

ATTACHMENT 4

Kleberg County Tax Roll/Levy

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 21, 2020
Re: Kleberg County Tax Roll adoption – Resolution 20-29

Background:

This item is a “housekeeping” task placed on the September agenda each year. The Kleberg County Tax Roll is provided by the Kleberg County Tax Assessor Office. The tax roll is generated when taxable values are multiplied by the Authority’s Maintenance and Operations Tax Rate and Interest and Sinking Tax Rate. The taxable values are the amounts less any partial exemptions, full exemptions or special values such as agriculture production.

Analysis:

The Authority contracts for collection services with the tax offices of Kleberg and Nueces Counties. The summarized tax roll is the total of individual tax statements.

Staff Recommendation:

Contingent on the availability of the Tax Roll, adopt the South Texas Water Authority Tax Roll in Kleberg County by adopting Resolution 20-29.

Board Action:

Determine whether to adopt Resolution 20-29.

Summarization:

Adoption of Resolution 20-29 is an essential step in the collection process.

From: mcserrato@stwa.org
Sent: Tuesday, September 22, 2020 8:50 AM
To: 'mtdelagarza@co.kleberg.tx.us'
Cc: 'Joella Wagner'; Frances Rosales
Subject: RE: 2020 Tax Roll
Attachments: Kleberg County Tax Roll Tax Year 202020200922_08450448.pdf

Good Morning Melissa,

Thank-you, we had already placed this item on the draft agenda for the Sep 29 meeting.

Attached is the signed Tax Roll Sheet. Just to be certain, the break-down between M&O and I&S is \$0.070971 per \$100 valuation and \$0.015940 per \$100 valuation respectively.

Please let me know if you need any additional information.

Have a great day. Stay Safe. Take Care.

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: mtdelagarza@co.kleberg.tx.us <mtdelagarza@co.kleberg.tx.us>
Sent: Tuesday, September 22, 2020 8:21 AM
To: Carola Serrato <mcserrato@stwa.org>
Cc: Joella Wagner <jwagner@stwa.org>
Subject: 2020 Tax Roll

Carola,

Good morning, attached please find the 2020 Tax Roll. Please verify the tax rate at the bottom of the Tax Roll Sheet next to Total Tax Levy.

After approval, please sent me signed copy.

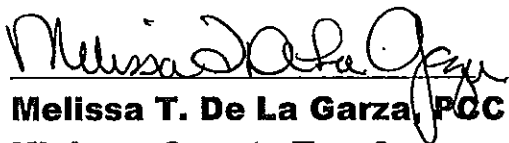
Thanks,

MELISSA T. DE LA GARZA, PCC
KLEBERG COUNTY TAX ASSESSOR-COLLECTOR
P O BOX 1457
KINGSVILLE TX 78364-145361-595-8542 TAX
361-595-8546 FAX
mtdelagarza@co.kleberg.tx.us

**SUBMISSION OF THE 2020 TAX ROLL TO THE SOUTH TEXAS
WATER AUTHORITY PURSUANT TO SECTION 26.09(e) OF THE
TEXAS PROPERTY TAX CODE**

The 2020 Tax Roll for the South Texas Water Authority is hereby submitted for approval at the next regular scheduled meeting of the South Texas Water Authority Board of Directors. The 2020 Tax Roll is submitted for approval under Section 26.09(e) of the Texas Property Tax Code and was calculated in compliance with the same code by multiplying the values from the Certified Appraisal Roll plus/minus any changes in value approved by the Kleberg County Appraisal Review board by the tax rate adopted by this governing body for the 2020 tax year. Values and taxes are at a ratio of 100% of appraised value. The 2020 Tax Roll for the South Texas Water Authority is stored in the Kleberg County Tax Office in compliance with the State Records Retention guidelines. A copy of the tax roll for reference purposes and convenient availability is filed with the Kleberg County Clerk's Office.

I, Melissa T. De La Garza, PCC – Kleberg County Tax Assessor-Collector, hereby certify the figures from the 2020 Tax Roll as reflected on the attached summary page taken directly from the 2020 Tax Roll. I certify that the foregoing information, and the roll it represents is accurate and correct to the best of my knowledge. Certified and submitted this 21st day of September 2020.



**Melissa T. De La Garza, PCC
Kleberg County Tax Assessor-Collector**

Improvements:		Count	Amount	
Homesteadable		4,894	428,879,347--:	:
New Homesteadable		231	3,535,510 :	:
Non-Homesteadable		5,730	525,579,281 :	Impr. Total
New Non-Homesteadable			0 :--	957,994,138--:
Land:		Count	Amount	
Homesteadable		4,767	59,143,138--:	Land Total
Non-Homesteadable		8,045	135,188,297--:--	194,331,435--:
Acres	122,116.264	12,349		Total Market
				-- 1,620,282,325
Productivity:		Count	Amount	
Agricultural Market		1,297	192,914,718--:	Productivity Mkt
Timber Market			0--:--	192,914,718--:
Agricultural Use Value		1,297	12,353,630	Total Accounts
Timber Use Value			0	16,694
Exempt Agricultural Market			0	
Exempt Agricultural Value			0	
Other:		Count	Amount	
Minerals		1,598	3,410,786--:	Other
Personal Property Market		1,542	271,631,248--:--	275,042,034--:
Miscellaneous:		Count	Amount	
Homestead Market Value		4,865	487,995,580	
Homestead Cap Value		4,865	469,808,963	
Tax Increment Zone Market			0	
Tax Increment Zone Base			0	
Deductions:		Exemption	Count	Amount
Constitutional Exempt				0--:-----:
Productivity Loss		1,297	180,561,088--:-----:	
Homestead Cap Loss		1,516	18,186,617--:-----:	
Homestead	5,000	4,671	22,837,322--:	
Homestead Frozen			0 :	Homestead Total
Homestead Local			0 :--	22,837,322--:
Homestead Local Frozen			0 :	
Homestead Local %			0 :	
Homestead Local % Frozen			0--:	Total Deductions
				-- 424,860,963
Over 65	12,000	1,913	22,460,782--:	
Over 65 Frozen			0 :	Over 65 Total
Over 65 Local			0 :--	22,460,782--:
Over 65 Local Frozen			0--:	
Disabled Person	12,000		0--:	
Disabled Person Frozen			0 :	Disabled Person
Disabled Person Local		178	2,053,100 :--	2,053,100--:
Disabled Person Lcl Frzn			0--:	
Disabled Veteran HS Full		130	14,138,016--:	
Disabled Veteran		338	3,484,366 :	Disabled Veteran
Disabled Veteran Frozen			0--:--	17,622,382--:
Abatements			Amount	
Pollution Control		3	2,812,946 :	
Freeport		2	169,520 :	Other Exemptions
HB366		388	40,852 :--	161,139,672--:
Prorated Exempt			0 :	
MASSS			0 :	
DVHSS-TFR			0 :	
DVDHS			0 :	
FRSS			0 :	
Other		552	158,116,354--:	
				<u>Net Taxable</u>
				<u>1,195,421,362</u>
Frozen Taxable Value Loss			0	
Frozen Limit (CAD Original)			.00	
Frozen Limit Adjusted (Transfers)			.00	
Frozen Tax Levy Used			.00	
Late Agricultural Penalty	10		59.81	Net Taxable
Late Correction Penalty			.00	Less Frozen
Late Rendition Penalty	457		940.16	1,195,421,362
Total Tax Levy		Actual Levy	Calculated Levy	
		0.00086911	1,039,951.49	1,039,952.63

Handwritten signature

Calc sequence; DV Tot HS, Dis Vet, Ovr 65, Disabled, Hmstd, Hmstd Lcl, Ovr 65 Lcl, Disabled Lcl, Other.
Apply Ownership Interest to Hmstd, Over 65, Dis Person, Hmstd Lcl %, Hmstd Lcl, Hmstd Min, Dis V
Apply Disabled Veteran exemption to Non-Homestead then to Homestead values.

ATTACHMENT 5

Resolution 20-29

SOUTH TEXAS WATER AUTHORITY

Resolution 20-29

A RESOLUTION ADOPTING THE TAX ROLL/LEVY FOR THE SOUTH TEXAS WATER AUTHORITY'S DISTRICT IN KLEBERG COUNTY FOR TAX YEAR 2020.

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

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes to pay debt service for outstanding bonds, and

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2020 tax roll/levy compiled by the Kleberg County Tax Assessor/Collector on behalf of the Authority.

Duly adopted this 29th day of September, 2020.

RUDY GALVAN, JR., PRESIDENT

ATTEST:

FILIBERTO TREVINO III, SECRETARY/TREASURER

ATTACHMENT 6

Nueces County Tax Roll/Levy

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 21, 2020
Re: Nueces County Tax Roll adoption – Resolution 20-30

Background:

This item and the Kleberg County Tax Roll are typically placed on the September agenda. As stated in the memo pertaining to the Kleberg County Tax Roll, the roll is generated when taxable values are multiplied by the Authority's Maintenance and Operations Tax Rate and Interest and Sinking Tax Rate. The taxable values are the amounts less any partial exemptions, full exemptions or special values such as agriculture production.

Analysis:

The Authority contracts for collection services with the tax offices of Kleberg and Nueces Counties. The summarized tax roll is the total of individual tax statements.

Staff Recommendation:

Provided the roll is available, adopt the South Texas Water Authority Tax Roll in Nueces County by adopting Resolution 20-30. If the roll is unavailable, the item will be placed on the next meeting agenda.

Board Action:

Determine whether to adopt Resolution 20-30.

Summarization:

Adoption of Resolution 20-30 is an essential step in the collection process.

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



Kevin Kieschnick
Assessor and Collector of Taxes

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

RECEIVED

SEP 25 2020

SOUTH TEXAS WATER AUTHORITY

September 22, 2020

Ms. Carola Serrato
Executive Director
South Texas Water Authority
2302 E Sage RD
Kingsville, TX 78363

RE: Certification of 2020 Tax Levy

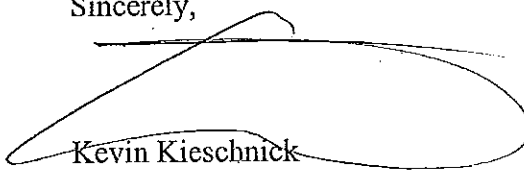
Dear Ms. Serrato:

Enclosed please find the 2020 Certification of Tax Levy for the South Texas Water Authority.

Please return a signed copy of the certification upon the approval of the jurisdiction's tax levy.

If you have any questions regarding these calculations, please feel free to call my office at 361-888-0307.

Sincerely,


Kevin Kieschnick
Nueces County Tax Assessor-Collector

For information contact:
voice
fax

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

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

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

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



Kevin Kieschnick
Assessor and Collector of Taxes

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

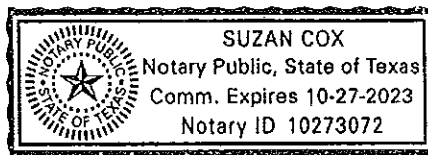
CERTIFICATION OF TAX LEVY FOR THE TAX YEAR 2020
SOUTH TEXAS WATER AUTHORITY

Total Appraised Value @ 100% of Market Value	\$ 1,520,781,750
Less: <i>Partial Exemptions</i>	
<i>Ag-Use account value loss and abatements</i>	\$ 449,476,463
Total Net Appraised Value	\$ 1,071,305,287
Assessment Ratio	100%
Total Taxable Value	\$ 1,071,305,287
2020 Adopted Tax Rate	.086911 /\$100
2020 Ad Valorem Tax Levy	\$ 931,082.14
Plus: Late Rendition Penalty - Personal Property Accounts	\$ 968.40
Less: 5% of Late Rendition Penalty to the Appraisal District	\$ 48.42
Plus: Late Ag Penalty	\$ 5.09
2020 Total Ad Valorem Tax Levy	\$ 932,007.21

Submission of the Tax Levy for 2020 for approval by the Board of Directors of South Texas Water Authority in accordance with Section 26.09(e) of the Texas Property Tax Code.

Kevin Kieschnick
Nueces County
Tax Assessor-Collector

SWORN AND SUBSCRIBED TO before me at Corpus Christi, Texas this 22nd day of September, A.D., 2020.



Notary Public, State of Texas

THE STATE OF TEXAS
COUNTY OF NUECES

The Tax Levy is hereby approved by the Board of Directors of the South Texas Water Authority on this _____ day of _____, A.D., 2020.

Chairman,
South Texas Water Authority

ATTEST:

Secretary,
South Texas Water Authority

For information contact:	Motor Vehicle	Property Tax	Voter Registration
voice	(361) 888-0459	(361) 888-0230	(361) 888-0404
fax	(361) 888-0482	(361) 888-0218	(361) 888-0339

ATTACHMENT 7

Resolution 20-30

SOUTH TEXAS WATER AUTHORITY

Resolution 20-30

A RESOLUTION ADOPTING THE TAX ROLL/LEVY FOR THE SOUTH TEXAS WATER AUTHORITY'S DISTRICT IN NUECES COUNTY FOR TAX YEAR 2020.

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

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes to pay debt service for outstanding bonds, and

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2020 tax roll/levy compiled by the Nueces County Tax Assessor/Collector on behalf of the Authority.

Duly adopted this 29th day of September, 2020.

RUDY GALVAN, JR., PRESIDENT

ATTEST:

FILIBERTO TREVINO III, SECRETARY/TREASURER

ATTACHMENT 8

Investment Policies

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 21, 2020
Re: Investment Policies – Resolutions 20-31, 20-32 and 20-33

Background:

In accordance with State Legislation, each year the Board re-adopts the Authority's investment policies.

Analysis:

As reported in the past, the three (3) policies are nearly identical. To staff's knowledge, there have not been any legislative changes that would require any amendments to the Authority's investment policies. As the Board is aware, STWA has been conservative in its investments by utilizing pools which are commonly used by local governments.

Staff Recommendation:

Adopt Resolutions 20-31, 20-32 and 20-33.

Board Action:

Determine whether to adopt Resolutions 20-31, 20-32 and 20-33.

Summarization:

Staff believes that the existing policies provide sufficient protection as well as flexibility to safeguard the Authority's funds.

South Texas Water Authority
Investment Policy
General Fund

1. Purpose

To establish a policy relating to Authority investments that ensures that all purchases and sales of investments are initiated by authorized individuals, conforms to investment objectives and regulations, and are properly documented and approved; and ensures an annual review of investment performance and security. It is the policy of the South Texas Water Authority to invest public funds in a manner which will provide the highest possible return within the guidelines of approved investment policy and fund strategy while meeting the daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

2. Scope

All financial assets of the General Fund including Capital Project Funds and other funds that may be created from time to time shall be administered in accordance with the provisions of these policies. These policies do not apply to the Debt Service Funds, including Interest and Sinking, Reserve, and Depreciation/Reserve Funds which are governed by Bond Covenants and supported by a separate South Texas Water Authority Investment Policy.

3. Objectives

The following investment objectives will be applied in the management of the funds by the Investment Officer(s) appointed by resolution of the South Texas Water Authority Board of Directors.

The investments purchased shall suit the needs of the Authority according to the following prioritized objectives:

A. The primary objective is the preservation and protection of investment principal. *Safety* of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, *diversification* is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The Authority will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution.

B. The Authority will retain sufficient liquidity in order to enable the Authority to meet reasonable anticipated day-to-day operating requirements.

C. The Authority's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Authority's investment risk restraints and the cash flow characteristics of the portfolio.

4. Delegation of Authority, Prudence, Standard of Care, Ethical Standards, and Conflicts of Interest

The designated Investment Officer(s) will perform their duties with judgement and care in accordance with the adopted investment policy and internal procedures. Investment Officer(s) acting in good faith and in accordance with these policies and procedures will be relieved of personal liability. In determining whether an Investment Officer(s) has exercised prudence with respect to an investment decision (in addition to compliance with policies and procedures) the determination will be made taking into consideration the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a single investment.

The authority to manage South Texas Water Authority's investment program is derived from Resolution 95-17. Management responsibility for the investment program is hereby delegated to the Investment Officer(s), who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to : safekeeping, PSA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer(s). The Investment Officer(s) shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Authority's portfolio shall be designed and managed in a manner responsive to the public trust. The standard to be used by the personnel shall be the prudent person rule and shall be applied in context of managing an overall portfolio. The prudent person rule is restated as follows:

Investments shall be made with judgment and care—under circumstances then prevailing—which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Officers and employees shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair his/her ability to make impartial investment decisions. Officers and employees shall file a statement with

the Board President disclosing any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the South Texas Water Authority, particularly with regard to the time of purchases and sales. Material financial interest is defined as: a.) the Investment Officer(s) owns 10 percent or more of the voting stock or shares of the financial institution or owns \$5,000 or more of the fair market value of the financial institution; b.) funds received by the Investment Officer(s) from the financial institution exceed 10 percent of the Investment Officer(s)'s gross income for the previous year; or c.) Investment Officer(s) has acquired from the financial institution during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer(s). The Investment Officer(s) shall further disclose any large personal financial/investment positions that could be related to the performance of the Authority's portfolio. An Investment Officer(s) who is related within the second degree by affinity or consanguinity, as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code, Subchapter A, Section 2256.005(i), to an individual seeking to sell an investment to the Authority shall file a statement disclosing that relationship. All statements shall be filed with the Texas Ethics Commission and the Authority.

5. Authorized Investments

South Texas Water Authority is empowered by statute to invest in the following types of securities:

A. *Obligations of, or guaranteed by, Government Entities* including the following:

- (1) obligations of the United States or its agencies and instrumentalities excluding any mortgage backed related security;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities excluding any mortgage backed related security; and
- (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent. Total municipal exposure shall be limited to no more than 10% of portfolio value in any one single entity, and shall be limited to a maximum maturity of one year.

STWA Investment Policy - General Fund

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Adopted: September 11, 1995

Re-Adopted: September 24, 2019

The following are not authorized investments under this Section: (a) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (interest-only strips of obligations with underlying mortgage-backed security collateral), (b) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (principal-only strips of obligations with underlying mortgage-backed security collateral), (c) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years, and (d) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (collateralized mortgage obligations with an inverse floating interest rate);

B. Funds may be invested in *Investment Pools* by the Authority under the following guidelines:

(1) By resolution of the Board of Directors authorizing investment in a particular pool;

(2) the investment pool shall invest the Authority's funds in authorized investments according to the remainder of Section 5 of this Policy. An investment pool must furnish to the Investment Officer(s) or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum the following information:

- a. the types of investments in which money is allowed to be invested;
- b. the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
- c. the maximum stated maturity date any investment security within the portfolio has;
- d. the objectives of the pool;
- e. the size of the pool;
- f. the names of the members of the advisory board of the pool and the dates their terms expire;
- g. the custodian bank that will safekeep the pool's assets;
- h. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;

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Re-Adopted: September 24, 2019

- i. whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
- j. the name and address of the independent auditor of the pool;
- k. the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and
- l. the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

(3) In order to maintain eligibility to receive and invest funds on behalf of the Authority and in accordance with Chapter 2256, Public Funds Investment Act, an investment pool must furnish to the Investment Officer(s) or other authorized representative of the Authority the following:

- a. investment transaction confirmations; and
- b. a monthly report that contains, at a minimum, the following information:
 - (i) the types and percentage breakdown of securities in which the pool is invested;
 - (ii) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
 - (iii) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - (iv) the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - (v) the size of the pool;
 - (vi) the number of participants in the pool;
 - (vii) the custodian bank that is safekeeping the assets of the pool;
 - (viii) a listing of daily transaction activity of the Authority;

STWA Investment Policy - General Fund

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Re-Adopted: September 24, 2019

(ix) the yield and expense ratio of the pool;

(x) the portfolio managers of the pool; and

(xi) any changes or addenda to the offering circular.

(4) The Authority by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(5) For purposes of this Section 5, yield shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the Federal Securities and Exchange Commission.

A public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Authorized investment pools must state a written objective of maintenance of a stable \$1 net asset value and must be limited to a dollar-weighted average maturity of 60 days or less.

C. Insured or fully collateralized *certificates of deposit* of banks and savings and loan associations domiciled in the State of Texas, and which:

(1) mature within two years;

(2) are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(3) secured by obligations of, or guaranteed by governmental entities, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates but which exclude: (a) those mortgage backed securities which are interest-only strips of obligations with underlying mortgage-backed security collateral, (b) principal-only strips of obligations with underlying mortgage-backed security collateral, (c) collateralized mortgage

STWA Investment Policy - General Fund

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Re-Adopted: September 24, 2019

obligations with a maturity date of greater than 10 years, and (d) collateralized mortgage obligations with an inverse floating interest rate; and

(4) if covered under a written depository agreement ensures a perfected security interest in the collateral.

D. *Repurchase agreements* which:

(1) have a defined termination date;

(2) are secured by obligations of the United States or its agencies and instrumentalities as described in Section 5 with the same exclusions;

(3) collateral is pledged to the Authority, held in the Authority's name, and deposited at the time the investment is made with the Authority or with a third party selected and approved by the Authority;

(4) and is placed through a primary government securities dealer, as defined by the Federal Reserve.

The term repurchase agreement means a simultaneous agreement to buy, hold, for a specified time, and sell back at a future date obligations described at said obligations at a market value at the time the funds are distributed *of not less than the principal amount of the funds disbursed*. The term includes direct security repurchase agreements. A repurchase agreement must be collateralized at a minimum of 102% of the principal value plus accrued interest at all times. Reverse repurchase agreements are not authorized investments.

E. *Regulated No-load Money Market Mutual Fund* which:

(1) is regulated by the Securities and Exchange Commission;

(2) has a dollar-weighted average stated maturity of 90 days or fewer; and

(3) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

The Investment Officer(s) will not invest in the aggregate more than 50% of the Authority's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in regulated money market mutual funds either separately or collectively or invest Authority funds in any mutual fund in an amount that exceeds 5% of the total assets of the mutual fund.

- F. Any other *investments* as *authorized* by the *Texas Legislature*.

Funds may be invested in longer maturities, prime banker's acceptances, secured commercial paper, and guaranteed investment contracts only upon adoption of a motion of authorization by a majority of Directors at a regular meeting or public meeting of the Board and in accordance with Section 2256.012, Section 2256.013 and Section 2256.015 of the Public Funds Investment Act or if purchased as an authorized investment through an authorized investment pool (see Section 5, Part B Investment Pools).

6. Safekeeping and Depositories

A. The laws of the State of Texas and prudent management require that all purchased securities shall be held in safekeeping by either a third party financial institution or a safekeeping account in a designated depository bank. All security transactions, including collateral for repurchase agreements, entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Investment Officer(s) and evidenced by safekeeping receipts.

B. The general law authorizes the Authority to receive applications (as depository) for the custody of funds from any banking corporation, association or individual banker doing business within the area. The Authority will solicit a minimum of three depository bids and designate one bank as its primary depository. This centralization is designed to maximize investment capabilities and minimize banking costs. In selecting depositories, the reputation and financial standing of institutions shall be considered.

7. Risk and Rate of Return/Performance Standards

The longer the maturity of bonds, the greater their price volatility. It is therefore the Authority's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risk caused by changes in interest rates.

To the extent possible, the Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Authority will not directly invest in securities maturing in more than two years.

The basis to be used by the Investment Officer(s) to determine whether market yields are being achieved shall be the six month U.S. Treasury Bill.

8. Internal Management Reports

The Investment Officer(s) shall prepare and submit to the Authority Board of Directors a

STWA Investment Policy - General Fund

Page 9

Adopted: September 11, 1995

Re-Adopted: September 24, 2019

written report of the investment transactions for all funds covered by this policy. The report shall be presented not less than quarterly and within a reasonable time after the end of the period. The report shall include the following:

- A. a detailed description of the investment position of the Authority as of the date of the report;
- B. the report shall be prepared jointly by all Investment Officer(s) of the Authority;
- C. the report shall be signed by each Investment Officer(s) of the Authority;
- D. and contain a summary statement of each pooled fund group that states the following:
 - (1) the beginning market and book value for the reporting period,
 - (2) additions and changes to the market value during the period, and
 - (3) fully accrued interest for the reporting period, and
 - (4) the ending market and book value for the period;
- E. state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- F. state the maturity date of each separately invested asset that has a maturity date;
- G. marketable securities will be priced at least quarterly. Bid prices will be documented as to the source.
- H. state the account or fund or pooled group fund for which each individual investment was acquired; and
- I. state the compliance of the investment portfolio as it relates to:
 - (1) the investment strategy expressed in the agency's or local government's investment policy; and
 - (2) relevant provisions of Chapter 2256, Public Funds Investment Act.

9. Acknowledgment of Receipt of Investment Policies by Investment Brokers

A written copy of the Authority's Investment Policy shall be presented to any person

STWA Investment Policy - General Fund

Page 10

Adopted: September 11, 1995

Re-Adopted: September 24, 2019

seeking to sell to the Authority an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written document substantially to the effect that the registered principal has (1) received and thoroughly reviewed the investment policy of the Authority; and (2) acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the Authority and said organization.

Investment Broker/Dealers shall adhere to the spirit, philosophy and specific term of this policy and shall avoid recommending or suggesting transactions outside that "Standard of Care". Any broker/dealer or financial institution who sells an investment to the Authority must be approved by the governing body.

10. Limitations regarding Failure to Acknowledge receipt of Investment Policies

The Investment Officer(s) shall not buy any securities from a business organization that has not delivered to the Authority a document in substantially the form provided in Section 9 of this document.

11. Investment Training

The Investment Officer(s) shall attend six hours of initial training within twelve months after taking office or assuming duties and four hours of renewal training every two years thereafter. Training must include education in investment controls, security risks, strategy risks, market risks, and compliance with Chapter 2256, Public Funds Investment

12. Investment Strategy

Available funds shall be invested in conformance with State and Federal Regulations, applicable bond resolution requirements and adopted investment policy. In accordance with the Public Funds Investment Act, the investment strategy of the General Fund shall acknowledge the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Authority;
- Preservation and safety of principal;
- Liquidity;
- Marketability of the investment prior to maturity;
- Diversification of the investment portfolio; and
- Yield.

STWA Investment Policy - General Fund

Page 11

Adopted: September 11, 1995

Re-Adopted: September 24, 2019

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the fund.

Suitability-Any investment eligible in the Investment Policy is suitable for the General Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will however occur. By managing the weighted average days to maturity for the General Fund portfolio to less than 365 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

Marketability – Preferred investments shall have efficient secondary markets allowing for ease of sale in the event of any necessary liquidation.

Liquidity – Short term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments. To provide adequate liquidity, a minimum of 20% of the portfolio shall be maintained in pools, money market funds, repurchase agreements and short term securities.

Diversification – Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operation needs of the Authority. Market cycle risk will be reduced by diversifying the appropriate maturity structure out along the yield curve.

Yield – Attaining a competitive market yield for comparable security- types and portfolio restrictions is the desired objective. The yield of the constant maturity six month treasury issue shall be the minimum yield objective.

13. Annual Review

As part of the scope of the Authority's independent annual audit, all internal controls on investment, safekeeping procedures, compliance with policy, and investment performance will be presented to the Board of Directors.

The Authority shall adopt a written resolution acknowledging that it has reviewed the investment policy and investment strategy and this written resolution as so adopted shall record any changes made to either the investment policy or investment strategies.

ATTACHMENT 9

Resolutions 20-31 through 20-32

SOUTH TEXAS WATER AUTHORITY

Resolution 20-31

RESOLUTION ADOPTING THE SOUTH TEXAS WATER AUTHORITY
INVESTMENT POLICY – GENERAL FUND.

WHEREAS, the South Texas Water Authority is a functioning reclamation and conservation district established by the legislature in the State of Texas, and

WHEREAS, the Board of Directors of the Authority has reviewed the Investment Policy - General Fund and finds it to be consistent with good management practices and preserving the public trust, and

WHEREAS, this policy meets the requirements established by the Texas Legislature.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority adopts the attached Investment Policy – General Fund to be included in the STWA's Administrative and Personnel Policies.

Duly adopted this 29th day of September, 2020.

RUDY GALVAN, JR., PRESIDENT

ATTEST:

FILIBERTO TREVINO III, SECRETARY/TREASURER

SOUTH TEXAS WATER AUTHORITY

Resolution 20-32

RESOLUTION ADOPTING THE SOUTH TEXAS WATER AUTHORITY
INVESTMENT POLICY – DEBT SERVICE FUND.

WHEREAS, the South Texas Water Authority is a functioning reclamation and conservation district established by the legislature in the State of Texas, and

WHEREAS, the Board of Directors of the Authority has reviewed the Investment Policy – Debt Service Fund and finds it to be consistent with good management practices and preserving the public trust, and

WHEREAS, this policy meets the requirements established by the Texas Legislature.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority adopts the attached Investment Policy – Debt Service Fund to be included in the STWA's Administrative and Personnel Policies.

Duly adopted this 29th day of September, 2020.

RUDY GALVAN, JR., PRESIDENT

ATTEST:

FILIBERTO TREVINO III, SECRETARY/TREASURER

SOUTH TEXAS WATER AUTHORITY

Resolution 20-33

RESOLUTION ADOPTING THE SOUTH TEXAS WATER AUTHORITY
INVESTMENT POLICY – CAPITAL PROJECTS FUND.

WHEREAS, the South Texas Water Authority is a functioning reclamation and conservation district established by the legislature in the State of Texas, and

WHEREAS, the Board of Directors of the Authority has reviewed the Investment Policy – Capital Projects Fund and finds it to be consistent with good management practices and preserving the public trust, and

WHEREAS, this policy meets the requirements established by the Texas Legislature.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority adopts the attached Investment Policy – Capital Projects Fund to be included in the STWA's Administrative and Personnel Policies.

Duly adopted this 29th day of September, 2020.

RUDY GALVAN, JR., PRESIDENT

ATTEST:

FILIBERTO TREVINO III, SECRETARY/TREASURER

ATTACHMENT 10

Employee Compensation and Procedure for Compensation and
Interim Salaries for Management Positions

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 24, 2020
Re: Interim Salary – Management Positions

Background:

During the last Board meeting, there was a discussion and suggestions made regarding changes to Chapter V in terms of the Executive Director's authority to change the hourly salary of the Interim O&M Supervisor. The Board did not reach a decision on changing the language in Chapter V that provides that authority to the Executive Director.

Analysis:

Enclosed is Chapter V with an underlined section on page 3. The revised section is intended to address salary changes for interim management positions only. It does not strip the Executive Director of the other salary adjustments authorized in Chapter V. Approving this change will result in involving the Board Officers in determining what change, if any, will be made to an interim management position. If there is not a consensus, the matter will be brought to the full Board.

Staff Recommendation:

My opinion since the last meeting has not changed. I believe that the decision to make a salary adjustment for the Interim O&M Supervisor or any interim management position should be that of the Executive Director, whether that person is me or a future ED.

Board Action:

Determine if Chapter V warrants modification.

Summarization:

As before, I have concerns that these policy changes will not be well-received by a new executive director, particularly one with outstanding professional qualifications that has managed and operated utility systems with *general* guidance from a board or council.

CHAPTER V

EMPLOYEES' COMPENSATION AND PROCEDURE FOR COMPENSATION

A. Pay Periods

The pay period shall be bi-weekly, paid on every other Friday. The Executive Director shall have the authority to change the pay period and/or dates of payment when he/she deems it appropriate.

B. The Pay Plan

1. The basic compensation structure shall be prepared by the Executive Director and approved in conjunction with the annual STWA Budget.
2. The Executive Director may, upon his/her discretion, authorize increase or decreases within such pay grades as outlined in the remaining sections of this chapter.
2. On Call (Stand-by) Time and Pay (compensation). The vital nature of certain Authority services requires certain hourly (non-salaried) employees to be available in an "on call" or "stand-by" status before and after normal working hours, during the lunch hour, on holidays, and weekends. Employees on "on call" or "stand-by" status will be compensated in the following manner:
 - The employee that is scheduled to be "on call" or "stand-by" will receive an additional \$75.00 per 7 day period for being available as required.
 - "On call" and "stand-by" status requires that the employee can be contacted through the use of a beeper or other communication equipment that shall allow them a certain degree of mobility.
 - While "on call" or "stand-by", the employee will be required to respond to a certain number or numbers.
 - The employee will be guaranteed an hour of overtime on Saturday and an hour of overtime on Sunday to complete rounds at the FM 772 and CR 1030 site and Kingsville Pump Station.
 - Any actual overtime hours worked in excess of the guaranteed 2 hours for Saturday and Sunday will be compensated according to the Authority's overtime policy.
 - Any actual hours worked on holidays will be compensated according to the Authority's holiday pay policy.
 - The \$75.00 "on call" or "stand-by" compensation is in addition to any actual overtime compensation.

C. Cost-of-Living Increases

Cost-of-living increases shall be periodically proposed by the Executive Director and shall be subject to approval by the Board of Directors. Such increases shall be provided to all full-time employees.

D. Merit Increases

1. Definition - Merit increases are pay increases granted to employees other than cost-of-living increases and are contingent upon the availability of funds. A merit pay increase shall be based on superior job performance and productivity.

2. Procedure

- a. Merit increases shall be initiated by the employee's supervisor and must be substantiated by superior performance and productivity.
- b. The Executive Director shall have the authority to approve or disapprove all merit increases.
- c. The employee's supervisor will make his/her determinations based upon the employee's evaluation results. Employee evaluations are outlined in Section F of this chapter.

E. Reclassifications, Promotions, Demotions and Longevity Adjustments

- 1. Reclassifications - A reclassification recognizes and rewards on a continuing basis an employee whose responsibilities have substantially increased and who is carrying out the new responsibilities in an able manner. The basic standard of eligibility for a reclassification shall be "high quality performance." In order to meet this standard, a determination must be made that:
 - a. The employee has gained increased competence through experience and training and is prepared to assume greater responsibilities and to perform more difficult tasks with competence.
 - b. The employee has, for a reasonable period of time, been performing the major function of the new position.
 - c. The employee's higher level of effectiveness has been so consistently maintained that it is reasonable to consider it to be characteristic of his/her performance level.
- 2. Promotion - A promotion recognizes that an employee is fully qualified for appointment to an existing position of higher grade than the one he currently holds.
- 3. Demotion - A demotion recognizes that an employee is not carrying out his/her existing or new responsibilities in an able manner.
- 4. Longevity Adjustment - A Longevity Adjustment recognizes that an employee has completed ten (10) years of employment and an adjustment shall be made to the employee's base annual salary that is equivalent to two (2) weeks salary at a rate of compensation not less than:
 - a. The average regular rate received by such employee during the last three years of employment, or
 - b. The final regular rate received by such employee, whichever is higher.
 - c. In addition to items 4a. and 4b., the following chart will be applied as an incentive to retain new employees and reward dedicated employees:

Anniversary Year ¹	Salary Adjustment ²
1, 3, and 6	\$500
10, 15 and 20	\$750
25 and each 5-year period thereafter	\$1000

¹The anniversary would not be retroactive; it is based on uninterrupted number of employment years; an anniversary year and salary adjustment can only be awarded once – returning employees will not receive repeated salary adjustments for the same anniversary year.

²This amount will be added to the employee's base salary.

5. Changes in Rates of Pay - A reclassification, promotion or longevity adjustment shall be followed immediately by an increase within the approved budget, with an appropriate salary increase unless, the Executive Director decides that a reclassification or promotion without immediate salary increase is appropriate. The Executive Director may approve a salary adjustment after an employee has been employed at least six months. A demotion shall immediately be followed by a decrease within the approved budget, with an appropriate salary decrease.

The preceding paragraph applies for all positions with the exception of Interim Manager positions for the Business/Risk Manager, Finance Manager and O&M Supervisor. The Executive Director has the authority to select an Interim Business/Risk Manager, Interim Finance Manager and Interim O&M Supervisor from the existing staff. The Executive Director shall consult with the Board Officers regarding the employee's interim salary prior to a salary adjustment. If, however, there is not a consensus regarding the adjustment, the matter will be placed on the next Board meeting agenda following the employee's selection.

6. Procedures - A reclassification, promotion or demotion shall be initiated by the employee's supervisor and shall be based on the employee's performance and productivity as exhibited by the employee's evaluation (see Section F). In cases of reclassifications, increased responsibilities should also be considered along with performance and productivity. The Executive Director shall have the authority to approve or disapprove all reclassifications, promotions or demotions.

ATTACHMENT 11

~ FY 2021 Staffing

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 22, 2020
Re: FY 21 Staffing – Executive Director Retirement

Background:

Since the last Board meeting on September 8, staff has inquired about the consultant that the San Patricio Municipal Water District (SPMWD) utilized when their current General Manager was hired. Staff is also suggesting that the STWA Board begin considering a timeline for advertising for the position. In addition, the Board may want to review the current job description and qualifications.

Analysis:

Enclosed is the recent email from Brian Williams, SPMWD. As you can see, the consultant used in his selection has expressed an interest in providing similar services. Staff believes authorization would be needed to contact the consultant to gather information on their established practices and fees.

With regards to the job description, staff believes the Board should consider whether any changes to policies would impact the job description prior to beginning a search process. An abbreviated description is as follows:

The Executive Director is responsible, under the general direction and supervision of the Board of Directors for:

- . Overall direction and administration for all Authority and managed water supply corporation functions including budget preparation, tax assessing, financial affairs and contract negotiations.*
- . Initiate and direct the Authority's organization and development.*
- . Develop and implement short- and long-range plans for the Authority and managed water supply corporations.*
- . Provide supervision and direction for all operational activities of the Authority and water supply corporations including day to day supervision of the maintenance and operations of the Authority's facilities.*
- . Establish and maintain effective rapport and liaison with member cities and other water customers for efficient and effective operations of the Regional Water System.*
- . Work with cities, counties and other governmental and community groups for the development of the area.*
- . Consult and report, as necessary, to appropriate local, state and federal agencies to further the objectives of the Authority and managed water supply corporations.*
- . Provide logistical support for the Authority's and water supply corporations' Boards of Directors and any Committees that may be established by the Boards of Directors.*
- . Any other duties as assigned by the Boards of Directors.*

With regards to the qualifications of the future Executive Director, the Board should consider whether the current qualifications should be modified. I have taken the liberty of bolding the font on certain fields that the Board may feel are not as heavily geared to a utility setting. The current criteria are as follows:

*A Bachelor's Degree with eight years' experience or Master's Degree with five years' experience in engineering, physical sciences, **planning, public administration, business administration or other related fields.** Must have demonstrable qualities of initiative, leadership and administrative/management ability, with significant experience in water or **municipal administration, finance and planning.** Have a neat and appropriate appearance for dealing with the public.*

Staff Recommendation:

The last meeting's minutes reflect that there will not be a committee formed for the Executive Director search. Therefore, I recommend that the Board should consider authorizing staff to contact the consultant used by SPMWD and gather information on their search process. However, should the Board determine that an outside consultant is prudent, I also believe that the Board will need to have a clear-cut understanding of the future Executive Director's job duties, authority and qualifications. This will be essential in communicating with any potential candidates and certainly must be understood by both parties prior to a job offer.

Board Action:

Determine whether to authorize staff to contact the consultant used by the SPMWD when hiring the current General Manager. Determine whether any of the current job description warrants modification. Determine whether any of the current qualifications should be altered.

Summarization:

To my knowledge, this will be the first time this process will be used. When Tom Brown, my predecessor, was hired he had already been providing his services as an employee of the Coastal Bend Council of Governments. When I was hired, Mr. Brown recommended me to the Board and they agreed to offer me the job.

From: Brian Williams <BGW@spmwd.net>
Sent: Tuesday, September 15, 2020 9:40 AM
To: mcserrato@stwa.org
Subject: RE: [Possible SPAM] San Pat MWD - Staff Hiring - Replacement Procedures

Hi, Brian. So very good to hear from you!

Yes, we regularly conduct executive search engagements for top positions, like the one when SPMWD hired you, and also for second level positions. We have worked with many special districts and river authorities in Texas.

Thank you so much for thinking of us. If we can assist them, we would be happy to do so.

Take care and stay safe.

Katherine

Katherine B. Ray, SPHR
President/CEO
Ray Associates, Inc.
1304 Guadalupe Street
Austin, Texas 78701
Email: kray@rayassociates.com
Cell: (512) 913-0331

Brian G. Williams, P.E.
San Patricio Municipal Water District
P.O. Box 940
Ingleside, Texas 78362
Office Phone (361) 777-4037
Cell Phone (361) 815-7933



<http://www.sanpatwater.com>

Notice: Texas has a very broad public records law. All written communications to and from the San Patricio Municipal Water District officials/employees using District equipment are public records and available to the public and media. Your email communications may be subject to public disclosure.

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Monday, September 14, 2020 4:04 PM
To: Brian Williams <BGW@spmwd.net>
Subject: [Possible SPAM] San Pat MWD - Staff Hiring - Replacement Procedures

Good Afternoon Brian,

I am wondering if you have any information you can share on the hiring of San Pat's management positions.

Recently, our O&M Supervisor passed away from COVID-19 and I have told the Board about my plans to retire by next August.

For Armando's position, STWA is advertising in TRWA's Quench magazine – the hard copy issue should be out soon. We are also advertising with TRWA's website, the CC Caller, and the online/website package offered by the Caller Times. Thus far, we have only received applications from persons with oil/gas related experience.

Does SPMWD use other media?

For my position, the Board is thinking of using a head hunter consultant. Did SPMWD use a consultant when you were hired?

Any suggestions or assistance would be appreciated.

Thanks – Take Care – Stay Safe,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

ATTACHMENT 12

Security Cameras

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 24, 2020
Re: Security Camera System

Background:

The September 8 Board meeting included an item pertaining to the purchase of a security camera system. Per the Board's instruction, enclosed is additional information for a system with a camera, that according to the salesperson, would produce an image at longer distances and with sufficient clarity to capture a license plate number.

Analysis:

Staff contacted Protection One – ADT, regarding cameras with a better resolution at a greater distance. Enclosed are emails exchanged regarding the probable distances that would be required. Mr. Greg Lewis provided the enclosed replacement quotes. As before, there is a quote (\$15,484.70) for a larger up-front payment and lower monthly minimums (direct purchase) as well as a quote (\$22,071.80) with a smaller down payment and a much larger recurring monthly fee (lease purchase). Both of those quotes include a sixty-month contract. However, it is possible to pay the direct cost only without paying the recurring monthly fee – with the understanding that any repairs or replacements would not be covered. The Lease Purchase option requires payment of the recurring monthly fee.

Staff Recommendation:

Determine whether to invest in a new security camera system.

Board Action:

As suggested last month, the Board needs to determine whether any type of security system upgrade, purchase or recurring services are needed.

Summarization:

In last month's memo, staff indicated that there were different opinions between the sales persons and whether a camera system could truly record usable images given the distances and lighting. If the price is an indicator of the quality of camera, it should be noted that the previous ADT quotes were in the amount of \$7,401.62 and \$9,980.41 for the direct purchase and lease purchase options respectively – the current quotes are more than double the previous ones.

From: Lewis, Gregory <gclewis@adt.com>
Sent: Tuesday, September 22, 2020 4:50 PM
To: mcserrato@stwa.org
Subject: Contracts for Direct Purchase
Attachments: CCTV Direct purchase - With Service plan.pdf; CCTV Direct Purchase - NO Service plan.pdf

Attached are the contracts for the Direct Purchase option with and one with out the Service plan option.

Service plan provides for full repair or replacement of any defective part at NO additional charge for part s or labor.

You can't have a million dollar dream with a minimum wage work ethic. – Author Unknown

Gregory Lewis

Sr Commercial Security Conslt.

814 Arion Pkwy, Suite 220, San Antonio, TX 78216-2837

O: 210.585.4503 M: 210.548.0759 E: gclewis@adt.com

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mcserrato@stwa.org

From: Lewis, Gregory <gclewis@adt.com>
Sent: Wednesday, September 16, 2020 2:05 PM
To: mcserrato@stwa.org
Subject: RE: STWA Camera Placement
Attachments: xno-6120r_specifications.pdf; Updated CCTV Quote - Lease Purchase.pdf; Updated CCTV Quote - Direct Purchase.pdf

Good afternoon,

Per our conversation the other day, I have reviewed the original design and put together the following updated system.

4 of the cameras on the pole will be our high end cameras with 229 ft IR range, plus extreme telephoto varifocal lens, that will allow us to provide the exact image you require, plus filtering for License plate reading.

I have also upgraded the cameras on the side and front of the building to provide more adjustability within the focal length.

Attached our two quotes:

Lease purchase with full installation and extended service plan {We repair or replace any defective equipment}
Direct purchase with full installation and extended service plan {Optional}

Gregory Lewis

Sr Commercial Security Conslt.
814 Arion Pkwy, Suite 220, San Antonio, TX 78216-2837
O: 210.585.4503 M: 210.548.0759 E: gclewis@adt.com

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From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Tuesday, September 15, 2020 3:57 PM
To: Lewis, Gregory <gclewis@adt.com>
Subject: RE: STWA Camera Placement

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It is a drop down suspended ceiling. So, there is room but it requires removing tiles – easy to do but sometimes a little messy.

Carola

Carola G. Serrato
Executive Director
South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Lewis, Gregory <gclewis@adt.com>
Sent: Tuesday, September 15, 2020 3:32 PM
To: mogserrato@stwa.org
Subject: RE: STWA Camera Placement

Question.

The ceilings in the main building are they lift out or fixed ceiling and if fixed do they have attic?

Gregory Lewis

Sr Commercial Security Const.
814 Arion Pkwy, Suite 220, San Antonio, TX 78216-2837
O: 210.585.4503 M: 210.548.0759 E: gclewis@adt.com

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From: mogserrato@stwa.org <mogserrato@stwa.org>
Sent: Monday, September 14, 2020 3:41 PM
To: Lewis, Gregory <gclewis@adt.com>
Subject: RE: STWA Camera Placement

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Great. Thanks,

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Lewis, Gregory <gclewis@adt.com>
Sent: Monday, September 14, 2020 3:28 PM
To: mogserrato@stwa.org
Subject: RE: STWA Camera Placement

I should have an updated quote for you no later than Wednesday afternoon this week.

Gregory Lewis

Sr Commercial Security Const.

814 Arion Pkwy, Suite 220, San Antonio, TX 78216-2837

O: 210.585.4503 M: 210.548.0759 E: gclewis@adt.com

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From: mogserrato@stwa.org <mogserrato@stwa.org>

Sent: Monday, September 14, 2020 3:24 PM

To: Lewis, Gregory <gclewis@adt.com>

Subject: FW: STWA Camera Placement

CAUTION: This is an EXTERNAL email. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Greg,

Just a quick note to let you know that the STWA Board meets again in two weeks. However, the Board packet will be developed next week and should be complete by Thursday.

Thanks,
Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: mogserrato@stwa.org <mogserrato@stwa.org>

Sent: Thursday, September 10, 2020 9:52 AM

To: 'Lewis, Gregory' <gclewis@adt.com>

Cc: 'Dony Cantu' (dcantu@stwa.org)' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>

Subject: RE: STWA Camera Placement

Greg,

As we discussed, the distance the cameras can provide a resolution that would result in photos/video of a license plate or some type of recognizable feature that could possibly lead to an arrest and prosecution was the subject of discussion during Tuesday night's board meeting. I may have been checking an incorrect camera spec on ADT's website; however, the camera distance was showing less than 65 feet. As you can see from the pdf file, the distances at our site will be

greater. You also indicated that a special camera for license plates coupled with another camera is needed if that is the type of information that we are seeking.

Please let me know if you need more information in order to provide another quote.

Thanks,
Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Lewis, Gregory <gclewis@adt.com>
Sent: Tuesday, September 1, 2020 4:50 PM
To: mogserrato@stwa.org
Subject: RE: STWA Camera Placement

Good afternoon,

Per our conversations, here is the updated agreement/quotes for the CCTV System. The camera equipment was updated as the original quote was all analog cameras, they have been discontinued. The new ones are high definition digital hybrid cameras that work over your existing coax cable, but provide a major improvement in video quality, and the ability to zoom in live or recorded video.

Other than High Definition cameras, and a higher quality lens for the cameras mounted on the poles I also added one additional cameras for the interior that was left off the original quote.

Both quotes are identical with the exception of funding methods.

Option 1 is our lease purchase and option 2 is direct purchase option.

Both quotes provide for a full turn key system, and our full service plan.

Our service plan provides for full repair or replacement of any defective equipment at no additional charge for parts or labor.

If you wish to move forward, please sign one of the agreements and e-mail it back to me and I'll get you on the schedule, any questions please e-mail me or call me and I'll help you out.

Gregory Lewis
Sr Commercial Security Conslt.
814 Arion Pkwy, Suite 220, San Antonio, TX 78216-2837
O: 210.585.4503 M: 210.548.0759 E: gclewis@adt.com

www.adt.com/commercial

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responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying is strictly prohibited. ADT Commercial and its parent, affiliates, and subsidiaries reserve the right to monitor communications handled by its data communications systems to help ensure compliance with ADT's policies, confidentiality obligations, and applicable laws.

From: mogserrato@stwa.org <mogserrato@stwa.org>

Sent: Tuesday, September 1, 2020 12:05 PM

To: Lewis, Gregory <gclewis@adt.com>

Subject: STWA Camera Placement

CAUTION: This is an EXTERNAL email. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Greg,

As we discussed, this is the simple schematic showing the placement of the cameras on/in STWA's office building which we were able to located using Google Earth while we spoke.

As you can see, there are six cameras facing in different direction on a pole on the north side of the building. There is an employee entrance on the north side close to that pole. The north and west sides of the lot are where the majority of equipment, vehicles and materials are stored.

Three cameras are on the west side of the building. These cameras are facing a pump station and another storage building on the west side of our office building. There is also another employee entrance on this side of the office.

Two cameras are on the south side of the office building and are positioned at a drive-way for the drive through window.

On the east side of the building there is one camera located in the customer entry which is both audio and video.

Please let me know if you need more information.

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

This email, including attachments, may contain information that is private or confidential. If you received this communication in error, please delete it from your system without copying it and notify sender by reply communication. ADT Security Services and its affiliates reserve the right to monitor communications handled by its data communications systems to help ensure compliance with ADT's policies, confidentiality obligations, and applicable laws.

XNO-6120R

2M Network IR Bullet Camera

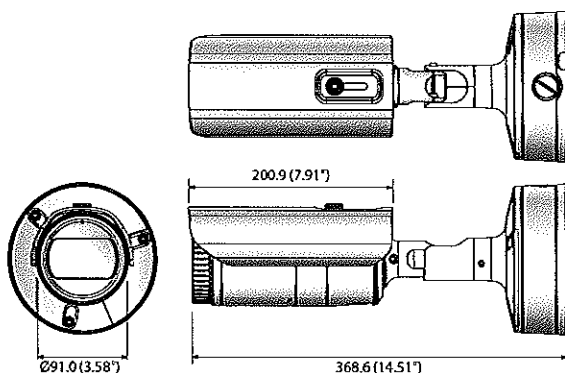


Key Features

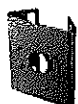
- Max. 2Megapixel (1920 x 1080) resolution
- 5.2 ~ 62.4mm (Optical 12X) Optical Lens
- Max. 60fps@all resolutions (H.265 / H.264)
- H.265, H.264, MJPEG Codec Supported, Multiple streaming
- Day & Night (ICR), WDR (150dB), Defog
- DIS with built-in Gyro sensor
- Loitering, Directional detection, Fog Detection, Audio detection, Sound Classification, Tampering
- Motion Detection, Handover
- SD / SDHC / SDXC 2 Slot (Max. 512GB)
- Hallway View, WiseStreamII Support
- IR Viewable Length 70m (229.66ft), IP67 / IP66, NEMA 4X, IK10
- LDC Support (Lens Distortion Correction)
- PoE, 24V AC, 12V DC, Bi-directional audio Support

Dimensions

Unit: mm (inch)



Accessories (Optional)



SBP-302PH

XNO-6120R

VIDEO	
Imaging Device	1/2.8" 2M CMOS
Total Pixels	1,945(H) x 1,099(V) 2.16M
Effective Pixels	1,945(H) x 1,099(V) 2.13M
Scanning System	Progressive
Min. Illumination	Color: 0.03 Lux (F1.6, 1/30sec), B/W: 0 Lux (IR LED on)
S/N Ratio	50dB
Video Out	CVBS: 1.0Vp-p / 75Ω Composite, 720 x 480(N), 720 x 576(P), for Installation USB: Micro USB Type B, 1280 x 720, for Installation
LENS	
Focal Length (Zoom Ratio)	5.2 ~ 62.4mm (Optical 12X)
Max. Aperture Ratio	F1.6(Wide) ~ F3.0(Tele)
Angular Field of View	H: 54.5° (Wide) ~ 5.3° (Tele) / V: 32.19° (Wide) ~ 3.0° (Tele) / D: 61.4° (Wide) ~ 6.0° (Tele)
Min. Object Distance	1.5m (4.92ft)
Focus Control	Auto / Manual / One shot AF
Lens / Mount Type	DC Auto Iris / Board-in Type
OPERATIONAL	
IR Viewable Length	70m (229.66ft)
Camera Title	Off / On (Displayed up to 85 Characters) - W/W: English / Numeric / Special Characters - China: English / Numeric / Special / Chinese Characters - Common: Multi-line (Max 5), Color (Grey / Green / Red / Blue / Black / White), Transparency, Auto scale by Resolution
Day & Night	Auto (ICR) / Color / B/W / External / Schedule
Backlight Compensation	Off / BLC / HLC / WDR
Wide Dynamic Range	150dB
Contrast Enhancement	SSDR (Off / On)
Digital Noise Reduction	SSNRV (2D + 3D Noise filter) (Off / On)
Digital Image Stabilization	Off / On (Built-in Gyro sensor)
Defog	Off / Auto / Manual
Motion Detection	Off / On (8ea, 8Point polygonal zones), Handover Off / On (32ea, Rectangle zones)
Privacy Masking	- Color: Grey / Green / Red / Blue / Black / White - Mosaic Off / Low / Middle / High
Gain Control	ATW / AWK / Manual / Indoor / Outdoor (Included Mercury & Sodium)
White Balance	Level Adjustment
Contrast	LDC (Lens Distortion Correction): Off / On (5 Levels with Min / Max)
Electronic Shutter Speed	Minimum / Maximum / Anti Flicker (2 ~ 1/12,000sec)
Digital Zoom	24x
Preset	300ea
Rotate Image	Flip: Off / On, Mirror: Off / On, Hallway: 90° / 270°
Video & Audio Analytics	Tampering, Loitering, Directional detection, Defocus Detection, Fog Detection, Virtual Line, Enter / Exit, (Dis)Appear, Audio detection, Face detection, Motion detection, Sound Classification
Alarm I/O	Input: 1ea / Output: 1ea
Alarm Triggers	Alarm Input, Motion detection, Video & Audio Analytics, Network disconnect
Alarm Events	File Upload Via FTP, E-mail, Notification via e-mail, Local Storage (SD / SDHC / SDXC) or NAS recording at event triggers, External output, Preset
Pixel Counter	Support
NETWORK	
Ethernet	RJ-45 (10/100 BASE-T)
Video Compression Format	H.265 / H.264 (MPEG-4 part 10/AVC): Main / Baseline / High, MJPEG
Resolution	1920 x 1080, 1280 x 1024, 1280 x 960, 1280 x 720, 1024 x 768, 800 x 600, 800 x 448, 720 x 576, 720 x 480, 640 x 480, 640 x 360, 320 x 240
Max. Framerate	H.265 / H.264: Max. 60fps at all resolutions, MJPEG: Max. 30fps at all resolutions
Smart Codec	Manual Mode (Area-Based: 5ea)
WiseStreamII	Support
Video Quality Adjustment	H.265 / H.264: MJPEG: Target bitrate level control
Bitrate Control Method	H.265 / H.264: CBR or VBR, MJPEG: VBR
Streaming Capability	Multiple streaming (Up to 10 Profiles)
Audio In	Selectable (I/C in/Line in), Supply Voltage: 25V DC (4mA), Input Impedance: Approx 2K Ohm
Audio Out	Line Out (3.5mm Mono Jack), Max Output Level: 1Vrms
Audio Compression Format	G.711 u-law / G.726 Selectable, G.726 (ADPCM) 8KHz, G.711 8KHz G.726: 16Kbps, 24Kbps, 32Kbps, 40Kbps, AAC-LC: 48Kbps at 16KHz
Audio Communication	Bi-directional (2-way)
IP	IPv4, IPv6
Protocol	ICMP, UDP, RTP, UDP, RTP (TCP), RTCP, RTSP, NTP, HTTP, HTTPS, SSL/TLS, DHCP, PPPoE, FTP, SFTP, iSCSI, IGMP, SNMP v1/v2c/v3 (M, R, S), ARP, DNS, DDNS, QoS, PAM-SM, UPnP, Bonjour
Security	HTTPS (SSL) Login Authentication, Digest Login Authentication IP address filtering, User access log, 802.1X Authentication (EAP-TLS, EAP-LEAP)
Streaming Method	Unicast / Multicast
Max. User Access	20 Users at Unicast Mode
Edge Storage	SD / SDHC / SDXC 2Slot (Up to 512GB) - Continuous Recording (1st Slot to 2nd Slot) - Motion Images recorded in the SD / SDHC / SDXC Memory Card Can be Downloaded - NAS (Network Attached Storage), Local PC for Instant Recording
Application Programming Interface	ONVIF Profile S/G, SUNAPI 2.0 (HTTP API), Wisenet Open Platform
Webpage Language	English, Korean, Chinese, French, Italian, Spanish, German, Japanese, Russian, Swedish, Portuguese, Czech, Polish, Turkish, Dutch, Hungarian, Greek
Web Viewer	Supported OS: Windows 7, 8.1, 10, Mac OS X 10.10, 10.11, 10.12 Non-Plugin Web Viewer Supported Browser: Google Chrome 56, MS Edge 39, Mozilla Firefox 49 (Window 64bit only), Apple Safari 10 (Mac OS X only) Plug-in Web Viewer Supported Browser: MS Explorer 11, Apple Safari 10 (Mac OS X only)
Central Management Software	SmartViewer
ENVIRONMENTAL	
Operating Temperature / Humidity	-40°C ~ +55°C (-40°F ~ +131°F) / Less than 90% RH * Start up should be done at above -35°C (-31°F)
Storage Temperature / Humidity	-50°C ~ +60°C (-58°F ~ +140°F) / Less than 90% RH
Ingress Protection / Vandal Resistance	IP67, IP66, NEMA 4X / IK10
ELECTRICAL	
Input Voltage / Current	24V AC, 12V DC, PoE (IEEE802.3af Class3)
Power Consumption	24V AC: Max 14.5W, 12V DC: Max 12.5W, PoE: Max 12.95W
MECHANICAL	
Color / Material	Dark Gray / Aluminum
Dimensions (WxH)	Ø91.0mm x 368.6mm (Ø3.58" x 14.51")
Weight	2.18Kg (4.81lb)

* The latest product information / specification can be found at hanwha-security.com
* Design and specifications are subject to change without notice.

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ADT Commercial

Proposal



Proposal prepared for:

**SOUTH TEXAS WATER AUTHORITY
INDUSTRIAL**

Presented by:

Gregory Lewis

210-548-0759 | 9/16/2020

Sales Agreement ID: 890968505

Equipment and Investment Statement for: South Texas Water Design

Site Information: SOUTH TEXAS WATER AUTHORITY INDUSTRIAL, 2302 E Sage Rd, KINGSVILLE, TX 78363

Theory of Operation:

Scope of work:

Contact; Carola Serrato 361-592-9323

We will replace all of the existing cameras and DVR with new HD Hybrid Cameras and NVR.

All existing wiring is to be used, this is a direct swap out camera for camera and NVR, should be a plug and play.

With the exception of 4 pole cameras.

Program NVR for remote viewing on and off site

Program NVR for Event Record.

Camera #1: Inside dome with wide angle lens

Camera #2: Right front corner with varifocal lens

Camera #3: Right front corner with varifocal lens

Camera #4: Left rear side, with varifocal lens

Camera #5: Left rear side, with varifocal lens

Camera #6: Left rear side, with varifocal lens

All lift out ceiling to location for pole

Camera #7: tvl Bullet mounted on pole

Camera #8: TVI Bullet Varifocal mounted on pole

Camera #9: XNO-6120R Varifocal mounted on pole

Camera #10 XNO-6120R Varifocal mounted on pole

Camera #11 XNO-6120R Varifocal mounted on pole

Camera #12 XNO-6120R Varifocal mounted on pole

Align all cameras to match existing and then adjust camera angle and lens to provide the zoom and angles the customer requires.

Scope of Work:

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Camera #11 XNO-6120R Varifocal mounted on pole

Camera #12XNO-6120R Varifocal mounted on pole

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Recurring Services:

Description	Amount
Service Plan	\$87.70
Sub Total Monthly Charge:	\$87.70

Summary of Charges for: South Texas Water Design	
Installation Price	\$10,222.70
Total Installation Price*	\$10,222.70
Total Monthly Recurring Services Charges*	\$87.70
	*Plus applicable tax

Investment Summary (Non-Leased)

Total Non-Leased Proposal Option

Installation Price	\$10,222.70
<hr/>	
Total Installation Price*	\$10,222.70
<hr/>	
Total Monthly Recurring Services Charges*	\$87.70

*Plus applicable tax

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Proposal



Proposal prepared for:

**SOUTH TEXAS WATER AUTHORITY
INDUSTRIAL**

Presented by:

Gregory Lewis

210-548-0759 | 9/16/2020

Sales Agreement ID: 890968505

Equipment and Investment Statement for: South Texas Water Design

Site Information: SOUTH TEXAS WATER AUTHORITY INDUSTRIAL, 2302 E Sage Rd, KINGSVILLE, TX 78363

Theory of Operation:

Scope of work:

Contact; Carola Serrato 361-592-9323

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Scope of work:

Contact; Carola Serrato 361-592-9323

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Align all cameras to match existing and then adjust camera angle and lens to provide the zoom and angles the customer requires.

Recurring Services:

Description	Amount
Lease Fee	\$201.67
Service Plan	\$104.61
Sub Total Monthly Charge:	\$306.28

Summary of Charges for: South Texas Water Design	
Installation Price	\$3,695.00
Total Installation Price*	\$3,695.00
Total Monthly Recurring Services Charges*	\$306.28
	*Plus applicable tax

Investment Summary (Leased)

Total Leased Proposal Option

Installation Price	\$3,695.00
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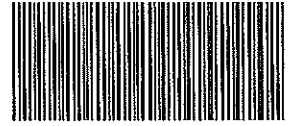
Total Installation Price*	\$3,695.00
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Total Monthly Recurring Services Charges*	\$306.28
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*Plus applicable tax



Direct Purchase
COMMERCIAL PROPOSAL AND SALES AGREEMENT
with Coverage for Repairs



* 8 9 0 9 6 8 5 0 5 *

Branch:	6690	Sales Representative:	Gregory Lewis	Today's Date:	9/22/2020
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Customer Information

Business Name:	SOUTH TEXAS WATER AUTHORITY	Phone:	(361)592-9323
Address:	2302 E Sage Rd KINGSVILLE, TX 78363	Billing Address:	2302 E Sage Rd KINGSVILLE, TX 78363

Investment Summary

Total Equipment and Installation Charge: \$10,222.70

Customer agrees to pay the Total Equipment and Installation Charge shown above, plus applicable taxes (collectively, the "Equipment Charges"). Simultaneously with the execution of this Agreement, Customer shall pay \$0.00 of these Equipment Charges, with a remaining balance of \$10,222.70 to be paid upon completion of the installation and as a precondition of activation of the Equipment and, if applicable, connection to the Central Station or direct connection service.

Recurring Service Charges: \$87.70 per month

In addition to the Equipment Charges, Customer agrees to pay the Recurring Service Charges shown above, plus applicable taxes (collectively, the "Service Charges") for the usage of any ADT Owned Equipment and any other recurring services selected, such Service Charges to be paid Monthly, in advance. Customer has made an advance payment of Service Charges in the amount of \$0.00 at the time of sale.

Licenses and Permit Charge: \$0.00

Customer agrees to pay the total Licenses and Permit Charge shown above (collectively, the "License and Permit Charge"). Customer shall pay \$0.00 at the time of sale.

Term Length: 60 Months

Our charges under this agreement are based on your agreement to receive and pay for the services for a full Sixty (60) month term.

Site Location Information

Location Name:	SOUTH TEXAS WATER AUTHORITY I		
Address:	2302 E Sage Rd KINGSVILLE, TX 78363		
Site #:	0	Phone:	(361)592-9323

System Design Information

System Design Name:	South Texas Water Design	Job #:	
Equipment Ownership:	Customer Owned		
Warranty Period:	90 Days		

Services

South Texas Water Design

Service Plan

ADT Protection Plan

Equipment List

Quantity	Description	Included in Service Plan
1	16 Channel ADH, TVI, CVBS, IP DVR 4TB	Yes
1	2MP analog, indoor dome, AHD, CVI, TVI, CVBS, 2.8 mm fixed lens, true D/N, 12VDC	Yes
7	Wisenet HD+ 2MP, Full HD(1080p) 30fps IR indoor dome camera, AHD/TVI/CVI/CVBS, motorized vari-focal	Yes
1	Cctv 12Vdc 11Amp 18 Output Power Supply	Yes
1	Power Cords	Yes
1	12 VOLT 7 AMP HOUR BATTERY	Yes
4	Wisenet X powered by Wisenet 5 network IR outdoor bullet camera, 2MP, Full HD(1080p) @60fps, 12X opt	Yes
1	8 PORT GIGABIT GREEN NET POE+ Switch	Yes
320	Cat 5E Shielded Direct Burial Cable 1M	Yes

Equipment & Installation Total	\$10,222.70
Estimated Taxes	\$0.00
Monthly Fee	\$87.70

Scope Of Work

Scope of work:

Contact; Carola Serrato 361-592-9323

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Scope of work:

Contact; Carola Serrato 361-592-9323

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Camera #12XNO-6120R Varifocal mounted on pole

Align all cameras to match existing and then adjust camera angle and lens to provide the zoom and angles the customer requires.

Inclusions/Exclusions

General Notes

All prices quoted and any other offers made in this Proposal are valid for thirty (30) days from the date of this Proposal, after which they are automatically withdrawn and this Proposal shall be void.

All prices set forth in this Proposal are based on the assumption that Customer will countersign this Proposal and this Proposal will be the operative document between the parties. If instead of countersigning this Proposal, Customer submits a different document for consideration (such as a purchase order or contract), then legal review will be necessary and the prices set forth in this Proposal will be increased accordingly.

Except in the case where the "Rough Order of Magnitude Only" box is checked above, all pages of the Proposal must be initialed and/or signed where indicated and returned. Proposals returned with missing pages, initials or signatures shall be void.

Appendices

The following appendices are incorporated into the Proposal:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Appendix 1: Warranty | <input checked="" type="checkbox"/> Appendix 6: Recurring Services Terms and Conditions |
| <input checked="" type="checkbox"/> Appendix 2: General Terms and Conditions | <input type="checkbox"/> Appendix 7: Monitoring Agreement |
| <input type="checkbox"/> Appendix 3: NASPO Terms and Conditions | <input type="checkbox"/> Appendix 8: Brivo Hosted AVC and Video Terms and Conditions |
| <input type="checkbox"/> Appendix 4: ATM Install Terms and Conditions | <input type="checkbox"/> Appendix 9: Avigilon Terms and Conditions |
| <input type="checkbox"/> Appendix 5: ATM Software Support Agreement | <input type="checkbox"/> Appendix 10: Special Provisions |

Master Agreement

Customer and ADT are not parties to a Master Agreement (or similar document). This Proposal is governed by all terms and conditions as checked in the Appendices Section.

Customer and ADT are parties to a Master Agreement (or similar document). This Proposal is governed by the terms and conditions of such Master Agreement. However, any terms and conditions, and special provisions as checked shall apply to the Proposal as well. Items listed in this Proposal as having no warranty are applicable to this Proposal as well. In the event of any conflict between the Master Agreement and the checked provisions of this Proposal and/or any "no warranty" items in this Proposal, the provisions of this Proposal shall prevail. If Customer is not the end user (that is, if there are additional parties as set forth in the "Contract Chain" above), then Appendix 10 must be included in this Proposal. If Appendix 10 is not so included, this Proposal shall be void. Such a Master Agreement (or similar document) does not apply if NASPO is checked on this Proposal.

APPENDIX 1 - WARRANTIES

EXCEPT FOR THE WARRANTIES SPECIFICALLY SET FORTH BELOW, ADT EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THOSE OF MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE.

GENERAL WARRANTY

ADT warrants that the work and services to be performed pursuant to the Proposal will be completed by qualified personnel possessing the knowledge and capability to perform such work and services, and that such work and services shall be performed by such personnel in a professional and workman like manner.

Where the Proposal includes the provision of "professional" Services by ADT (services that are required to be performed by a licensed engineer, architect, or other professional), the standard of care for such Services shall be the care and skill ordinarily employed by members of the profession practicing under similar conditions at the same time and locality of the relevant Services.

LIMITED WARRANTIES

Equipment. ADT warrants equipment sold under the Proposal for a period of 90 Days.

Installations. ADT warrants installation of equipment for a period of 90 Days beginning at Substantial Completion (excluding software defects).

Software Installation. ADT warrants software installation and programming by ADT for a period of 90 Days beginning at Substantial Completion (excluding software defects).

ATM Services. ADT warrants installation of ATM equipment and other ATM-related services (excluding test and inspection services) for a period of 90 Days beginning at Substantial Completion.

As used herein, "Substantial Completion" is defined as the stage that the work is sufficiently complete so that the Customer has beneficial use of the equipment and/or premises involved in the work. For a project involving multiple phases or facilities, Substantial Completion shall be determined, and the limited warranty shall run, for each phase or facility separately. Substantial Completion excludes commissioning.

During the warranty periods set forth above, ADT will at its cost, repair or, at its option, replace, any defective part of the equipment ADT installs or service ADT performs. ADT may, at its option, use new or reconditioned parts for replacements.

We perform repair services only during our normal working hours which are 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays. IF YOU REQUEST US TO PERFORM REPAIR SERVICES OUTSIDE OF OUR NORMAL WORKING HOURS, THEN WE MAY REQUIRE YOU TO PAY FOR OUR SERVICES AT OUR THEN-CURRENT RATES FOR LABOR.

ADT Service Plan/Extended Service Plan. Subject to the limitations and exclusions set forth in this Appendix 1, if Customer has subscribed to an ADT Service Plan/Extended Service Plan, then in lieu of the Limited Warranties set forth herein, ADT shall, at its cost, perform such repairs as set forth in the ADT Service Plan/Extended Service Plan for the term of such plan.

NO WARRANTY

Software Upgrades. Purchases of Software Upgrades have no warranty from ADT. Notwithstanding anything to the contrary in the Proposal or in any Master Agreement between the parties, any liability of ADT related to software upgrades pursuant to the Proposal shall be limited to the Total Price set forth in the Proposal.

Manufacturer Software Support and Services. Purchases of manufacturer software support and services have no warranty from ADT. A purchase of manufacturer software support may entitle Customer to software version upgrades. Any labor to install and commission the software upgrades is not included unless specifically set forth in the Proposal. Notwithstanding anything to the contrary in the Proposal or in any Master Agreement between the parties, any liability of ADT related to software upgrades pursuant to the Proposal shall be limited to the Total Price set forth in the Proposal.

Sprinklers. ADT does not warrant any sprinkler services (including but not limited to installation, testing, inspection, repair and maintenance) provided by ADT ("Sprinkler Work") against failures or against defects in the materials or workmanship provided. However, if any replacement part or item of equipment installed by ADT proves defective, ADT will extend to the Customer the benefits of any warranty ADT has received from the manufacturer. Removal and reinstallation of any equipment or materials repaired or replaced under a manufacturer's warranty will be at Customer's expense and at the rates then in effect. THERE ARE NO WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, IN CONNECTION WITH THE SPRINKLER WORK PERFORMED HEREUNDER, AND THE SOLE AND EXCLUSIVE REMEDY OF THE CUSTOMER FOR FAILURES OR DEFECTS IN THE SPRINKLER WORK PERFORMED IS TO HAVE THE SPRINKLER WORK REDONE AT THE CUSTOMERS EXPENSE.

eSRG. Consulting services performed by the ADT eSRG team carry no warranty from ADT beyond the general warranty set forth above.

Design. Design services performed by ADT carry no warranty from ADT beyond the general warranty set forth above.

Monitoring Services. Monitoring Services carry no warranty from ADT. If applicable, see Appendix 7 for additional information.

Hosted Services. Hosted Services carry no warranty from ADT. If applicable, see Appendix 8 and Appendix 9 for additional information.

EXCLUSIONS

ADT's warranty does not include:

- a. Damage or malfunction due to accident, acts of nature (including lightning strikes), improper operation, power surge/loss, misuse, neglect, unauthorized modification or repair or use in a manner for which the equipment was not intended;
- b. Consumable items such as printer print heads or access cards, and items designed to fail in order to protect the equipment (such as fuses and surge suppressors);
- c. Technician services for troubleshooting, removing or replacing any failed component not covered by this warranty which may include upgrading or otherwise modifying and fixing Customer provided computer equipment;
- d. Any installation, maintenance, repair, service, relocation or alteration to or of, or other tampering with the equipment or replacement parts performed by any person or entity other than ADT without ADT's prior written approval, or any use of replacement parts not supplied by ADT, either of which shall void and cancel all warranties with respect to the affected products and/or Services.
- e. Software defects; and/or
- f. Telephone line malfunctions or modifications to Customer's telephone service that render it incompatible with the equipment or the central station.

APPENDIX 2 – GENERAL TERMS AND CONDITIONS

1. Work and Services to Be Performed/Provided. ADT agrees to perform the work and provide the goods, software, licenses and services that are described in the Proposal. If the Proposal contains options, then ADT shall only perform those options that have been chosen by the Customer. All items to be performed pursuant to the Proposal are referred to herein as the "Services." ADT is solely responsible for choosing the manner and methods of performing the Services by its employees, agents, and/or independent contractors. Equal quality products, materials, and parts from different manufacturers may be substituted to overcome delivery problems or replacement of discontinued items. Substituted items will meet or exceed original parts specifications. Submittals, shop drawings, as-built record drawings and O&M documentation are excluded, unless specifically included in the Scope of Work or required by project specifications. Any such submittals, drawings and/or documentation shall be in Adobe Portable Document Format (PDF) only. The Proposal, when accepted by Customer, shall be considered the "Agreement" between the parties.

2. Reports. The Services may include prepared reports or other written deliverables (each, a "Report"). Customer may not necessarily agree with certain statements made, or positions taken by ADT in a Report. However, Customer acknowledges that by retaining ADT for the Services, Customer is relying on the opinions and expertise of ADT. ADT has no obligation to modify any Report to adopt a position that the Customer believes is more favorable or advantageous than prior statements made, or positions taken, by ADT. If Customer does not accept any such Report, ADT may withdraw from the engagement and Customer shall be obligated to compensate ADT for all Services (including the Report at issue) through the date of withdrawal.

3. Compensation and Payment Terms. Customer agrees to fully pay ADT any and all invoices and/or expense reimbursement requests within thirty (30) days of the date of any such invoice and/or reimbursement request. Extension of credit for billing is subject to approval of ADT's credit department and is not included in the Proposal. Any payment not received within thirty (30) days of an invoice or reimbursement request shall be subject to an additional charge at the rate of 1.5% per month of the outstanding balance due or the highest rate of interest permitted by applicable law, whichever is less. ADT may, at its discretion and without waiving any rights, elect to suspend performance of any and all work if any payment is not received within ten (10) days after the due date. In the event that any payment due ADT is collected at law or through, or under advice from, an attorney-at-law, or through a collection agency, Customer agrees to pay all costs of collection, including without limitation, all court costs and reasonable attorney's fees. If Customer opts to pay ADT for an invoice with a credit card, ADT reserves the right to add a 3% processing fee to the total cost of the work.

If the Proposal specifies fixed or lump sum pricing, the Total Price will be billed upon the completion of all Services performed.

If the Proposal specifies Time & Materials, GMP/GMAX/MACC, cost reimbursable, or cost-plus pricing, ADT will invoice Customer upon completion of all Services performed.

For ADT owned equipment, Customer shall pay ADT per the schedule set forth in the Proposal at the time and for the duration set forth in the Proposal.

4. Sales Taxes. Unless specifically itemized in the Proposal, estimated sales taxes and other taxes due to city, state, or county government applicable in the United States are not included in the Proposal. All such taxes shall be the responsibility of Customer. For services to be provided outside of the United States, all Value Added Taxes (VAT), General Service Taxes (GST), Consumption Taxes, Import/Export Duties, Withholding and any other taxes or fees due to a sovereign nation are excluded and are the responsibility of Customer.

5. Bonds. If payment and performance bonds are required by Customer in writing in advance of the execution of the Agreement by Customer, the total price set forth in the Proposal shall include an administration fee of 2.5% of what the total price would have been without such bond (excluding applicable sales tax). If such bond is not requested by Customer until after the execution of the Agreement by Customer, Contractor shall enter into a Change Order reflecting an administration fee of 2.5% of the total price of the Agreement (excluding applicable sales tax). ADT shall not be required to obtain any bonds until such Change Order has been executed by Customer.

6. Insurance. Certificates of Insurance are available upon Customer request. Upon Customer request, such COI shall name Customer and all other parties in the "Contract Chain" as additional insureds. Any customer-requested insurance beyond what ADT normally carries is excluded from the pricing in the Proposal and shall be paid for by Customer.

7. Schedule Dates. ADT shall diligently endeavor to make timely delivery and installation and otherwise to timely complete the Services according to a mutually agreed "Implementation Schedule." If no implementation schedule is developed or agreed upon, ADT shall diligently endeavor to complete the Services within a reasonable time. Except as expressly provided in the Proposal, ADT shall, under no circumstances, be deemed to be in default hereunder or be liable for damages, special, consequential, or otherwise, resulting from delays in delivery, installation, or other completion of the Services. Minor omissions or variances in performance of the Services, which do not materially and adversely affect the Customer's use of installed systems, equipment, goods, or materials, or the operation thereof, shall not be deemed to have postponed substantial or final completion. Unless otherwise arranged in writing, Services shall be performed during normal business hours (7:30 am to 4:30 pm, Monday – Friday, except holidays). Services performed outside of normal business hours will result in ADT's then current surcharges for such Services.

8. Installation / Site Conditions. For any Services to be performed on-site, ADT will arrange for such Services in accordance with specifications, drawings and instructions provided by Customer, which specifications and drawings are considered a part of this Agreement. Whenever applicable, suitable foundations, wall openings, curbing holes, pits, tunnels, culvert piping, grouting, surrounding masonry and concrete, canopies and architectural enclosures, and sun screens shall be constructed by others at Customer's cost. Unless otherwise set forth in the Scope of Work, Customer shall also provide at its own expense the power and lighting that is required for proper operation of any equipment. If, through no fault of ADT, ADT cannot proceed with the work within a reasonable time after delivery of the equipment and/or ADT's arrival at the work site, Customer shall pay ADT's actual expenses, including, but not limited to, additional service fees and any storage fees incurred by ADT in waiting to proceed or in returning to Customer's premises to perform the work. Customer shall notify ADT of any cancellations forty-eight (48) hours in advance of any scheduled service call. Failure to so notify will result in an additional service fee charged to Customer. Unless otherwise set forth in the Scope of Work, Customer shall secure and pay for any required building permits and governmental fees, licenses, and inspection necessary for the proper execution and completion of the installation of the equipment which are legally required at the time that the installation is done. Customer shall give all notices and comply with all laws, ordinances, rules, regulations and lawful orders of any public authority bearing on the performance of the work. In the event that ADT is required, in connection with the installation of the equipment, to do additional work either because Customer did not prepare the job site, or because the drawings, wiring, or other work done by Customer or for Customer by others, was not properly represented in the drawing supplied to ADT, ADT shall have the option of doing the additional work required to complete the job, and will charge Customer at ADT's current prevailing rates for such work, or, of abandoning the installation and being paid in full by Customer upon demand therefore. Any additional amounts so charged shall be due within ten (10) days of receipt of invoice by Customer. Customer represents to ADT that it has an interest in the real estate on which the equipment is to be installed and that has the authority to and hereby authorizes ADT to do the work as provided in this Agreement.

9. Ownership of Equipment. Ownership of any equipment installed pursuant to this Agreement shall be described in the "Transaction Type" Section of the Proposal. For an outright sale, equipment that is purchased by Customer shall become the property of Customer upon the later of installation (or delivery to Customer if the equipment is not to be installed) and payment in full as set forth in Section 3 hereof. Until the equipment becomes the property of Customer, we retain ownership of the equipment we install at your premises. For ADT owned equipment, ADT will retain ownership of all installed equipment. Upon termination of the Agreement (or portion of the Agreement pertaining to the equipment), ADT shall have the right to enter upon Customer's premises to either remove or disable such equipment. Failure to allow ADT to so remove or disable the equipment shall result in Customer being liable to ADT for: (a) ADT's reasonable charges for the equipment, and (b) reimbursement to ADT for any other costs (including reasonable attorneys' fees) incurred by ADT in seeking to gain access to remove the equipment and/or to collect such charges. ADT shall have no obligation to repair the premises after any such removal. ADT's removal, disablement or abandonment of such equipment does not constitute a waiver of ADT's right to collect any other charges due under the Agreement. If Customer has elected to finance the purchase of some or all of the equipment with a third party lender or leasing company, then title to the equipment may be held by Customer's lender/lessor as security for Customer's loan/lease obligations. The terms of Customer's agreement with the lender/lessor may require Customer to maintain insurance, may make Customer responsible for various other costs and fees, and may obligate Customer to pay the lender/lessor regardless of ADT's performance hereunder. ADT makes no recommendations on lending or leasing sources and is not responsible for Customer's selection of a lending or leasing source, or the terms of Customer's agreement with its lender/lessor, and ADT hereby disclaims any and all liability in connection with Customer's arrangements with its lender/lessor.

10. Changes to Services. Except as otherwise set forth in a separate Appendix to this Agreement, any changes to the Agreement or to the Services will be by written change order, amendment or rider signed by duly authorized representatives of Customer and ADT that describes the changes and sets and sets forth the amount of money to be added or removed from the Total Price and/or the adjustment of time to complete the Services (a "Change Order"). ADT shall have no obligation to perform any change to Services in the absence of a Change Order. Customer may not cancel any equipment specially ordered for Customer or for labor and shipping costs already incurred. Customer shall be responsible for any restocking fees and shipping and handling charges incurred by ADT as a result of any requested changes to the Services. Change Orders shall include additional terms and conditions if the nature of the changes are outside of the scope of the original Agreement.

11. Duration of Agreement. The Agreement will be effective as of the date set forth on Page 1 of the Proposal and will remain in effect until the completion of the Services. However, except as set forth in a separate Appendix to this Agreement, the Agreement may be terminated early by either party upon giving thirty (30) days written notice to the other party.

12. Disclaimer of Legal Advice. In the course of performing the Services, ADT may give advice or opinions regarding the impact of certain security and risk-related laws or regulations on the business of the Customer. However, Customer is hereby put on notice that ADT is not a law firm, it does not engage in the practice of law, and it does not render any legal advice. Customer is advised to seek its own legal counsel regarding any legal issues relating to its business, including issues relating to any Services. By entering into the Agreement, Customer specifically acknowledges this disclaimer and advice to consult with counsel set forth in this Section.

13. Confidentiality. Each party acknowledges that material and information which has or will come into its possession or knowledge in connection with this Performance or in the performance of the Services may consist of confidential and proprietary information of the other party, the disclosure of which to third parties would be damaging. Confidential information shall include any information relating to the identity of the party's customers, the nature of their relationship with their customers, the nature of the other party's business, or the rates charged by it to third parties. The parties agree not to make use of this information other than for the performance of the Agreement, to release it only to employees requiring such information and only after ensuring that such employees are aware of the terms of this Section, and not to release or disclose it to any other party other than as required by law. The parties further agree not to use any Services performed under the Agreement for advertising, portfolio, or other promotional purposes without the written consent of the other party. Confidential information shall not include any information that: (a) was, is, or becomes public information through no fault of the receiving party; (b) is in the possession of the receiving Party before the commencement of this Agreement where that party can provide written proof thereof; (c) is developed by ADT independently of the Customer; (d) must be disclosed pursuant to or as required by law or by a court or other tribunal of competent jurisdiction; (e) is disclosed to the receiving Party by a third party with a right to disclose such information; or (f) is disclosed by a party to a third party with the express written consent of the other party. This obligation of confidentiality shall survive termination of the Agreement for a period of three (3) years.

14. Intellectual Property. The parties acknowledge that one or both parties may have certain intellectual property rights that may be revealed or provided to the other party in accordance with the Agreement. Each party acknowledges that the Agreement does not grant any right or title of ownership in their respective intellectual property rights to the other unless specifically provided in the Agreement. Any intellectual property shall remain the originator's property unless otherwise provided in the Agreement.

15. Independent Contractors. ADT is an independent contractor and not an employee, agent, joint venture, or partner of Customer. Nothing in this Agreement shall be interpreted or construed to create or establish the relationship of employer and employee between the parties or any employee or agents of ADT. Since ADT is an independent contractor to Customer, ADT shall retain the right to perform work and services for other parties during the term of this Agreement. Neither party shall have the power, nor shall either party represent that it has the power, to bind the other party to or to assume or create any obligations, express, or implied, on behalf of the other party. Customer will not provide fringe benefits, including, but not limited to, life, disability, and health insurance, paid vacation, worker's compensation, or any other employee benefits, for the benefit of ADT's employees, agents, or independent contractors.

16. Indemnification. Each party agrees to indemnify, defend, and hold harmless the other party from and against any and all claims, actions, suits, liabilities, costs, and expenses (including attorney's fees) brought against either of them for or on account of bodily injury (including death) or property damage, to the extent that such claims, actions, suits, liabilities, costs, and expenses (including reasonable attorney's fees) arise out of or result from the negligent or willful acts or omissions of the indemnifying party, its employees, agents, or independent contractors, in the performance of its obligations under this Agreement. By entering into the Agreement, Customer acknowledges that the indemnity obligations in this Section were mutually negotiated.

17. Limitation of Liability. For box sales and test and inspect services, and sprinkler services (including but not limited to installation, testing, inspection, repair and maintenance), notwithstanding any contrary provision of the Agreement, Customer expressly agrees that in no event shall ADT's liability to Customer or any third party for any claim based on any legal theory in connection with any acts, omissions, errors, delays and/or interruptions relative to the Services exceed the total amount paid by Customer to ADT pursuant to the Agreement, or, in the case of recurring services, monitoring services or hosted services, the total amount paid by Customer to ADT for such Services in the preceding six (6) month period.

18. Mutual Waiver of Consequential Damages. ADT and Customer waive claims against each other for consequential damages arising out of or relating to this Agreement. This mutual waiver includes damages incurred by the Customer for loss of use, income, profit, loss by reason of facility shut down or fluctuation in facility service or operation, loss of electronic or other data, Customer claims, or other economic loss or personal injury in connection with or arising out of the existence, furnishing, functioning or use of the work, Services, goods, and/or materials provided by ADT, including any damages arising from any theft by a third party.

19. Assignment. Neither Customer nor ADT may assign this Agreement or the obligations created thereby without the prior written consent of the other party, which consent will not be unreasonably withheld. Notwithstanding the foregoing, ADT may assign this Agreement to a company under common ownership or control and may subcontract with third parties to perform any or all of its obligations under this Agreement.

20. Binding on Successors. Subject to any restrictions stated in any other provision of the Agreement, the Agreement will be binding on and will inure to the benefit of the Parties and their respective successors and permitted assigns. None of the provisions of the Agreement are intended to provide any rights or remedies to any person (including without limitation any employees, customers, or creditors of either of the parties hereto), other than the Parties and their

respective successors and permitted assigns.

21. Severability. In the event that any of the provisions of the Agreement should be held invalid or unenforceable by law, such invalidity or unenforceability will not affect the validity or enforceability of any other provision of the Agreement.

22. Entire Agreement. The Agreement contains the entire agreement between the parties with respect to the subject matter of the Agreement and supersedes any and all prior oral and/or written understandings and agreements. There are no oral or written agreements, representations, or understandings by or between the parties affecting the Agreement or related to the Services to be performed by ADT. By entering into the Agreement, each Party is relying solely on its own judgment, investigation, and advice, and such other investigation, advice, legal counsel, and technical consultation as it deems appropriate.

23. Non-Solicitation. Customer and ADT agree that ADT has made an investment in its employees and subcontractors ("Personnel") which is not easily measured or ascertained. Should Customer (or any of its subsidiaries or divisions) hire such Personnel, ADT shall be damaged in an amount that cannot be easily measured. Therefore, Customer agrees to pay to ADT as liquidated damages the amount of thirty-five percent (35%) of the annual gross salary of such Personnel (which shall be calculated by multiplying by twelve (12) the monthly salary on the last day of the Personnel's employment) in the event that Customer (or any of its subsidiaries or divisions) hires such Personnel at any time during the term of this Agreement or within three (3) years after the termination of this Agreement. The Parties agree that the liquidated damages specified in this section are a reasonable forecast of just compensation to ADT and not a penalty or punitive amount.

24. Governing Law and Attorney's Fees. The parties knowingly, expressly, and willingly, and as a matter of agreed-upon risk allocation, agree that all disputes under or relating to this Agreement or otherwise shall be decided in accordance with the substantive laws of the State where the Services are performed without regard to the conflict of laws provisions thereof. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved through binding arbitration administered by the American Arbitration Association under its Construction Industry Arbitration Rules in the location closest to where the Services are performed, and judgment on the award rendered by the arbitrator(s) may be entered exclusively in the Superior Court of the County where the Services are performed, and by entering into the Agreement, Customer and ADT voluntarily consent to jurisdiction in such court. The substantially prevailing party in the arbitration shall be entitled to recover its reasonable attorneys' fees, costs (including arbitration and collection costs), and expenses incurred in connection therewith.

25. Force Majeure. ADT shall not be responsible for any delays or costs caused by acts of nature or God, including but not limited to force majeure events, or for any other cause beyond ADT's reasonable control. ADT shall be entitled to a Change Order and reimbursement for all demonstrable costs incurred due to Force Majeure and an extension of time equivalent to the delay caused by Force Majeure.

26. Customer Cooperation. Customer shall permit or arrange for reasonable access to the premises by ADT's design, installation, and maintenance personnel. Customer shall cooperate with ADT in obtaining any and all necessary consents and waivers from the owner of the Premises in connection with the Services and shall supply all supplemental equipment and facilities necessary for the installation, such as structural changes, conduits, back boxes, commercial power electrical wiring, outlets, and associated equipment, equipment room(s), and necessary operating environment as specified by the manufacturers of any goods or equipment to be installed. This pricing specified in the Agreement is based upon Customer's premises and facilities being available to allow ADT to perform continuous, uninterrupted work between 7:30 am and 4:30 pm, Monday through Friday, pursuant to a prearranged schedule. Customer shall provide free and clear access to all work areas including the removal of furniture, shelving, and other impediments. Additional labor will be billed if ADT's labor schedule is altered or unscheduled overtime is required by reason of ADT's inability to have access to the premises and facilities.

27. Risk of Loss. This Section shall govern risk of loss of goods, materials and equipment notwithstanding ownership of the same pursuant to Section 9 hereof. ADT shall bear the risk of loss or damage to the goods, materials, and equipment while the same are in transit until delivery to Customer's premises. ADT shall be responsible for loss or damage to the goods, materials, and equipment during testing or installation to the extent directly caused by ADT's employees or agents, but not by others. Customer shall be responsible for security and proper storage of goods, material, and equipment after delivery to Customer's premises and shall be responsible for loss or damage. For ADT owned equipment, Customer shall keep all installed and uninstalled equipment owned by ADT insured against all risks of loss in an amount equal to the replacement cost and, at ADT's request, list ADT on the policy as the "loss payee."

28. Delays. ADT will not be responsible for delays and damages due to delays either by Customer or other contractors that impede progress and scheduling of the Services. Any such delays that cause ADT to incur more labor hours to complete the Services or overtime hours than was originally bid will be the subject of an equitable adjustment to the Contract Price and Customer shall pay the same. ADT will give appropriate notice when possible to the Customer prior to either the Customer or ADT incurring such charges. ADT shall be reimbursed for all costs incurred by ADT or its subcontractors due to work by others that alters or delays the Services, whether before, during, or after ADT has started performing the Services.

29. Hazardous Materials. Hazardous materials abatement is excluded. This includes, but is not limited to asbestos and lead and any other materials defined as being radioactive, infectious, hazardous, dangerous, or toxic by any federal, state, or local statute, regulation, or ordinance. If ADT encounters hazardous materials, it will immediately stop work in the affected area (as determined in ADT's discretion) until remediated by Customer. Customer agrees it will indemnify and hold ADT, its employees, officers, directors and affiliates harmless from and against any claim, suit or proceeding and loss or liability arising from or related to any toxic substance, pollution or contamination that ADT does not bring to or generate on the Project site to the proportionate extent such claim, suit or proceeding or loss or liability is associated with such hazardous waste, toxic substance, pollution or contamination, including but not limited to bodily injury (including death) to persons, damages to property, disposal and replacement costs for contaminated equipment and materials, fines and other remediation costs, and damage and/or loss of natural resources.

30. Systems Management, Optimization, Maintenance, and Backup. Unless ADT is specifically hired to perform security systems management, administration, optimization, maintenance or data backups and such work is specified in the Scope of Work, these tasks must be performed by others and will not be performed by ADT. Customer assumes all responsibility for performance of these mission critical tasks and assumes all responsibility for ensuring that any equipment will perform as anticipated in any of Customer's systems. Customer warrants that, if applicable, it has all necessary bandwidth (wired or wireless) to accommodate all equipment covered under this Agreement. ADT's Work does not include maintaining copies of Customer system configuration or user databases for any systems, unless Customer specifically hires ADT to do so under a Performance Optimization, Data Management and Backup, or Maintenance Program. ADT also does not keep copies of Customer system administrator passwords. If the information referenced above is lost by Customer, access to applications may not be possible, and Customer may be required to perform extensive software and/or database rebuilds. Customer hereby acknowledges and accepts full responsibility for all tasks outlined in this section, and further acknowledges that ADT is not responsible for loss of data, integrity, passwords, system configuration, databases, backups, or other information.

31. Wireless Devices. Customer acknowledges and agrees that any wireless devices, including but not limited to, wireless local area network (WLAN or WiFi) networks and paths, wireless motion detectors, wireless smoke detectors, wireless door and window contacts, wireless home automation transmitters, and other wireless devices installed under this Agreement are not physically connected to the system (e.g., by electrical wire) and require a radio frequency network or path to operate. THESE WIRELESS DEVICES WILL NOT OPERATE, AND ANY ALARM WILL NOT SOUND, IF THE RADIO FREQUENCY NETWORK OR PATH IS IMPAIRED, INTERRUPTED, OR BECOMES INOPERABLE FOR ANY REASON WHATSOEVER. THESE WIRELESS DEVICES MAY USE FREQUENCIES AND SIGNAL PATHS THAT ARE NOT ENCRYPTED, AND ARE THUS SUBJECT AND VULNERABLE TO, INTERRUPTION, INTERCEPTION, INTERFERENCE, CORRUPTION, ALTERATION, BLOCKAGE, MANIPULATION, AND TAMPERING. It is Customer's sole responsibility to maintain all wireless local area network (WLAN or WiFi) networks and paths. ADT recommends that Customer regularly inspects any wireless network and wireless devices and test them weekly to help maintain continued operation. ADT also recommends that Customer carefully reads and follows the owner's manual, instructions and warnings for all equipment, including all wireless devices.

32. Notices. Any and all notices permitted or required to be given under this Agreement shall be in writing and shall be deemed duly given: (i) upon actual delivery if delivery is by hand or by nationally recognized overnight express mail; or (ii) upon receipt by the sending party of a confirmation or answer back if delivery is by email, or (iii) after three (3) days following delivery into the mail if delivery is by postage paid certified return receipt requested mail. Each such notice shall be sent to the respective party at the address indicated on the first page of this Agreement or to any other address or person that the respective party may designate by written notice delivered pursuant hereto.

33. Export Control. Customer shall not export or re-export, directly or indirectly, any: (i) product or service provided under this Agreement, (ii) technical data, (iii) software, (iv) information, or (v) items acquired under this Agreement to any country for which the United States Government (or any agency thereof) requires an export license or other approval without first obtaining any licenses, consents or permits that may be required under the applicable laws of the U.S. or other foreign jurisdictions and shall incorporate in all export shipping documents the applicable destination control statements. Customer shall, at its own expense, defend, indemnify, and save harmless ADT from and against all third-party claims, liability, loss or damage (including attorneys' fees and other defense costs), assessed against or suffered by ADT as a result of an allegation or claim of noncompliance by Customer with this Section. The obligations contained in this Section shall survive the termination or expiration of this Agreement.

34. Software. Any software provided with the Equipment or in connection with the Services is proprietary to ADT and/or ADT's supplier(s) and is licensed or sublicensed to Customer on a non-exclusive basis. Customer may not (a) disclose the Software or source code to any third parties, (b) duplicate, reproduce, or copy all or any part of the Software, or (c) use the Software on equipment other than with the designated Equipment with which it was furnished. A separate Software License Agreement or End User License Agreement between ADT and/or the software publisher may be required to use the software and/or obtain updates/upgrades.

35. Survival. Those provisions which by their sense are intended to survive the cancellation, expiration or termination of the Agreement, including, by way of example only, the indemnification and limit of liability obligations contained therein, shall survive the cancellation, expiration or termination of the Agreement for whatever reason.

36. Waiver. The waiver, by either party, of a breach or violation of any provision of this Agreement shall not operate as, or be considered, to be a waiver of any subsequent breach thereof.

APPENDIX 6 – RECURRING SERVICES TERMS AND CONDITIONS

In addition to the terms and conditions set forth in Appendix 2, this Appendix contains terms and conditions applicable to recurring services provided by ADT to Customer other than the services set forth in Appendices 7, 8 and/or 9. If the event of any conflict between Appendix 2 and this Appendix 6, the terms of this Appendix 6 shall prevail. This Appendix 6 does not apply to monitoring services and/or hosted services (see, if attached, Appendices 7, 8 and/or 9). Any terms and conditions set forth in a Master Agreement (or similar document) between the parties do not apply to recurring services.

1. Term. The initial term of this Appendix shall be for Sixty (60) Months (the "Initial Term"). The Initial Term shall begin on the date all equipment is installed and is operational, and when any necessary communications connection is completed. NOTE: Payment of all charges for installation and equipment is a precondition to the activation of the equipment and any recurring services the Customer has selected.

2. Auto Renew. Upon the expiration of the Initial Term, all selected recurring services shall automatically renew for successive terms of one (1) year each (each, a "Renewal Term"); provided that the Customer may, by providing written notice to ADT no less than thirty (30) (and no more than sixty (60)) days prior to the date of such auto renewal, cancel such auto renewal with respect to any of the selected recurring services.

3. Pricing Change. ADT may increase the charges for the recurring services after the first year of the Initial Term (but no more than once in any twelve (12) month period) by giving Customer thirty (30) days prior written notice.

4. Early Termination. In the event that the Customer terminates a recurring service during the Initial Term or during a Renewal Term, Customer shall pay to ADT, in addition to all other charges due prior to termination, the charges remaining to be paid for the unexpired portion of the Initial Term or Renewal Term (as the case may be) for such recurring service. Customer acknowledges and agrees that this amount is an agreed upon early termination charge in the nature of liquidated damages, and is not a penalty.

(REMAINDER OF PAGE INTENTIONALLY BLANK - SIGNATURES ON FOLLOWING PAGE)

Acceptance

NOTICE: Our charges under this agreement are based on your agreement to receive and pay for the services for a full Sixty (60) month term.

IF THIS AGREEMENT IS TERMINATED BY YOU PRIOR TO THE END OF THE THEN-CURRENT TERM, EXCEPT AS OTHERWISE PROVIDED HEREIN, YOU AGREE TO PAY US THE SERVICE CHARGES THAT WOULD HAVE BEEN PAYABLE BY YOU FOR THE REMAINING TERM OF THE AGREEMENT BUT FOR THE EARLY TERMINATION HEREOF.

Agreed and accepted as of the date set forth above. All checked items and options, and the attachments represented by such checked items and options are a part of this Proposal which, once fully executed, shall also be referred to herein as the "Agreement."

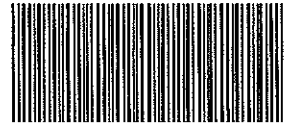
Customer Authorized Representative	Printed Name	Title	Date
ADT Representative	Printed Name	Title	Date
ADT Authorized Manager	Printed Name	Title	Date

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Commercial

COMMERCIAL PROPOSAL AND SALES AGREEMENT



890968505

Direct Purchase without repair coverage

Branch: 6690	Sales Representative: Gregory Lewis	Today's Date: 9/22/2020
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Customer Information			
Business Name:	SOUTH TEXAS WATER AUTHORITY	Phone:	(361)592-9323
Address:	2302 E Sage Rd KINGSVILLE, TX 78363	Billing Address:	2302 E Sage Rd KINGSVILLE, TX 78363

Investment Summary

Total Equipment and Installation Charge: \$10,222.70

Customer agrees to pay the Total Equipment and Installation Charge shown above, plus applicable taxes (collectively, the "Equipment Charges"). Simultaneously with the execution of this Agreement, Customer shall pay \$0.00 of these Equipment Charges, with a remaining balance of \$10,222.70 to be paid upon completion of the installation and as a precondition of activation of the Equipment and, if applicable, connection to the Central Station or direct connection service.

Recurring Service Charges: \$0.00 per month

In addition to the Equipment Charges, Customer agrees to pay the Recurring Service Charges shown above, plus applicable taxes (collectively, the "Service Charges") for the usage of any ADT Owned Equipment and any other recurring services selected, such Service Charges to be paid Monthly, in advance. Customer has made an advance payment of Service Charges in the amount of \$0.00 at the time of sale.

Licenses and Permit Charge: \$0.00

Customer agrees to pay the total Licenses and Permit Charge shown above (collectively, the "License and Permit Charge"). Customer shall pay \$0.00 at the time of sale.

Term Length: 60 Months

Our charges under this agreement are based on your agreement to receive and pay for the services for a full Sixty (60) month term.

Site Location Information			
Location Name:	SOUTH TEXAS WATER AUTHORITY I		
Address:	2302 E Sage Rd KINGSVILLE, TX 78363		
Site #:	0	Phone:	(361)592-9323

System Design Information			
System Design Name:	South Texas Water Design	Job #:	
Equipment Ownership:	Customer Owned		
Warranty Period:	90 Days		

Services

Equipment List	
Quantity	Description
1	16 Channel ADH, TVI, CVBS, IP DVR 4TB
1	2MP analog, indoor dome, AHD, CVI, TVI, CVBS, 2.8 mm fixed lens, true D/N, 12VDC
7	Wisenet HD+ 2MP, Full HD(1080p) 30fps IR indoor dome camera, AHD/TVI/CVI/CVBS, motorized vari-focal
1	Cctv 12Vdc 11Amp 18 Output Power Supply
1	Power Cords
1	12 VOLT 7 AMP HOUR BATTERY
4	Wisenet X powered by Wisenet 5 network IR outdoor bullet camera, 2MP, Full HD(1080p) @60fps, 12X opt
1	8 PORT GIGABIT GREEN NET POE+ Switch
320	Cat 5E Shielded Direct Burial Cable 1M

Equipment & Installation Total	\$10,222.70
Estimated Taxes	\$0.00
Monthly Fee	\$0.00

Scope Of Work

Empty space for Scope Of Work details.

Scope of work:

Contact; Carola Serrato 361-592-9323

We will replace all of the existing cameras and DVR with new HD Hybrid Cameras and NVR.

All existing wiring is to be used, this is a direct swap out camera for camera and NVR, should be a plug and play.

With the exception of 4 pole cameras.

Program NVR for remote viewing on and off site

Program NVR for Event Record.

Camera #1: Inside dome with wide angle lens

Camera #2: Right front corner with varifocal lens

Camera #3: Right front corner with varifoca lens

Camera #4: Left rear side, with varifoca lens

Camera #5: Left rear side, with varifoca lens

Camera #6: Left rear side, with varifoca lens

All lift out ceiling to location for pole

Camera #7: tvl Bullet mounted on pole

Camera #8: TVI Bullet Varifocal mounted on pole

Camera #9: XNO-6120R Varifocal mounted on pole

Camera #10 XNO-6120R Varifocal mounted on pole

Camera #11 XNO-6120R Varifocal mounted on pole

Camera #12XNO-6120R Varifocal mounted on pole

Align all cameras to match existing and then adjust camera angle and lens to provide the zoom and angles the customer requires.

Scope of work:

Contact; Carola Serrato 361-592-9323

We will replace all of the existing cameras and DVR with new HD Hybrid Cameras and NVR.

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Camera #11 XNO-6120R Varifocal mounted on pole

Camera #12XNO-6120R Varifocal mounted on pole

Align all cameras to match existing and then adjust camera angle and lens to provide the zoom and angles the customer requires.

Inclusions/Exclusions

General Notes

All prices quoted and any other offers made in this Proposal are valid for thirty (30) days from the date of this Proposal, after which they are automatically withdrawn and this Proposal shall be void.

All prices set forth in this Proposal are based on the assumption that Customer will countersign this Proposal and this Proposal will be the operative document between the parties. If instead of countersigning this Proposal, Customer submits a different document for consideration (such as a purchase order or contract), then legal review will be necessary and the prices set forth in this Proposal will be increased accordingly.

Except in the case where the "Rough Order of Magnitude Only" box is checked above, all pages of the Proposal must be initialed and/or signed where indicated and returned. Proposals returned with missing pages, initials or signatures shall be void.

Appendices

The following appendices are incorporated into the Proposal:

<input checked="" type="checkbox"/> Appendix 1: Warranty	<input type="checkbox"/> Appendix 6: Recurring Services Terms and Conditions
<input checked="" type="checkbox"/> Appendix 2: General Terms and Conditions	<input type="checkbox"/> Appendix 7: Monitoring Agreement
<input type="checkbox"/> Appendix 3: NASPO Terms and Conditions	<input type="checkbox"/> Appendix 8: Brivo Hosted AVC and Video Terms and Conditions
<input type="checkbox"/> Appendix 4: ATM Install Terms and Conditions	<input type="checkbox"/> Appendix 9: Avigilon Terms and Conditions
<input type="checkbox"/> Appendix 5: ATM Software Support Agreement	<input type="checkbox"/> Appendix 10: Special Provisions

Master Agreement

Customer and ADT are not parties to a Master Agreement (or similar document). This Proposal is governed by all terms and conditions as checked in the Appendices Section.

Customer and ADT are parties to a Master Agreement (or similar document). This Proposal is governed by the terms and conditions of such Master Agreement. However, any terms and conditions, and special provisions as checked shall apply to the Proposal as well. Items listed in this Proposal as having no warranty are applicable to this Proposal as well. In the event of any conflict between the Master Agreement and the checked provisions of this Proposal and/or any "no warranty" items in this Proposal, the provisions of this Proposal shall prevail. If Customer is not the end user (that is, if there are additional parties as set forth in the "Contract Chain" above), then Appendix 10 must be included in this Proposal. If Appendix 10 is not so included, this Proposal shall be void. Such a Master Agreement (or similar document) does not apply if NASPO is checked on this Proposal.

APPENDIX 1 - WARRANTIES

EXCEPT FOR THE WARRANTIES SPECIFICALLY SET FORTH BELOW, ADT EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THOSE OF MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE.

GENERAL WARRANTY

ADT warrants that the work and services to be performed pursuant to the Proposal will be completed by qualified personnel possessing the knowledge and capability to perform such work and services, and that such work and services shall be performed by such personnel in a professional and workman like manner. Where the Proposal includes the provision of "professional" Services by ADT (services that are required to be performed by a licensed engineer, architect, or other professional), the standard of care for such Services shall be the care and skill ordinarily employed by members of the profession practicing under similar conditions at the same time and locality of the relevant Services.

LIMITED WARRANTIES

Equipment. ADT warrants equipment sold under the Proposal for a period of 90 Days.

Installations. ADT warrants installation of equipment for a period of 90 Days beginning at Substantial Completion (excluding software defects).

Software Installation. ADT warrants software installation and programming by ADT for a period of 90 Days beginning at Substantial Completion (excluding software defects).

ATM Services. ADT warrants installation of ATM equipment and other ATM-related services (excluding test and inspection services) for a period of 90 Days beginning at Substantial Completion.

As used herein, "Substantial Completion" is defined as the stage that the work is sufficiently complete so that the Customer has beneficial use of the equipment and/or premises involved in the work. For a project involving multiple phases or facilities, Substantial Completion shall be determined, and the limited warranty shall run, for each phase or facility separately. Substantial Completion excludes commissioning.

During the warranty periods set forth above, ADT will at its cost, repair or, at its option, replace, any defective part of the equipment ADT installs or service ADT performs. ADT may, at its option, use new or reconditioned parts for replacements.

We perform repair services only during our normal working hours which are 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays. IF YOU REQUEST US TO PERFORM REPAIR SERVICES OUTSIDE OF OUR NORMAL WORKING HOURS, THEN WE MAY REQUIRE YOU TO PAY FOR OUR SERVICES AT OUR THEN-CURRENT RATES FOR LABOR.

ADT Service Plan/Extended Service Plan. Subject to the limitations and exclusions set forth in this Appendix 1, if Customer has subscribed to an ADT Service Plan/Extended Service Plan, then in lieu of the Limited Warranties set forth herein, ADT shall, at its cost, perform such repairs as set forth in the ADT Service Plan/Extended Service Plan for the term of such plan.

NO WARRANTY

Software Upgrades. Purchases of Software Upgrades have no warranty from ADT. Notwithstanding anything to the contrary in the Proposal or in any Master Agreement between the parties, any liability of ADT related to software upgrades pursuant to the Proposal shall be limited to the Total Price set forth in the Proposal.

Manufacturer Software Support and Services. Purchases of manufacturer software support and services have no warranty from ADT. A purchase of manufacturer software support may entitle Customer to software version upgrades. Any labor to install and commission the software upgrades is not included unless specifically set forth in the Proposal. Notwithstanding anything to the contrary in the Proposal or in any Master Agreement between the parties, any liability of ADT related to software upgrades pursuant to the Proposal shall be limited to the Total Price set forth in the Proposal.

Sprinklers. ADT does not warrant any sprinkler services (including but not limited to installation, testing, inspection, repair and maintenance) provided by ADT ("Sprinkler Work") against failures or against defects in the materials or workmanship provided. However, if any replacement part or item of equipment installed by ADT proves defective, ADT will extend to the Customer the benefits of any warranty ADT has received from the manufacturer. Removal and reinstallation of any equipment or materials repaired or replaced under a manufacturer's warranty will be at Customer's expense and at the rates then in effect. THERE ARE NO WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, IN CONNECTION WITH THE SPRINKLER WORK PERFORMED HEREUNDER, AND THE SOLE AND EXCLUSIVE REMEDY OF THE CUSTOMER FOR FAILURES OR DEFECTS IN THE SPRINKLER WORK PERFORMED IS TO HAVE THE SPRINKLER WORK REDONE AT THE CUSTOMERS EXPENSE.

eSRG. Consulting services performed by the ADT eSRG team carry no warranty from ADT beyond the general warranty set forth above.

Design. Design services performed by ADT carry no warranty from ADT beyond the general warranty set forth above.

Monitoring Services. Monitoring Services carry no warranty from ADT. If applicable, see Appendix 7 for additional information.

Hosted Services. Hosted Services carry no warranty from ADT. If applicable, see Appendix 8 and Appendix 9 for additional information.

EXCLUSIONS

ADT's warranty does not include:

- a. Damage or malfunction due to accident, acts of nature (including lightning strikes), improper operation, power surge/loss, misuse, neglect, unauthorized modification or repair or use in a manner for which the equipment was not intended;
- b. Consumable items such as printer print heads or access cards, and items designed to fail in order to protect the equipment (such as fuses and surge suppressors);
- c. Technician services for troubleshooting, removing or replacing any failed component not covered by this warranty which may include upgrading or otherwise modifying and fixing Customer provided computer equipment;
- d. Any installation, maintenance, repair, service, relocation or alteration to or of, or other tampering with the equipment or replacement parts performed by any person or entity other than ADT without ADT's prior written approval, or any use of replacement parts not supplied by ADT, either of which shall void and cancel all warranties with respect to the affected products and/or Services.
- e. Software defects; and/or
- f. Telephone line malfunctions or modifications to Customer's telephone service that render it incompatible with the equipment or the central station.

APPENDIX 2 – GENERAL TERMS AND CONDITIONS

1. Work and Services to Be Performed/Provided. ADT agrees to perform the work and provide the goods, software, licenses and services that are described in the Proposal. If the Proposal contains options, then ADT shall only perform those options that have been chosen by the Customer. All items to be performed pursuant to the Proposal are referred to herein as the "Services." ADT is solely responsible for choosing the manner and methods of performing the Services by its employees, agents, and/or independent contractors. Equal quality products, materials, and parts from different manufacturers may be substituted to overcome delivery problems or replacement of discontinued items. Substituted items will meet or exceed original parts specifications. Submittals, shop drawings, as-built record drawings and O&M documentation are excluded, unless specifically included in the Scope of Work or required by project specifications. Any such submittals, drawings and/or documentation shall be in Adobe Portable Document Format (PDF) only. The Proposal, when accepted by Customer, shall be considered the "Agreement" between the parties.

2. Reports. The Services may include prepared reports or other written deliverables (each, a "Report"). Customer may not necessarily agree with certain statements made, or positions taken by ADT in a Report. However, Customer acknowledges that by retaining ADT for the Services, Customer is relying on the opinions and expertise of ADT. ADT has no obligation to modify any Report to adopt a position that the Customer believes is more favorable or advantageous than prior statements made, or positions taken, by ADT. If Customer does not accept any such Report, ADT may withdraw from the engagement and Customer shall be obligated to compensate ADT for all Services (including the Report at issue) through the date of withdrawal.

3. Compensation and Payment Terms. Customer agrees to fully pay ADT any and all invoices and/or expense reimbursement requests within thirty (30) days of the date of any such invoice and/or reimbursement request. Extension of credit for billing is subject to approval of ADT's credit department and is not included in the Proposal. Any payment not received within thirty (30) days of an invoice or reimbursement request shall be subject to an additional charge at the rate of 1.5% per month of the outstanding balance due or the highest rate of interest permitted by applicable law, whichever is less. ADT may, at its discretion and without waiving any rights, elect to suspend performance of any and all work if any payment is not received within ten (10) days after the due date. In the event that any payment due ADT is collected at law or through, or under advice from, an attorney-at-law, or through a collection agency, Customer agrees to pay all costs of collection, including without limitation, all court costs and reasonable attorney's fees. If Customer opts to pay ADT for an invoice with a credit card, ADT reserves the right to add a 3% processing fee to the total cost of the work.

If the Proposal specifies fixed or lump sum pricing, the Total Price will be billed upon the completion of all Services performed.

If the Proposal specifies Time & Materials, GMP/GMAX/MACC, cost reimbursable, or cost-plus pricing, ADT will invoice Customer upon completion of all Services performed.

For ADT owned equipment, Customer shall pay ADT per the schedule set forth in the Proposal at the time and for the duration set forth in the Proposal.

4. Sales Taxes. Unless specifically itemized in the Proposal, estimated sales taxes and other taxes due to city, state, or county government applicable in the United States are not included in the Proposal. All such taxes shall be the responsibility of Customer. For services to be provided outside of the United States, all Value Added Taxes (VAT), General Service Taxes (GST), Consumption Taxes, Import/Export Duties, Withholding and any other taxes or fees due to a sovereign nation are excluded and are the responsibility of Customer.

5. Bonds. If payment and performance bonds are required by Customer in writing in advance of the execution of the Agreement by Customer, the total price set forth in the Proposal shall include an administration fee of 2.5% of what the total price would have been without such bond (excluding applicable sales tax). If such bond is not requested by Customer until after the execution of the Agreement by Customer, Contractor shall enter into a Change Order reflecting an administration fee of 2.5% of the total price of the Agreement (excluding applicable sales tax). ADT shall not be required to obtain any bonds until such Change Order has been executed by Customer.

6. Insurance. Certificates of Insurance are available upon Customer request. Upon Customer request, such COI shall name Customer and all other parties in the "Contract Chain" as additional insureds. Any customer-requested insurance beyond what ADT normally carries is excluded from the pricing in the Proposal and shall be paid for by Customer.

7. Schedule Dates. ADT shall diligently endeavor to make timely delivery and installation and otherwise to timely complete the Services according to a mutually agreed "Implementation Schedule." If no implementation schedule is developed or agreed upon, ADT shall diligently endeavor to complete the Services within a reasonable time. Except as expressly provided in the Proposal, ADT shall, under no circumstances, be deemed to be in default hereunder or be liable for damages, special, consequential, or otherwise, resulting from delays in delivery, installation, or other completion of the Services. Minor omissions or variances in performance of the Services, which do not materially and adversely affect the Customer's use of installed systems, equipment, goods, or materials, or the operation thereof, shall not be deemed to have postponed substantial or final completion. Unless otherwise arranged in writing, Services shall be performed during normal business hours (7:30 am to 4:30 pm, Monday – Friday, except holidays). Services performed outside of normal business hours will result in ADT's then current surcharges for such Services.

8. Installation / Site Conditions. For any Services to be performed on-site, ADT will arrange for such Services in accordance with specifications, drawings and instructions provided by Customer, which specifications and drawings are considered a part of this Agreement. Whenever applicable, suitable foundations, wall openings, curbing holes, pits, tunnels, culvert piping, grouling, surrounding masonry and concrete, canopies and architectural enclosures, and sun screens shall be constructed by others at Customer's cost. Unless otherwise set forth in the Scope of Work, Customer shall also provide at its own expense the power and lighting that is required for proper operation of any equipment. If, through no fault of ADT, ADT cannot proceed with the work within a reasonable time after delivery of the equipment and/or ADT's arrival at the work site, Customer shall pay ADT's actual expenses, including, but not limited to, additional service fees and any storage fees incurred by ADT in waiting to proceed or in returning to Customer's premises to perform the work. Customer shall notify ADT of any cancellations forty-eight (48) hours in advance of any scheduled service call. Failure to so notify will result in an additional service fee charged to Customer. Unless otherwise set forth in the Scope of Work, Customer shall secure and pay for any required building permits and governmental fees, licenses, and inspection necessary for the proper execution and completion of the installation of the equipment which are legally required at the time that the installation is done. Customer shall give all notices and comply with all laws, ordinances, rules, regulations and lawful orders of any public authority bearing on the performance of the work. In the event that ADT is required, in connection with the installation of the equipment, to do additional work either because Customer did not prepare the job site, or because the drawings, wiring, or other work done by Customer or for Customer by others, was not properly represented in the drawing supplied to ADT, ADT shall have the option of doing the additional work required to complete the job, and will charge Customer at ADT's current prevailing rates for such work, or, of abandoning the installation and being paid in full by Customer upon demand therefore. Any additional amounts so charged shall be due within ten (10) days of receipt of invoice by Customer. Customer represents to ADT that it has an interest in the real estate on which the equipment is to be installed and that has the authority to and hereby authorizes ADT to do the work as provided in this Agreement.

9. Ownership of Equipment. Ownership of any equipment installed pursuant to this Agreement shall be described in the "Transaction Type" Section of the Proposal. For an outright sale, equipment that is purchased by Customer shall become the property of Customer upon the later of installation (or delivery to Customer if the equipment is not to be installed) and payment in full as set forth in Section 3 hereof. Until the equipment becomes the property of Customer, we retain ownership of the equipment we install at your premises. For ADT owned equipment, ADT will retain ownership of all installed equipment. Upon termination of the Agreement (or portion of the Agreement pertaining to the equipment), ADT shall have the right to enter upon Customer's premises to either remove or disable such equipment. Failure to allow ADT to so remove or disable the equipment shall result in Customer being liable to ADT for: (a) ADT's reasonable charges for the equipment, and (b) reimbursement to ADT for any other costs (including reasonable attorneys' fees) incurred by ADT in seeking to gain access to remove the equipment and/or to collect such charges. ADT shall have no obligation to repair the premises after any such removal. ADT's removal, disablement or abandonment of such equipment does not constitute a waiver of ADT's right to collect any other charges due under the Agreement. If Customer has elected to finance the purchase of some or all of the equipment with a third party lender or leasing company, then title to the equipment may be held by Customer's lender/lessor as security for Customer's loan/lease obligations. The terms of Customer's agreement with the lender/lessor may require Customer to maintain insurance, may make Customer responsible for various other costs and fees, and may obligate Customer to pay the lender/lessor regardless of ADT's performance hereunder. ADT makes no recommendations on lending or leasing sources and is not responsible for Customer's selection of a lending or leasing source, or the terms of Customer's agreement with its lender/lessor, and ADT hereby disclaims any and all liability in connection with Customer's arrangements with its lender/lessor.

10. Changes to Services. Except as otherwise set forth in a separate Appendix to this Agreement, any changes to the Agreement or to the Services will be by written change order, amendment or rider signed by duly authorized representatives of Customer and ADT that describes the changes and sets and sets forth the amount of money to be added or removed from the Total Price and/or the adjustment of time to complete the Services (a "Change Order"). ADT shall have no obligation to perform any change to Services in the absence of a Change Order. Customer may not cancel any equipment specially ordered for Customer or for labor and shipping costs already incurred. Customer shall be responsible for any restocking fees and shipping and handling charges incurred by ADT as a result of any requested changes to the Services. Change Orders shall include additional terms and conditions if the nature of the changes are outside of the scope of the original Agreement.

11. Duration of Agreement. The Agreement will be effective as of the date set forth on Page 1 of the Proposal and will remain in effect until the completion of the Services. However, except as set forth in a separate Appendix to this Agreement, the Agreement may be terminated early by either party upon giving thirty (30) days written notice to the other party.

12. Disclaimer of Legal Advice. In the course of performing the Services, ADT may give advice or opinions regarding the impact of certain security and risk-related laws or regulations on the business of the Customer. However, Customer is hereby put on notice that ADT is not a law firm, it does not engage in the practice of law, and it does not render any legal advice. Customer is advised to seek its own legal counsel regarding any legal issues relating to its business, including issues relating to any Services. By entering into the Agreement, Customer specifically acknowledges this disclaimer and advice to consult with counsel set forth in this Section.

13. Confidentiality. Each party acknowledges that material and information which has or will come into its possession or knowledge in connection with this Performance or in the performance of the Services may consist of confidential and proprietary information of the other party, the disclosure of which to third parties would be damaging. Confidential information shall include any information relating to the identity of the party's customers, the nature of their relationship with their customers, the nature of the other party's business, or the rates charged by it to third parties. The parties agree not to make use of this information other than for the performance of the Agreement, to release it only to employees requiring such information and only after ensuring that such employees are aware of the terms of this Section, and not to release or disclose it to any other party other than as required by law. The parties further agree not to use any Services performed under the Agreement for advertising, portfolio, or other promotional purposes without the written consent of the other party. Confidential information shall not include any information that: (a) was, is, or becomes public information through no fault of the receiving party; (b) is in the possession of the receiving Party before the commencement of this Agreement where that party can provide written proof thereof; (c) is developed by ADT independently of the Customer; (d) must be disclosed pursuant to or as required by law or by a court or other tribunal of competent jurisdiction; (e) is disclosed to the receiving Party by a third party with a right to disclose such information; or (f) is disclosed by a party to a third party with the express written consent of the other party. This obligation of confidentiality shall survive termination of the Agreement for a period of three (3) years.

14. Intellectual Property. The parties acknowledge that one or both parties may have certain intellectual property rights that may be revealed or provided to the other party in accordance with the Agreement. Each party acknowledges that the Agreement does not grant any right or title of ownership in their respective intellectual property rights to the other unless specifically provided in the Agreement. Any intellectual property shall remain the originator's property unless otherwise provided in the Agreement.

15. Independent Contractors. ADT is an independent contractor and not an employee, agent, joint venture, or partner of Customer. Nothing in this Agreement shall be interpreted or construed to create or establish the relationship of employer and employee between the parties or any employee or agents of ADT. Since ADT is an independent contractor to Customer, ADT shall retain the right to perform work and services for other parties during the term of this Agreement. Neither party shall have the power, nor shall either party represent that it has the power, to bind the other party to or to assume or create any obligations, express, or implied, on behalf of the other party. Customer will not provide fringe benefits, including, but not limited to, life, disability, and health insurance, paid vacation, worker's compensation, or any other employee benefits, for the benefit of ADT's employees, agents, or independent contractors.

16. Indemnification. Each party agrees to indemnify, defend, and hold harmless the other party from and against any and all claims, actions, suits, liabilities, costs, and expenses (including attorney's fees) brought against either of them for or on account of bodily injury (including death) or property damage, to the extent that such claims, actions, suits, liabilities, costs, and expenses (including reasonable attorney's fees) arise out of or result from the negligent or willful acts or omissions of the indemnifying party, its employees, agents, or independent contractors, in the performance of its obligations under this Agreement. By entering into the Agreement, Customer acknowledges that the indemnity obligations in this Section were mutually negotiated.

17. Limitation of Liability. For box sales and test and inspect services, and sprinkler services (including but not limited to installation, testing, inspection, repair and maintenance), notwithstanding any contrary provision of the Agreement, Customer expressly agrees that in no event shall ADT's liability to Customer or any third party for any claim based on any legal theory in connection with any acts, omissions, errors, delays and/or interruptions relative to the Services exceed the total amount paid by Customer to ADT pursuant to the Agreement, or, in the case of recurring services, monitoring services or hosted services, the total amount paid by Customer to ADT for such Services in the preceding six (6) month period.

18. Mutual Waiver of Consequential Damages. ADT and Customer waive claims against each other for consequential damages arising out of or relating to this Agreement. This mutual waiver includes damages incurred by the Customer for loss of use, income, profit, loss by reason of facility shut down or fluctuation in facility service or operation, loss of electronic or other data, Customer claims, or other economic loss or personal injury in connection with or arising out of the existence, furnishing, functioning or use of the work, Services, goods, and/or materials provided by ADT, including any damages arising from any theft by a third party.

19. Assignment. Neither Customer nor ADT may assign this Agreement or the obligations created thereby without the prior written consent of the other party, which consent will not be unreasonably withheld. Notwithstanding the foregoing, ADT may assign this Agreement to a company under common ownership or control and may subcontract with third parties to perform any or all of its obligations under this Agreement.

20. Binding on Successors. Subject to any restrictions stated in any other provision of the Agreement, the Agreement will be binding on and will inure to the benefit of the Parties and their respective successors and permitted assigns. None of the provisions of the Agreement are intended to provide any rights or remedies to any person (including without limitation any employees, customers, or creditors of either of the parties hereto), other than the Parties and their

respective successors and permitted assigns.

21. Severability. In the event that any of the provisions of the Agreement should be held invalid or unenforceable by law, such invalidity or unenforceability will not affect the validity or enforceability of any other provision of the Agreement.

22. Entire Agreement. The Agreement contains the entire agreement between the parties with respect to the subject matter of the Agreement and supersedes any and all prior oral and/or written understandings and agreements. There are no oral or written agreements, representations, or understandings by or between the parties affecting the Agreement or related to the Services to be performed by ADT. By entering into the Agreement, each Party is relying solely on its own judgment, investigation, and advice, and such other investigation, advice, legal counsel, and technical consultation as it deems appropriate.

23. Non-Solicitation. Customer and ADT agree that ADT has made an investment in its employees and subcontractors ("Personnel") which is not easily measured or ascertained. Should Customer (or any of its subsidiaries or divisions) hire such Personnel, ADT shall be damaged in an amount that cannot be easily measured. Therefore, Customer agrees to pay to ADT as liquidated damages the amount of thirty-five percent (35%) of the annual gross salary of such Personnel (which shall be calculated by multiplying by twelve (12) the monthly salary on the last day of the Personnel's employment) in the event that Customer (or any of its subsidiaries or divisions) hires such Personnel at any time during the term of this Agreement or within three (3) years after the termination of this Agreement. The Parties agree that the liquidated damages specified in this section are a reasonable forecast of just compensation to ADT and not a penalty or punitive amount.

24. Governing Law and Attorney's Fees. The parties knowingly, expressly, and willingly, and as a matter of agreed-upon risk allocation, agree that all disputes under or relating to this Agreement or otherwise shall be decided in accordance with the substantive laws of the State where the Services are performed without regard to the conflict of laws provisions thereof. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved through binding arbitration administered by the American Arbitration Association under its Construction Industry Arbitration Rules in the location closest to where the Services are performed, and judgment on the award rendered by the arbitrator(s) may be entered exclusively in the Superior Court of the County where the Services are performed, and by entering into the Agreement, Customer and ADT voluntarily consent to jurisdiction in such court. The substantially prevailing party in the arbitration shall be entitled to recover its reasonable attorneys' fees, costs (including arbitration and collection costs), and expenses incurred in connection therewith.

25. Force Majeure. ADT shall not be responsible for any delays or costs caused by acts of nature or God, including but not limited to force majeure events, or for any other cause beyond ADT's reasonable control. ADT shall be entitled to a Change Order and reimbursement for all demonstrable costs incurred due to Force Majeure and an extension of time equivalent to the delay caused by Force Majeure.

26. Customer Cooperation. Customer shall permit or arrange for reasonable access to the premises by ADT's design, installation, and maintenance personnel. Customer shall cooperate with ADT in obtaining any and all necessary consents and waivers from the owner of the Premises in connection with the Services and shall supply all supplemental equipment and facilities necessary for the installation, such as structural changes, conduits, back boxes, commercial power electrical wiring, outlets, and associated equipment, equipment room(s), and necessary operating environment as specified by the manufacturers of any goods or equipment to be installed. This pricing specified in the Agreement is based upon Customer's premises and facilities being available to allow ADT to perform continuous, uninterrupted work between 7:30 am and 4:30 pm, Monday through Friday, pursuant to a prearranged schedule. Customer shall provide free and clear access to all work areas including the removal of furniture, shelving, and other impediments. Additional labor will be billed if ADT's labor schedule is altered or unscheduled overtime is required by reason of ADT's inability to have access to the premises and facilities.

27. Risk of Loss. This Section shall govern risk of loss of goods, materials and equipment notwithstanding ownership of the same pursuant to Section 9 hereof. ADT shall bear the risk of loss or damage to the goods, materials, and equipment while the same are in transit until delivery to Customer's premises. ADT shall be responsible for loss or damage to the goods, materials, and equipment during testing or installation to the extent directly caused by ADT's employees or agents, but not by others. Customer shall be responsible for security and proper storage of goods, material, and equipment after delivery to Customer's premises and shall be responsible for loss or damage. For ADT owned equipment, Customer shall keep all installed and uninstalled equipment owned by ADT insured against all risks of loss in an amount equal to the replacement cost and, at ADT's request, list ADT on the policy as the "loss payee."

28. Delays. ADT will not be responsible for delays and damages due to delays either by Customer or other contractors that impede progress and scheduling of the Services. Any such delays that cause ADT to incur more labor hours to complete the Services or overtime hours than was originally bid will be the subject of an equitable adjustment to the Contract Price and Customer shall pay the same. ADT will give appropriate notice when possible to the Customer prior to either the Customer or ADT incurring such charges. ADT shall be reimbursed for all costs incurred by ADT or its subcontractors due to work by others that alters or delays the Services, whether before, during, or after ADT has started performing the Services.

29. Hazardous Materials. Hazardous materials abatement is excluded. This includes, but is not limited to asbestos and lead and any other materials defined as being radioactive, infectious, hazardous, dangerous, or toxic by any federal, state, or local statute, regulation, or ordinance. If ADT encounters hazardous materials, it will immediately stop work in the affected area (as determined in ADT's discretion) until remediated by Customer. Customer agrees it will indemnify and hold ADT, its employees, officers, directors and affiliates harmless from and against any claim, suit or proceeding and loss or liability arising from or related to any toxic substance, pollution or contamination that ADT does not bring to or generate on the Project site to the proportionate extent such claim, suit or proceeding or loss or liability is associated with such hazardous waste, toxic substance, pollution or contamination, including but not limited to bodily injury (including death) to persons, damages to property, disposal and replacement costs for contaminated equipment and materials, fines and other remediation costs, and damage and/or loss of natural resources.

30. Systems Management, Optimization, Maintenance, and Backup. Unless ADT is specifically hired to perform security systems management, administration, optimization, maintenance or data backups and such work is specified in the Scope of Work, these tasks must be performed by others and will not be performed by ADT. Customer assumes all responsibility for performance of these mission critical tasks and assumes all responsibility for ensuring that any equipment will perform as anticipated in any of Customer's systems. Customer warrants that, if applicable, it has all necessary bandwidth (wired or wireless) to accommodate all equipment covered under this Agreement. ADT's Work does not include maintaining copies of Customer system configuration or user databases for any systems, unless Customer specifically hires ADT to do so under a Performance Optimization, Data Management and Backup, or Maintenance Program. ADT also does not keep copies of Customer system administrator passwords. If the information referenced above is lost by Customer, access to applications may not be possible, and Customer may be required to perform extensive software and or database rebuilds. Customer hereby acknowledges and accepts full responsibility for all tasks outlined in this section, and further acknowledges that ADT is not responsible for loss of data, integrity, passwords, system configuration, databases, backups, or other information.

31. Wireless Devices. Customer acknowledges and agrees that any wireless devices, including but not limited to, wireless local area network (WLAN or WiFi) networks and paths, wireless motion detectors, wireless smoke detectors, wireless door and window contacts, wireless home automation transmitters, and other wireless devices installed under this Agreement are not physically connected to the system (e.g., by electrical wire) and require a radio frequency network or path to operate. THESE WIRELESS DEVICES WILL NOT OPERATE, AND ANY ALARM WILL NOT SOUND, IF THE RADIO FREQUENCY NETWORK OR PATH IS IMPAIRED, INTERRUPTED, OR BECOMES INOPERABLE FOR ANY REASON WHATSOEVER. THESE WIRELESS DEVICES MAY USE FREQUENCIES AND SIGNAL PATHS THAT ARE NOT ENCRYPTED, AND ARE THUS SUBJECT AND VULNERABLE TO, INTERRUPTION, INTERCEPTION, INTERFERENCE, CORRUPTION, ALTERATION, BLOCKAGE, MANIPULATION, AND TAMPERING. It is Customer's sole responsibility to maintain all wireless local area network (WLAN or WiFi) networks and paths. ADT recommends that Customer regularly inspects any wireless network and wireless devices and test them weekly to help maintain continued operation. ADT also recommends that Customer carefully reads and follows the owner's manual, instructions and warnings for all equipment, including all wireless devices.

32. Notices. Any and all notices permitted or required to be given under this Agreement shall be in writing and shall be deemed duly given: (i) upon actual delivery if delivery is by hand or by nationally recognized overnight express mail; or (ii) upon receipt by the sending party of a confirmation or answer back if delivery is by email, or (iii) after three (3) days following delivery into the mail if delivery is by postage paid certified return receipt requested mail. Each such notice shall be sent to the respective party at the address indicated on the first page of this Agreement or to any other address or person that the respective party may designate by written notice delivered pursuant hereto.

33. Export Control. Customer shall not export or re-export, directly or indirectly, any: (i) product or service provided under this Agreement, (ii) technical data, (iii) software, (iv) information, or (v) items acquired under this Agreement to any country for which the United States Government (or any agency thereof) requires an export license or other approval without first obtaining any licenses, consents or permits that may be required under the applicable laws of the U.S. or other foreign jurisdictions and shall incorporate in all export shipping documents the applicable destination control statements. Customer shall, at its own expense, defend, indemnify, and save harmless ADT from and against all third-party claims, liability, loss or damage (including attorneys' fees and other defense costs), assessed against or suffered by ADT as a result of an allegation or claim of noncompliance by Customer with this Section. The obligations contained in this Section shall survive the termination or expiration of this Agreement.

34. Software. Any software provided with the Equipment or in connection with the Services is proprietary to ADT and/or ADT's supplier(s) and is licensed or sublicensed to Customer on a non-exclusive basis. Customer may not (a) disclose the Software or source code to any third parties, (b) duplicate, reproduce, or copy all or any part of the Software, or (c) use the Software on equipment other than with the designated Equipment with which it was furnished. A separate Software License Agreement or End User License Agreement between ADT and/or the software publisher may be required to use the software and/or obtain updates/upgrades.

35. Survival. Those provisions which by their sense are intended to survive the cancellation, expiration or termination of the Agreement, including, by way of example only, the indemnification and limit of liability obligations contained therein, shall survive the cancellation, expiration or termination of the Agreement for whatever reason.

36. Waiver. The waiver, by either party, of a breach or violation of any provision of this Agreement shall not operate as, or be considered, to be a waiver of any subsequent breach thereof.

(REMAINDER OF PAGE INTENTIONALLY BLANK - SIGNATURES ON FOLLOWING PAGE)

Acceptance

NOTICE: Our charges under this agreement are based on your agreement to receive and pay for the services for a full Sixty (60) month term.

IF THIS AGREEMENT IS TERMINATED BY YOU PRIOR TO THE END OF THE THEN-CURRENT TERM, EXCEPT AS OTHERWISE PROVIDED HEREIN, YOU AGREE TO PAY US THE SERVICE CHARGES THAT WOULD HAVE BEEN PAYABLE BY YOU FOR THE REMAINING TERM OF THE AGREEMENT BUT FOR THE EARLY TERMINATION HEREOF.

Agreed and accepted as of the date set forth above. All checked items and options, and the attachments represented by such checked items and options are a part of this Proposal which, once fully executed, shall also be referred to herein as the "Agreement."

Customer Authorized Representative	Printed Name	Title	Date
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ADT Representative	Printed Name	Title	Date
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ADT Authorized Manager	Printed Name	Title	Date
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COMMERCIAL PROPOSAL AND SALES AGREEMENT



* 8 9 0 9 6 8 5 0 5 *

lease with required monthly fees

Branch: 6690	Sales Representative: Gregory Lewis	Today's Date: 9/22/2020
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Customer Information

Business Name:	SOUTH TEXAS WATER AUTHORITY	Phone:	(361)592-9323
Address:	2302 E Sage Rd KINGSVILLE, TX 78363	Billing Address:	2302 E Sage Rd KINGSVILLE, TX 78363

Investment Summary

Total Equipment and Installation Charge: \$3,695.00

Customer agrees to pay the Total Equipment and Installation Charge shown above, plus applicable taxes (collectively, the "Equipment Charges"). Simultaneously with the execution of this Agreement, Customer shall pay \$0.00 of these Equipment Charges, with a remaining balance of \$3,695.00 to be paid upon completion of the installation and as a precondition of activation of the Equipment and, if applicable, connection to the Central Station or direct connection service.

Recurring Service Charges: \$289.37 per month

In addition to the Equipment Charges, Customer agrees to pay the Recurring Service Charges shown above, plus applicable taxes (collectively, the "Service Charges") for the usage of any ADT Owned Equipment and any other recurring services selected, such Service Charges to be paid Monthly, in advance. Customer has made an advance payment of Service Charges in the amount of \$0.00 at the time of sale.

Licenses and Permit Charge: \$0.00

Customer agrees to pay the total Licenses and Permit Charge shown above (collectively, the "License and Permit Charge"). Customer shall pay \$0.00 at the time of sale.

Term Length: 60 Months

Our charges under this agreement are based on your agreement to receive and pay for the services for a full Sixty (60) month term.

Site Location Information

Location Name:	SOUTH TEXAS WATER AUTHORITY		
Address:	2302 E Sage Rd KINGSVILLE, TX 78363		
Site #:	0	Phone:	(361)592-9323

System Design Information

System Design Name:	South Texas Water Design	Job #:	
Equipment Ownership:	ADT Owned		
Warranty Period:	90 Days		

Services

South Texas Water Design

Service Plan

ADT Protection Plan

Equipment List

Quantity	Description	Included in Service Plan
1	16 Channel ADH, TVI, CVBS, IP DVR 4TB	Yes
1	2MP analog, indoor dome, AHD, CVI, TVI, CVBS, 2.8 mm fixed lens, true D/N, 12VDC	Yes
7	Wisenet HD+ 2MP, Full HD(1080p) 30fps IR indoor dome camera, AHD/TVI/CVI/CVBS, motorized vari-focal	Yes
1	Cctv 12Vdc 11Amp 18 Output Power Supply	Yes
1	Power Cords	Yes
1	12 VOLT 7 AMP HOUR BATTERY	Yes
4	Wisenet X powered by Wisenet 5 network IR outdoor bullet camera, 2MP, Full HD(1080p) @60fps, 12X opt	Yes
1	8 PORT GIGABIT GREEN NET POE+ Switch	Yes
320	Cat 5E Shielded Direct Burial Cable 1M	Yes

Equipment & Installation Total	\$3,695.00
Estimated Taxes	\$0.00
Monthly Fee	\$289.37

Scope Of Work

Scope of work:

Contact; Carola Serrato 361-592-9323

We will replace all of the existing cameras and DVR with new HD Hybrid Cameras and NVR.

All existing wiring is to be used, this is a direct swap out camera for camera and NVR, should be a plug and play.

With the exception of 4 pole cameras.

Program NVR for remote viewing on and off site

Program NVR for Event Record.

Camera #1: Inside dome with wide angle lens

Camera #2: Right front corner with varifocal lens

Camera #3: Right front corner with varifoca lens

Camera #4: Left rear side, with varifoca lens

Camera #5: Left rear side, with varifoca lens

Camera #6: Left rear side, with varifoca lens

All lift out ceiling to location for pole

Camera #7: tvl Bullet mounted on pole

Camera #8: TVI Bullet Varifocal mounted on pole

Camera #9: XNO-6120R Varifocal mounted on pole

Camera #10 XNO-6120R Varifocal mounted on pole

Camera #11 XNO-6120R Varifocal mounted on pole

Camera #12XNO-6120R Varifocal mounted on pole

Align all cameras to match existing and then adjust camera angle and lens to provide the zoom and angles the customer requires.

Scope of work:

Contact; Carola Serrato 361-592-9323

We will replace all of the existing cameras and DVR with new HD Hybrid Cameras and NVR.

All existing wiring is to be used, this is a direct swap out camera for camera and NVR, should be a plug and play.

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Camera #11 XNO-6120R Varifocal mounted on pole

Camera #12XNO-6120R Varifocal mounted on pole

Align all cameras to match existing and then adjust camera angle and lens to provide the zoom and angles the customer requires.

Inclusions/Exclusions

General Notes

All prices quoted and any other offers made in this Proposal are valid for thirty (30) days from the date of this Proposal, after which they are automatically withdrawn and this Proposal shall be void.

All prices set forth in this Proposal are based on the assumption that Customer will countersign this Proposal and this Proposal will be the operative document between the parties. If instead of countersigning this Proposal, Customer submits a different document for consideration (such as a purchase order or contract), then legal review will be necessary and the prices set forth in this Proposal will be increased accordingly.

Except in the case where the "Rough Order of Magnitude Only" box is checked above, all pages of the Proposal must be initialed and/or signed where indicated and returned. Proposals returned with missing pages, initials or signatures shall be void.

Appendices

The following appendices are incorporated into the Proposal:

<input checked="" type="checkbox"/> Appendix 1: Warranty	<input checked="" type="checkbox"/> Appendix 6: Recurring Services Terms and Conditions
<input checked="" type="checkbox"/> Appendix 2: General Terms and Conditions	<input type="checkbox"/> Appendix 7: Monitoring Agreement
<input type="checkbox"/> Appendix 3: NASPO Terms and Conditions	<input type="checkbox"/> Appendix 8: Brivo Hosted AVC and Video Terms and Conditions
<input type="checkbox"/> Appendix 4: ATM Install Terms and Conditions	<input type="checkbox"/> Appendix 9: Avigilon Terms and Conditions
<input type="checkbox"/> Appendix 5: ATM Software Support Agreement	<input checked="" type="checkbox"/> Appendix 10: Special Provisions

Master Agreement

Customer and ADT are not parties to a Master Agreement (or similar document). This Proposal is governed by all terms and conditions as checked in the Appendices Section.

Customer and ADT are parties to a Master Agreement (or similar document). This Proposal is governed by the terms and conditions of such Master Agreement. However, any terms and conditions, and special provisions as checked shall apply to the Proposal as well. Items listed in this Proposal as having no warranty are applicable to this Proposal as well. In the event of any conflict between the Master Agreement and the checked provisions of this Proposal and/or any "no warranty" items in this Proposal, the provisions of this Proposal shall prevail. If Customer is not the end user (that is, if there are additional parties as set forth in the "Contract Chain" above), then Appendix 10 must be included in this Proposal. If Appendix 10 is not so included, this Proposal shall be void. Such a Master Agreement (or similar document) does not apply if NASPO is checked on this Proposal.

APPENDIX 1 - WARRANTIES

EXCEPT FOR THE WARRANTIES SPECIFICALLY SET FORTH BELOW, ADT EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THOSE OF MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE.

GENERAL WARRANTY

ADT warrants that the work and services to be performed pursuant to the Proposal will be completed by qualified personnel possessing the knowledge and capability to perform such work and services, and that such work and services shall be performed by such personnel in a professional and workman like manner. Where the Proposal includes the provision of "professional" Services by ADT (services that are required to be performed by a licensed engineer, architect, or other professional), the standard of care for such Services shall be the care and skill ordinarily employed by members of the profession practicing under similar conditions at the same time and locality of the relevant Services.

LIMITED WARRANTIES

Equipment. ADT warrants equipment sold under the Proposal for a period of 90 Days.

Installations. ADT warrants installation of equipment for a period of 90 Days beginning at Substantial Completion (excluding software defects).

Software Installation. ADT warrants software installation and programming by ADT for a period of 90 Days beginning at Substantial Completion (excluding software defects).

ATM Services. ADT warrants installation of ATM equipment and other ATM-related services (excluding test and inspection services) for a period of 90 Days beginning at Substantial Completion.

As used herein, "Substantial Completion" is defined as the stage that the work is sufficiently complete so that the Customer has beneficial use of the equipment and/or premises involved in the work. For a project involving multiple phases or facilities, Substantial Completion shall be determined, and the limited warranty shall run, for each phase or facility separately. Substantial Completion excludes commissioning.

During the warranty periods set forth above, ADT will at its cost, repair or, at its option, replace, any defective part of the equipment ADT installs or service ADT performs. ADT may, at its option, use new or reconditioned parts for replacements.

We perform repair services only during our normal working hours which are 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays. IF YOU REQUEST US TO PERFORM REPAIR SERVICES OUTSIDE OF OUR NORMAL WORKING HOURS, THEN WE MAY REQUIRE YOU TO PAY FOR OUR SERVICES AT OUR THEN-CURRENT RATES FOR LABOR.

ADT Service Plan/Extended Service Plan. Subject to the limitations and exclusions set forth in this Appendix 1, if Customer has subscribed to an ADT Service Plan/Extended Service Plan, then in lieu of the Limited Warranties set forth herein, ADT shall, at its cost, perform such repairs as set forth in the ADT Service Plan/Extended Service Plan for the term of such plan.

NO WARRANTY

Software Upgrades. Purchases of Software Upgrades have no warranty from ADT. Notwithstanding anything to the contrary in the Proposal or in any Master Agreement between the parties, any liability of ADT related to software upgrades pursuant to the Proposal shall be limited to the Total Price set forth in the Proposal.

Manufacturer Software Support and Services. Purchases of manufacturer software support and services have no warranty from ADT. A purchase of manufacturer software support may entitle Customer to software version upgrades. Any labor to install and commission the software upgrades is not included unless specifically set forth in the Proposal. Notwithstanding anything to the contrary in the Proposal or in any Master Agreement between the parties, any liability of ADT related to software upgrades pursuant to the Proposal shall be limited to the Total Price set forth in the Proposal.

Sprinklers. ADT does not warrant any sprinkler services (including but not limited to installation, testing, inspection, repair and maintenance) provided by ADT ("Sprinkler Work") against failures or against defects in the materials or workmanship provided. However, if any replacement part or item of equipment installed by ADT proves defective, ADT will extend to the Customer the benefits of any warranty ADT has received from the manufacturer. Removal and reinstallation of any equipment or materials repaired or replaced under a manufacturer's warranty will be at Customer's expense and at the rates then in effect. THERE ARE NO WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, IN CONNECTION WITH THE SPRINKLER WORK PERFORMED HEREUNDER, AND THE SOLE AND EXCLUSIVE REMEDY OF THE CUSTOMER FOR FAILURES OR DEFECTS IN THE SPRINKLER WORK PERFORMED IS TO HAVE THE SPRINKLER WORK REDONE AT THE CUSTOMERS EXPENSE.

eSRG. Consulting services performed by the ADT eSRG team carry no warranty from ADT beyond the general warranty set forth above.

Design. Design services performed by ADT carry no warranty from ADT beyond the general warranty set forth above.

Monitoring Services. Monitoring Services carry no warranty from ADT. If applicable, see Appendix 7 for additional information.

Hosted Services. Hosted Services carry no warranty from ADT. If applicable, see Appendix 8 and Appendix 9 for additional information.

EXCLUSIONS

ADT's warranty does not include:

- a. Damage or malfunction due to accident, acts of nature (including lightning strikes), improper operation, power surge/loss, misuse, neglect, unauthorized modification or repair or use in a manner for which the equipment was not intended;
- b. Consumable items such as printer print heads or access cards, and items designed to fail in order to protect the equipment (such as fuses and surge suppressors);
- c. Technician services for troubleshooting, removing or replacing any failed component not covered by this warranty which may include upgrading or otherwise modifying and fixing Customer provided computer equipment;
- d. Any installation, maintenance, repair, service, relocation or alteration to or of, or other tampering with the equipment or replacement parts performed by any person or entity other than ADT without ADT's prior written approval, or any use of replacement parts not supplied by ADT, either of which shall void and cancel all warranties with respect to the affected products and/or Services.
- e. Software defects; and/or
- f. Telephone line malfunctions or modifications to Customer's telephone service that render it incompatible with the equipment or the central station.

APPENDIX 2 – GENERAL TERMS AND CONDITIONS

1. Work and Services to Be Performed/Provided. ADT agrees to perform the work and provide the goods, software, licenses and services that are described in the Proposal. If the Proposal contains options, then ADT shall only perform those options that have been chosen by the Customer. All items to be performed pursuant to the Proposal are referred to herein as the "Services." ADT is solely responsible for choosing the manner and methods of performing the Services by its employees, agents, and/or independent contractors. Equal quality products, materials, and parts from different manufacturers may be substituted to overcome delivery problems or replacement of discontinued items. Substituted items will meet or exceed original parts specifications. Submittals, shop drawings, as-built record drawings and O&M documentation are excluded, unless specifically included in the Scope of Work or required by project specifications. Any such submittals, drawings and/or documentation shall be in Adobe Portable Document Format (PDF) only. The Proposal, when accepted by Customer, shall be considered the "Agreement" between the parties.

2. Reports. The Services may include prepared reports or other written deliverables (each, a "Report"). Customer may not necessarily agree with certain statements made, or positions taken by ADT in a Report. However, Customer acknowledges that by retaining ADT for the Services, Customer is relying on the opinions and expertise of ADT. ADT has no obligation to modify any Report to adopt a position that the Customer believes is more favorable or advantageous than prior statements made, or positions taken, by ADT. If Customer does not accept any such Report, ADT may withdraw from the engagement and Customer shall be obligated to compensate ADT for all Services (including the Report at issue) through the date of withdrawal.

3. Compensation and Payment Terms. Customer agrees to fully pay ADT any and all invoices and/or expense reimbursement requests within thirty (30) days of the date of any such invoice and/or reimbursement request. Extension of credit for billing is subject to approval of ADT's credit department and is not included in the Proposal. Any payment not received within thirty (30) days of an invoice or reimbursement request shall be subject to an additional charge at the rate of 1.5% per month of the outstanding balance due or the highest rate of interest permitted by applicable law, whichever is less. ADT may, at its discretion and without waiving any rights, elect to suspend performance of any and all work if any payment is not received within ten (10) days after the due date. In the event that any payment due ADT is collected at law or through, or under advice from, an attorney-at-law, or through a collection agency, Customer agrees to pay all costs of collection, including without limitation, all court costs and reasonable attorney's fees. If Customer opts to pay ADT for an invoice with a credit card, ADT reserves the right to add a 3% processing fee to the total cost of the work.

If the Proposal specifies fixed or lump sum pricing, the Total Price will be billed upon the completion of all Services performed.

If the Proposal specifies Time & Materials, GMP/GMAX/MACC, cost reimbursable, or cost-plus pricing, ADT will invoice Customer upon completion of all Services performed.

For ADT owned equipment, Customer shall pay ADT per the schedule set forth in the Proposal at the time and for the duration set forth in the Proposal.

4. Sales Taxes. Unless specifically itemized in the Proposal, estimated sales taxes and other taxes due to city, state, or county government applicable in the United States are not included in the Proposal. All such taxes shall be the responsibility of Customer. For services to be provided outside of the United States, all Value Added Taxes (VAT), General Service Taxes (GST), Consumption Taxes, Import/Export Duties, Withholding and any other taxes or fees due to a sovereign nation are excluded and are the responsibility of Customer.

5. Bonds. If payment and performance bonds are required by Customer in writing in advance of the execution of the Agreement by Customer, the total price set forth in the Proposal shall include an administration fee of 2.5% of what the total price would have been without such bond (excluding applicable sales tax). If such bond is not requested by Customer until after the execution of the Agreement by Customer, Contractor shall enter into a Change Order reflecting an administration fee of 2.5% of the total price of the Agreement (excluding applicable sales tax). ADT shall not be required to obtain any bonds until such Change Order has been executed by Customer.

6. Insurance. Certificates of Insurance are available upon Customer request. Upon Customer request, such COI shall name Customer and all other parties in the "Contract Chain" as additional insureds. Any customer-requested insurance beyond what ADT normally carries is excluded from the pricing in the Proposal and shall be paid for by Customer.

7. Schedule Dates. ADT shall diligently endeavor to make timely delivery and installation and otherwise to timely complete the Services according to a mutually agreed "Implementation Schedule." If no implementation schedule is developed or agreed upon, ADT shall diligently endeavor to complete the Services within a reasonable time. Except as expressly provided in the Proposal, ADT shall, under no circumstances, be deemed to be in default hereunder or be liable for damages, special, consequential, or otherwise, resulting from delays in delivery, installation, or other completion of the Services. Minor omissions or variances in performance of the Services, which do not materially and adversely affect the Customer's use of installed systems, equipment, goods, or materials, or the operation thereof, shall not be deemed to have postponed substantial or final completion. Unless otherwise arranged in writing, Services shall be performed during normal business hours (7:30 am to 4:30 pm, Monday – Friday, except holidays). Services performed outside of normal business hours will result in ADT's then current surcharges for such Services.

8. Installation / Site Conditions. For any Services to be performed on-site, ADT will arrange for such Services in accordance with specifications, drawings and instructions provided by Customer, which specifications and drawings are considered a part of this Agreement. Whenever applicable, suitable foundations, wall openings, curbing holes, pits, tunnels, culvert piping, grouting, surrounding masonry and concrete, canopies and architectural enclosures, and sun screens shall be constructed by others at Customer's cost. Unless otherwise set forth in the Scope of Work, Customer shall also provide at its own expense the power and lighting that is required for proper operation of any equipment. If, through no fault of ADT, ADT cannot proceed with the work within a reasonable time after delivery of the equipment and/or ADT's arrival at the work site, Customer shall pay ADT's actual expenses, including, but not limited to, additional service fees and any storage fees incurred by ADT in waiting to proceed or in returning to Customer's premises to perform the work. Customer shall notify ADT of any cancellations forty-eight (48) hours in advance of any scheduled service call. Failure to so notify will result in an additional service fee charged to Customer. Unless otherwise set forth in the Scope of Work, Customer shall secure and pay for any required building permits and governmental fees, licenses, and inspection necessary for the proper execution and completion of the installation of the equipment which are legally required at the time that the installation is done. Customer shall give all notices and comply with all laws, ordinances, rules, regulations and lawful orders of any public authority bearing on the performance of the work. In the event that ADT is required, in connection with the installation of the equipment, to do additional work either because Customer did not prepare the job site, or because the drawings, wiring, or other work done by Customer or for Customer by others, was not properly represented in the drawing supplied to ADT, ADT shall have the option of doing the additional work required to complete the job, and will charge Customer at ADT's current prevailing rates for such work, or, of abandoning the installation and being paid in full by Customer upon demand therefore. Any additional amounts so charged shall be due within ten (10) days of receipt of invoice by Customer. Customer represents to ADT that it has an interest in the real estate on which the equipment is to be installed and that has the authority to and hereby authorizes ADT to do the work as provided in this Agreement.

9. Ownership of Equipment. Ownership of any equipment installed pursuant to this Agreement shall be described in the "Transaction Type" Section of the Proposal. For an outright sale, equipment that is purchased by Customer shall become the property of Customer upon the later of installation (or delivery to Customer if the equipment is not to be installed) and payment in full as set forth in Section 3 hereof. Until the equipment becomes the property of Customer, we retain ownership of the equipment we install at your premises. For ADT owned equipment, ADT will retain ownership of all installed equipment. Upon termination of the Agreement (or portion of the Agreement pertaining to the equipment), ADT shall have the right to enter upon Customer's premises to either remove or disable such equipment. Failure to allow ADT to so remove or disable the equipment shall result in Customer being liable to ADT for: (a) ADT's reasonable charges for the equipment, and (b) reimbursement to ADT for any other costs (including reasonable attorneys' fees) incurred by ADT in seeking to gain access to remove the equipment and/or to collect such charges. ADT shall have no obligation to repair the premises after any such removal. ADT's removal, disablement or abandonment of such equipment does not constitute a waiver of ADT's right to collect any other charges due under the Agreement. If Customer has elected to finance the purchase of some or all of the equipment with a third party lender or leasing company, then title to the equipment may be held by Customer's lender/lessor as security for Customer's loan/lease obligations. The terms of Customer's agreement with the lender/lessor may require Customer to maintain insurance, may make Customer responsible for various other costs and fees, and may obligate Customer to pay the lender/lessor regardless of ADT's performance hereunder. ADT makes no recommendations on lending or leasing sources and is not responsible for Customer's selection of a lending or leasing source, or the terms of Customer's agreement with its lender/lessor, and ADT hereby disclaims any and all liability in connection with Customer's arrangements with its lender/lessor.

10. Changes to Services. Except as otherwise set forth in a separate Appendix to this Agreement, any changes to the Agreement or to the Services will be by written change order, amendment or rider signed by duly authorized representatives of Customer and ADT that describes the changes and sets and sets forth the amount of money to be added or removed from the Total Price and/or the adjustment of time to complete the Services (a "Change Order"). ADT shall have no obligation to perform any change to Services in the absence of a Change Order. Customer may not cancel any equipment specially ordered for Customer or for labor and shipping costs already incurred. Customer shall be responsible for any restocking fees and shipping and handling charges incurred by ADT as a result of any requested changes to the Services. Change Orders shall include additional terms and conditions if the nature of the changes are outside of the scope of the original Agreement.

11. Duration of Agreement. The Agreement will be effective as of the date set forth on Page 1 of the Proposal and will remain in effect until the completion of the Services. However, except as set forth in a separate Appendix to this Agreement, the Agreement may be terminated early by either party upon giving thirty (30) days written notice to the other party.

12. Disclaimer of Legal Advice. In the course of performing the Services, ADT may give advice or opinions regarding the impact of certain security and risk-related laws or regulations on the business of the Customer. However, Customer is hereby put on notice that ADT is not a law firm, it does not engage in the practice of law, and it does not render any legal advice. Customer is advised to seek its own legal counsel regarding any legal issues relating to its business, including issues relating to any Services. By entering into the Agreement, Customer specifically acknowledges this disclaimer and advice to consult with counsel set forth in this Section.

13. Confidentiality. Each party acknowledges that material and information which has or will come into its possession or knowledge in connection with this Performance or in the performance of the Services may consist of confidential and proprietary information of the other party, the disclosure of which to third parties would be damaging. Confidential information shall include any information relating to the identity of the party's customers, the nature of their relationship with their customers, the nature of the other party's business, or the rates charged by it to third parties. The parties agree not to make use of this information other than for the performance of the Agreement, to release it only to employees requiring such information and only after ensuring that such employees are aware of the terms of this Section, and not to release or disclose it to any other party other than as required by law. The parties further agree not to use any Services performed under the Agreement for advertising, portfolio, or other promotional purposes without the written consent of the other party. Confidential information shall not include any information that: (a) was, is, or becomes public information through no fault of the receiving party; (b) is in the possession of the receiving Party before the commencement of this Agreement where that party can provide written proof thereof; (c) is developed by ADT independently of the Customer; (d) must be disclosed pursuant to or as required by law or by a court or other tribunal of competent jurisdiction; (e) is disclosed to the receiving Party by a third party with a right to disclose such information; or (f) is disclosed by a party to a third party with the express written consent of the other party. This obligation of confidentiality shall survive termination of the Agreement for a period of three (3) years.

14. Intellectual Property. The parties acknowledge that one or both parties may have certain intellectual property rights that may be revealed or provided to the other party in accordance with the Agreement. Each party acknowledges that the Agreement does not grant any right or title of ownership in their respective intellectual property rights to the other unless specifically provided in the Agreement. Any intellectual property shall remain the originator's property unless otherwise provided in the Agreement.

15. Independent Contractors. ADT is an independent contractor and not an employee, agent, joint venture, or partner of Customer. Nothing in this Agreement shall be interpreted or construed to create or establish the relationship of employer and employee between the parties or any employee or agents of ADT. Since ADT is an independent contractor to Customer, ADT shall retain the right to perform work and services for other parties during the term of this Agreement. Neither party shall have the power, nor shall either party represent that it has the power, to bind the other party to or to assume or create any obligations, express, or implied, on behalf of the other party. Customer will not provide fringe benefits, including, but not limited to, life, disability, and health insurance, paid vacation, worker's compensation, or any other employee benefits, for the benefit of ADT's employees, agents, or independent contractors.

16. Indemnification. Each party agrees to indemnify, defend, and hold harmless the other party from and against any and all claims, actions, suits, liabilities, costs, and expenses (including attorney's fees) brought against either of them for or on account of bodily injury (including death) or property damage, to the extent that such claims, actions, suits, liabilities, costs, and expenses (including reasonable attorney's fees) arise out of or result from the negligent or willful acts or omissions of the indemnifying party, its employees, agents, or independent contractors, in the performance of its obligations under this Agreement. By entering into the Agreement, Customer acknowledges that the indemnity obligations in this Section were mutually negotiated.

17. Limitation of Liability. For box sales and test and inspect services, and sprinkler services (including but not limited to installation, testing, inspection, repair and maintenance), notwithstanding any contrary provision of the Agreement, Customer expressly agrees that in no event shall ADT's liability to Customer or any third party for any claim based on any legal theory in connection with any acts, omissions, errors, delays and/or interruptions relative to the Services exceed the total amount paid by Customer to ADT pursuant to the Agreement, or, in the case of recurring services, monitoring services or hosted services, the total amount paid by Customer to ADT for such Services in the preceding six (6) month period.

18. Mutual Waiver of Consequential Damages. ADT and Customer waive claims against each other for consequential damages arising out of or relating to this Agreement. This mutual waiver includes damages incurred by the Customer for loss of use, income, profit, loss by reason of facility shut down or fluctuation in facility service or operation, loss of electronic or other data, Customer claims, or other economic loss or personal injury in connection with or arising out of the existence, furnishing, functioning or use of the work, Services, goods, and/or materials provided by ADT, including any damages arising from any theft by a third party.

19. Assignment. Neither Customer nor ADT may assign this Agreement or the obligations created thereby without the prior written consent of the other party, which consent will not be unreasonably withheld. Notwithstanding the foregoing, ADT may assign this Agreement to a company under common ownership or control and may subcontract with third parties to perform any or all of its obligations under this Agreement.

20. Binding on Successors. Subject to any restrictions stated in any other provision of the Agreement, the Agreement will be binding on and will inure to the benefit of the Parties and their respective successors and permitted assigns. None of the provisions of the Agreement are intended to provide any rights or remedies to any person (including without limitation any employees, customers, or creditors of either of the parties hereto), other than the Parties and their

respective successors and permitted assigns.

21. Severability. In the event that any of the provisions of the Agreement should be held invalid or unenforceable by law, such invalidity or unenforceability will not affect the validity or enforceability of any other provision of the Agreement.

22. Entire Agreement. The Agreement contains the entire agreement between the parties with respect to the subject matter of the Agreement and supersedes any and all prior oral and/or written understandings and agreements. There are no oral or written agreements, representations, or understandings by or between the parties affecting the Agreement or related to the Services to be performed by ADT. By entering into the Agreement, each Party is relying solely on its own judgment, investigation, and advice, and such other investigation, advice, legal counsel, and technical consultation as it deems appropriate.

23. Non-Solicitation. Customer and ADT agree that ADT has made an investment in its employees and subcontractors ("Personnel") which is not easily measured or ascertained. Should Customer (or any of its subsidiaries or divisions) hire such Personnel, ADT shall be damaged in an amount that cannot be easily measured. Therefore, Customer agrees to pay to ADT as liquidated damages the amount of thirty-five percent (35%) of the annual gross salary of such Personnel (which shall be calculated by multiplying by twelve (12) the monthly salary on the last day of the Personnel's employment) in the event that Customer (or any of its subsidiaries or divisions) hires such Personnel at any time during the term of this Agreement or within three (3) years after the termination of this Agreement. The Parties agree that the liquidated damages specified in this section are a reasonable forecast of just compensation to ADT and not a penalty or punitive amount.

24. Governing Law and Attorney's Fees. The parties knowingly, expressly, and willingly, and as a matter of agreed-upon risk allocation, agree that all disputes under or relating to this Agreement or otherwise shall be decided in accordance with the substantive laws of the State where the Services are performed without regard to the conflict of laws provisions thereof. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved through binding arbitration administered by the American Arbitration Association under its Construction Industry Arbitration Rules in the location closest to where the Services are performed, and judgment on the award rendered by the arbitrator(s) may be entered exclusively in the Superior Court of the County where the Services are performed, and by entering into the Agreement, Customer and ADT voluntarily consent to jurisdiction in such court. The substantially prevailing party in the arbitration shall be entitled to recover its reasonable attorneys' fees, costs (including arbitration and collection costs), and expenses incurred in connection therewith.

25. Force Majeure. ADT shall not be responsible for any delays or costs caused by acts of nature or God, including but not limited to force majeure events, or for any other cause beyond ADT's reasonable control. ADT shall be entitled to a Change Order and reimbursement for all demonstrable costs incurred due to Force Majeure and an extension of time equivalent to the delay caused by Force Majeure.

26. Customer Cooperation. Customer shall permit or arrange for reasonable access to the premises by ADT's design, installation, and maintenance personnel. Customer shall cooperate with ADT in obtaining any and all necessary consents and waivers from the owner of the Premises in connection with the Services and shall supply all supplemental equipment and facilities necessary for the installation, such as structural changes, conduits, back boxes, commercial power electrical wiring, outlets, and associated equipment, equipment room(s), and necessary operating environment as specified by the manufacturers of any goods or equipment to be installed. This pricing specified in the Agreement is based upon Customer's premises and facilities being available to allow ADT to perform continuous, uninterrupted work between 7:30 am and 4:30 pm, Monday through Friday, pursuant to a prearranged schedule. Customer shall provide free and clear access to all work areas including the removal of furniture, shelving, and other impediments. Additional labor will be billed if ADT's labor schedule is altered or unscheduled overtime is required by reason of ADT's inability to have access to the premises and facilities.

27. Risk of Loss. This Section shall govern risk of loss of goods, materials and equipment notwithstanding ownership of the same pursuant to Section 9 hereof. ADT shall bear the risk of loss or damage to the goods, materials, and equipment while the same are in transit until delivery to Customer's premises. ADT shall be responsible for loss or damage to the goods, materials, and equipment during testing or installation to the extent directly caused by ADT's employees or agents, but not by others. Customer shall be responsible for security and proper storage of goods, material, and equipment after delivery to Customer's premises and shall be responsible for loss or damage. For ADT owned equipment, Customer shall keep all installed and uninstalled equipment owned by ADT insured against all risks of loss in an amount equal to the replacement cost and, at ADT's request, list ADT on the policy as the "loss payee."

28. Delays. ADT will not be responsible for delays and damages due to delays either by Customer or other contractors that impede progress and scheduling of the Services. Any such delays that cause ADT to incur more labor hours to complete the Services or overtime hours than was originally bid will be the subject of an equitable adjustment to the Contract Price and Customer shall pay the same. ADT will give appropriate notice when possible to the Customer prior to either the Customer or ADT incurring such charges. ADT shall be reimbursed for all costs incurred by ADT or its subcontractors due to work by others that alters or delays the Services, whether before, during, or after ADT has started performing the Services.

29. Hazardous Materials. Hazardous materials abatement is excluded. This includes, but is not limited to asbestos and lead and any other materials defined as being radioactive, infectious, hazardous, dangerous, or toxic by any federal, state, or local statute, regulation, or ordinance. If ADT encounters hazardous materials, it will immediately stop work in the affected area (as determined in ADT's discretion) until remediated by Customer. Customer agrees it will indemnify and hold ADT, its employees, officers, directors and affiliates harmless from and against any claim, suit or proceeding and loss or liability arising from or related to any toxic substance, pollution or contamination that ADT does not bring to or generate on the Project site to the proportionate extent such claim, suit or proceeding or loss or liability is associated with such hazardous waste, toxic substance, pollution or contamination, including but not limited to bodily injury (including death) to persons, damages to property, disposal and replacement costs for contaminated equipment and materials, fines and other remediation costs, and damage and/or loss of natural resources.

30. Systems Management, Optimization, Maintenance, and Backup. Unless ADT is specifically hired to perform security systems management, administration, optimization, maintenance or data backups and such work is specified in the Scope of Work, these tasks must be performed by others and will not be performed by ADT. Customer assumes all responsibility for performance of these mission critical tasks and assumes all responsibility for ensuring that any equipment will perform as anticipated in any of Customer's systems. Customer warrants that, if applicable, it has all necessary bandwidth (wired or wireless) to accommodate all equipment covered under this Agreement. ADT's Work does not include maintaining copies of Customer system configuration or user databases for any systems, unless Customer specifically hires ADT to do so under a Performance Optimization, Data Management and Backup, or Maintenance Program. ADT also does not keep copies of Customer system administrator passwords. If the information referenced above is lost by Customer, access to applications may not be possible, and Customer may be required to perform extensive software and or database rebuilds. Customer hereby acknowledges and accepts full responsibility for all tasks outlined in this section, and further acknowledges that ADT is not responsible for loss of data, integrity, passwords, system configuration, databases, backups, or other information.

31. Wireless Devices. Customer acknowledges and agrees that any wireless devices, including but not limited to, wireless local area network (WLAN or WiFi) networks and paths, wireless motion detectors, wireless smoke detectors, wireless door and window contacts, wireless home automation transmitters, and other wireless devices installed under this Agreement are not physically connected to the system (e.g., by electrical wire) and require a radio frequency network or path to operate. THESE WIRELESS DEVICES WILL NOT OPERATE, AND ANY ALARM WILL NOT SOUND, IF THE RADIO FREQUENCY NETWORK OR PATH IS IMPAIRED, INTERRUPTED, OR BECOMES INOPERABLE FOR ANY REASON WHATSOEVER. THESE WIRELESS DEVICES MAY USE FREQUENCIES AND SIGNAL PATHS THAT ARE NOT ENCRYPTED, AND ARE THUS SUBJECT AND VULNERABLE TO, INTERRUPTION, INTERCEPTION, INTERFERENCE, CORRUPTION, ALTERATION, BLOCKAGE, MANIPULATION, AND TAMPERING. It is Customer's sole responsibility to maintain all wireless local area network (WLAN or WiFi) networks and paths. ADT recommends that Customer regularly inspects any wireless network and wireless devices and test them weekly to help maintain continued operation. ADT also recommends that Customer carefully reads and follows the owner's manual, instructions and warnings for all equipment, including all wireless devices.

32. Notices. Any and all notices permitted or required to be given under this Agreement shall be in writing and shall be deemed duly given: (i) upon actual delivery if delivery is by hand or by nationally recognized overnight express mail; or (ii) upon receipt by the sending party of a confirmation or answer back if delivery is by email, or (iii) after three (3) days following delivery into the mail if delivery is by postage paid certified return receipt requested mail. Each such notice shall be sent to the respective party at the address indicated on the first page of this Agreement or to any other address or person that the respective party may designate by written notice delivered pursuant hereto.

33. Export Control. Customer shall not export or re-export, directly or indirectly, any: (i) product or service provided under this Agreement, (ii) technical data, (iii) software, (iv) information, or (v) items acquired under this Agreement to any country for which the United States Government (or any agency thereof) requires an export license or other approval without first obtaining any licenses, consents or permits that may be required under the applicable laws of the U.S. or other foreign jurisdictions and shall incorporate in all export shipping documents the applicable destination control statements. Customer shall, at its own expense, defend, indemnify, and save harmless ADT from and against all third-party claims, liability, loss or damage (including attorneys' fees and other defense costs), assessed against or suffered by ADT as a result of an allegation or claim of noncompliance by Customer with this Section. The obligations contained in this Section shall survive the termination or expiration of this Agreement.

34. Software. Any software provided with the Equipment or in connection with the Services is proprietary to ADT and/or ADT's supplier(s) and is licensed or sublicensed to Customer on a non-exclusive basis. Customer may not (a) disclose the Software or source code to any third parties, (b) duplicate, reproduce, or copy all or any part of the Software, or (c) use the Software on equipment other than with the designated Equipment with which it was furnished. A separate Software License Agreement or End User License Agreement between ADT and/or the software publisher may be required to use the software and/or obtain updates/upgrades.

35. Survival. Those provisions which by their sense are intended to survive the cancellation, expiration or termination of the Agreement, including, by way of example only, the indemnification and limit of liability obligations contained therein, shall survive the cancellation, expiration or termination of the Agreement for whatever reason.

36. Waiver. The waiver, by either party, of a breach or violation of any provision of this Agreement shall not operate as, or be considered, to be a waiver of any subsequent breach thereof.

APPENDIX 6 – RECURRING SERVICES TERMS AND CONDITIONS

In addition to the terms and conditions set forth in Appendix 2, this Appendix contains terms and conditions applicable to recurring services provided by ADT to Customer other than the services set forth in Appendices 7, 8 and/or 9. If the event of any conflict between Appendix 2 and this Appendix 6, the terms of this Appendix 6 shall prevail. This Appendix 6 does not apply to monitoring services and/or hosted services (see, if attached, Appendices 7, 8 and/or 9). Any terms and conditions set forth in a Master Agreement (or similar document) between the parties do not apply to recurring services.

1. Term. The initial term of this Appendix shall be for Sixty (60) Months (the "Initial Term"). The Initial Term shall begin on the date all equipment is installed and is operational, and when any necessary communications connection is completed. NOTE: Payment of all charges for installation and equipment is a precondition to the activation of the equipment and any recurring services the Customer has selected.

2. Auto Renew. Upon the expiration of the Initial Term, all selected recurring services shall automatically renew for successive terms of one (1) year each (each, a "Renewal Term"); provided that the Customer may, by providing written notice to ADT no less than thirty (30) (and no more than sixty (60)) days prior to the date of such auto renewal, cancel such auto renewal with respect to any of the selected recurring services.

3. Pricing Change. ADT may increase the charges for the recurring services after the first year of the Initial Term (but no more than once in any twelve (12) month period) by giving Customer thirty (30) days prior written notice.

4. Early Termination. In the event that the Customer terminates a recurring service during the Initial Term or during a Renewal Term, Customer shall pay to ADT, in addition to all other charges due prior to termination, the charges remaining to be paid for the unexpired portion of the Initial Term or Renewal Term (as the case may be) for such recurring service. Customer acknowledges and agrees that this amount is an agreed upon early termination charge in the nature of liquidated damages, and is not a penalty.

APPENDIX 10 – SPECIAL PROVISIONS

(REMAINDER OF PAGE INTENTIONALLY BLANK - SIGNATURES ON FOLLOWING PAGE)

Acceptance

NOTICE: Our charges under this agreement are based on your agreement to receive and pay for the services for a full Sixty (60) month term.

IF THIS AGREEMENT IS TERMINATED BY YOU PRIOR TO THE END OF THE THEN-CURRENT TERM, EXCEPT AS OTHERWISE PROVIDED HEREIN, YOU AGREE TO PAY US THE SERVICE CHARGES THAT WOULD HAVE BEEN PAYABLE BY YOU FOR THE REMAINING TERM OF THE AGREEMENT BUT FOR THE EARLY TERMINATION HEREOF.

Agreed and accepted as of the date set forth above. All checked items and options, and the attachments represented by such checked items and options are a part of this Proposal which, once fully executed, shall also be referred to herein as the "Agreement."

Customer Authorized Representative	Printed Name	Title	Date
ADT Representative	Printed Name	Title	Date
ADT Authorized Manager	Printed Name	Title	Date

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ATTACHMENT 13

GPS Devices

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 21, 2020
Re: Trailer and Equipment GPS Devices

Background:

Enclosed please find information on a GPS tracking device designed for the trailer portion of an 18-wheeler. The device does not require a wired energy source and uses a long-life battery. Depending on the number of times the device is pinged, the battery can last up to five (5) years – when pinged only once daily. This type of device is not intended to be a real time GPS tracking device such as that used in the company trucks.

Analysis:

This type of device was researched in the event the Board was interested in placing one on each of the seven (7) trailers. A device could also be placed on the trackhoe, mini-excavator, and backhoe. In addition, it warrants mention that a recent telephone call to Ford Motor Company indicates that newer trucks are capable of providing tracking information; however, the device is intended to be used with the manufacturer's GPS tracking service with a recurring monthly fee. STWA's current GPS service from Verizon uses a device that is readily visible and easily removed. At a price of \$235 and twenty (20) vehicles/equipment, the cost would be \$4,700 for a five-year period – less than \$1,000 per year.

Staff Recommendation:

Determine whether the purchase of these devices is a worthwhile added insurance.

Board Action:

Determine whether to purchase devices for STWA mobile infrastructure.

Summarization:

It should be noted that since 1986 (34 years), the recent theft is only the second time that such an incident has occurred. This, of course, does not mean the frequency will remain that low – only time will tell.

From: mcserrato@stwa.org
Sent: Wednesday, September 16, 2020 12:27 PM
To: 'austin@gpsandtrack.com'
Subject: RE: Asset GPS Tracker Information - GPS AND TRACK

Austin,

STWA has seven (7) trailers for hauling construction equipment and loading materials – tools – generators – compressors to various jobs. The equipment includes a trackhoe, backhoe, and mini excavator. Mowing equipment is also taken from pump station to pump station. There are ten (10) trucks in our fleet and one (1) small company car.

We could be looking at 23 devices if we include a lawn mower and small John Deere tractor.

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: austin@gpsandtrack.com <austin@gpsandtrack.com>
Sent: Wednesday, September 16, 2020 11:59 AM
To: mcserrato@stwa.org
Subject: Asset GPS Tracker Information - GPS AND TRACK



Hello,

We spoke earlier about these trackers at the great price of just \$235 per unit with 3 years included service!

The unit is just \$235 and comes with 3 years of included service.

Innovative New Features

- Geo-Fence Alerts
- 5 Year Battery Life - 1 Update Per Day
- 2 1/2 Year Battery Life - 2 Updates Per Day
- Strong Magnet With Included Mounting Bracket

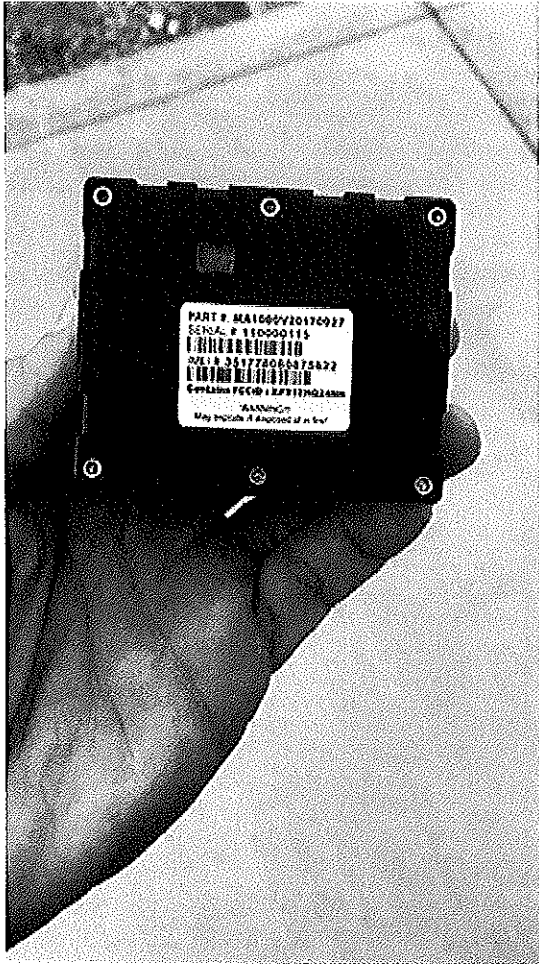
Why choose GPS and Track? Our technology is better! More reliable GPS tracking devices! About 1/2 the pricing of the competitors. We don't have monthly fees and zero contracts.

Checkout Our Demo

www.FLEETandGPS.com

Login: ASSETDEMO

Password: 12345



How many are you looking for? I can work on better pricing.

<https://gpsandtrack.com/gps-asset-tracking-device/>

Check out this video about the 2-22 Asset Tracker: <https://youtu.be/MoyBTKTSwu8>

If you prefer me to call you direct, just reply with the best number and time of day to call.

I hope all is well in these crazy days!

Austin Hinton
austin@GPSandTRACK.com
Office: 800-578-1809

TOP 3 PRIORITIES OF 2020

1. Take care of the client
2. Take care of the client
3. Take care of the client

www.facebook.com/GPSandTRACK

ATTACHMENT 14

City of Driscoll Payment Plan

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 24, 2020
Re: Request by the City of Driscoll to Pay Past Due Invoices in Installments – Written Agreement – Authorization to Work with Legal Counsel to Develop Agreement, Presentation to the City of Driscoll for Approval and Execution if Approved by the City of Driscoll Council

Background:

As part of the August 4, 2020 meeting agenda, the Board considered a request by the City of Driscoll to pay an additional \$10,000 per month together with its regular monthly bills in order to address its delinquent bills. Bill Flickinger, Willatt and Flickinger, and I worked to develop a payment plan according to the Board's directions. The City's attorney, Mr. Michael G. Morris, was contacted and provided the payment plan. The information was provided to Mayor Mark Gonzalez and Interim City Administrator Roland Ramos the same day. The payment plan was for a twelve-month period; the plan did not charge any interest on the delinquent invoices. The plan required the City to pay consistently or trigger a default. Finally, the executed plan needed to be returned in 30 days.

Analysis:

The City did not consider the plan within the 30-day time frame – the matter was considered two (2) days late. However, as detailed in Mr. Ramos' attached email, the Council decided not to enter into the plan as a result of their most recent financial reports.

As you can also see from the remainder of the email correspondence, the City is asking for the monthly amount to be \$5,000 per month in addition to their regular invoices. The City is also hoping for some assistance from Nueces County. The October agenda mentioned in Mr. Ramos' email has not been posted on the County's website.

Another item mentioned in Mr. Ramos' email is the Council's concern regarding the default clause in the payment plan. Mr. Flickinger and I agree that without any interest charges there is not any incentive for the City to make regular payments. We agree, if the Board is willing to consider the City's request, that deletion of a default clause would need to be replaced with a penalty clause or interest needs to be assessed.

Staff Recommendation:

As before, authorize legal counsel to work with staff to develop an alternative payment plan agreement.

Board Action:

Determine what action is appropriate.

Summarization:

The City's is making an effort to pay its current bills. However, as I stated in my recent telephone conversation with Mr. Ramos, the City's ability to repay their past due bills and remain current is unlikely without a change in the City's water rates.

From: Roland Ramos <rros@cityofdriscoll.com>
Sent: Sunday, September 20, 2020 4:32 PM
To: mcgserrato@stwa.org
Cc: Bill Flickinger
Subject: Re: Payment Plan

Carola,

I understand. Thank you for sharing your concerns and offering some helpful advice; I assure you we are definitely going to visit the water rates soon.

I will pass on your suggestions to the Mayor and City Council for their review.

Thanks,
Roland

From: mcgserrato@stwa.org <mcgserrato@stwa.org>
Sent: Thursday, September 17, 2020 10:46 AM
To: Roland Ramos <rros@cityofdriscoll.com>
Cc: Bill Flickinger <bflickinger@wfaustin.com>
Subject: RE: Payment Plan

Roland,

Per our conversation this morning, attached is the breakdown by month of water purchased by the City of Driscoll. The breakdown is according to STWA's Fiscal Year which runs Oct 1 – Sep 30. Since you requested 2019, there are two sheets from Oct 2018 – Sep 2019 and Oct 2019 to Aug 2020 (the most recent bill). The breakdown shows the per 1000g cost from the City of Corpus Christi, the gallons purchased, the dollar amount for the cost of water from the City of CC, STWA's Handling Charge per 1000g, the dollar amount for the Handling Charge, STWA's Incremental Fee per 1000g, the dollar amount for the Incremental Fee, and the Total dollar amount of the invoice (CC water + Handling Charge + Incremental Fee).

In addition, as we discussed, I will provide your email to the STWA Board. The Board is meeting on September 29th. It will be a remote meeting conducted using Zoom.

As we also discussed and as your email indicates, I feel certain that the Board will have concerns about the City's initial request to pay \$10,000/month and the most recent request. Per our conversation, I believe the subject of the City's own retail rates will be a topic. I hope the information provided will be helpful in the rate study that you are conducting.

Finally, as I stated, I will be discussing the matter with our legal counsel, particularly the default clause mentioned in your email. However, as I also stated, the Board opted not to charge any interest on the payment plan and without some type of incentive to pay regularly it ceases to be an actual payment plan. Although I did not state such but I am certain you agree – particularly with your municipal finance background – the City of Driscoll delinquency is unfair to STWA's other six (6) paying wholesale customers.

Sincerely,

Carola

Carola G. Serrato

Executive Director

South Texas Water Authority

2302 East Sage Rd

Kingsville, Texas 78363

361-592-9323 x112

From: Roland Ramos <rrosamos@cityofdriscoll.com>

Sent: Wednesday, September 16, 2020 10:48 PM

To: mcgserrato@stwa.org

Subject: Payment Plan

Hi Carola,

I hope everything is going well for you and your family. I wanted to inform you that the Driscoll City Council met today with the intention of passing the payment plan agreement. However, after listening to Dina present the financials to the Council, it was determined that \$10k, plus the current bill may be difficult to meet. They also had a concern with the clause that stipulates if the City fails to make timely payments, all amounts will be immediately due.

They are respectfully requesting if the STWA would consider \$5k per month, plus the current bill. The City would like to send more money towards the outstanding balance and pay it off as soon as possible. The reduced payment will provide them some breathing room to work around their cash flow.

I realize the original \$10k was an amount determined by the City, but the financial situation has worsened since the pandemic began. Mayor Gonzalez has reached out to County Judge Barbara Canales for financial assistance. He was told by a Nueces County official there is an agenda item in their October Commissioners Court meeting. Should the City of Driscoll receive a significant amount of financial assistance, the first priority is to pay the outstanding STWA invoices. We are hoping and praying Nueces County, another Stimulus package, or the newly introduced Cares Act may offer some financial relief soon.

Please speak to your Board or reps from the STWA and provide us with any suggestions. We greatly appreciate your patience.

Thanks,
Roland

ATTACHMENT 15

Time Clock Plus

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 21, 2020
Re: Time Clock Plus – Updated Time Clock System

Background:

Enclosed please find information on a new time clock system that will provide enhanced features that are not available with the new Black Mountain accounting software. During the last meeting, there was a discussion regarding the proposed purchase of a new accounting system. As part of the discussion, staff noted that the Black Mountain System (BMS) would allow office staff to better allocate employee time between STWA, Nueces WSC and Ricardo WSC. Staff stated that future improvements may possibly require off-site clocking in/out for field personnel as they performed various job duties for each entity. Staff anticipated that the cost of that type of system may be cost-prohibitive.

Analysis:

One of the time-clock systems that BMS has worked with in the past is Time Clock Plus (TCP). The company (TCP) was contacted to get an idea on how their product works and an approximate cost. After a brief online chat, I was contacted and a demonstration was presented. In addition, the attached quotes were provided. The cost is based on the number of employees per month. However, there is a discounted price for annual service which is further discounted on a 3-year contract.

The product will allow field (and office) employees to enter their job (STWA, NWSC or RWSC) and a subset ID such as a Service Order or Work Order number and clock in/out for work performed. There are other features including some very detailed reports that will be helpful to the Finance Department. It must be noted that BMS and TCP already have a “flat file” that integrates the two applications and allows export to payroll. As such, all STWA would need to do is map fields to customize the information we want to track.

Staff Recommendation:

Staff believes approximately \$1,200 per year is a reasonable cost for the added benefits of this system. Therefore, staff recommends that the Board consider the purchase of the TCP system on a three-year price in the amount of \$3,609.

Board Action:

Determine whether to approve a three-year contract for an enhanced time management system.

Summarization:

The quote is based on the Professional package offered by TCP. This is in order to have the job costing feature that is available as an add-on which is not available in the Essentials package. In addition, the Professional package provides payroll exports. Staff believes these features will provide some of the tools the Finance Department needs for accurate Special Services Fund budgeting and therefore NWSC and RWSC invoicing.

From: Dylan McCamey <Dylan.McCamey@Timeclockplus.com>
Sent: Wednesday, September 16, 2020 10:27 AM
To: mcserrato@stwa.org
Subject: Quotes from Dylan
Attachments: South Texas Water Authority-Annual-500349.PDF; South Texas Water Authority-3Year-500351.PDF

Carola,

Attached is two quotes for everything we talked about. I included a one year and a three year. Let me know if you have any questions, and I look forward to helping.

Thank you,

Dylan McCamey
Account Executive
Office: 325-223-9500 ext. 7555
dylan.mccamey@timeclockplus.com | www.timeclockplus.com



TimeClock Plus[®]
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TimeClock Plus
 PO Box 913377
 Denver, CO 80291-3377
 325 223-9500 800 749-8463
 sales@timeclockplus.com

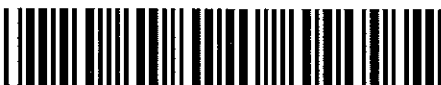
Quote	Customer	Quote Date
500349	314477	09/16/2020

CUSTOMER
South Texas Water Authority Carola Serrato 111 E Sage Rd Kingsville, TX 78363

Rep	Entry	Method of Shipment	Method of Payment
DMCCAMEY	DMCCAMEY	N/A	Pre-Paid

Stock No.	Ordered	Description	Unit Cost	Total
Annual TCP Cloud Software: (\$928.00)				
3002-201	1	Professional Plan	0.00	0.00
3002-231	16	Professional Employee License	50.00	800.00
3002-5401	16	Mobile	4.00	64.00
3002-5501	16	Job Costing	4.00	64.00
Implementation/ Set up: (One Time) (\$825.00)				
3004-306	5	Implementation Services (Per Hour)	165.00	825.00

Valid for 7 days. Expires 09/23/2020.



Subtotal: 1,753.00
 S & H: 0.00
 Total: 1,753.00

TimeClock Plus
 PO Box 913377
 Denver, CO. 80291-3377
 325 223-9500 800 749-8463
 sales@timeclockplus.com

Quote	Customer	Quote Date
500351	314477	09/16/2020

CUSTOMER
South Texas Water Authority Carola Serrato 111 E Sage Rd Kingsville, TX 78363

Rep	Entry	Method of Shipment	Method of Payment
DMCCAMEY	DMCCAMEY	N/A	Pre-Paid

Stock No.	Ordered	Description	Unit Cost	Total
Annual TCP Cloud Software: (\$2,784.00)				
3002-201	1	Professional Plan	0.00	0.00
3002-231	16	Professional Employee License	150.00	2,400.00
3002-5401	16	Mobile	12.00	192.00
3002-5501	16	Job Costing	12.00	192.00
Implementation/ Set up: (One Time) (\$825.00)				
3004-306	5	Implementation Services (Per Hour)	165.00	825.00

Valid for 7 days. Expires 09/23/2020.



Subtotal: 3,609.00
 S & H: 0.00
 Total: 3,609.00

Time and Attendance Essentials

For those needing a better way to track time and attendance for payroll

Get A Quote

\$2.50

per employee per month USD (local taxes may apply)

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Your complete time, attendance, reporting and scheduling solution with payroll export

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(Click a feature for more info)

Time and Attendance



Configurable Dashboard



Basic Reports



Employee Management



Job Code Management



Overtime Calculations



PTO & Leave Management



Automated Imports



Payroll Exports



<u>Employee Scheduling</u>		✓	✓
<u>Attestation Tracking</u>			✓
<u>Multi-Language Software</u>			✓
<u>Mobile with Geolocation</u>	Available	Available	✓
<u>Time Clock Devices</u>	Available	Available	Available
<u>Job Costing</u>		Available	✓
<u>Shift Differential</u>		Available	✓
<u>Advanced Leave</u>		Available	✓
<u>Advanced Overtime</u>		Available	✓
<u>Annualized Employee Management</u>		Available	✓
<u>Advanced Scheduling</u>			Available
<u>Occurrence Management</u>			Available
<u>Substitute Tracking</u>		Available	Available
<u>Support (Business Hours)</u>	✓	✓	✓
<u>Support (24/7)</u>		Available	✓

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ATTACHMENT 16
Wholesale Water Rate Review

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 24, 2020
Re: NewGen Strategies (NewGen) Findings on the City of Corpus Christi Annual Rate “true-up” and Rate Model

Background:

As reported in recent updates, Mr. Chris Ekrut with NewGen has been in touch with City of Corpus Christi staff related to the Settlement Agreement “true-up” and Rate Model calculations. Enclosed are the latest emails to/from NewGen and the City and Mr. Ekrut’s latest assessment which indicates that “NewGen is unable to provide an opinion regarding the rates proposed to be charged by the City to STWA.” Mr. Ekrut further indicates that it appears the City has complied with the Agreement; however, additional requested data warrants review.

Analysis:

As the Board is aware, budget information has been provided to STWA’s seven (7) wholesale customers including the City’s proposed rates. As shown in the comparison chart on page 1 of Mr. Ekrut’s memo, the new rates are scheduled to become effective on January 1, 2021. As such, time is available for additional review and notice to STWA’s customers should it be necessary. Also included in Mr. Ekrut’s memo are five (5) key topics that could impact the proposed rates as well as items that have the potential of impacting rates in the long-term.

Staff Recommendation:

Provide feedback to staff and our consultant.

Board Action:

Determine if any additional action is needed.

Summarization:

NewGen and in particular, Chris Ekrut, continue to provide STWA with valuable services. Although the review may not always yield a reduction in rates, it is important to have the study performed annually.

From: Chris Ekrot <cekrut@newgenstrategies.net>
Sent: Monday, September 21, 2020 2:52 PM
To: mcserrato@stwa.org; myoung@ncwid4.org
Cc: Megan Kirkland; Bill Fowler; 'Dony Cantu'; Frances Rosales; Jo Ella Wagner
Subject: Initial Memo Concerning Review of Corpus Christi Wholesale Rate Model
Attachments: Wholesale Water Rate Review Memo_09-21-20 (Final).pdf

Mark, Carola –

Please find attached our memo summarizing the findings and issues noted to-date in the review of the City's wholesale water rate model. Please note that the review is not complete at this time pending additional data requests that are outstanding to the City. On review of the attached, please let me know if you have any questions.

Thanks,
Chris

If needed, feel free to book time on my calendar at this link <https://chrisekrot.youcanbook.me/>

Chris Ekrot | NewGen Strategies & Solutions, LLC
Chief Financial Officer
Director, Environmental Practice
275 W. Campbell | Suite 440 | Richardson, TX 75080
Office: (972) 232-2234 | Mobile: (214) 498-8132
cekrut@newgenstrategies.net
Please visit us at www.newgenstrategies.net



275 W Campbell Road
 Suite 440
 Richardson, TX 75080
 Phone: (972) 680-2000

Memorandum

To: Carola Serrato, Executive Director, South Texas Water Authority
 Mark Young, General Manager, Nueces County Water Control and Improvement District No. 4

From: Chris Ekrut, Director

Date: September 22, 2020

Re: Wholesale Water Rate Review

NewGen Strategies and Solutions, LLC (NewGen) is in the process of completing its review of the wholesale water rates proposed to be charged by the City of Corpus Christi (City) to South Texas Water Authority (STWA) and Nueces County Water Control and Improvement District No. 4 (NCWCID No. 4) effective January 1, 2021. This review included an in-depth examination of the City’s supporting rate model, as well as several rounds of questions and answers between NewGen and the City to verify assumptions and to obtain more information.

Given staffing changes and the impact of the COVID-19 pandemic, the City has been delayed in providing information to its wholesale customers this year. Given these circumstances, NewGen is still engaged in discussions with the City regarding the current rate model and the City’s supporting documentation and calculations. At this time, NewGen is unable to provide an opinion regarding the rates proposed to be charged by the City to STWA and the District and the overall compliance of the City with the contractual agreements between the parties. While generally it appears that the City has complied with requirements, additional data provided by the City may merit the further attention of the City’s wholesale customer group.

As of the date of this memo, the table below illustrates the rates proposed for January 1, 2021 as compared with the current wholesale rates. It is possible these rates may change as additional discussions take place with the City.

**Proposed Rates for January 1, 2021
 Compared with Current Wholesale Rates**

	January 1, 2020	January 1, 2021
Raw Water Rate (per 1,000 gal)	\$1.032	\$1.148
Treated Water (per 1,000 gal)		
STWA	\$ 1.464	\$ 1.459
NCWCID No. 4	\$ 2.096	\$ 2.081

Memorandum

Ms. Carola Serrato and Mr. Mark Young
September 22, 2020
Page 2

Key issues to take note of based on our review are as follows:

- The City continues to include a \$0.05 per 1,000-gallon Raw Water Development Charge Reserve Fund charge within the raw water rate. The balance in this fund is currently estimated at approximately \$7.7 million dollars for the beginning of FY 2021. This is reduced by approximately \$6 million from the beginning FY 2020 value of \$13.7 million.

NewGen is currently awaiting an explanation of this reduction from the City. While the City has projects planned to be funded with these dollars, continued monitoring of these expenditures is highly recommended. NewGen is of the opinion that all raw water development capital projects should be funded with these available dollars and not included in the annual raw water rate.

- The significant increase in the raw water rate year over year is driven substantially by a reduction in off-setting credits. Specifically, in July 2006, the City established a raw water reserve account with a beginning balance of just under \$2.5 million dollars. According to the City, this reserve was seeded with money from a substantial over-collection of raw water revenue. In December 2006, just over \$1 million was appropriated from the reserve to pay San Patricio Municipal Water District (San Pat) for project payments associated with the Goliad Sands project. An additional \$300K was added to this reserve in 2007. Finally, the City began refunding this reserve to customers as part of the FY 2018 raw water true-up calculation.

NewGen has filed follow-up questions with the City concerning the establishment and management of this reserve. Specifically, we question why this reserve was even established, instead of flowing these funds back through the raw water true-up calculation at the time of over-collection, and the expenditure of these reserves associated with San Pat. Finally, we seek to understand why the City has held on to these funds for such a considerable time period. While the resolution of this issue will ultimately not have an impact on the rate, it is still important to understand the City's past actions in this instance.

- The City has increased its budgeted value for professional fees specific to raw water by over \$1 million associated with a pending lawsuit. NewGen has inquired about this suit, but information to-date has not been forthcoming. It will be important to monitor these line-items going forward specific to the prudence of the expense and the impact of this lawsuit on wholesale customers.
- While the City was able to provide its third-party Indirect Cost Study to justify its budgeted transfer from the Utility Department to the City's General Fund, the value in this study was based on budgeted values for FY 2020. From FY 2020, the budgeted value for the General Fund Transfer has increased by \$942,719, an increase of 41%. NewGen has inquired about this increase and is waiting on the City's response to determine the appropriateness of the budgeted level in FY 2021.
- Finally, the City has already made it publicly known that it is not increasing rates for its retail customers for the upcoming Fiscal Year. This action is questionable specific to raw water given the cost increases budgeted by the City. If the City is not increasing retail rates, this could potentially result in under-recovery of overall raw water revenue. This may ultimately impact the raw water true-up in the setting of raw water rates on a going forward basis. It will be important to understand how the City accounts for the anticipated impact of holding retail rates constant year over year, and ensuring that

Memorandum

Ms. Carola Serrato and Mr. Mark Young
September 22, 2020
Page 3

this treatment does not have an adverse impact on the calculation of raw water rates for the City's wholesale customers.

NewGen appreciates the opportunity to assist STWA and NCWCID No. 4 in this review and stands ready to answer any questions which your staff or Board may have. Please feel free to contact me at 972.232.2234 or cekrut@newgenstrategies.net if any additional information is needed.

From: Chris Ekrut <cekrut@newgenstrategies.net>
Sent: Monday, September 21, 2020 8:38 AM
To: Reba George; mcserrato@stwa.org; 'Bill Flickinger'; 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'; Mark Young; violetwater@aol.com; Brian Williams; Rebecca Klaevemann (rbk@spmwd.net)
Cc: Steve Viera; Kevin Norton; Lisa Aguilar [LGL]; Miles Risley; Constance Sanchez; Martha Messer; Adriane Ferraro; Reed, Grady
Subject: RE: Public Agency for Resale: Utility Rate Model - 2020 update
Attachments: RWSD Trend File from Inception to FY19.xlsx

Reba –

Last year, the City was able to provide the attached file “RWSD Trend File from Inception to FY 19”. In that file, it estimates an ending balance for FY 2019 at a little over \$13.7 million. In the most recent rate model, worksheet “W_CIP”, Line 71, it shows the beginning balance of the RWSD as of FY 2021 at under \$7.7 million. Is there a way to provide the RWSD trend file updated through 2020 to explain the expenditure of dollars out of this fund in 2020?

Appreciate it,
Chris

If needed, feel free to book time on my calendar at this link <https://chrisekrut.youcanbook.me/>

Chris Ekrut | NewGen Strategies & Solutions, LLC
Chief Financial Officer
Director, Environmental Practice
275 W. Campbell | Suite 440 | Richardson, TX 75080
Office: (972) 232-2234 | Mobile: (214) 498-8132
cekrut@newgenstrategies.net
Please visit us at www.newgenstrategies.net

From: Reba George <RebaG@cctexas.com>
Sent: Monday, September 14, 2020 4:43 PM
To: mcserrato@stwa.org; 'Bill Flickinger' <bflickinger@wfaustin.com>; Chris Ekrut <cekrut@newgenstrategies.net>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>; Mark Young <myoung@ncwid4.org>; violetwater@aol.com; Brian Williams <BGW@spmwd.net>; Rebecca Klaevemann (rbk@spmwd.net) <RBK@spmwd.net>
Cc: Steve Viera <SteveV@cctexas.com>; Kevin Norton <KevinN@cctexas.com>; Lisa Aguilar [LGL] <LisaA@cctexas.com>; Miles Risley <MilesR@cctexas.com>; Constance Sanchez <ConstanceP@cctexas.com>; Martha Messer <MarthaMe@cctexas.com>; Adriane Ferraro <AdrianeF@cctexas.com>; Reed, Grady <Grady.Reed@hdrinc.com>
Subject: FW: Public Agency for Resale: Utility Rate Model - 2020 update
Importance: High

Good afternoon –

Attached you will find responses to the questions sent by Chris Ekrut. Also attached is a revised rate model dated 9_01_20. The minor rate model correction impacts the one-year ratepayer raw water rate. I've updated the summary of impacts below. I will also be sending a related email with attachments regarding questions 4, 8 and 9.

Let me know if there are any further questions by (will give them a week). The update to the rate ordinance will be scheduled for City Council consideration in October.

Thank you,Reba

**Public Agency for Resale
Rate Model Update for 2021**

rev 9/1/20

	FINAL	Proposed
DRAFT 8-10-20	1/1/2020	1/1/2021
Raw Water (all but SPMWD)		
Rate payer rate	0.982	1.098
Development charge	0.05	0.05
TOTAL	\$ 1.032	\$ 1.148
<i>% increase</i>		11.2%
<i>\$ increase</i>		<i>\$ 0.116</i>
Resale Treated (STWA, SPMWD)		
Raw diversion	0.099	0.119
Treatment	1.364	1.340
TOTAL	\$ 1.463	\$ 1.459
<i>% increase</i>		-0.3%
<i>\$ increase</i>		<i>\$ (0.004)</i>
Resale Treated. Delivered (NCWID#4-Port A, Violet)		
Raw diversion	0.099	0.119
Treatment	1.364	1.340
Network	0.633	0.622
TOTAL	\$ 2.096	\$ 2.081
<i>% increase</i>		-0.7%
<i>\$ increase</i>		<i>\$ (0.015)</i>

From: Reba George

Sent: Thursday, August 13, 2020 5:13 PM

To: mcserrato@stwa.org; 'Bill Flickinger' <bflickinger@wfaustin.com>; 'Chris Ekrut' <cekrut@newgenstrategies.net>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>; Mark Young <myoung@ncwid4.org>; violetwater@aol.com; Brian Williams <BGW@spmwd.net>; Rebecca Klavemann (rbk@spmwd.net) <rbk@spmwd.net>

Cc: Steve Viera <SteveV@cctexas.com>; Kevin Norton <KevinN@cctexas.com>; Lisa Aguilar (LisaA@cctexas.com) <LisaA@cctexas.com>; Miles Risley <MilesR@cctexas.com>; Constance Sanchez <ConstanceP@cctexas.com>; Martha Messer <MarthaMe@cctexas.com>; Adriane Ferraro <AdrianeF@cctexas.com>; Reed, Grady <Grady.Reed@hdrinc.com>

Subject: Public Agency for Resale: Utility Rate Model - 2020 update

Good afternoon –

For your review. You will notice a some new formatting and navigation tools to make the model a little more ‘user-friendly.

Please forward any questions you may have.

Included below is a summary of impacts reflected in the rate model

Thank you,

Reba N. George, M.P.A., C.P.M. | *Assistant Director of Support Services*
 City of Corpus Christi | Water Utilities Department
 361-826-1648

DRAFT 8-10-20	FINAL	Proposed
	1/1/2020	1/1/2021
Raw Water (all but SPMWD)		
Rate payer rate	0.982	1.048
Development charge	0.05	0.05
TOTAL	\$ 1.032	\$ 1.098
<i>% increase</i>		6.4%
<i>\$ increase</i>		\$ 0.066
Resale Treated (STWA, SPMWD)		
Raw diversion	0.099	0.119
Treatment	1.364	1.340
TOTAL	\$ 1.463	\$ 1.459
<i>% increase</i>		-0.3%
<i>\$ increase</i>		\$ (0.004)
Resale Treated. Delivered (NCWID#4-Port A, Violet)		
Raw diversion	0.099	0.119
Treatment	1.364	1.340
Network	0.633	0.622
TOTAL	\$ 2.096	\$ 2.081
<i>% increase</i>		-0.7%
<i>\$ increase</i>		\$ (0.015)

From: Chris Ekrut <cekrut@newgenstrategies.net>
Sent: Thursday, September 17, 2020 5:07 PM
To: Reba George; mcserrato@stwa.org; 'Bill Flickinger'; 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'; Mark Young; violetwater@aol.com; Brian Williams; Rebecca Klaevemann (rbk@spmwd.net)
Cc: Steve Viera; Kevin Norton; Lisa Aguilar [LGL]; Miles Risley; Constance Sanchez; Martha Messer; Adriane Ferraro; Reed, Grady; Megan Kirkland
Subject: RE: Public Agency for Resale: Utility Rate Model - 2020 update

Reba –

Thanks again for providing the answers to the initial round of questions and providing the revised model and additional data. I have a few more follow-up questions on the information that was sent. Please see below and feel free to call me should you need clarification on any of these items.

Thanks,
Chris

1. Based on news reports, it appears that the City is not raising rates for its retail customers. However, at minimum, with the equipment expenditures budgeted for Choke Canyon, shouldn't there be some type of a retail increase associated with raw water cost increases? Is the City drawing out of fund balance to "buy-down" a retail water increase? Further, if the City does not generate sufficient raw water revenues, driven by a lack of adjustment to retail revenues, how is that accounted for in the true-up process so that wholesale customers are not impacted by the under-recovery from the City's retail customers?
2. In response to Question 1(a), specific to the budgeted value of \$285,000, can someone identify what this budgeted amount is specific to? Is this raw water supply studies, professional fees, etc.?
3. In response to Question 1(b), I understand that there may be limitations on the information that can be provided on pending litigation, but if additional details can be provided can you detail what this potential suit is concerning and the impact of that matter on the City's wholesale water customers?
4. In response to Question 4, can you provide some history regarding the establishment of this reserve? Specifically:
 - a. How did the City determine to establish a reserve from raw water over-collection as opposed to flowing these over-collections back through the raw water true-up or rate?
 - b. For the \$1,015,735 payment to San Pat, can you explain what this payment was for? If the reserve was funded by contributions from all raw water customers, how did those same customers benefit from this payment?
 - c. Why did it take the City from 2007 until 2018 to flow this money back to customers?
5. In response to Question 9, Page 8 of the MGT Consulting Study appears to show a transfer amount of \$2,291,569 for the Water Utility. However, Worksheet WExp, Line 1579 of the Rate Model shows a Transfer to the General Fund of \$3,222,290. Can you reconcile this difference? I understand that the Cost Allocation Plan is based on a 2020 budget, but I'm curious how this increase was determined year over year.

If needed, feel free to book time on my calendar at this link <https://chrisekrut.youcanbook.me/>

Chris Ekrut | NewGen Strategies & Solutions, LLC
Chief Financial Officer

Director, Environmental Practice
275 W. Campbell | Suite 440 | Richardson, TX 75080
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Sent: Monday, September 14, 2020 4:43 PM

To: mcgserrato@stwa.org; 'Bill Flickinger' <bflickinger@wfaustin.com>; Chris Ekrut <cekrut@newgenstrategies.net>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>; Mark Young <myoung@ncwid4.org>; violetwater@aol.com; Brian Williams <BGW@spmwd.net>; Rebecca Klaevemann (rbk@spmwd.net) <RBK@spmwd.net>

Cc: Steve Viera <SteveV@cctexas.com>; Kevin Norton <KevinN@cctexas.com>; Lisa Aguilar [LGL] <LisaA@cctexas.com>; Miles Risley <MilesR@cctexas.com>; Constance Sanchez <ConstanceP@cctexas.com>; Martha Messer <MarthaMe@cctexas.com>; Adriane Ferraro <AdrianeF@cctexas.com>; Reed, Grady <Grady.Reed@hdrinc.com>

Subject: FW: Public Agency for Resale: Utility Rate Model - 2020 update

Importance: High

Good afternoon –

Attached you will find responses to the questions sent by Chris Ekrut. Also attached is a revised rate model dated 9_01_20. The minor rate model correction impacts the one-year ratepayer raw water rate. I've updated the summary of impacts below. I will also be sending a related email with attachments regarding questions 4, 8 and 9.

Let me know if there are any further questions by (will give them a week). The update to the rate ordinance will be scheduled for City Council consideration in October.

Thank you,Reba

**Public Agency for Resale
Rate Model Update for 2021**

rev 9/1/20

	FINAL	Proposed
DRAFT 8-10-20	1/1/2020	1/1/2021
Raw Water (all but SPMWD)		
Rate payer rate	0.982	1.098
Development charge	0.05	0.05
TOTAL	\$ 1.032	\$ 1.148
<i>% increase</i>		11.2%
<i>\$ increase</i>		\$ 0.116
Resale Treated (STWA, SPMWD)		
Raw diversion	0.099	0.119
Treatment	1.364	1.340
TOTAL	\$ 1.463	\$ 1.459
<i>% increase</i>		-0.3%
<i>\$ increase</i>		\$ (0.004)
Resale Treated. Delivered (NCWID#4-Port A, Violet)		
Raw diversion	0.099	0.119
Treatment	1.364	1.340
Network	0.633	0.622
TOTAL	\$ 2.096	\$ 2.081
<i>% increase</i>		-0.7%
<i>\$ increase</i>		\$ (0.015)

From: Reba George

Sent: Thursday, August 13, 2020 5:13 PM

To: mcserrato@stwa.org; 'Bill Flickinger' <bflickinger@wfaustin.com>; 'Chris Ekrut' <cekrut@newgenstrategies.net>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <iwagner@stwa.org>; Mark Young <myoung@ncwid4.org>; violetwater@aol.com; Brian Williams <BGW@spmwd.net>; Rebecca Klavemann (rbk@spmwd.net) <rbk@spmwd.net>

Cc: Steve Viera <SteveV@cctexas.com>; Kevin Norton <KevinN@cctexas.com>; Lisa Aguilar (LisaA@cctexas.com) <LisaA@cctexas.com>; Miles Risley <MilesR@cctexas.com>; Constance Sanchez <ConstanceP@cctexas.com>; Martha Messer <MarthaMe@cctexas.com>; Adriane Ferraro <AdrianeF@cctexas.com>; Reed, Grady <Grady.Reed@hdrinc.com>

Subject: Public Agency for Resale: Utility Rate Model - 2020 update

Good afternoon –

For your review. You will notice a some new formatting and navigation tools to make the model a little more ‘user-friendly.

Please forward any questions you may have.

Included below is a summary of impacts reflected in the rate model

Thank you,

Reba N. George, M.P.A., C.P.M. | Assistant Director of Support Services
City of Corpus Christi | Water Utilities Department

DRAFT 8-10-20	FINAL	Proposed
	1/1/2020	1/1/2021
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<i>% increase</i>		-0.7%
<i>\$ increase</i>		\$ (0.015)

From: mcserrato@stwa.org
Sent: Thursday, September 17, 2020 10:08 AM
To: 'Chris Ekrut'; 'myoung@ncwcid4.org'
Cc: 'Megan Kirkland'; 'Bill Flickinger'; 'Dony Cantu'; 'Frances Rosales'; 'Jo Ella Wagner'
Subject: RE: Public Agency for Resale: Utility Rate Model - 2020 update
Attachments: City of CC FY 21 Budget20200917_09354381.pdf

Chris,

Here are my questions, which are based on the previous email's attachment and today's attachment:

If the three pieces of equipment for Choke Canyon are being replaced, how is the City proposing no fee/rate increases to their retail customers?

So, the City is claiming that there was not any overcharge from the previous year – the City has consistently over-estimated cost and then always had to provide a decrease adjustment. They are saying this didn't happen, correct?

The fund Reba is referring to that San Pat MWD is receiving the \$1.05M reimbursement for Goliad Sand – is this the reserve resource fund that the \$0.05/1000g is credited to? If so, she is saying the reserve is now at \$0.00? Or is it a different fund?

With regards to the A-J items in the separate file:

- A. Why would wholesale customers be responsible for any of the \$133,130 in cost for “department branding?”
- B. Why would STWA be responsible for inter-department services for after hour dispatch, line locates, and construction support – for \$1.001M?
- C. No question.
- D. Asked already – Choke Canyon
- E. No question.
- F. I understand the \$1M for ONS pre-sed basins – not completely for the other two items being STWA expense – maybe the GST – but I don't think there is an EST providing STWA with a pressure plane.
- G. STWA only has one meter – I don't see how we share in this cost. Is it part?
- H. Same as G.
- I. Same as G and H.

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Chris Ekrut <cekrut@newgenstrategies.net>
Sent: Wednesday, September 16, 2020 4:28 PM
To: mcserrato@stwa.org; myoung@ncwcid4.org
Cc: Megan Kirkland <mkirkland@newgenstrategies.net>; Bill Flickinger <bflickinger@wfaustin.com>; 'Dony Cantu' <dcantu@stwa.org>; Frances Rosales <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; Jo Ella Wagner <jwagner@stwa.org>
Subject: FW: Public Agency for Resale: Utility Rate Model - 2020 update
Importance: High

Carola, Mark –

I have reviewed the City's responses to our questions, and have the follow-up questions I've noted below. If you have anything to add, please let me know. Carola – I owe you a call to talk through this information. I'm on a Board call with a water district at the moment and I'm traveling all day tomorrow, but will endeavor to get back with you no later than Friday.

In response to our initial round of questions, the City has slightly amended the rate model and lowered the raw water rate by a minimal amount. However, the treated water rate has not changed from the initial calculations.

1. In response to Question 1(a), specific to the budgeted value of \$285,000, can someone identify what this budgeted amount is specific to? Is this raw water supply studies, professional fees, etc.?
2. In response to Question 1(b), I understand that there may be limitations on the information that can be provided on pending litigation, but if additional details can be provided can you detail what this potential suit is concerning and the impact of that matter on the City's wholesale water customers?
3. In response to Question 4, can you provide some history regarding the establishment of this reserve? How did the City determine to establish a reserve as opposed to flowing these over-collections back through the raw water true-up? As I understand it, this reserve was established in 2006, but the monies were not credited back to customers until the true-up for 2018. Can you provide more background on this point?
4. In response to Question 9, Page 8 of the MGT Consulting Study appears to show a transfer amount of \$2,291,569 for the Water Utility. However, Worksheet WExp, Line 1579 of the Rate Model shows a Transfer to the General Fund of \$3,222,290. Can you reconcile this difference? I understand that the Cost Allocation Plan is based on a 2020 budget, but I'm curious how this increase was determined year over year.

Thanks,
Chris

If needed, feel free to book time on my calendar at this link <https://chrisekrut.youcanbook.me/>

Chris Ekrut | NewGen Strategies & Solutions, LLC
Chief Financial Officer
Director, Environmental Practice
275 W. Campbell | Suite 440 | Richardson, TX 75080
Office: (972) 232-2234 | Mobile: (214) 498-8132
cekrut@newgenstrategies.net
Please visit us at www.newgenstrategies.net

From: Reba George <RebaG@cctexas.com>

Sent: Monday, September 14, 2020 4:43 PM

To: mcserrato@stwa.org; 'Bill Flickinger' <bflickinger@wfaustin.com>; Chris Ekrut <cekrut@newgenstrategies.net>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>; Mark Young <myoung@ncwcid4.org>; violetwater@aol.com; Brian Williams <BGW@spmwd.net>; Rebecca Klaevemann (rbk@spmwd.net) <RBK@spmwd.net>

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Subject: FW: Public Agency for Resale: Utility Rate Model - 2020 update

Importance: High

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Thank you,Reba

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Sent: Thursday, August 13, 2020 5:13 PM

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Included below is a summary of impacts reflected in the rate model

Thank you,

Reba N. George, M.P.A., C.P.M. | *Assistant Director of Support Services*
 City of Corpus Christi | Water Utilities Department
 361-826-1648

	FINAL 1/1/2020	Proposed 1/1/2021
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mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, September 16, 2020 8:42 AM
To: Chris Ekrot (cekrot@newgenstrategies.net)
Subject: City of CC - News Release FY 2021
Attachments: City of CC News Release FY 21 Budget and Rates20200916_08383539.pdf

Good Morning Chris,

Just a quick note that I thought you would find interesting. Channel 3 (ABC) reporting that the City adopted the FY 21 Budget and City news release shows that there are no increases to utility rates.

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

LOCAL NEWS

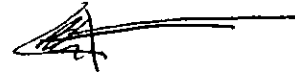
City of Corpus Christi approves \$1 billion budget for fiscal year 2020-21

Included in the budget is almost \$80 million in street maintenance and reconstruction, plus another \$61 million in improvements that will be voted on in November.

Author: Jonathan Munson
Published: 12:52 PM CDT September 15, 2020
Updated: 6:02 PM CDT September 15, 2020



CORPUS CHRISTI, Texas — The City of Corpus Christi announced Tuesday that they have approved an operating and capital budget of \$1 billion for fiscal year 2020-21, which begins Oct. 1.



According to a news release from the City, with this new budget there will be "no City property tax rate increase in the FY 2021 Budget." The budget also says there will be no fee/rate adjustments, no change in water or wastewater rates, and no stormwater fee will be enacted.



MATOMA: Exclusive Interview

FEATURED BY

Responses to Public Agency questions

Note: Due to questions and resulting corrections, a revised rate model will be sent along with these responses, 'CC Rate Model 9_01_20'.

1. Specific to Raw Water Operating Expenses, please provide more information on the questions below?
 - a. Reference Worksheet COSWtrRates (1-Year), Cell J188 – Please provide more information on the budgeted value of \$285,000 associated with Water Supply Development. Can you explain what this expense is budgeted to specifically cover? Further, is there a reason this expense is not paid out of the almost \$7.7 million available in the Water Supply Development Fund?
The 30230 Water Supply Development org's budget is set aside for projects related to water supply, watershed development and legal technical support. The Water Supply Development Fund is not designed for routine operating expenses – as per ordinance, it is intended to provide for unplanned, unbudgeted expenses and revenue shortfalls.
 - b. Reference Worksheet COSWtrRates (1-Year), Cell J194 – For FY 2021, \$1,293,672 is budgeted for the Water Superintendent. The FY 2020 model shows a budgeted amount of \$1,022,811. What led to this year over year increase in the budgeted value?
This org has increased in FY21 due to increase in the account 'Outside Legal Counsel'. We were advised by the City Attorney's office to budget this amount for a pending case.
 - c. Reference Worksheet COSWtrRates (1-Year), Cell J202 – For FY 2021, \$805,573 is budgeted for the Transfer back to the General Fund. The FY 2020 model shows a budgeted amount of \$569,893. What led to this year over year increase in the budgeted value?
The Transfer to the General Fund is revised each FY and confirmed by the Office of Management and Budget. Gas, Water, Wastewater and Stormwater all contribute to the Transfer to the General Fund.
2. Reference Worksheet COSWtrRates (1-Year), Cell J212 – Please provide more information as to what comprises the budgeted value of \$817,000 for minor capital expenses related to Raw Water? This value has increase substantially from the \$151,500 budgeted in the prior year. Please indicate what changed and identify the planned minor capital expenses for the upcoming budget year.
A lookup reference was corrected. The FY21 amount is \$473,000, and FY20 amount is \$202,000. Choke Canyon is budgeted for replacement of 3 pieces of equipment. See 'D', 8. Attachment.
3. Reference Worksheet COSWtrRates (1-Year), Cell J225 – What is driving the reduction in Property Rentals year over year? The budgeted amount for FY 2021 is \$391,500 as compared with the budgeted amount in the prior year of \$500,000.
This is revenue from the campground on Lake CC. The budgeted amount for 2021 was based on lower than expected revenue projected by the lessee. Note that proposed budgets are compiled in March, just as COVID guidelines and county orders were being issued.
4. Reference Worksheet RW True-up (1-Year), Line 68 – No reserve adjustment is being made for Actuals for FY 2019, while an adjustment of \$1,713,265 was made in the 2018 Raw Water True-up. Please explain what is represented by this amount in 2018 and why an adjustment is not made for 2019?
The reserve was established in 2006 when we had a large overcollection of RWCA. It was partially used in two subsequent years (see below), and the remainder of \$1,713,265 was applied as a credit to TWCA in FY18. There is no remaining reserve to be applied.

Reserve for Raw Water Costs

7/31/2006	Added to reserve	2,447,000
12/19/2006	Appropriated from reserve for Goliad Sands project payments to San Pat Muni Wtr District ordinance 027104	(1,015,735)
7/31/2007	Added to reserve	300,000
7/31/2008	Reserve balance	1,731,265

Applied as a credit in FY18 to RWCA (1,731,265)

Remaining reserve -

5. Reference Worksheet RW True-up (1-Year), Line 72 – Please explain why no Choke Canyon debt differential is recognized in 2019, while a differential of \$283,167 was recognized in 2018.

Regarding 5. And 6.

The correct amount was budgeted for Choke Canyon debt differential and credit when preparing the 2019 rate, so there is no variance from actuals. When we prepared the 2018 rates, the refunding of Choke Canyon debt had not happened (the closing was March 1, 2018), so the budget was based on the old Bureau of Reclamation debt, where all we had was a credit and no debt differential. When we trued up 2018, it was after the refunding, so there was a difference between budgeted and actual in all of the Choke Canyon items.

6. Reference Worksheet RW True-up (1-Year), Line 78 and 79 – the calculations in these lines for 2019 appear inconsistent with the treatment in 2018. Please explain the differences. Screenshots to the 2018 true-up versus the 2019 true-up are provided below:

- 2018 True-up Calculations:

Ratepayers Adjustments			
Choke Canyon Debt Differential	\$ -	\$ (698,282)	(698,282)
Bureau of Rec Choke Canyon Credit	\$ (981,449)	\$ -	981,449
Total Adjustments	\$ (981,449)	\$ (698,282)	\$ 283,167

- 2019 True-up Calculations:

Ratepayers Adjustments			
Choke Canyon Debt Differential	\$ (954,733)	\$ (954,733)	\$ -
Bureau of Rec Choke Canyon Credit	\$ (152,613)	\$ (152,613)	\$ -
Total Adjustments	\$ (1,107,346)	\$ (1,107,346)	\$ -

7. Reference Worksheet Wexp, Line 138 – In prior years, Reimbursements have been recognized; however, no such reimbursements were budgeted for 2021. Please explain the change to the City’s budgeting methodology as to why no reimbursements are included for 2021.

Corrected in 9_01_20 version attached. The reimbursements had been credited correctly, but not showing up in the expense section due to an error on a lookup table.

8. For the items indicated below, please provide an explanation of the budgeted increase year over year. For salaries and wages, please indicate personnel changes being made in terms of positions which may be contributing to an increase. See 8. Attachment – spreadsheet.

Reference	2020 Value	2021 Value	Increase
Wexp, Line 247 Water Utility Admin Department Other Contractual Services	\$ 38,145	\$ 133,130	\$ 95,015
WExp, Line 499 Water Administration Department Other Contractual Services	\$ 1,318,257	\$ 2,319,709	\$ 1,001,452
WExp, Line 503 Water Administration Department Other Allocations	\$ 2,497,551	\$ 2,804,339	\$ 306,788
WExp, Line 593 Choke Canyon Dam Vehicles & Machinery	\$ 0	\$ 688,000	\$ 688,000
WExp, Line 992 Stevens Filter Plant Salaries and Wages	\$ 2,540,259	\$ 2,912,238	\$ 371,979
WExp, Line 1,003 Stevens Filter Plant Other Contractual Services	\$ 2,014,797	\$ 4,146,306	\$ 2,131,509
WExp, Line 1,160 Water Meter Maintenance Salaries & Wages	\$ 1,667,933	\$ 1,978,311	\$ 310,378
WExp, Line 1,202 Water Construction Salaries & Wages	\$ 2,723,807	\$ 3,297,110	\$ 573,303
WExp, Line 1,223 Water Construction Vehicles & Machinery	\$ 538,427	\$ 1,044,358	\$ 505,931
WExp, Line 1579 Transfers to General Fund	\$ 2,279,571	\$ 3,222,290	\$ 942,719

9. Please provide the City's latest Indirect Cost Study which justifies the budgeted Transfer to the General Fund from the water utility. See 9. Attachment for Cost Allocation Plan.

ATTACHMENT 17
Banquete Pump Station

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 23, 2020
Re: Update on Banquete Pump Station (PS) to Serve the Nueces Water Supply Corporation (NWSC)

Background:

Enclosed are the most recent emails on the payment status pertaining to the new Banquete Pump Station. As you can see, the third payment was expected to be considered by the Nueces County Commissioners Court today. However, it was not part of their posted agenda. Maria Bedia, Nueces County Grant Administrator, reports that the matter will be on the next agenda scheduled for October 7th. Following payment, there will be approximately \$47,000 remaining in grant funds.

Analysis:

It appears STWA should receive an invoice from Nueces County following the JS Haren payment request #4. The dates the work was completed will determine whether the funds will be considered as part of FY 20 or FY 21. In either case, the committed amount is budgeted in both years. With regards to the construction, this hurricane season has been a busy and wet one. Another 30+ days remain in the season and Crown Weather's daily update following Hurricane Hanna forecasted another disturbance somewhere in the Gulf around October 3rd.

Staff Recommendation:

Keep the Board updated on this project.

Board Action:

Provide feedback to staff.

Summarization:

As before, staff is reminding the Board that this project is essential to finalizing the NWSC and the NCWC&ID #5 wholesale water supply contracts.

mcserrato@stwa.org

From: Maria M. Bedia <maria.bedia@nuecesco.com>
Sent: Wednesday, September 23, 2020 12:28 PM
To: mcserrato@stwa.org; 'Joe Trejo'
Cc: 'Robert Viera'; 'Hector Castaneda'; 'John Miller'; Natalie Eckstrom
Subject: RE: ESTIMATE # 3 - Banquete Booster Pump Station, Cyndie Park II Project

No, unfortunately, it did not make it on the September 23rd agenda. It will be on the October 7th agenda for payment on October 9th.

The remaining TWDB funds after this pay estimate is approximately \$47K. If the next pay estimate is over that amount, then we will invoice STWA for the remaining amount.

Thank you,
Maria

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Wednesday, September 23, 2020 11:45 AM
To: Maria M. Bedia <maria.bedia@nuecesco.com>; 'Joe Trejo' <jtrejo@Invinc.com>
Cc: 'Robert Viera' <rviera@Invinc.com>; 'Hector Castaneda' <hectorc@Invinc.com>; 'John Miller' <jmiller@Invinc.com>; Natalie Eckstrom <natalie.eckstrom1@co.nueces.tx.us>
Subject: RE: ESTIMATE # 3 - Banquete Booster Pump Station, Cyndie Park II Project

Maria,

Did the Payment #3 request make it on today's agenda? I may have missed it on the website. The STWA Board is meeting next Tuesday, September 29th. I am wondering if an item needs to be place on our agenda with regards to any payment, etc.

Thanks,
Carola

Carola G. Serrato
Executive Director
South Texas Water Authority
2302 East Sage Rd
Kingsville, Texas 78363
361-592-9323 x112

From: Maria M. Bedia <maria.bedia@nuecesco.com>
Sent: Thursday, September 3, 2020 9:01 AM
To: Joe Trejo <jtrejo@Invinc.com>
Cc: Robert Viera <rviera@Invinc.com>; Hector Castaneda <hectorc@Invinc.com>; John Miller <jmiller@Invinc.com>; Carola G. Serrato (mcserrato@stwa.org) <mcserrato@stwa.org>; Natalie Eckstrom <natalie.eckstrom1@co.nueces.tx.us>
Subject: FW: ESTIMATE # 3 - Banquete Booster Pump Station, Cyndie Park II Project

Good morning, Joe. Natalie will send this to our Public Works office for review/concurrence/signature. If there are no changes needed, then we will place it on our special motions agenda for Commissioners Court on September 23rd, which would make the payment date September 25th.

Thank you. Have a wonderful day!



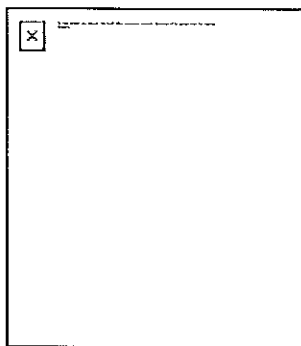
Maria M. Bedia
Grants Administrator
Nueces County
(361) 888-0225 Phone
(361) 960-3599 Cell
maria.bedia@nuecesco.com

From: Joe Trejo <jtrepo@lvinc.com>
Sent: Thursday, September 3, 2020 8:56 AM
To: Maria M. Bedia <maria.bedia@nuecesco.com>
Cc: Robert Viera <rviera@lvinc.com>; Hector Castaneda <hectorc@lvinc.com>; John Miller <jmiller@lvinc.com>; mcserrato@stwa.org; Joe Trejo <jtrepo@lvinc.com>
Subject: ESTIMATE # 3 - Banquete Booster Pump Station, Cyndie Park II Project

Maria – attached please find executed Estimate #3 for your review and processing –

Please advise on any questions you may have –

Thank You,



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