

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose M. Graveley, President
DATE: September 3, 2024
SUBJECT: Public Hearing Notice and Agenda for the South Texas Water Authority

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

Tuesday, September 10, 2024
5:30 p.m.
Courthouse Annex Law Enforcement Center
1500 E. King
Kingsville TX 78363

Agenda

1. Call to order.
2. Public Hearing on **proposed** \$0.065695 per \$100 valuation tax rate for Fiscal Year 2025/Tax Year 2024.
3. Public Comment.
4. Adjournment.

JG/JM/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 1:00 ~~am~~ on Sept 6, 2024
Francisco De Leon
Assistant Secretary

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose M Graveley, President
DATE: September 3, 2024
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

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

Tuesday, September 10, 2024
Immediately following the 5:30 p.m. STWA Public Hearing
Courthouse Annex Law Enforcement Center
1500 E. King
Kingsville TX 78363

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

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Approval of Minutes. (Attachment 1)
4. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 2)
5. Operation and Maintenance Reports. (Attachment 3)
 - O&M Report
 - CP Update
6. Fiscal Year 2025 budget, revenues and rates. (Attachment 4)
7. **Resolution 24-17.** Resolution adopting the recommended Fiscal Year 2025 budget. (Attachment 5)
8. **Resolution 24-18.** Resolution adopting the Fiscal Year 2025/Tax Year 2024 tax rate. (Attachment 6)

9. Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election.
(Attachment 7)
10. Texas Municipal League Intergovernmental Risk Pool Cyber Liability and Data Breach
Response Interlocal Agreement. (Attachment 8)
11. Water Supply Contract with the City of Corpus Christi.
12. Update on Water Supply Contract with Seven Seas Water (STWA) USA, LLC.
13. Administration Report.
14. Adjournment.

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

JMG/JM/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
1:00 am/pm on Sept 6, 2024
James DeJern
Assistant Secretary

ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
August 6, 2024

Board Members Present:

Jose Graveley
Frances Garcia (Zoom)
Imelda Garza
Rudy Galvan, Jr
Kathleen Lowman
Joe Morales
Angela Pena
Art Rodriguez

Board Members Absent:

Patsy Rodgers

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Patrick Sendejo

Guests Present:

Oliver Wiese, Seven Seas
Terry Arnold, Seven Seas
Ivan G. Luna, I.C.E.
Rogelio Rodriguez, WFX
Ansar Palakkal, I.C.E.
Charles Zahn

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas. A quorum was present.

2. Citizen Comments.

Mr. Graveley opened the floor to citizen's comments. Kleberg County Judge spoke in support of the Board's efforts to make Kleberg County water independent.

3. Approval of Minutes.

Ms. Garza made a motion to approve the minutes of the July 2, 2024 Public Hearing and Regular Meeting as presented. Mr. Rodriguez 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:

STWA Investment Report for Quarter ended March 31, 2024
Treasurer's Report for period ending March 31, 2024
Revenue Fund Income Statement for period ending March 31, 2024
Tax Fund Income Statement for period ending March 31, 2024

STWA Regular Meeting Minutes

August 6, 2024

Page 2

Special Services Income Statement for period ending March 31, 2024
STWA Revenue Fund Balance Sheet – March 31, 2024
STWA Revenue Fund Trial Balance for March, 2024
STWA Debt Service Fund Income Statement for period ending March 31, 2024
STWA Debt Service Fund Balance Sheet – March 31, 2024
STWA Debt Service Fund Trial Balance – March, 2024
STWA Capital Projects Fund Income Statement for period ending March 31, 2024
STWA Capital Projects Fund Balance Sheet – March 31, 2024
STWA Capital Projects Fund Trial Balance – March, 2024
Treasurer’s Report for period ending April 30, 2024
Revenue Fund Income Statement for period ending April 30, 2024
Tax Fund Income Statement for period ending April 30, 2024
Special Services Income Statement for period ending April 30, 2024
STWA Revenue Fund Balance Sheet – April 30, 2024
STWA Revenue Fund Trial Balance for April, 2024
STWA Debt Service Fund Income Statement for period ending April 30, 2024
STWA Debt Service Fund Balance Sheet – April 30, 2024
STWA Debt Service Fund Trial Balance – April, 2024
STWA Capital Projects Fund Income Statement for period ending April 30, 2024
STWA Capital Projects Fund Balance Sheet – April 30, 2024
STWA Capital Projects Fund Trial Balance – April, 2024

No invoices were presented for Board approval. Mr. Galvan made a motion to approve the Treasurer’s Reports and Payment of Bills as presented. Mr. Morales seconded. The motion passed unanimously.

5. Operation and Maintenance Reports.

Mr. Sendejo presented the O&M Report and Cathodic Protection Update. He reported that the actuator for the Kingsville MOV is on order and the SCADA system is back online. Mr. Morales asked about the meter installation at CR 52 and Mr. Sendejo responded that the project is still ongoing. Mr. Ivan Luna of I.C.E. added that he has been working with Corpus Christi Water to ensure that STWA is getting what is needed. I.C.E. will work on creating a set of standards to outline and reinforce STWA’s requirements on this and future projects.

6. Review of 2024 Certified Appraisal Rolls for the Authority’s district in Kleberg and Nueces Counties.

The Board reviewed the Certified Appraisal Rolls from Kleberg County Appraisal District and Nueces County Appraisal District. The KCAD appraisal roll reflects a final certified value of \$1,708,852,185 and the NCAD final certified value is \$1,510,964,403. Mr. Marez requested approval of Resolutions 24-15 and 24-16 adopting the appraisal rolls.

7. Resolution 24-15. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2024.

After reviewing the Kleberg County appraisal roll for tax year 2024, Mr. Morales made a motion to approve Resolution 24-15. Mr. Galvan seconded the motion. The motion carried.

8. Resolution 24-16. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2024.

Following review of the Nueces County appraisal roll for tax year 2024, Mr. Morales made a motion to approve Resolution 24-16. Mr. Galvan seconded the motion. The motion passed by unanimous vote.

9. Preliminary Fiscal Year 2025 Budget.

Mr. Marez reviewed the preliminary Fiscal Year 2025 Budget. The budget is based on maintaining the current Handling Charge of \$0.50/1000g and sales volume of 570 million gallons, and a flat cost of living increase for all employees. A new truck, a haul truck, an office car, technology upgrades and a Hydro-Vac are included under Capital Acquisitions. Ms. Wagner stated that this is the same preliminary budget presented at the previous meeting but was modified to recategorize the hydrology report from Capital Acquisition to Engineering Expense and to reduce an overstatement in Interest Earnings by \$50,000 resulting in Net Income of \$48,096. Mr. Morales stated he was in favor of the changes and the version with the \$48,096 Net Income. The Board did not request any other changes. Mr. Marez stated that the preliminary budget will be sent to STWA's wholesale customers as stipulated in STWA's Water Supply Contracts.

10. Proposed Fiscal Year 2025/Tax Year 2024 tax rate and authorization to publish notice of public hearing.

Ms. Wagner presented the Water District Notice of Public Hearing on Tax Rate reflecting a proposed total tax rate of \$0.065695/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.054268/\$100 and an Interest & Sinking tax rate of \$0.011427/\$100. The proposed total tax rate is \$0.000001 lower than the tax rate calculated on the average home value in order to remain below the 3.5% allowed increase. Mr. Galvan made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Mr. Rodriguez seconded. All members present voted in favor.

11. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2024.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2024. The estimated cost is \$10,950 which is \$1,000 more than last year's cost. Mr. Galvan made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2024. Ms. Garza seconded. All voted in favor.

The order of the agenda was changed.

14. Discuss and take action to ratify and approve an Engagement Letter with Charles W. Zahn, Jr. to provide legal services to the Authority.

Mr. Galvan made a motion to ratify and approve the Engagement Letter with Charles W. Zahn, Jr. Mr. Rodriguez seconded. The motion passed by unanimous vote.

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

- 12.a. Legal advice from counsel regarding a Water Supply Contract with Seven Seas Water (STWA) USA, LLC. (§551.071)

Mr. Graveley announced that the Board would convene in Closed Session at 6:17 p.m. pursuant to Section 551.071 of the Government Code to receive legal advice from counsel regarding a Water Supply Contract with Seven Seas Water (STWA) USA, LLC.

13. Open Session Items for Post Executive Session Action – The Board of Directors will convene in Open Session and take action on (1) the agenda items listed below, (2) any other items on this agenda that were postponed or tabled until after Executive Session, and (3) any Executive Session Agenda Items.

- 13.a. Discuss and take action to approve a Resolution approving a Water Supply Agreement with Seven Seas Water (STWA) USA, LLC, authorizing the execution of the same and related documents and approving matter related hereto.

The Board reconvened in Open Session at 7:20 p.m. No action was taken during Closed Session.

Mr. Galvan moved to approve a Resolution approving a Water Supply Agreement with Seven Seas Water (STWA) USA, LLC, authorizing the execution of the same and related documents and approving matters related hereto. Ms. Garza seconded. All voted in favor.

15. Update on Texas Water Development Board Funding.

Mr. Rogelio Rodriguez with Water Finance Exchange presented an update and status of the Texas Water Development Board funding application. He announced that STWA's \$7.8 million application was approved for 70% grant funding. The remaining 30% will be funded by TWDB loan at AAA rating for up to 30 years. He expects that funds will be available in January 2025.

Nueces Water Supply Corporation's portion is \$2.86 million and Ricardo Water Supply Corporation's portion is \$4.94 million. He added that the March 2024 application was selected but STWA was not invited for funding. He has sent comments regarding the application and is waiting on a response. He thanked Mr. Marez, Ms. Wagner and I.C.E. for their assistance and input on the applications.

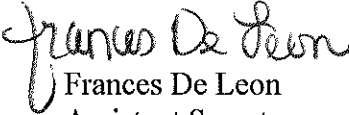
16. Administration Report.

Mr. Marez stated that discussions on the water supply contract continue with the City of Corpus Christi and the next meeting is scheduled for August 23rd.

17. Adjournment.

With no further business to discuss, Mr. Rodriguez moved to adjourn the meeting at 7:31 p.m. Ms. Garza seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary

ATTACHMENT 2

Quarterly Report/Treasurer's Report/Payment of Bills

SOUTH TEXAS WATER AUTHORITY
Treasurer's Report
For Period Ending May 31, 2024

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.816489 per 1000 g</u>	<u>Handling Charge @ \$0.50/1000g</u>	<u>Incremental Increase @ \$0.50/1000g</u>	<u>Out of District Surcharge and Pass-Thru Credit</u>	<u>Total Due</u>
Kingsville	12,234	\$34,456.93	\$6,117.00	\$0.00	\$0.00	\$40,573.93
Bishop	6,313	\$17,780.50	\$3,156.50	\$0.00	\$0.00	\$20,937.00
Agua Dulce	2,555	\$7,197.47	\$1,277.74	\$0.00	\$0.00	\$8,475.21
RWSC	10,795	\$30,404.00	\$5,397.50	\$0.00	\$0.00	\$35,801.50
Driscoll	2,651	\$7,466.51	\$1,325.50	\$0.00	\$0.00	\$8,792.01
NCWCID #5	1,841	\$5,185.38	\$920.54	\$920.54	\$1,071.99	\$8,098.44
NWSC	12,385	\$34,882.92	\$6,192.63	\$0.00	\$0.00	\$41,075.55
TOTAL	48,775	\$137,373.70	\$24,387.40	\$920.54	\$1,071.99	\$163,753.63

Water Cost and Usage for Period of:	05/01/24	06/02/24
City of Corpus Christi Invoice for Cost of Water Purchased:		\$144,767.52
Gallons of Water Recorded by City of Corpus Christi:		51,400,000
Gallons of Water Recorded by STWA from Customer's Master Meters:		49,134,050
Water Loss Percentage:		4.41%

Annual Usage for FY 2024	Annual
Gallons of Water Recorded by City of Corpus Christi:	366,650,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	353,791,352

**REVENUE FUND
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2024**

66.67%

	MONTHLY	YEAR TO DATE	2024 ADOPTED BUDGET	% OF 2024 ADOPTED BUDGET	2023 YEAR TO DATE	2023 FINAL BUDGET
REVENUES						
Water Service Revenue	137,374	919,167	1,489,786	62%	814,092	1,377,118
Handling Charge Revenue	24,387	174,436	277,916	63%	180,211	298,250
Premium Incremental Increase	921	6,402	10,800	59%	7,034	10,900
Surcharge - Out of District	884	7,073	10,500	67%	6,648	9,972
Interest Income	23,468	172,730	220,000	79%	134,737	215,200
Interest - Note	0	0	175	0%	3,744	3,750
Other Revenue						
Operating & Maintenance Fees	743	5,920	12,500	47%	6,856	10,700
Miscellaneous Revenues	7,440	25,879	12,000	216%	5,245	46,500
Industry Revenues	0	0	0	0%	0	625,710
TOTAL REVENUES	195,216	1,311,607	2,033,677	64%	1,158,567	2,598,100
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	144,768	966,661	1,489,786	65%	786,831	1,377,118
Payroll Costs						
Salaries & Wages - Perm. Employees	30,385	248,055	406,135	61%	247,304	350,000
Salaries & Wages - Vacation Buyback	0	5,885	4,368	135%	8,114	0
Overtime - NWSC	0	0	0	0%	0	0
Stand-by Pay - NWSC	0	0	0	0%	50	0
Overtime - RWSC	0	0	0	0%	0	0
Stand-by Pay - RWSC	0	0	0	0%	50	0
Overtime - STWA	1,826	18,387	15,000	123%	17,615	30,000
Stand-by Pay - STWA	150	875	1,300	67%	875	1,425
Employee Retirement Premiums	5,775	47,487	68,713	69%	25,310	60,026
Group Insurance Premium	12,876	98,734	243,522	41%	111,806	192,699
Unemployment Compensation	(530)	(2,087)	70	-2981%	(81)	165
Workers' Compensation	(784)	12,356	6,436	192%	13,628	11,800
Hospital Insurance Tax	754	4,153	6,029	69%	3,792	5,520
Supplies & Materials						
Repairs & Maintenance	13,293	69,988	150,000	47%	75,072	133,500
Meter Expense	1,155	1,155	5,000	23%	0	6,500
Tank Repairs	0	7,000	30,000	23%	0	10,000
Major Repairs	0	0	25,000	0%	0	25,000
Other Operating Expenditures:						
Professional Fees						
Legal	4,895	8,899	40,000	22%	3,415	25,000
Auditing	0	10,390	10,500	99%	9,500	10,500
Engineering	2,342	13,616	50,000	27%	0	12,500
Management & Consulting	4,756	43,716	25,000	175%	2,500	7,500
JMAE Management Consulting LLC	5,833	46,667	70,000	67%	46,666	70,000
Inspection	0	913	7,500	12%	1,013	6,000

			2024	% OF 2024	2023	2023
Consum Supplies/Materials						
Postage	(72)	(155)	8,500	-2%	3,108	4,560
Printing/Office Supplies	1,889	19,333	37,500	52%	17,429	37,500
Janitorial/Site Maintenance	1,183	8,447	19,000	44%	9,241	18,500
Fuel/Lubricants/Repairs	3,565	40,985	85,000	48%	36,784	80,000
Chemicals/Water Samples	2,247	19,596	60,000	33%	32,855	59,750
Safety Equipment	0	1,046	2,000	52%	893	1,750
Small Tools	2,108	4,986	3,000	166%	2,126	4,000
Recurring Operating Costs						
Telephone/Communications	1,756	19,071	40,000	48%	28,221	35,500
Utilities	14,115	74,221	122,500	61%	58,464	115,000
D & O Liability Insurance	0	2,083	3,500	60%	3,445	3,500
Property Insurance	0	52,133	48,000	109%	44,647	45,000
General Liability	0	4,046	5,500	74%	1,820	3,000
Auto Insurance	0	4,770	3,100	154%	2,866	3,000
Travel/Training/Meetings-Staff	2,385	13,453	15,000	90%	8,022	22,500
Travel/Training/Meetings-Board of Dir.	400	2,656	10,000	27%	7,430	0
Travel/Training/Meetings-Legislation	0	0	0	0%	0	0
Rental-Equipment/Uniforms	601	15,105	6,000	252%	6,422	20,500
Dues/Subscriptions/Publication	278	14,199	17,500	81%	15,452	18,500
Pass Through Cost	1	3	400	1%	176	400
Miscellaneous						
Miscellaneous Expenditures	72	4,744	15,000	32%	7,029	15,000
Total Administrative & Operations Exp.	258,021	1,903,569	3,155,859	60%	1,639,890	2,823,213
Capital Outlay						
Capital Acquisition	0	202,334	230,500	88%	107,240	1,080,226
Engineering	0	0	50,000	0%	0	81,372
TOTAL EXPENDITURES (w/o D.S. exp.)	258,021	2,105,903	3,436,359	61%	1,747,130	3,984,811
Excess (Deficiencies) of Revenue Over Expenditures	(62,804)	(794,296)	(1,402,682)	57%	(588,563)	(1,386,711)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	(1,549,017)	(1,650,724)	94%	(1,598,912)	(1,620,400)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	0	(1,500)	0%	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	(1,549,017)	(1,652,224)	94%	(1,598,912)	(1,620,400)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)						
	(62,804)	754,721	249,542		1,010,349	233,689
NET INCOME	(62,804)	754,721	249,542		1,010,349	233,689

**TAX FUND
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2024**

66.67%

	MONTHLY	YEAR TO DATE	2024 ADOPTED BUDGET	% OF 2024 ADOPTED BUDGET	2023 YEAR TO DATE	2023 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	15,678	1,650,086	1,659,615	99%	1,660,783	1,685,710
Delinquent Tax Revenue	3,133	28,586	37,000	77%	28,068	39,177
Penalty & Interest - Tax Accounts	3,220	20,959	26,000	81%	18,472	28,866
Miscellaneous	-1	317	0	0%	-26	0
TOTAL TAXES & INTEREST	22,031	1,699,948	1,722,615	99%	1,707,297	1,753,753
EXPENDITURES						
Tax Collector Fees	0	53,952	60,627	89%	56,367	60,200
Appraisal Districts	2,458	17,143	11,264	152%	12,429	29,950
TOTAL EXPENDITURES	2,458	71,094	71,891	99%	68,796	90,150
 Transfer to General Fund	 0	 1,549,017	 1,650,724	 94%	 1,598,912	 1,620,400
 EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	 19,573	 79,837	 0		 39,589	 43,203

**SPECIAL SERVICES
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2024**

66.67%

	MONTHLY	YEAR TO DATE	2024 ADOPTED BUDGET	% OF 2024 ADOPTED BUDGET	2023 YEAR TO DATE	2023 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	29,279	223,082	463,829	48%	214,211	352,349
Nueces Water Supply Corporation	25,463	247,791	457,150	54%	228,451	380,461
TOTAL REVENUES	54,741	470,873	920,979	51%	442,662	732,810
EXPENDITURES						
Personnel	47,484	281,096	460,842	61%	271,352	430,850
Administrator	2,500	20,000	30,000	67%	20,000	30,000
Overhead	33,649	239,958	408,138	59%	222,115	392,226
TOTAL EXPENDITURES *	83,634	541,054	898,980	60%	513,467	853,076
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	(28,892)	(70,181)	21,999		(70,805)	(120,266)

09/05/24
15:54:51

SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 5 / 24

Page: 1 of 2
Report ID: L150

101 Water

Assets

Current Assets

STWA - Operations	25,746.88	
STWA - General	147,290.86	
STWA - General Money Market	102,401.16	
STWA - Payroll	2,643.06	
Petty Cash	150.00	
TexPool	5,105,789.10	
Tax Accounts Receivable	195,916.75	
Allowance for Uncollect Taxes	(88,575.35)	
Interlocal Rec - Tax Assessor	3,443.97	
Agua Dulce-Water	13,790.63	
Bishop - Water	43,762.25	
Driscoll - Water	17,568.82	
Kingsville - Water	63,732.92	
NCWCID 5 - Water	34,107.71	
Ricardo WSC - Water	35,801.49	
Nueces WSC - Water	41,075.55	
Ricardo WSC - General & Admin	19,140.37	
Nueces WSC - General & Admin	18,439.50	
Interlocal Rec-Bishop	3,696.78	
Interlocal Rec-Driscoll	1,479.85	
Interlocal Rec-Ricardo	12,204.28	
RWSC-Credit Card	612.35	
Interlocal Rec-Nueces	9,082.86	
NWSC Credit Card	(159.42)	
Due From Capital Projects Fund	76,129.94	
Due from Debt Service Fund	1,998.77	
Due from D.S .-Collect Service	13,915.31	
Prepaid Expenses	34,750.04	
Inventory	42,065.15	

Total Current Assets		5,978,001.58

Other Assets

Notes Receivable-Not Current	1,395.30	

Total Other Assets		1,395.30

Total Assets ----- **5,979,396.88**

09/05/24
15:54:51

SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 5 / 24

Page: 2 of 2
Report ID: L150

101 Water

Liabilities and Equity

Current Liabilities

Trade Accounts Payable	197,907.69	
Conversion Trade Accounts Payable	333.16	
Salaries & Wages Payable	5,788.16	
Federal WH Taxes Payable	231.79	
Medicare Payable	665.32	
Unemployment Ins Payable	9,985.66	
Emply Loan WH Payble	(675.44)	
Emply Insurance WH Payble	(11,577.25)	
Emply AFLAC Ins WH Payble	(62.20)	
Emply Nationwide WH Payble	200.00	
Emply Advance WH Payble	(539.46)	
Emply Other WH Payble	5,499.48	
Miscellaneous Payables	19,943.22	
Compensated Absences	14,605.08	
Deferred Tax Revenue	107,341.40	

Total Current Liabilities		349,646.61

Other Liabilities

Due to Debt Service Fund	1,676.36	
Due to Capital Projects Fund	(87.01)	

Total Other Liabilities		1,589.35

Total Liabilities

351,235.96

Equity

Retained Earnings	4,821,966.67	
Assigned Fund Bal. - Inventory	41,746.65	
CURRENT YEAR INCOME/(LOSS)	764,447.60	

Total Equity		5,628,160.92

Total Liabilities & Equity

5,979,396.88

101 Water

Account	Beginning	Debit	Credit	Net Change	Ending Balance
ASSETS					
10100 STWA - Operations	26,177.33	40,293.32	40,723.77	(430.45)	25,746.88
10200 STWA - General	54,695.53	293,223.95	200,628.62	92,595.33	147,290.86
10210 STWA - General Money Market	301,880.53	520.63	200,000.00	(199,479.37)	102,401.16
10400 STWA - Payroll	61,696.48	53,167.49	112,220.91	(59,053.42)	2,643.06
10800 Petty Cash	150.00	0.00	0.00	0.00	150.00
11300 TexPool	5,059,632.38	46,156.72	0.00	46,156.72	5,105,789.10
12100 Tax Accounts Receivable	195,916.75	0.00	0.00	0.00	195,916.75
12101 Allowance for Uncollect Taxes (	88,575.35)	0.00	0.00	0.00	(88,575.35)
12120 Interlocal Rec - Tax Assessor	4,762.66	3,443.78	4,762.47	(1,318.69)	3,443.97
12201 Agua Dulce-Water	13,004.95	8,475.21	7,689.53	785.68	13,790.63
12202 Bishop - Water	22,825.25	20,937.00	0.00	20,937.00	43,762.25
12203 Driscoll - Water	17,307.80	8,792.01	8,530.99	261.02	17,568.82
12204 Kingsville - Water	47,198.44	40,573.34	24,038.86	16,534.48	63,732.92
12205 NCWCID 5 - Water	26,009.27	8,098.44	0.00	8,098.44	34,107.71
12206 Ricardo WSC - Water	35,474.92	35,801.50	35,474.93	326.57	35,801.49
12207 Nueces WSC - Water	36,669.42	41,075.55	36,669.42	4,406.13	41,075.55
12208 Ricardo WSC - General & Admin	19,946.80	19,140.37	19,946.80	(806.43)	19,140.37
12209 Nueces WSC - General & Admin	19,637.58	18,439.50	19,637.58	(1,198.08)	18,439.50
12500 Interlocal Rec-Bishop	3,696.78	0.00	0.00	0.00	3,696.78
12700 Interlocal Rec-Driscoll	1,456.86	743.08	720.09	22.99	1,479.85
12900 Interlocal Rec-Ricardo	8,118.56	10,138.51	6,052.79	4,085.72	12,204.28
12901 RWSC-Credit Card	2,718.75	612.35	2,718.75	(2,106.40)	612.35
13000 Interlocal Rec-Nueces	16,328.16	7,023.09	14,268.39	(7,245.30)	9,082.86
13001 NWSC Credit Card (	143.67)	0.00	15.75	(15.75)	(159.42)
13510 Due From Capital Projects Fund	53,243.54	22,886.40	0.00	22,886.40	76,129.94
13520 Due from Debt Service Fund	1,897.94	100.83	0.00	100.83	1,998.77
13530 Due from D.S.-Collect Service	13,393.19	522.12	0.00	522.12	13,915.31
14200 Prepaid Expenses	32,705.92	34,750.04	32,705.92	2,044.12	34,750.04
15500 Inventory	42,065.15	0.00	0.00	0.00	42,065.15
18910 Notes Receivable-Not Current	1,395.30	0.00	0.00	0.00	1,395.30
Total ASSETS	6,031,287.22	714,915.23	766,805.57	(51,890.34)	5,979,396.88
LIABILITIES AND FUND EQUITY					
20300 Trade Accounts Payable	157,610.86	207,118.32	247,415.15	40,296.83	197,907.69
20310 Conversion Trade Accounts Paya	333.16	0.00	0.00	0.00	333.16
20400 Salaries & Wages Payable	25,650.72	25,650.72	5,788.16	(19,862.56)	5,788.16
21051 Federal WH Taxes Payable	231.79	0.00	0.00	0.00	231.79
21052 Medicare Payable	665.32	0.00	0.00	0.00	665.32
21062 Unemployment Ins Payable	9,985.66	0.00	0.00	0.00	9,985.66
21063 EmPLY Loan WH Payble (	675.44)	0.00	0.00	0.00	(675.44)
21064 EmPLY Insurance WH Payble (	11,010.67)	566.58	0.00	(566.58)	(11,577.25)
21065 EmPLY AFLAC Ins WH Payble	649.14	2,894.32	2,182.98	(711.34)	(62.20)

09/05/24
15:56:16

SOUTH TEXAS WATER AUTHORITY
Trial Balance
For the Accounting Period: 5 / 24

Page: 2 of 2
Report ID: L120

101 Water

Account	Beginning	Debit	Credit	Net Change	Ending Balance
21067 Empl Nationwide WH Payble	200.00	0.00	0.00	0.00	200.00
21068 Empl Advance WH Payble (	539.46)	0.00	0.00	0.00	(539.46)
21069 Empl Other WH Payble	5,499.48	0.00	0.00	0.00	5,499.48
21100 Miscellaneous Payables	18,967.34	0.00	975.88	975.88	19,943.22
21500 Compensated Absences	14,605.08	0.00	0.00	0.00	14,605.08
21700 Deferred Tax Revenue	107,341.40	0.00	0.00	0.00	107,341.40
24100 Due to Debt Service Fund	1,488.54	0.00	187.82	187.82	1,676.36
24200 Due to Capital Projects Fund	0.02	87.03	0.00	(87.03)	(87.01)
28400 Retained Earnings	4,821,966.67	0.00	0.00	0.00	4,821,966.67
28410 Assigned Fund Bal. - Inventory	41,746.65	0.00	0.00	0.00	41,746.65
28999 Net Income Current Year	836,570.96	370,989.48	298,866.12	(72,123.36)	764,447.60
Total LIABILITIES AND FUND EQUITY	6,031,287.22	607,306.45	555,416.11	(51,890.34)	5,979,396.88

**DEBT SERVICE FUND
INCOME STATEMENT
FOR PERIOD ENDING MAY 31, 2024**

66.67%

	MONTHLY	YEAR TO DATE	2024 ADOPTED BUDGET	% OF 2024 ADOPTED BUDGET	2023 YEAR TO DATE	2023 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	3,321	350,501	369,941	95%	347,305	353,225
Delinquent Tax Revenue	711	6,363	9,000	71%	6,627	9,450
Penalty & Interest - Tax Accounts	710	4,515	5,000	90%	4,068	6,485
Out-of-District Surcharge	188	1,503	1,370	110%	1,390	2,086
Interest on Temporary Investments	1,946	10,510	9,000	117%	8,958	14,310
Miscellaneous	<u>0</u>	<u>1</u>	<u>0</u>	0%	<u>-10</u>	<u>-10</u>
TOTAL TAXES & INTEREST	6,876	373,393	394,311	95%	368,338	385,546
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	0
TOTAL REVENUE AND OTHER FINANCE SOURCES	6,876	373,393	394,311	95%	368,338	385,546
EXPENDITURES						
Fiscal Agent Fees	0	100	200	50%	100	200
Bond Interest Expense	0	47,000	94,000	50%	50,675	101,350
Bond Principal Payments	0	0	255,000	0%	0	245,000
Tax Collector Fees	0	5,781	14,927	39%	11,055	12,500
Appraisal District Fees	522	8,134	6,014	135%	3,334	5,750
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	522	61,015	370,141	16%	65,164	364,800
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	6,354	312,378	24,170		303,174	20,746

09/05/24
16:13:57

SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 5 / 24

Page: 1 of 1
Report ID: L150

310 Debt Service

Assets

Current Assets

TexPool	434,974.38
Tax Accounts Receivable	58,238.39
Allowance for Uncollect Taxes	(11,370.61)
Interlocal Rec - Tax Assessor	730.35
Due from General Fund	1,676.36

Total Current Assets 484,248.87

Total Assets 484,248.87

Liabilities and Equity

Current Liabilities

Deferred Tax Revenue	46,867.78
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Total Current Liabilities 46,867.78

Other Liabilities

Due to General Fund	15,914.08
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Total Other Liabilities 15,914.08

Total Liabilities 62,781.86

Equity

Fund Balance	109,090.09
CURRENT YEAR INCOME/(LOSS)	312,376.92

Total Equity 421,467.01

Total Liabilities & Equity 484,248.87

09/05/24
16:13:13

SOUTH TEXAS WATER AUTHORITY
Trial Balance
For the Accounting Period: 5 / 24

Page: 1 of 1
Report ID: L120

310 Debt Service

Account	Beginning	Debit	Credit	Net Change	Ending Balance
ASSETS					
11300 TexPool	427,890.35	7,084.03	0.00	7,084.03	434,974.38
12100 Tax Accounts Receivable	58,238.39	0.00	0.00	0.00	58,238.39
12101 Allowance for Uncollect Taxes (	11,370.61)	0.00	0.00	0.00	(11,370.61)
12120 Interlocal Rec - Tax Assessor	1,025.60	730.35	1,025.60	(295.25)	730.35
13511 Due from General Fund	1,488.54	187.82	0.00	187.82	1,676.36
Total ASSETS	477,272.27	8,002.20	1,025.60	6,976.60	484,248.87
LIABILITIES AND FUND EQUITY					
21700 Deferred Tax Revenue	46,867.78	0.00	0.00	0.00	46,867.78
24300 Due to General Fund	15,291.13	0.00	622.95	622.95	15,914.08
28300 Fund Balance	109,090.09	0.00	0.00	0.00	109,090.09
28999 Net Income Current Year	306,023.27	622.95	6,976.60	6,353.65	312,376.92
Total LIABILITIES AND FUND EQUITY	477,272.27	622.95	7,599.55	6,976.60	484,248.87

ATTACHMENT 3

Field Reports

Memorandum

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

During the Week of August 5th 2024:

Admin:

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

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Collect Bact Samples – STWA/NWSC/RWSC
Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL 17 Verification
Locates – STWA, RWSC & NWSC
NWSC/RWSC Meter readings
Completed service orders for NWSC & RWSC.
Completed Taps – (Scheduled for week of 8/26/2024)

Safety & Maintenance:

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

Cathodic Protection:

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

During the Week of August 19th 2024:

Admin:

Review GPS records
Update Daily Water Loss
Submit DLQOR Report to TCEQ by the 10th of July.
TRWA Apprenticeship Weekly Hours Update (Noe Moreno)
Basic Water Training/Locate Training/CSI Training/ Standard Operation
Procedure Training.
Ernesto Duron resigned as of 8/21/2024

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL17 Verification
Lockouts - NWSC
Locates – STWA, RWSC, NWSC
Completed Service Orders for NWSC and RWSC
Completed Taps - (Scheduled for week of 8/26/2024)

Safety & Maintenance:

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

Cathodic Protection:

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

During the Week of August 12th 2024:

Admin:

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

Operations:

- Collect/Monitor NAP samples – STWA, RWSC & NWSC
- Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
- Weekly CL 17 Verification
- RWSC Meter Readings
- Locates – STWA, RWSC, NWSC
- Completed service orders for NWSC and RWSC
- Completed Taps – (Scheduled for week of 8/26/2024)

Safety & Maintenance:

Safety Meeting:

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

Cathodic Protection:

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

During the Week of August 26th 2024:

Admin:

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

Operations:

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

Safety & Maintenance:

Safety Meeting:

“Slips, Trips and Falls: Taking the right steps. 16:00 min video”
**(Open crew discussion of safety concerns, Crew discussions on all aspects of
preventative maintenance, which includes time for any Q&A.)**
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment,
Leak equipment, Pump-station equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood
Inspections

Cathodic Protection:

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

During the Week of September 2nd 2024:

Admin:

Review GPS records
Update Daily Water Loss
City Gallons Report
TRWA Apprenticeship Hour Updates (Noe Moreno) (Lauro Bazan)
Basic Water Training/Locate Training/CSI Training/Standard Operation
Procedure Training.
Interviews for new hire to replace Ernesto Duron and Lauro Bazan
Lauro Bazan resigned as of 9/3/2024

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on
the 42” line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC
Meter Run @ Office
Weekly CL 17 Verification
Meter Readings – NWSC and RWSC
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Installation of MCA Devices at Kingsville and Driscoll for optimized stability in
communications to our Scada systems.
Completed Taps – (Scheduled for week of 9/3/2024)

Safety & Maintenance:

Safety Meeting:

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

Cathodic Protection:

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

To: STWA Management
From: Hector Barbosa NACE Corrosion Technologist # 186086
Date: September 5, 2024
Re: CP Department

CP department has been doing one calls and verifying water line locations and updating coordinates on Diamond maps. This month has been pretty busy with Fiber being laid all over Nueces County in line with our water lines staying in the public ROW. Marking lines and birddogging 3 different boring crews all working at the same time gets pretty hectic.

On the Ground bed CP side, we have power poles installed at all locations AEP and NEC Providers take a little to time set meters but the main power is there and we are moving forward.

The fourth and final ground bed was programmed for the end of August but wet weather has again delayed our progress. I feel confident that all will be up and running by the end of September.

Hopefully the rest of September and October will be dry to Recoat some ARV valves in below grade vaults not only will the recoat help the cp flow thru but extend the life of the ARV 's integrity as well as protect them from Atmospheric corrosion.

The CCW meter site looks to be complete. the part that belongs to STWA needs to be painted to prevent atmospheric corrosion. On the electrical isolation at STWA flange has not been addressed as I had asked, I suggest for STWA to step in and I can finish installing the ISO kit for our integrity and CP protection.

Thank you,
Hector Barbosa

ATTACHMENT 4
Fiscal Year 2025 Budget

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: September 6, 2024
Re: Proposed Fiscal Year 2024/25 Budget

Background

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

Enclosed is the Proposed Fiscal Year 2024/2025 Budget.

Analysis

Enclosed are the Proposed Fiscal Year 2025 Budgets. Since the July 2, 2024 meeting, staff has received most of the necessary information for the FY 2025 budget. On July 25th, both counties provided certified values as required by state law, showing an increase of about \$200 million over the preliminary values.

We have also received the proposed budgets from the appraisal districts, and the STWA quarterly contributions have been included in this budget. Additionally, the parcel count was obtained and used to calculate the annual collection charges based on the current per parcel fee.

The City of Corpus Christi will raise the water rate by approximately \$0.47 per 1,000 gallons, which will be passed on to our wholesale customers and ultimately to their customers.

This proposed budget is based on maintaining the same Handling Charge rate of \$50.50 per 1,000 gallons, and it assumes a total sales volume of around 570 million gallons. This volume is calculated based on a five-year average for all customers, excluding the City of Kingsville, and would generate approximately \$273,000 in Handling Charge revenues.

Staff Recommendation

Approve the budget as presented.

Board Action

Determine what revenues and expenditures need further review or adjustment.

Summary

The preliminary budgets were sent to the wholesale customers for a 30-day review and comment period. The budget has been posted for review and is now available for the board to take action. There was no modification to the budget since last presented during the August 6, 2024 meeting.

STWA FY 2025 CHANGES TO FUND BALANCE

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

SOUTH TEXAS WATER AUTHORITY
 PROPOSED FY 2025 BUDGET
 GENERAL FUND

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

PROPOSED
 FY 2025
 BUDGET

REVENUES

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

TOTAL REVENUES \$2,279,297

EXPENDITURES

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

Payroll Costs

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

TOTAL PERSONNEL \$776,800

Supplies & Materials

Repairs & Maintenance	\$125,000
Meter Expense	\$5,000
Tank Repairs	\$35,000
Major Repairs	\$25,000

TOTAL SUPPLIES & MATERIALS \$190,000

Other Operating Expenditures:

Professional Fees

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

TOTAL PROFESSIONAL FEES \$214,000

Consum Supplies/Materials

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

TOTAL CONSUM SUPPLIES/MATERIALS \$192,000

Recurring Operating Costs

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

TOTAL RECURRING OPER. COSTS \$298,750

Miscellaneous

Miscellaneous Expenditures	\$15,000
----------------------------	----------

TOTAL MISCELLANEOUS \$15,000

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

Capital Outlay

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

TOTAL CAPITAL OUTLAY \$397,500

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

Excess (Deficiencies) of

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

OTHER FINANCE SOURCES (USES)

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

FY 2025

CAPITAL ACQUISITIONS

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

\$227,500

ENGINEERING

\$50,000	New Office
\$120,000	Hydrology Rpt

\$170,000

\$397,500

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

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

PROPOSED
FY 2025
BUDGET

REVENUES

Ad Valorem - Current (M&O)	\$1,665,196
Delinquent Taxes	\$38,115
Penalty & Interest - Tax Accounts (M&O)	\$27,345
TOTAL M&O TAX REVENUES	\$1,730,656

EXPENDITURES

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

TOTAL EXPENDITURES \$100,631

REVENUES OVER EXPENDITURES \$1,630,025

OTHER USES

Transfer to Revenue Fund (Tax)	\$1,630,025
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TOTAL EXPEND. & OTHER USES \$1,730,656

Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0
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SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2025 BUDGET
SPECIAL SERVICES

RWSC - 1130 customers
NWSC - 1105 customers

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

PROPOSED
FY 2025
BUDGET

REVENUES

Ricardo Water Supply Corporation
Nueces Water Supply Corporation

\$449,088
\$439,152

TOTAL SPECIAL SERVICES REVENUE

\$888,240

EXPENDITURES

Personnel
Overhead
Administrator

\$454,994
\$403,246
\$30,000

TOTAL EXPENDITURES

\$888,240

REVENUES OVER EXPENDITURES

\$0

SOUTH TEXAS WATER AUTHORITY
 PROPOSED FY2025 BUDGET
 DEBT SERVICE FUND

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

PROPOSED
 FY 2025
 BUDGET

REVENUES

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

EXPENDITURES

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

REVENUES OVER EXPENDITURES	\$30,424
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TOTAL EXPEND. & OTHER USES	\$367,923
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Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	 \$30,424
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ATTACHMENT 5

Resolutions 24-17

SOUTH TEXAS WATER AUTHORITY
Resolution 24-17

RESOLUTION ADOPTING THE RECOMMENDED FISCAL YEAR 2025 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 50¢ 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-24	45,260,817	\$127,817	\$2.824020
November-24	42,217,783	\$119,418	\$2.828619
December-24	43,192,525	\$122,109	\$2.827076
January-25	40,916,558	\$134,526	\$3.287826
February-25	39,924,477	\$131,322	\$3.289257
March-25	44,607,913	\$146,450	\$3.283056
April-25	45,245,254	\$148,509	\$3.282311
May-25	45,442,994	\$149,148	\$3.282084
June-25	47,343,584	\$155,287	\$3.280000
July-25	53,262,032	\$174,404	\$3.274459
August-25	53,055,044	\$173,736	\$3.274632
September-25	45,072,211	\$147,950	\$3.282511

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-24	0.500000	\$2.824020	\$3.324020
November-24	0.500000	\$2.828619	\$3.328619
December-24	0.500000	\$2.827076	\$3.327076
January-25	0.500000	\$3.287826	\$3.787826
February-25	0.500000	\$3.289257	\$3.789257
March-25	0.500000	\$3.283056	\$3.783056
April-25	0.500000	\$3.282311	\$3.782311
May-25	0.500000	\$3.282084	\$3.782084
June-25	0.500000	\$3.280000	\$3.780000
July-25	0.500000	\$3.274459	\$3.774459
August-25	0.500000	\$3.274632	\$3.774632
September-25	0.500000	\$3.282511	\$3.782511

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 2025 Budget and above stated water rates as reviewed by the Board of Directors.

Duly adopted this 10th day of September, 2024.

JOSE GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 6

Resolution 24-18

SOUTH TEXAS WATER AUTHORITY

Resolution 24-18

RESOLUTION ADOPTING THE FISCAL YEAR 2025/TAX YEAR 2024 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 2024 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 2024 on September 10, 2024 at 5:30 p.m. at 1500 East King Ave., 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 2025/Tax Year 2024:

\$0.054268 per \$100 of taxable value for the purposes of maintenance and operation

\$0.011427 per \$100 of taxable value for debt service

\$0.065695 total tax rate per \$100 of taxable value

Duly adopted this 10th day of September, 2024.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 7

TML Board of Trustees Election

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: September 5, 2024
Re: Texas Municipal League (TML) Intergovernmental Risk Pool Board of Trustees Election Ballot; 2nd Appeal to the board to cast a vote

Background:

The TML Intergovernmental Risk Pool Board of Trustees election is held every two years, with Places 11-14 are on the membership ballot this year. The STWA uses insurance coverage for general liability of property, vehicles, windstorm and workers compensation through TML which provides us representation and the right to vote on the Director positions.

Deadline for receipt of ballots is September 30, 2024.

Analysis:

Of the four ballot positions the board should select one declared candidate or can submit a write in candidate. These are geographical representatives so the board's vote impacts the votes for other parts of the state.

Staff Recommendation:

Staff recommends to review the brief bios for each candidate and select one for each of the four ballot positions.

Board Action:

Select candidates for Places 11-14 of the TML Intergovernmental Risk Pool Board of Trustees Election.

Summary:

Every two year cycle the STWA is asked to cast their votes for the Board of Trustees Intergovernmental Risk Pool. It is important to be engaged in voting for the individuals that make policy decisions impacting our insurance policies. STWA staff will submit the ballot immediately in order to meet the September 30th deadline.

This is a board-based decision; therefore, staff will not make recommendations for this item.

RECEIVED

OFFICIAL BALLOT

AUG 20 2024

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, 2024. Ballots received after September 30, 2024, 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

- Randy Criswell.** (Incumbent) Randy Criswell is currently the City Manager of Wolfforth (Region 3), a position he's held since 2022. He has served on the TML Risk Pool Board of Trustees since 2015 and as Chair of the Board from 2020 to 2022. He has been in public service since 1994, having served the City of Canyon in three administrative roles including City Manager, the City of Mineral Wells as City Manager, and his current position. Mr. Criswell has a Bachelor of Science Degree from Texas Tech University in Engineering Technology and is a Certified Public Manager. He is a member of TCMA and a past member of the TCMA Board of Directors. He and his wife Janie have three grown children, and he enjoys golf, his Harley Davidson motorcycle, and spending time with Janie.

- Robert S. Davis.** Robert Davis serves as the City Attorney for the City of Bullard (Region 15). He is a Senior Partner at Flowers Davis PLLC in Tyler and oversees the Business and Commercial Litigation, Insurance Defense, Defense of Governmental Entities, Employment Law, and Medical Liability Sections of the law firm. Mr. Davis has extensive experience in representing governmental entities and government officials in all types of litigation. He also has extensive experience in litigation for major insurance carriers and drafting coverage opinions for insurance carriers. Through the years, he has written many papers for and made numerous presentations to Texas Sheriff's Association, Texas Association of Counties, Texas Jail Association, and Texas Chief Deputies' Association.

WRITE IN CANDIDATE:

PLACE 12

- Cedric Davis, Sr.** Cedric Davis is the City Manager of the City of Mathis (Region 11). He joined the city's administration team on January 3, 2024, and has more than three decades of experience as a public servant. He served as the City Manager of Mathis for over four years, and is a former Chief of Police and Public Educator. He is a graduate of Law Enforcement Management Institute of Texas and the Advanced Military Academy of Texas. He has a Bachelor of Science degree in Criminal Justice Administration from Sam Houston State University. He is a licensed Master Peace Officer, Police Instructor, Investigator, and holds certifications in Public Management, Smart City Practitioner, and Public Finance Investment Officer. In 2008 he served as Mayor of Balch Springs.
- Rocky Hawkins.** Rocky Hawkins is a Councilmember for the City of Gladewater (Region 15), and served as such for four years. He has also served on the Gladewater Lake Board for 10 years, as a Chamber of Commerce Volunteer, as a member of the "Friends of the Library" at the Lee-Bardwell Public Library in Gladewater, and on various boards and committees at First Baptist Church for 30 years. Mr. Hawkins began his career with a brief stint as a Parole Officer for Gregg County; later spent almost 15 years in the Hospitality/Restaurant Business; and finished his career with 30 years at Eastman Chemical Co. He holds an associate's degree in business management from Kilgore College and a B.S. degree in Criminal Justice from Sam Houston State University.
- Allison Heyward.** (Incumbent) Allison Heyward has served as Councilmember for the City of Schertz (Region 7) since 2018. She also serves on the TML Board of Directors and is currently the TML President Elect. She previously served in 2022 on the TMLIRP Board as the TML Board representative. In January 2023, she was appointed to Place 12 on the TMLIRP Board to fill a vacancy. She holds a Bachelor's Degree in Accounting from Texas Southern University, and is a 2020 graduate of the Chamber Leadership Core Program. Mrs. Heyward is also a TML Leadership Fellow and a Certified Municipal Officer (CMO), having received the TMLI CMO (Certified Municipal Official Designation) Award of Excellence for maintaining the designation for 5 continuous years. She has also been recognized with the President's Award for being one of the top 2 highest earners of Continuing Education Units.
- Rudy Zepeda.** Rudy Zepeda has served as the Finance Director for the City of Santa Fe (Region 14) since 2021. Before joining Santa Fe, Mr. Zepeda served eight years in Dayton, Texas, as Assistant City Manager and Finance Director. He holds a degree in Classics from the University of Arizona and certification in Certified Public Management from Stephen F. Austin University. While Finance Director in Santa Fe, the city earned the Government Finance Officers Association (GFOA) Budget Presentation Award and the Excellence in Financial Reporting award. This year, the city was recognized by the State Comptroller's Office with its Traditional Finances Star Award. Mr. Zepeda's career spans 30 years, with significant experience in both public and private sectors, including 14 years in local government.

WRITE IN CANDIDATE:

PLACE 13

- Harlan Jefferson.** (Incumbent) Deputy City Manager for the City of Burleson (Region 13). Mr. Jefferson has been in public service for 41 years, serving as a Risk Manager for the City of Denton early in his career and serving as Town Manager for Flower Mound and Prosper, Texas. Mr. Jefferson is an active member of the Texas City Management Association (TCMA), having served on its Board of Directors and is a Past President of the North Texas City Manager Association. He holds a Bachelor of Arts in Political Science and a Master of Public Administration from the University of North Texas. Additionally, he is an Adjunct Faculty member in the Master of Public Administration Program at the University of North Texas.

- James Quin.** City Administrator for the City of Hutchins (Region 13) since March 2022. He served as City Administrator of Haslet for 8 years and City Manager for Richland Hills for 16 years. Mr. Quin earned a Bachelor of Science Education degree and a Master of Public Administration degree from Missouri State University. He is a member of the International City/County Management Association (ICMA) and maintains the ICMA Credentialed Manager (CM) designation. In April 2022, he was awarded the High Performance Leadership Academy Certificate issued by ICMA Professional Development Academy. Also, he is a full member of TCMA, and previously served on the HCA Medical City Alliance Hospital Board for 6 years.

WRITE IN CANDIDATE:

PLACE 14

- Mike Land** (Incumbent) City Manager for the City of Coppell (Region 13) since 2017, and Deputy City Manager from 2012-2017. Previously, he was Town Manager for Prosper, City Manager for Gainesville, and Executive Director for the Southwestern Diabetic Foundation. Mr. Land serves on the International City/County Management (ICMA) Board of Directors and is the 2024-25 ICMA President-Elect. Additionally, he serves on the Texas Women's Leadership Institute Advisory Board, the Texas A&M University's Development Industry Advisory Council, and the UTA MPA Advisory Board. He has also served as School Board Trustee for Gainesville Independent School District and as President of TCMA.

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 _____, 2024.

Signature of Authorized Official

Title

Printed Name of Authorized Official

Printed Name of Political Entity

ATTACHMENT 8

TML Cyber Liability Interlocal Agreement

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: September 5, 2024
Re: TML Intergovernmental Risk Pool Cyber Liability and Data Breach Response Interlocal Agreement

Background:

Since 2016, the Texas Municipal League (TML) Risk Pool has provided Cyber Liability and Data Breach Coverage to protect against rising cyber threats. With claims increasing in frequency and severity, TML has updated its coverage structure to offer stronger protection.

Starting October 1, 2024, entities with core Cyber Coverage must opt-in to the new Cyber Fund by signing an updated Interlocal Agreement. The deadline for submission is September 30, 2024. Failure to opt-in by this date will result in the loss of coverage.

Analysis:

As cybercriminal activity becomes increasingly unpredictable, it is crucial for STWA to maintain its cyber liability coverage. The updated Cyber Fund will offer continued protection against cyber breaches and data loss, but it also includes adjustments to the policy, such as contribution increases and modified limits of liability. TML has provided a two-page flyer explaining these changes, as well as a new contract that must be signed (attached).

It is in STWA's best interest to opt-in to the new Cyber Fund by returning the executed Interlocal Agreement to TML by the deadline. This ensures continuous coverage against cyber threats and avoids potential gaps in protection.

Staff Recommendation:

Staff recommends that the Board authorize the execution of the Cyber Fund Interlocal Agreement to ensure continued coverage under TML's updated Cyber Liability and Data Breach Response program.

Board Action:

1. Approve the execution of the Cyber Fund Interlocal Agreement.
2. Authorize the Executive Director or designee to submit the signed agreement to TML before September 30, 2024.

Summary:

To maintain cybersecurity protection, STWA must opt-in to the new TML Cyber Fund by executing and returning the Interlocal Agreement before September 30, 2024. Failure to comply will result in a lapse in coverage, leaving STWA exposed to potential cyber risks. Staff recommends moving forward with the opt-in process and ensuring continuous protection.



WORKERS' COMPENSATION • PROPERTY • LIABILITY

CRITICAL ALERT:
Cyber Liability and Data Breach Response Coverage

RECEIVED

JUN 10 2024

SOUTH TEXAS WATER AUTHORITY

DATE: June 7, 2024
TO: All Members with Core (Band 1) Cyber Coverage
RE: 2024-2025 *Cyber Liability and Data Breach Response Coverage* Updates

Dear Valued Member:

Since 2016, when the TML Risk Pool first began offering *Cyber Liability and Data Breach Response Coverage* (“*Cyber Coverage*”), cyber claims have exponentially increased in both frequency and severity.

Future cybercriminal activity is impossible to predict, which means neither the Pool nor any other insurer can rely on past patterns and trends to predict future losses. That’s why the Board of Trustees recently created a new Cyber Fund and approved changes to the Pool’s Coverage structure, effective on October 1, 2024. *Members must elect to continue coverage or “opt-in” by completing and returning the Cyber Interlocal Agreement to participate in the newly-created Cyber Fund.*

MEMBERS THAT DON’T FOLLOW THE OPT-IN PROCEDURES WILL LOSE THEIR EXISTING CYBER COVERAGE EFFECTIVE AT MIDNIGHT ON SEPTEMBER 30, 2024.

Included in this packet are:

1. A two-page flyer explaining the updated Cyber Coverage and why the Pool made certain adjustments to ensure the viability of the program.
2. A **Limits Page** for the updated Cyber Coverage and a link to the updated Cyber Coverage Document, which shows the contribution increases and available limits.
3. A new, separate Interlocal Agreement (contract) to join the Pool’s new Cyber Fund.

Please review the above information.

If your entity wishes to continue Cyber Coverage, simply review, complete and sign, and return the completed Cyber Fund Interlocal Agreement as soon as possible but no later than September 30, 2024. (Each Member must follow their own statutory and local policies related to contract approval prior to signing.) You can either scan and return the completed and signed agreement by email to underwriting@tmlirp.org or mail or ship it to Cyber Coverage, c/o TML Intergovernmental Risk Pool, P.O. Box 149194, Austin, Texas 78714. To change the Core or Core+ limit selection, simply include that request with the Interlocal Agreement. An executed copy of the agreement will be returned to you.

REMEMBER – THE INTERLOCAL AGREEMENT MUST BE RETURNED BY SEPTEMBER 30, 2024, IN ORDER FOR COVERAGE TO CONTINUE.

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

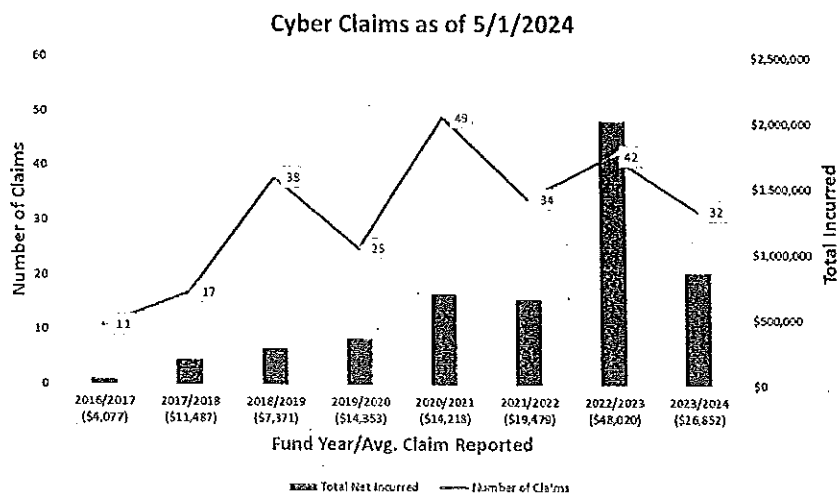
P.O. Box 149194 • Austin, Texas 78714-9194 • www.tmlirp.org

Page 1 of 4

CRITICAL ALERT: The Pool's NEW Cybersecurity Fund

Introduction

In 2016, the Pool recognized its Members' growing cyber liability exposure. Starting that year, complimentary coverage was provided to all Members with either General Liability or Real & Personal Property Coverage. Later, as the exposure increased, the Pool began charging a minimal amount for the coverage. As shown by the chart below, cyber claims have exponentially increased in both frequency and severity since that time.



Future cybercriminal activity is impossible to predict, which means neither the Pool nor any other insurer can rely on past patterns and trends to predict future losses. That's why the Board of Trustees recently approved the Pool's formation of a new Cyber Fund and updated *Cyber Liability and Data Breach Response Coverage* ("Cyber Coverage"), effective October 1, 2024, for those Members who opt-in and sign the Cyber Liability Interlocal Agreement. Read on for details.

Of course, nothing can cover every possible scenario. That's why each Member *must* take steps to protect themselves, and we can help you do so (regardless of whether you choose our cyber coverage). Most cyberattacks are preventable, and local officials *should implement basic policies, train on them, and follow them.* (See the final section below on loss prevention to learn more.)

The New Cyber Fund – Ensuring the Viability of the Pool's Cyber Coverage

Cyberattacks are becoming more common, more sophisticated, and more expensive. In fact, the Pool's cyber claims have increased exponentially since 2016. Right now, if every Member of the Pool was hit by a coordinated attack, the Pool's *total exposure is in the billions of dollars.* Thankfully, that hasn't happened. But the Pool is updating its Cyber Coverage to ensure that it never does.

The following is a brief overview of the changes:

- The Pool is creating a separate Cyber Fund – each Member that wants to continue coverage **must sign a new, separate interlocal agreement (contract) to join the Fund.**
- The Pool's total annual payout for cyber claims will be capped at **\$25 million** – should criminals execute a widespread attack, the Pool's Board of Trustees would decide how to allocate those funds.
- The limit for third party liability has been reduced to **\$500,000 or \$1,000,000**, depending on whether Core or Core+ option is selected.
- Cyber coverage contributions (premiums) will increase based on a Member's elected limits. The new contribution ranges from \$1,000 to \$1,850 depending on Member type and coverage level (unless a Member chooses a different coverage level, the current level will roll over). Suggestion: Coverage will be renewed at the current elected limit.

The Coverage: What You Get

Some of the worst news a local official can receive is that they have fallen victim to a cyberattack. Whether criminals lock up your data and ask you for a ransom to restore it, they trick you into sending money to a fraudulent account and steal it, or whatever the form of an attack, the Pool's coverage provides, among other things:

- **Breach response**, which includes access to computer experts, public relations specialists, attorneys, negotiators, and others with experience responding to cyberattacks – these experts help you lessen the damage from an attack.
- **Network business interruption**, which can help cover the loss of income and extra expenses (for a limited period) caused by an attack.
- **Cyber extortion**, which can help with ransom payments to recover data.
- **Data recovery costs**, which can help with costs to restore data that was damaged, corrupted, and/or deleted.
- **Fraud protection**, which can help (if certain conditions are met) with costs related to – for example – when an employee is tricked into sending money to a cybercriminal.

The above provides only a very basic overview of the coverage. Every claim is unique, and reading the above isn't a substitute for carefully reviewing the terms of the new interlocal agreement and coverage document. Please refer to the enclosed outline of the coverages, limit, and sublimit.

What You Need to Do to Continue Coverage

To continue coverage, simply review, complete and sign, and return the Cyber Fund Interlocal Agreement. (Each Member must follow their own statutory and local policies related to contract approval prior to signing.) To change the Core or Core+ limit selection, simply include that request with the Interlocal Agreement.

As part of this process, we encourage you to review the 2024-2025 Cyber Liability and Data Breach Response Coverage Document that is stored on the Pool's Member Portal, which you can access from the Pool's website at www.tmlirp.org.

That's it! You'll be billed later for the costs of all your coverages, including the cyber coverage.

REMEMBER – THE INTERLOCAL AGREEMENT MUST BE RETURNED BY SEPTEMBER 30, 2024, IN ORDER FOR COVERAGE TO CONTINUE.

Risk Management and Loss Prevention

As mentioned above, the best way to deal with a cyberattack is to avoid it altogether. The Pool has a dedicated Cyber Risk Services Manager – Ryan Burns (rburns@tmlirp.org) – who can assist any Member with loss prevention, including individual review of Member exposures and transfer of risk via contracts provisions, loss prevention efforts, appropriate coverage, and more.

Additional Resources

The Pool provides prevention education in various ways. The easiest to access are short podcast episodes and YouTube videos. For example, any local official who wants to know just how painful a cyberattack can be should listen to Episode 9c of the "Local Officials: *Stronger, Together* Podcast."

In the eye-opening episode, Scott interviews City of Tomball Assistant City Manager Jessica Rogers. Cyber-criminals hacked Tomball at the end of 2022, and the city is still — one year later — dealing with the aftermath. In this episode — which should be required listening for every city official in Texas (and beyond) — Jessica explains exactly what it's like to have essentially every computer system go down, including 9-1-1 dispatch, utility metering and billing, permitting, and everything in between. She also describes the long road to getting everything up and running. Don't miss our chance to learn from this chill-inducing story. (To listen, go to www.tmlirp.org, click on the "STP Podcast" link at the top of the page, and scroll down to Episode 9c.)

LIMIT PAGE

Your entity currently has Core Cyber Coverage with the Pool. The following is an abbreviated description of the Core and Core+ limit structure beginning October 1, 2024. The Coverage Document can be accessed at <https://members.tmlirp.org/downloads> (this link will ask you to log into the Member Portal for access).

A limit of \$25,000,000 is shared by all Members for aggregate losses occurring within the Fund Year as defined in the Cyber Liability and Data Breach Response Interlocal Agreement.

	Core	Core+
Tower 1 - Limit of Liability*	\$500,000	\$1,000,000
Data & Network and Media Liability Aggregate Limit of Liability	\$500,000	\$1,000,000
Retention	\$0	\$0
Tower 2 - Limit of Liability	\$100,000	\$250,000
<u>First Party Loss</u>		
Business Interruption Aggregate Sublimit	\$20,000	\$50,000
Cyber Extortion Loss Aggregate Sublimit	\$25,000	\$50,000
Data Recovery Costs Aggregate Sublimit	\$20,000	\$50,000
Reputational Loss Aggregate Sublimit	\$5,000	\$10,000
Retention (other than Business Interruption)	\$0	\$5,000
Income Loss Retention under Business Interruption	\$5,000	\$5,000
<u>Third Party Loss</u>		
Regulatory Defense and Penalties Aggregate Sublimit	\$25,000	\$75,000
Payment Card Liabilities & Costs Aggregate Sublimit	\$10,000	\$25,000
Retention	\$0	\$5,000
<u>eCrime</u>		
Fraudulent Instruction Aggregate Sublimit	\$25,000	\$50,000
Funds Transfer Aggregate Sublimit	\$25,000	\$50,000
Telephone Fraud Aggregate Sublimit	\$25,000	\$50,000
Criminal Reward	\$2,500	\$2,500
Retention (other than Criminal Reward)	\$2,500	\$5,000
Retention Criminal Reward	\$0	\$0
Tower 3 - Limit of Liability	\$100,000	\$150,000
Breach Response Aggregate Limit of Liability Beazley Response Services	\$100,000	\$150,000
Retention	\$0	\$0
New 2024-25 Annual Contribution	\$1,000	\$1,250
<i>Previous 2023-24 Contribution</i>	<i>\$175</i>	<i>\$247.24</i>

**The Tower 1 Limit of Liability changed from \$1 million to \$500,000 for Core limits and from \$2 million to \$1 million for Core+ limits. All other limits remained unchanged.*

Texas Municipal League Intergovernmental Risk Pool

1821 Rutherford Lane, First Floor • Austin, Texas 78754

CYBER LIABILITY AND DATA BREACH RESPONSE INTERLOCAL AGREEMENT

This Contract and Interlocal Agreement is entered into by and between political subdivisions of this state (hereinafter referred to as "Pool Members") to form a joint self-insurance pool to be named the Texas Municipal League Joint Cyber Liability and Data Breach Response Self-Insurance Fund (hereinafter referred to as the "Fund") for the purpose of providing coverages against risks which are inherent in operating a political subdivision.

WITNESSETH:

The undersigned Pool Member, in accordance with Chapter 2259, Texas Government Code, the Interlocal Cooperation Act, Tex. Gov't Code § 791.001, et seq., and the interpretation thereof by the Attorney General of the State of Texas (Opinion #MW-347, May 29, 1981), and in consideration of other political subdivisions executing like agreements, does hereby agree to become one of the Pool Members of this self-insured pool. The conditions of membership agreed upon by and between the parties are as follows:

1. Definitions of terms used in this Interlocal Agreement.
 - a. Board. Refers to the Board of Trustees of the Fund.
 - b. Fund Year. 12:01 a.m. October 1 through 12:01 a.m. the following October 1.
 - c. Manual Rates. The basic rates applicable to each cyber liability and data breach response classification promulgated by the Insurance Service Office or the Board.
 - d. Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan. The Cyber Liability and Data Breach Response Coverage Document that sets forth in exact detail the coverages provided as part of the overall plan.
 - e. Adjustments. Refers to any offsets to manual premium that may result from the Pool Member's election of deductibles, loss experience, or Fund Modifier which reflects the savings to the Pool Member by entering into this Interlocal Agreement.
 - f. Premium and Contribution. Used interchangeably in some parts of this Interlocal Agreement. Any reference at any time in this Interlocal Agreement to an insurance term not ordinarily a part of self-insurance shall be deemed for convenience only and is not construed as being contrary to the self-insurance concept except where the context clearly indicates no other possible interpretation such as but not limited to the reference to "reinsurance."
 - g. Reimbursable Deductible. The amount that was chosen by this Pool Member to be applicable to the first monies paid by the Fund to effect judgment or settlement of any claim or suit. The Pool Member, upon notification of the action taken, shall promptly reimburse the Fund for all or such part of the deductible amount as has been paid by the Fund. Further, however, the Fund's obligation to pay damages shall be subject to the limits of liability stated in the Declarations of Coverage or Endorsements to this Interlocal Agreement less the stated deductible amount.
 - h. Fund Modifier. A percentage figure that is applied to the manual rates by the Fund to reflect the savings to the Pool Member by entering into this Interlocal Agreement.
 - i. Agreement Period. The continuous period since the Pool Member first became a member of this Fund excluding, however, any period or periods of time therein that the member did not participate as a member of the Pool.
 - j. Declarations of Coverage. The specific indication of the coverages, limits, deductibles, contributions, and special provisions elected by each individual Pool Member. The Declarations of Coverages may be modified by Endorsement.
2. The Board, acting through its agents and Fund staff, is responsible for the administration of all Fund business on behalf of the Pool Members.
3. In consideration of the execution of this Interlocal Agreement by and between the Pool Member and the Fund and of the contributions of the Pool Member, the coverage elected by the Pool Member is afforded according to the terms of the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan. The affirmative declaration of contributions and limits of liability in the Declarations of Coverage and Endorsements determine the applicability of the Self-Insurance Plan.

Each Pool Member agrees to adopt and accept the coverages, provisions, terms, conditions, exclusions, and limitations as further provided for in the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan or as specifically modified by the Pool Member's Declarations of Coverage. This Interlocal Agreement shall be construed to incorporate the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan, Declarations of Coverage, and Endorsements and addenda whether or not physically attached hereto.

4. It is understood that by participating in this risk sharing mechanism to cover cyber liability and data breach response exposures, the Pool Member does not intend to waive any of the immunities that its officers or its employees now possess. The Pool Member recognizes the Texas Tort Claims Act and its limitations to certain governmental functions as well as its monetary limitations and that by executing this Interlocal Agreement does not agree to expand those limitations.
5. The term of this Interlocal Agreement and the self-insurance provided to the Pool Member shall be continuous commencing 12:01 a.m. on the date designated in this Interlocal Agreement until terminated as provided below. Although the self-insurance provided for in this Interlocal Agreement shall be continuous until terminated, the limit of liability of the Fund under the coverages that the Pool Member elects shall be limited during any Fund Year to the amount stated in the Declarations of Coverage for that Fund Year.

This Interlocal Agreement may be terminated by either party giving to the other sixty (60) days' prior written notice of intent to terminate except the Pool Member may terminate this Interlocal Agreement and its coverages thereunder without giving the sixty (60) days' notice if the reason is because of a change by the Fund in the Pool Member's contribution, coverage, or other change in the limits of liability, terms, conditions, exclusions, and limitations provided for in the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan provided that no termination by the Member shall be effective prior to the date that written notice of termination is actually received in the offices of the Fund and provided that the Pool Member agrees to and shall pay the applicable premium and contribution for those coverages it is terminating until the date the notice of termination is actually received by the Fund.

The Fund shall provide the Pool Member with Declarations of Coverage and any Endorsements that determine the applicability of the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan annually by December 1. Such Declarations of Coverage shall include, but not be limited to, the coverage period which shall be the applicable Fund Year, limits, deductibles, contributions, special provisions, and limitations. Changes made during the Fund Year, whether requested by the Pool Member or required by the Fund, will be handled by Endorsement.

It is the intention of the parties that the Pool Member's coverages under this Interlocal Agreement shall remain in full force and effect from Fund Year to Fund Year, subject to the limits of liability that the Fund can provide each Fund Year and the terms, conditions, and limitations that the Fund may require to protect its solvency and to comply with reinsurance requirements, until notice of termination is given as herein provided. Realizing that the Pool Member needs the earliest possible information concerning the Fund coverages, limits, and exclusions, and the Pool Member's contribution that will be required for any new Fund Year, the Fund will endeavor to provide this information as soon as possible before the beginning of each Fund Year. The parties recognize, however, that conditions in the reinsurance industry are such that the Fund may not be able to provide this information to the Pool Member before the beginning of a Fund Year for various reasons including the failure of the Pool Member to timely submit the appropriate exposure summary or delays on the part of reinsurers in getting information to the Fund, and so, to protect the Pool Member from gaps in its coverage and to protect the solvency of the Fund, the parties agree as follows:

If, for any reason other than the Pool Member's failure to provide the information requested in the exposure summary, the Fund has not been able to provide the Pool Member with information concerning available coverages for a new Fund Year or advise the Pool Member of the amount of its contribution for the new Fund Year by the beginning of the Fund Year, the Fund shall nevertheless continue the Pool Member's coverages at the same limits of liability (if still available and if not, then at the highest limit of liability available for the new Fund Year) so that the Pool Member shall at all times remain covered as herein provided and the Pool Member's initial contributions for the new Fund Year shall be determined by a "tentative contribution" as determined by the Board with the Pool Member's actual annual contribution to be credited by the amount paid in accordance with the tentative contribution and adjusted during the Fund Year. In the event the Pool Member does not wish to have its coverages extended or renewed at the end of any Fund Year, the burden shall be upon the Pool Member to give written notice to the Fund as provided hereinabove and the Pool Member agrees to pay as hereinabove stated all contributions or pro rata contributions until the date such written notice is received in the offices of the Fund or the date of termination of this Interlocal Agreement, whichever is later.

6. Commensurate with the execution of this Interlocal Agreement and annually thereafter, the Pool Member shall complete the appropriate exposure summary and deliver it or cause it to be delivered to the Fund, or, if so instructed, to a designated contractor, no later than September 1 of each year and new annual contributions shall be calculated using manual rates times exposure, less any adjustments. Intentional or reckless misstatements on the exposure summary shall be grounds for cancellation. In the event that the Pool Member fails or refuses to submit the appropriate exposure summary, the Fund reserves the right to terminate such Pool Member by giving thirty (30) days' written notice and to collect any and all contributions that are earned pro rata for the period preceding contract termination.

The Pool Member agrees to pay the annual contribution to the Fund in four (4) equal quarterly installments, in advance, commencing at the beginning of this Interlocal Agreement with subsequent installments due the first quarter thereafter. In the event this Interlocal Agreement is terminated as herein provided, the Fund shall promptly repay to the Pool Member any such unearned annual contribution prorated as of the date of termination and the Pool Member agrees during the term of this Interlocal Agreement to promptly pay all reimbursable deductibles upon receipt of statement.

At the end of each and every Fund Year, the Fund may require the Pool Member to submit the actual data requested on the exposure summary as reflected by the books and records of the Pool Member. The Fund reserves the right to audit the records of any Pool Member and adjust contributions accordingly.

In the event that the Pool Member fails or refuses to make the payments, including accrued interest, as herein provided, the Fund reserves the right to terminate such Pool Member by giving them ten (10) days' written notice and to collect any and all amounts that are earned pro rata for the period preceding contract termination. If the amounts owed, including reimbursable deductibles, must be collected by suit, the Pool Member agrees to pay attorneys' fees and costs incurred in such suit.

7. The Fund shall maintain adequate protection from catastrophic losses to protect its financial integrity. Aggregate protection shall also be maintained. The Member's contributions shall be limited to that amount as calculated under this Interlocal Agreement. Notwithstanding anything to the contrary, the total combined aggregate limit of liability of the Fund for all Pool Members in any Fund Year, regardless of the number of occurrences or claims, shall be limited to the amount of money contained in the Fund. As to the Pool annual aggregate limits or the amount of money in the Fund, the Board of Trustees, in its sole discretion, may determine an allocation methodology among affected Pool Members should the Pool annual aggregate limit be reached, or should the money in the Fund be exhausted.
8. Notwithstanding the provisions of the foregoing paragraph, it is agreed the Board shall have the right to adjust the financial protection outlined above and/or amend coverages as it finds available or deems necessary to maintain the fiscal soundness of the Fund at the beginning of or during any Fund Year.
9. The Fund will make available loss control services to the Pool Members to assist them in following a plan of loss control that may result in reduced losses. The Pool Member agrees that it will cooperate in instituting any and all reasonable loss control recommendations. In the event that the recommendations submitted seem unreasonable, the Pool Member has a right to appeal to the Board. The Board shall hear the objections of the Pool Member at its next regularly scheduled meeting and its decisions will be final and binding on all parties. Any Pool Member who does not agree to follow the decision of the Board shall be withdrawn from the Fund immediately.
10. The Pool Member agrees that it will appoint a contact of department head rank, and the Fund shall not be required to contact any other individual except this one person. Any notice to or any agreements with the contact shall be binding upon the Pool Member. The Pool Member reserves the right to change the contact from time to time by giving written notice to the Fund.
11. The Fund agrees to handle all cyber liability and data breach response claims, and provide a defense for any and all cyber liability and data breach response claims covered under this Interlocal Agreement after prompt notice has been given. The Pool Member hereby appoints the Fund staff and Contractors as its agents to act in all matters pertaining to processing and handling of claims covered under this Interlocal Agreement and shall cooperate fully in supplying any information needed or helpful in settlement or defense of such claims. As respects cyber liability and data breach response claims, the Fund staff and Contractors shall carry on all negotiations with the claimant and his/her attorney, when applicable, and negotiate within authority previously granted by the Fund. If a personal appearance by the Pool Member or an employee is necessary, the expense of this appearance will not be the responsibility of the Fund. With the advice and consent of the Fund, the Fund staff and the Contractors will retain and supervise legal counsel for the prosecution and defense of any litigation. All decisions on individual cases shall be made by the Fund through the Fund staff and the Contractors, which include, but are not limited to, the decision to appeal or not to appeal, settlement negotiations, the decision of whether to settle, and other litigation tactics. However, any Pool Member shall have the right in any case to consult with the Fund on any decision made by the Fund staff or Contractors. The Board shall hear the objections of the Pool Member at its next regularly scheduled meeting and its decision will be final and binding on all parties. Any suit brought or defended by the Fund shall be brought or defended only in the name of the Pool Member and/or its officers or employees. There shall be supplied periodically to each Pool Member a computer printout involving a statement of claims. As respects the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan, the Fund shall have priority in enforcing its subrogation claims against the claims of Pool Member.
12. The Pool Member acknowledges that it has received a copy of the Bylaws of the Fund and agrees to abide by the Bylaws and any amendments thereto.
13. The Fund agrees that all Fund transactions will be annually audited by a nationally recognized certified public accounting firm.
14. If legally required, the Fund shall cause to be filed the necessary tax forms with the Internal Revenue Service.

15. As the administrators of the Fund, the Board shall primarily and consistently keep foremost in their deliberations and decisions in operating the Fund that each of the participating Pool Members is a "self-insured." At least annually, the Board shall carefully review, study, and consider the actual claims or loss experience (including reserves for future claims payments) of each of the Pool Members, the pro rata savings to the Fund resulting from overall loss experience attributed to each Pool Member, and the pro rata portion of the cost of all catastrophic loss protection and aggregate stop loss protection allocated to each Pool Member as well as the pro rata allocation, as determined by the Board of the other and necessary administrative expenses of the Pool, in order to reasonably determine the actual pro rata cost, expense, and loss experience of each Pool Member in order to maintain as nearly as possible an equitable and reasonable self-insurance administration of the Fund as applied to each Pool Member.

The Fund shall maintain case reserves and supplemental reserves computed in accordance with standard actuarial principles, taking into account historical and other data, designed to measure claims development and claims incurred but not yet reported, so that funds will be available to meet these claims as they become due, subject to paragraph 7 above. The Board has complete authority to determine all matters pertaining to the existence and dissolution of the Fund.

16. Venue of any suit or action arising out of or related to this Interlocal Agreement shall be exclusively in the state and federal courts of Travis County, Texas. The parties agree they shall assume their own expenses for attorney's fees in any suit or action arising out of or related to this Interlocal Agreement.
17. The parties agree this Interlocal Agreement may be executed by original written ink signature on paper documents, an exchange of copies showing the original written ink signature on paper documents, or electronic or digital signature technology in such a manner that the signature is unique and verifiable to the person signing. The use of any one or combination of these methods of execution shall constitute a legally binding and valid signing of this Interlocal Agreement, which may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

EMPLOYER MEMBERS' FUND CONTACT (See Section 10):	
Member Name _____	
Name of Contact _____	Title _____
Mailing Address _____	Email Address _____
Street Address (if different from above) _____	
City _____	Zip _____ Phone _____
SIGNATURE OF AUTHORIZED MEMBER OFFICIAL _____	
Title _____	Date _____
Member's Federal Tax I.D. Number _____	
This Information is MANDATORY	

TO BE COMPLETED BY FUND: (OFFICE USE ONLY)

Effective Date of This Agreement _____	
Member Name _____	
Contract Number _____	
SIGNATURE OF AUTHORIZED FUND OFFICIAL _____	
Title _____	Date _____