("subcommittees"). TAC shall determine the eligibility requirements, quorum requirements and voting structure for each subcommittee. TAC shall (a) through its subcommittees make such studies and plans as it deems appropriate to accomplish the purposes of ERCOT, the duties of its subcommittees and the policies of the Board, (b) report the results of such studies and plans to the Board as required by the Board, (c) review and coordinate the activities and reports of its

subcommittees, (d) make such recommendations to the Board as it deems appropriate or as required by the Board, (e) perform such other duties as directed by the Board and (f) make recommendations regarding ERCOT expenditures and projects. In accordance with ERCOT procedures and applicable law and regulations, certain guidelines, criteria and other actions approved by TAC may be effective upon approval by TAC; provided however, that such actions are reported to the Board for review and nothing herein shall affect the ability of the Board to independently consider such guidelines, criteria and actions, and to take such action with respect thereto as the Board deems appropriate, including revocation and remand with instructions.

Section 5.3 Meetings. TAC and its subcommittees shall meet as often as necessary to perform their duties and functions. All meetings of TAC and its subcommittees shall be called by their respective chairmen and all such meeting notices shall be sent in writing to each member at least one week prior to the meeting, unless an emergency condition should suggest otherwise (such emergency to be by mutual consent of a majority of the Seated Representatives of TAC or subcommittee). Any Member may request notification of any such meetings and may have an employee or a TAC-approved representative for that Member attend as an observer. Each Representative of TAC may designate in writing an alternate representative who may attend meetings in the absence of the Representative and vote on the Representative's behalf.

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

ARTICLE 6

Intentionally Omitted.

ARTICLE 7 CHIEF EXECUTIVE OFFICER

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

and be responsible, to the CEO. The CEO shall perform such other duties as may be determined from time to time by the Board.

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

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

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

ARTICLE 8 OFFICERS

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

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

ARTICLE 9 TRANSACTIONS OF CORPORATION

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

Section 9.2 Potential Conflicts of Interest. Each Director, Segment Alternate, TAC Representative and subcommittee member shall have an affirmative duty to disclose to the Board, TAC or subcommittee (as the case may be) any actual or potential conflicts of interest of the Director, Segment Alternate, TAC Representative or subcommittee member or his employer where, and to the extent that, such conflicts or potential

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

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

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

- (a) Do any act in violation of the Certificate of Formation or these Bylaws;
- (b) Do any act in violation of a binding obligation of ERCOT except with the Board's prior approval;
- (c) Do any act with the intention of harming ERCOT or any of its operations;
- (d) Receive an improper personal benefit from the operation of ERCOT;
- (e) Use ERCOT's assets, directly or indirectly, for any purpose other than in furtherance of ERCOT's exempt purposes;

- (f) Wrongfully transfer or dispose of ERCOT property, including intangible property such as good will;
- (g) Use ERCOT's name (or any substantially similar name) or any trademark or trade name adopted by ERCOT, except on behalf of ERCOT in the ordinary course of its business or as a reference to the ERCOT region;
- (h) Disclose any of ERCOT's or Members' business practices, trade secrets, or any other confidential or proprietary information not generally known to the business community to any person not authorized to receive it;
- (i) Take any action, without written notice to Members and reasonable time for Members to respond, that would cause another ERCOT Member that is not a "public utility" under the Federal Power Act or ERCOT itself to become a "public utility" under the Federal Energy Regulatory Commission ("FERC") rules or become subject to any plenary jurisdiction of FERC;
- (j) With regard to the Directors and Segment Alternates, do any act in violation of an ERCOT rule [as that term is defined in PUCT Substantive Rule Section 25.361(a)], PUCT rule, or applicable statute.

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

ARTICLE 10 EXPENSES, BOOKS AND RECORDS

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

- (a) Except as described below, ERCOT shall not bear the personal and travel expenses of each person who serves as a representative of a Member or as a Director, Segment Alternate, TAC Representative or subcommittee member. Except as provided below, no such person shall receive any salary or other compensation from ERCOT.
- (b) The Board shall have the authority to fix the compensation of its Unaffiliated Directors who may be paid a fixed sum plus reimbursement of travel expenses for attendance at each meeting of the Board, or a stated compensation as a member thereof, or any combination of the foregoing. Unaffiliated Directors, who are members of standing or special committees, may be allowed like compensation and reimbursement of travel expenses for attending committee

meetings. Unaffiliated Directors and Consumer Directors may be reimbursed for registration, travel, lodging and related expenses for training activities and Unaffiliated Directors shall be reimbursed for travel lodging and related expenses for attending each meeting of the Board. The reimbursement of travel expenses by ERCOT shall be in accordance with ERCOT policies on the reimbursement of appropriate and reasonable, documented travel expenses.

- (c) The Board shall fix the compensation for the appointed Residential Consumer TAC Representative for attendance at each meeting of the Board, TAC, or any standing or special committee of such on an annual basis. Any Residential Consumer TAC Representative shall not be an agent of ERCOT for any purpose and shall not be considered to be serving at ERCOT's request, even though compensated by ERCOT.

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

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

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

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

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

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

ARTICLE 11 INDEMNIFICATION

Section 11.1 Indemnification. EACH PERSON WHO AT ANY TIME SHALL SERVE, OR SHALL HAVE SERVED, AS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF ERCOT, OR ANY PERSON WHO, WHILE A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF ERCOT, IS OR WAS SERVING AT ITS REQUEST AS A DIRECTOR, OFFICER, PARTNER, VENTURER, PROPRIETOR, TRUSTEE, EMPLOYEE, AGENT OR SIMILAR FUNCTIONARY OF ANOTHER FOREIGN OR DOMESTIC CORPORATION, PARTNERSHIP, JOINT VENTURE, SOLE PROPRIETORSHIP, TRUST, EMPLOYEE BENEFIT PLAN OR OTHER ENTERPRISE, SHALL BE ENTITLED TO INDEMNIFICATION AS, AND TO THE FULLEST EXTENT, PERMITTED BY CHAPTER 8 OF THE TEXAS BUSINESS ORGANIZATIONS CODE OR ANY SUCCESSOR STATUTORY PROVISION, AS FROM TIME TO TIME AMENDED, SUCH ARTICLE OR SUCCESSOR PROVISION, AS SO AMENDED, BEING INCORPORATED IN FULL IN THESE BYLAWS BY REFERENCE. THE FOREGOING RIGHT OF INDEMNIFICATION SHALL NOT BE DEEMED EXCLUSIVE OF ANY OTHER RIGHTS TO WHICH THOSE TO BE INDEMNIFIED MAY BE ENTITLED AS A MATTER OF LAW OR UNDER ANY AGREEMENT, VOTE OF DISINTERESTED DIRECTORS, OR OTHER ARRANGEMENT.

ARTICLE 12 NOTICES

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

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

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

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

ARTICLE 13 AMENDMENTS

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

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

- (3) For purposes of voting on Bylaws amendments, the Consumer Segment shall be subdivided into the following Consumer subgroups:
- (i) Residential Consumers;
 - (ii) Commercial Consumers; and
 - (iii) Industrial Consumers.

An affirmative vote of the majority of the Corporate Members within a Consumer subgroup shall constitute an affirmative vote of that subgroup. An affirmative vote of at least two of the three Consumer subgroups shall constitute an affirmative vote of the Consumer Segment.

- (4) An affirmative vote by at least four of the seven Segments shall be necessary to amend these Bylaws.

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

ARTICLE 14 MISCELLANEOUS PROVISIONS

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

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

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

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

gender.

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

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