AGENDA

VIDEOCONFERENCE MEETING OF THE 
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
May 5, 2020, 10:00 A.M.

This remote videoconference meeting is necessary due to the COVID-19 emergency and to protect the health of the public, SAWS’ staff and Board of Trustees to the best of our ability.

NOTICE TO THE PUBLIC. SAWS Headquarters at 2800 Highway 281 North, San Antonio, Texas 78212, is closed to the public due to the COVID-19 emergency. There will not be a physical meeting held at SAWS Headquarters. However, the public may view the live meeting by going to http://www.saws.org/live. All members of the public, and SAWS staff are strongly encouraged to use this link to view the meeting.

Members of the public who wish to speak to the SAWS Board of Trustees during the public comment portion of the agenda may do so by calling SAWS at 210-233-2210, and register to speak by leaving their name, phone number and the item, if any, on which they wish to speak. Registration to speak shall be open for one hour beginning at 8:00 a.m. ending at 9:00 a.m. on May 5, 2020. The SAWS Board meeting will begin at 10:00 a.m. After the meeting begins, each registrant will be invited to speak in the order of registration. Each person must be available to speak when asked or will lose their opportunity to address the Board. Each person will be given up to 2 minutes to speak; however, the Board Chairman will have the discretion to reduce this time allotment and limit the total number of speakers in order to ensure that the meeting is orderly and managed within technological capabilities.

Members of the public who wish to listen to the meeting, but do not have access to the internet may also register to listen to the meeting using the same process above by leaving just their name and phone number. Any registrant who does not specifically request to speak to the Board will be limited to listening only and will not be called upon to speak.

These streamlined meeting standards are based upon the Governor’s temporary suspension of certain open meeting requirements in response to the COVID-19 crisis.
1. MEETING CALLED TO ORDER.

2. Announcements.
   A. The San Antonio Water System Board of Trustees may, during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.
   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of March 3, 2020.

4. Public Comment.

5. President/Chief Executive Officer’s Report

National Drinking Water Month

CONSENT AGENDA ITEMS

Items 6 – 19

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES

6. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON – YVONNE TORRES)
   A. Award of New One Time Purchases of Materials, Equipment and Services.
      1. Approving a one-time purchase from Gillette Air Conditioning Co., Inc. to provide: replacement of condenser piping for Tower 2 chiller plant, Bid No. 20-20015, for a total of $123,000.00.
      2. Approving a one-time emergency purchase from Tenoch Distribution, LLC to provide: ductile iron pipe, couplings, MJ sleeves and CSC adaptors for assets 30-inch and larger, Bid No. 20-20037, Group 4, for a total of $302,614.16.
B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.

No items for this Meeting.

CAPITAL IMPROVEMENT CONTRACTS
PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Water and Sewer Line Improvements

7. A Resolution awarding a construction contract to Pesado Construction Company in an amount not to exceed $1,412,332.00 in connection with the Hardy Oak Blvd., Sonterra Blvd., and Potranco Rd. Pressure Zone Interconnections Project. (ANDREA BEYMER – JUAN GOMEZ)

Production, Transmission and Treatment Improvements

8. A Resolution awarding a construction contract to Qro Mex Construction Company, Inc. in an amount not to exceed $1,698,769.50 in connection with the H2Oaks Desalination Facility Wellfield Collection Pipeline Project. (ANDREA BEYMER – JUAN GOMEZ)

9. A Resolution awarding a professional services contract to Arcadis U.S., Inc. in an amount not to exceed $1,647,225.00 in connection with the Marbach Pump Station Improvements Project. (ANDREA BEYMER – JUAN GOMEZ)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

10. A Resolution approving an Interlocal Agreement with the Alamo Regional Mobility Authority; authorizing expenditures in an amount not to exceed $620,572.48 for the adjustment, replacement, and installation of water facilities by the Alamo Regional Mobility Authority in connection with the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

11. A Resolution approving an Interlocal Agreement with the San Antonio River Authority; authorizing expenditures in an amount not to exceed $2,872,256.27 for adjustment and replacement of water and sewer facilities by the San Antonio River Authority in connection with the San Pedro Creek Improvements Phase II Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

12. A Resolution approving additional expenditures in an amount not to exceed $388,754.21 to the existing Advance Funding Agreement with the Texas Department of Transportation in connection with the US 281: Stone Oak Parkway to Bexar/Comal County Line Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)
13. A Resolution declaring a public necessity for public use, the acquisition of certain privately owned real property in the City of San Antonio. Being temporary construction easements for the C-18 McCullough Avenue Sewer Replacement Project, in the northcentral quadrant of Bexar County, Texas, which easements shall be acquired by negotiation and/or condemnation, if necessary, for the public use of the expansion and operation of the System through the construction of the project; requesting that the City Council of the City of San Antonio adopt an ordinance reaffirming and declaring that the project is for a public use and a public necessity exists for the acquisition of the easements and authorizing the System to take all appropriate action to acquire the easements by negotiation and/or condemnation. Project Located In: NCB 12094, 12092, 12083, 12082, 12081, 12079, 12075, 12071, 12070, 12068, 12066, 12025, 12009, 11942, 11941, 11940, 11936, 11934, and 11870. (NANCY BELINSKY – BRUCE HABY)

14. A Resolution awarding a professional services contract to Garver, LLC in an amount not to exceed $2,500,000.00 in connection with the 2020 SAWS Wastewater Facilities Master Plan for Water Recycling Centers Project. (ANDREA BEYMER – JUAN GOMEZ)


17. A Resolution approving the Second Amendment to the existing services contract with True Flavors, LLC and authorizing additional expenditures in an amount not to exceed $250,000.00 for additional services during the COVID-19 pandemic. (STEVE CLOUSE – CARLOS MENDOZA)

18. A Resolution authorizing additional expenditures in an amount not to exceed $154,000.00 to the existing services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers for additional services related to wellness screenings at SAWS locations during the COVID-19 pandemic. (SHARON DE LA GARZA – ERIC CLOUDT)

19. A Resolution extending the delegation of authority to the President/Chief Executive Officer to, as allowed by law, approve and execute any and all contracts, amendments and any other agreements, and make expenditures, all as necessary to provide critical infrastructure services for the maintenance and operation of the System and delivery of water and wastewater services during the emergency public health crisis created by the COVID-19 pandemic. (BERTO GUERRA, JR., CHAIRMAN)
ITEMS FOR INDIVIDUAL CONSIDERATION
CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS,
EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

20. A Resolution awarding a construction contract to Pesado Construction Company in an amount not to exceed $5,699,891.60 in connection with the Westpointe West Off-Site Sewer Extension – Phase 2 Project, approving a contract between the System, Pesado Construction Company, and D.R. Horton for the project work; authorizing the expenditure of funds in the amount of $3,166,859.77 for the System’s proportionate share of the project work payable to Pesado Construction Company, and the expenditure of funds in the amount of $475,028.97 for the System’s proportionate share of the engineering design fees and associated easement cost payable to D.R. Horton. (ANDREA BEYMER – TRACEY B. LEHMANN)

21. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (ANDREA BEYMER – TRACEY LEHMANN)

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Total 2,033.28 9,018 8,900

22. BRIEFING SESSION.
A. Briefing and deliberation regarding the Vista Ridge Project
B. Briefing and deliberation regarding the Financial Status Report

23. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

MINUTES

MEETING OF THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
March 3, 2020, 9:00 A.M.
6th Floor Board Room #609
Administrative Offices
2800 U. S. Hwy 281 North, San Antonio, Texas 78212

Board Members Present:
Berto Guerra, Jr., Chairman
Ron Nirenberg, Mayor
Pat Jasso, Vice Chair
Pat Merritt, Assistant Secretary
David P. McGee, Trustee
Eduardo Parra, Trustee

Board Members Absent:
Amy Hardberger, Secretary

1. MEETING CALLED TO ORDER.

The meeting of the San Antonio Water System Board of Trustees was held on March 3, 2020, and called to order at 9:10 a.m. by Chairman Berto Guerra.

2. Announcements.

   A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.

   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of January 14, 2020.
Chairman Guerra asked if there were any corrections to the minutes. Hearing none, he stated the minutes were approved as presented.

4. **Ceremonial and Recognition Items.**

None

5. **Public Comment.**

Alan Montemayor commented on the City’s Climate Action and Adaptation Plan. He asked the Board to be proactive in the implementation of the plan, and to direct staff to begin implementing an electric vehicle light duty fleet for SAWS. He wanted to see additional cooperation between SAWS and CPS Energy on potential projects such as a large solar array at the H2Oaks facility. The Vista Ridge pipeline would consume quite a bit of energy, and if more of that could be supplied with solar energy, it would have long-term ramifications for reducing the cost of the water. He stated he would like to see a structured program for SAWS to begin cooperating more with the City, with CPS Energy, and with customers to have a cooperative system.

Joseph Yakubik stated he was vice chair of the 2020 Rate Advisory Committee. He expressed his concerns about the quality, support and analysis provided thus far by SAWS staff and the consultant, Raftelis. He had requested the cost of service analysis at least four times. The latest status of his request was that the company was working on something to provide the committee prior to the next meeting. He had requested the committee have something more than just summary tables to evaluate prior to voting on the allocations, and he stated the request was ignored. The committee was provided the recommendations and encouraged to review in advance of the meeting because staff did not intend to cover the slides at a detailed level. He emailed staff about the data analysis, and was pointed to a hyperlink of a spreadsheet containing raw data about bill frequency analysis and given advice on how to convert gallons to cubic feet. The spreadsheet had a lot of data but no analysis, no equations, no charts, just raw data. He found it appalling that he had to do this at all, and stated he was committed to using good data, clearly presented for the best outcome for residents’ rates.

Dr. Terry Burns stated he was president of the Alamo Sierra Club. He referenced a memo sent a couple of weeks ago to the Mayor and City Council from the SAWS ACT Pact. He encouraged the Board to read the memo to understand where this group was coming from and why the Sierra Club chose to join the group. He discussed a petition drive in place to reform governance at SAWS, which could be avoided if the Board took action and addressed some of the concerns mentioned in the petition. The Sierra Club came to the decision to join this group after many years of struggling to deal with Vista Ridge and a number of other issues. He asked the Council and the Board to take action to resolve some of these issues. He discussed the RAC procedures and the complaints of others, who observed the lack of transparency, the lack of presentable, understandable data with analysis, and the lack of anything other than cost of service approach. Other models of billing were requested to be considered, but nothing was done.

James Murphy stated he was the attorney and representative of the Vista Ridge petition drive.
He urged the Board to read it carefully and more importantly to sign it. He discussed the Vista Ridge Project, and Robert Puente’s recommendation to reject the project, along with others, on the basis that SAWS Brackish Groundwater Project would supply the needed water without building a 142-mile pipeline. He referenced a letter written by seven prominent and wealthy public citizens that demanded Mr. Puente rescind that vote, and SAWS process of doing everything to justify the Vista Ridge project. The real problem with Vista Ridge wasn’t the project itself, but it was accountability. In 2018, Mr. Puente told the Board, the Mayor and Council that the city would only need 35,000 acre-feet of water and 15,000 acre-feet would be marketed along the corridor. He stated SAWS never made an effort to market the water. The purpose of the charter amendment was to get the City Council to be responsible. He stated he wanted Mr. Guerra off the Board and it was time for Mr. Puente to go.

Dr. Meredith McGuire stated she was concerned about the integrity of the process of the Rate Advisory Committee. The process was already two-thirds of the way to completion and SAWS had not answered some of the most important questions. Many features of the existing rate structure were seriously detrimental to the people of San Antonio. The changes made in 2015 were misrepresented. SAWS represented the previous rate structure as promoting conservation. By eliminating the seasonal rates, the rate should seriously reduce the cost of water for the heaviest residential users. SAWS claimed the Lifeline rate was to make water more affordable for low-income residents. The fixed charges in the rate structure were highly aggressive and increased for low-usage households between 2009 and 2019. SAWS rate structure must be changed to protect all the residents. People must get water necessary for health, hygiene, and life itself. Although SAWS improved its outreach to people who need the affordability discount rates, the other rates had gone up so fast that the discount was not adequate. She discussed the number of accounts that were turned off for nonpayment and the additional fees the customers had to pay to get it back on again. She stated the Board needed to turn it around and take responsibility for the process.

Jack M. Finger commented on the Mr. Guerra’s term ending almost two years ago as the chairman of the Board. He knew the Chairman wanted to remain until the water was received from Vista Ridge, but stated it didn’t work that way. He discussed the Mayor’s idea of moving funds from the aquifer protection program into the number of buses for the future. As of December, the program had protected nearly 160,000 acres on 113 properties at a total cost of more than $260 million, a sum drawn from an eighth-cent sales tax. The popular initiative was in limbo as Mayor Nirenberg and other local officials sought to use $40 million raised by the taxes to pay for better bus service. City staff presented the Council with two options for continuing the program. SAWS could manage the program at $52 million over five years or the City using revenue received from SAWS to continue operating at $109 million over ten years. He stated the problem was that SAWS may not necessarily be required by law to keep protecting the aquifer by purchasing property over it.

CONSENT AGENDA ITEMS

Items 6 – 26

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES
6. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON – YVONNE TORRES)

A. Award of New One Time Purchases of Materials, Equipment and Services.

No items for this Meeting.

B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.

1. Acceptance of the bid of D.A.D.’s Lawn Services, LLC to provide: annual contract for lawn maintenance services for non-escort SAWS lift station properties, Bid No. 19-14006, for a total of $128,280.00.

2. Acceptance of the best value bid of Macrolease and Team Marathon Fitness, Inc. to provide: annual contract for fitness equipment lease, maintenance and repair, Bid No. 19-1321, for a total of $128,814.48.

3. Acceptance of the sole source bid of Mars Co. to provide: annual contract for water meter test equipment and software licensing, Bid No. 20-16139, for a total of $462,744.00.

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

7. A Resolution awarding a construction contract to Atlas Construction Corporation in an amount not to exceed $675,664.93 in connection with the Dickerson 16-Inch Oversize (8-Inch Required) Water Main Extension Project; approving a contract between the System, Atlas Construction Corporation, and Three Encino Crossing, Ltd. for the project work; authorizing the expenditure of funds in the amount of $427,020.24 for the System’s proportionate share of the project work payable to Atlas Construction Corporation, and the expenditure of funds in the amount of $59,982.02 for the System’s proportionate share of the engineering design fees and associated easement cost payable to Three Encino Crossing, Ltd. (ANDREA BEYMER – TRACEY LEHMANN)

Water and Sewer Line Improvements

8. A Resolution awarding a construction contract to SAK Construction, LLC in an amount not to exceed $1,980,720.00 in connection with the BPC East/West Small Diameter Package 1 – CIPP Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)
9. A Resolution ratifying the actions of the Vice President of Engineering and Construction in approving Change Order No. 8 in an amount not to exceed $657,319.52 to the construction contract with S.J. Louis Construction of Texas, Ltd. in connection with the E19: Seguin Road to Nacogdoches Road Segment 2 Project.  
(ANDREA BEYMER – JOE CARRENO)

10. A Resolution approving Change Order No. 9 in an amount not to exceed $2,206,688.48 to the construction contract with S.J. Louis Construction of Texas, Ltd. in connection with the E19: Seguin Road to Nacogdoches Road Segment 2 Project.  
(ANDREA BEYMER – JOE CARRENO)

11. A Resolution approving additional expenditures to the existing professional services contract with Jones & Carter, Inc. dba Jones|Carter in an amount not to exceed $135,841.00 in connection with the 2019 Small Capacity Constraints II Project.  
(ANDREA BEYMER – GAIL HAMRICK-PIGG)

Production, Transmission and Treatment Improvements

12. A Resolution awarding a professional services contract to Garcia Infrastructure Consultants, LLC in an amount not to exceed $400,000.00 in connection with the 2020 Wastewater Treatment Facilities Engineering Work Order Contract.  
(ANDREA BEYMER – JUAN GOMEZ)

13. A Resolution awarding a professional services contract to Lockwood, Andrews & Newnam, Inc. in an amount not to exceed $400,000.00 in connection with the 2020 Wastewater Treatment Facilities Engineering Work Order Contract.  
(ANDREA BEYMER – JUAN GOMEZ)

14. A Resolution awarding a professional services contract to Whitman, Requardt and Associates, LLP in an amount not to exceed $1,494,918.00 in connection with the Steven M. Clouse Water Recycling Center Digester Mixing and System Enhancements Phase 3 Project.  
(ANDREA BEYMER – JUAN GOMEZ)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

15. A Resolution approving expenditures in an amount not to exceed $326,040.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2020 Street Rehabilitation Package 4.  
(ANDREA BEYMER – GAIL HAMRICK-PIGG)

16. A Resolution approving expenditures in an amount not to exceed $141,375.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2020 Street Rehabilitation Package 5.  
(ANDREA BEYMER – GAIL HAMRICK-PIGG)
17. A Resolution approving expenditures in an amount not to exceed $255,040.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2020 Street Rehabilitation Package 7. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

18. A Resolution approving expenditures in an amount not to exceed $1,462,380.43 for the replacement of water and sewer facilities by the City of San Antonio in connection with the Thousand Oaks Drive: Wetmore to Perrin Beitel Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

19. A Resolution approving an Interlocal Agreement with the City of Castle Hills; authorizing expenditures in an amount not to exceed $277,359.51 for the adjustment of water and sewer facilities by the City of Castle Hills in connection with the Banyan Dr. and Glentower Dr. Drainage Improvements - Castle Hills Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

20. A Resolution approving an Advance Funding Agreement with the Texas Department of Transportation; authorizing expenditures in an amount not to exceed $1,181,813.38 for the adjustment of water and sewer facilities by the Texas Department of Transportation in connection with the Wurzbach Parkway: Lockhill Selma Road to FM 1535 (NW Military) Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

21. A Resolution approving an Advance Funding Agreement with the Texas Department of Transportation; authorizing expenditures in an amount not to exceed $29,291.65 for the removal of asbestos cement pipe by the Texas Department of Transportation in connection with the Wurzbach Parkway: Lockhill Selma Road to FM 1535 (NW Military) Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

**MISCELLANEOUS ITEMS**

22. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,798,450.00 in connection with the 2020 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 1. (JEFF HABY – ANNETTE DURON)

23. A Resolution ratifying the actions of the Vice President of Production and Treatment in approving an emergency purchase order to Barco Pumps, Co. in an amount not to exceed $109,250.00 in connection with emergency repairs of lift station pumps at the Medio Creek Water Recycling Center. (JEFF HABY – RAYMOND PEREZ)

24. A Resolution approving the selection of a Cybersecurity Training Program in compliance with the Texas Department of Information Resources. (SREE PULAPAKA – VICTOR GONZALEZ)

25. A Resolution approving the extension of a contract with Baker Tilly Virchow Krause, LLP in an amount not to exceed $210,000.00 for Fiscal Year 2020 in connection with independent audit and other professional services. (DOUG EVANSON – CECILIA VELASQUEZ)
26. A Resolution awarding a services contract to FVB Energy, Inc. in an amount not to exceed $125,000.00 in connection with District Cooling System Business Case Consulting Services. (STEVE CLOUSE – CARLOS MENDOZA)

Chairman Guerra stated Item 13 was pulled for recusal purposes. He asked if there were any other items in the Consent Agenda that should be pulled for individual discussion or consideration.

Ms. Merritt made a motion to approve the Consent Agenda Items 6 – 26, except Item 13. Mr. Parra seconded the motion.

Consent Agenda Items 6 – 26, except Item 13, were unanimously approved. Verbal voting.

Chairman Guerra moved to Item 13 that was pulled for recusal purposes. Trustee Eduardo Parra had recused himself from any discussion and vote on the item.

Ms. Jasso made a motion to approve Item 13. Mr. McGee seconded the motion.

After no further discussion, Item 13 was unanimously approved. Verbal voting. Trustee Parra recused himself from the vote on Item 13.

At this point in the meeting, an Executive Session was held. The time was 9:33 a.m.

31. The Regular Session of the March 3, 2020 Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed pursuant to Section §551.071 of the Texas Open Meetings Act.

32. EXECUTIVE SESSION.

A. Consultation with attorneys regarding legal matters related to the Water Transmission and Purchase Agreement between the City of San Antonio, acting by and through the San Antonio Water System and Vista Ridge, LLC, as amended, pursuant to Texas Government Code §551.071.

B. Consultation with attorneys regarding advice on legal matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, pursuant to Texas Government Code §551.071.

33. The Regular Session of the Regular Board Meeting of March 3, 2020, is hereby reconvened.

The meeting reconvened at 10:21 a.m. The Chairman stated that no decisions were made in Executive Session.
ITEMS FOR INDIVIDUAL CONSIDERATION
CAPITAL IMPROVEMENT CONTRACTS
PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY
Developer Customer Contracts

27. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (ANDREA BEYMER – TRACEY LEHMANN)

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Tracey Lehmann presented Item 27, Utility Service Agreements for a mixed use development and a commercial development located outside of the service.

The Applewhite Subdivision Tract was a mixed use development located south of Loop 410 along Highway 16. The tract was 142 acres and the developer was requesting 1,068 water equivalent dwelling units (EDU) and 984 wastewater EDUs. The property was within the five-mile radius of military bases, with Lackland being the closest facility. There was existing water infrastructure on three sides of the tract that the developer would connect to and would create a loop system in the area. For wastewater, SAWS would work with the developer to oversize the wastewater main. Approximately 5,000 feet of the 15-inch wastewater main would be oversized from the southwest corner of the tract extending to Applewhite Road to an outfall along Zarzamora Street.

The TxDOT Waterline Extension Tract was a commercial development west of Loop 410 along Old Pearsall Road. The tract was roughly 11 acres and the developer was requesting 10 water EDUs in order to get off an existing well. The tract was tied in to the existing wastewater system in the area. The property was within a five-mile radius of military bases, with Lackland being the closest facility. There was an existing 16-inch water main along Old Pearsall Road. SAWS would partner with the developer to oversize and extend the water main approximately 3,000 feet along Old Pearsall Road across the frontage of the tract.

Staff recommended approval of the Utility Service Agreements that included oversizing for the Applewhite Subdivision Tract and the TxDOT Waterline Extension Tract.

Ms. Jasso made a motion to approve Item 27. Ms. Merritt seconded the motion.
After no further discussion, Item 27 was unanimously approved. Electronic voting.

MISCELLANEOUS ITEMS

28. A Resolution consenting to the refinancing of the senior debt of Vista Ridge LLC and Central Texas Regional Water Supply Corporation; approving the Fifth Amendment to the Vista Ridge Regional Water Supply Project Water Transmission and Purchase Agreement; approving related agreements between the San Antonio Water System and agents acting on behalf of the senior debt holders; delegating the authority to the President/Chief Executive Officer or the authorized designee to execute documents and undertake all matters and carry out all actions necessary to implement the directives and authorizations of this Resolution. (DOUG EVANSON)

Doug Evanson presented Item 28, the Fifth Amendment to the Water Transmission and Purchase Agreement (WTPA) for the Vista Ridge Regional Water Supply Project. The Fifth Amendment was about providing SAWS consent to the proposed initial refinancing of the senior debt obligations of the project company. He noted that at least three of the four, as well as a fifth amendment, were contemplated and planned for within the WTPA. Every one of the amendments created a better, stronger project overall. The first allowed for a change in control to Garney, and they applied higher quality building standards in the pipeline in order to guarantee their work. This methodological change in control process was publicly negotiated into the WTPA with SAWS having absolute discretion over the new entity. The second set up financial close. Financial close was a process that was detailed in the publicly negotiated WTPA. SAWS had already locked in the interest rate relative to the price paid for the water, and the project company was able to achieve financial close prior to a fairly significant increase in interest rates experienced in late 2016 until the beginning of 2019. The next amendment allowed for an engineering redesign of the Agua Vista Station, which reduced the footprint. The project company had to construct two tanks instead of three and required Garney to prepare the site to be ready for SAWS construction activities. This saved over $11 million and made construction and operations a better process. The fourth amendment agreed to an operating budget, which SAWS was able to negotiate and approve with the operating services provider. The amendment also streamlined the budget panel process from five members to three that would also save some money for SAWS.

The proposed fifth amendment to the WTPA focused on the provision of consent relative to the project company’s proposed initial refinancing with long-term fixed rate, permanent financing. In order to effect this refinancing, certain changes were made to both the WTPA and the related financing agreements. He outlined the primary substantive changes within the WTPA. Section 7.7 referred to initial refining, and along with the newly created Appendix 23, described more completely the proposed refinancing. Once pricing and financial close were achieved, it would summarize the results of any refinancing gain calculations performed. Section 10.9(B)(1)(c) was revised to provide greater clarity to some of the calculations that would be needed for a potential extension of term due to capital modifications that were required due to an uncontrollable circumstance. Article 23, which had to do with SAWS project assets purchase options, was updated to reflect current computations of target equity return amounts and to allow SAWS to exercise its right to assume the senior debt if it so chooses.
The contract for this project was signed in 2014. In November 2016, financial close was achieved. Financial close would provide the funding with which to construct the project. This funding was provided with a mix of bank debt and sponsor’s equity. The bank debt had a final maturity of July 2021. This was consistent with the estimated length of the construction phase of approximately three-and-a-half years, while also providing some level of buffer in the event that there were any delays. He pointed out that the bank debt issued carried a variable rate of interest which was then swapped to fixed to mitigate the risk of rising interest rates. It was always clear there would be a refinancing of the original construction facility, which was spelled out in Appendix 16. This appendix also made it clear that more permanent financing in the way of long-term fixed rate bonds was the preferred option with the extension or rollover of the credit facility only being a fallback option. A long-term fixed rate financing for the entirety of the term provided financing certainty for the life of the project, while entry into another bank credit facility would expose the project to potential refinancing risk again in five to seven years. The interest rate swaps that were put into place were structured so that the project company could break the swaps, when the credit facility was refinanced.

With the construction phase of the project essentially complete, the construction risk associated with the project had largely been taken off the table. Elimination of this risk coupled with the favorable interest rate environment caused the project company to advance their plans for refinancing of the construction facility, and they were seeking SAWS consent to this refinancing. The specific details of the plan for refinancing included the issuance of long-term fixed rate bonds through a taxable private placement offering. Such an offering was commonly used for infrastructure projects with the loans being provided by long-term investors such as insurance companies and asset managers. Among the key terms of this financing was a fixed rate of interest over the term of the borrowing, which would have scheduled amortization of principle consistent with an investment grade rating. The final majority of the debt would be less than the term of the WTPA, and investors would have a limited ability to require the project company to redeem the notes. The issuance would also be supported by a debt service reserve fund. In addition to the private placement, the project company intends to enter into a letter of credit and working capital facility, but provide working capital loans in connection with the O&M portions of the project.

He reviewed a chart of the favorable interest rate environment for long-term bonds. The yield on the 20-year Treasury Note had recently declined to historically low levels. The chart showed the approximate rate in time of the interest rate lock in May 2016, and the rate in place as of the financial close in November 2016. The interest rate hedge that was entered into appeared to be a very smart move. Obviously, interest rates started declining in 2019. More recently, it spiked up towards the end of 2019, only to fall quite dramatically since the turn of the year, particularly with the coronavirus fears that were driving the marketplace.

He discussed the potential for refinancing gain and for SAWS to share in any such refinancing gain. It was important to note that no matter what happened, SAWS maintained an absolute cap of $1,606 per acre-foot for the capital and raw groundwater unit price. The price could not increase; it could however decrease. SAWS had the foresight with the contract that if there was a refinancing and there was a refinancing gain, then SAWS would get 25 percent. As the initial refinancing was carried out, there was the possibility, although not a guarantee, that there would be an initial refinancing gain. Such gain, if any, would be
determined by comparing the total cumulative debt service from the financial close financial model, and to the same cumulative debt service from the initial refinancing financial model which had been adjusted to account for some differences in the final maturity dates. To the extent that the cumulative debt service under the adjusted initial refinancing financial model was less than that of the financial close financial model, SAWS was to receive 25 percent of this gain amount as a reduction in the capital and raw groundwater unit price over the remaining term of the WTPA. A refinancing gain would not be known until the transaction was priced, and it would be confirmed no later than the date of closing when the Fifth Amendment would actually go into effect.

He provided an explanation of the changes made in Article 23, which dealt with SAWS project assets purchase options. The changes were only relevant if SAWS were to ever decide at some point in the future to buy out the project. As discussed previously and as made abundantly clear by this Board, SAWS currently had no intention of ever buying out the project. The deal was structured to absolve ourselves of certain potential risk inherent in all groundwater projects within the State of Texas. If SAWS ever wanted to exercise the purchase option for convenience in the future, we wanted to make sure the overall potential liability to SAWS had not been increased. The project asset purchase price would require SAWS to prepay all senior debt, including any prepayment fees, to pay the wind-up costs associated with the project company winding up their activities, and to pay the target equity return amount. SAWS bond counsel, Clay Binford, came up with a fairly novel concept and negotiated with the project company to get the right to assume the senior debt in the event that SAWS ever wanted to exercise the purchase option. This would save SAWS from a make hold premium if we ever decided to go that route, so any potential increase in liability to SAWS was mitigated through that mechanism. Finally, some adjustments were made to the target equity return amount to account for the proposed structuring of the principle amortization in the initial refinancing.

Staff recommend the approval to consent to changes in the senior debt financing agreements and consent to the initial refinancing, specifically to make the changes outlined in the Fifth Amendment to the WTPA. He also request approval of the execution and delivery of some of the related agreements, including a contract administration memorandum that outlined the way refinancing gain would be calculated as well as the target equity purchase amount.

Mr. McGee made a motion to approve Item 28. Ms. Jasso seconded the motion.

Mayor Nirenberg commended Doug and staff from a fiscal responsibility standpoint and for grabbing onto cost savings for the customer. With contract amendments on the WTPA, he stated he was compelled to put on the record one of the critical reasons why he supported Vista Ridge. Obviously, it was a complex project and was very difficult to accomplish due to state water laws to protect long-term water security. We figured out a way through diversification and sourcing of water to accomplish what many people thought could not be done. The reason why it was able to be done, besides the lengthy process and groundbreaking transparency that had to be done during the negotiation, was because we were able to mitigate risk. He was most concerned about the political risk of the groundwater regulation, the myriad concerns on both ends of the pipeline and in between, the legal risk of the changing water law in the State of Texas, the planning risk associated with the fact that the water becomes even more valuable to a growing community, and then all the different construction
risks and things involved with a normal capital improvement project. This did give SAWS extraordinary flexibility and command over a complex project, so much so that there may be future boards that would consider whether or not from a cost standpoint in the immediate term that makes more sense to take over the project and to own it all. He thought it would be a mistake, if SAWS didn’t continue to rely on the project company to have that risk. And SAWS was paying a premium for the project company to bear that risk so the risk wasn't borne onto the ratepayers. He continued to have confidence that we were telling ratepayers now and in the future, SAWS was only paying for the water received and not paying for risk that shouldn't be borne on a public agency. He stated this was an extraordinary pace-setting project for the State of Texas, and all the elements that made it such were worth protecting.

Chairman Guerra thank staff for their hard work, and thanked the Board, the Mayor and City Council, who supported staff and the project.

After no further discussion, Item 28 was unanimously approved. Electronic voting.

29. **BRIEFING SESSION.**

A. **Briefing and deliberation regarding the Vista Ridge Project**

Mr. Puente stated Item 28 on the Fifth Amendment to the WTPA would serve as the briefing for the Vista Ridge Project.

B. **Briefing and deliberation regarding the District Cooling Business Case Analysis**

Steve Clouse discussed the District Cooling Business operation and the Consent Agenda item for consulting support for the District Cooling Business Case. He wanted to highlight aspects of the operation, and to keep the Board informed as the future direction with the operation was developed. The system dated back to the heydays of Hemisphere in 1968. SAWS became the owner and operator because in the HemisFair planning process, the heating and cooling facilities were located on the City Water Board’s headquarters property. The District Heating and Cooling System was really forward thinking for its time, and the first municipally owned heating and cooling plant in the United States. SAWS moved away from the old headquarters office in 2004, so it was easy to forget how SAWS got into the energy business. District cooling allows electrical loads to be consolidated, which reduces the stress on energy infrastructure and provides superior energy savings, therefore, saving costs for large buildings. District cooling also reduces greenhouse gas emissions, which was the target of the City’s climate action plan.

In 2014, SAWS determined that the heating part of the operation was no longer viable as newer, more efficient technologies had become available. Staff worked carefully with the existing customers to ultimately shut down that part of the operation. The cooling part of the business was very different and was expected to remain the most energy efficient way to cool large downtown buildings. In 2000, the operation was expanded to take on the Port SA facility and again with the building of the Alamodome in 2001. SAWS was not the only operators of large chillers in town, there were actually quite a few. Universities typically operated central cooling facilities on their campuses. CPS Energy would have a large chiller
operation at their new headquarters. The City was also operating a new central cooling plant at the San Antonio Airport. SAWS operated two separate systems, which included four separate facilities. The downtown cooling system provided cooling to 23 customers, which included the Alamodome, Convention Center, and several governmental facilities and hotels. The Port SA District core provided chilled water to the United States Air Force and three large industrial aircraft customers. Most of the building supporting the operation dated from the 1960’s, and the Cherry Street facility opened with the Alamodome in 2001. The large industrial chillers inside the facilities were various ages, but primary the mid to late 1990’s vintage. The equipment was certainly aging, but thanks to outstanding work by SAWS staff, the service reliability remained quite good.

Downtown was a large operation with about 12,000 tons of capacity at Commerce Street and 8,000 tons of capacity at Cherry Street. The system had about 13 miles of chilled water pipeline that staff maintained. The parking lot at the Commerce Street facility was an underground ice storage vault. Typically during the summer months, ice was made during the off peak or cooler parts of the day. During the hotter, larger demand parts of the day, the energy was pulled out of the ice as it was distributed to customers. He considered the Commerce Street facility to be downtown’s front door. The first thing the out-of-town visitors, who came to see the Riverwalk and Alamodome, saw when they exited Commerce Street was the SAWS District Chilled facility.

He reviewed a breakdown of the customer classes and their share of the demand. Seventy percent of the downtown demand was the City of San Antonio, five percent was federal, and the remaining 25 percent of the demand was private business, which was mostly hotels. The system was not growing. The last customer added to the system was the Contessa Hotel in 2004. The Port system was about one-third of the downtown system with 6,500 tons of capacity and four miles of chilled water pipe. As with downtown, SAWS terminated the Port SA heating services, as more efficient technology became available, but the chilled system remained viable. At the Port, there was no underground ice vault. The customer base at the Port was much more evenly balanced. Standard Aero had about 42 percent of the demand, United States Air Force had about 26 percent, and Chromalloy and Boeing had less than 20 percent each.

The biggest challenge with operating the cooling facility had been getting the rates to cover the cost of operation. SAWS had not raised the demand charge on the rates since 1999, and had not collected adequate revenue for renewal and replacement of the aging equipment. While the facilities were in decent shape and service reliability was good today, several of the large chillers were approaching the end of their useful life. The electrical cost were directly passed through to customers as a commodity charge. The district cooling system was the largest downtown electrical consumer, so the customers paid a lower unit cost for electrical use. Raising rates was particularly difficult when 70 percent of the customer base was also the entity that must approve the rate increases. The inability to adequately fund the operation had pushed this business unit into the red the last several years. SAWS water and wastewater customers were funding a part of the energy business. Staff expected the loss to be similar in 2020, and that loss could be further negatively affected if any of the large chillers failed. All of this made potential new customers very nervous. New customer did not want to hook onto a system that was not progressively investing in infrastructure. While current rates were attractive, a rate increase was needed to remain viable or an increase in
service unreliability could be anticipated.

Staff at the facilities had done some amazing work to keep the service level up, and they had experienced some major equipment failures over the last couple of years. How all of this was dealt with was a difficult choice. If rates were raised just to cover the net loss position, a 20 percent rate increase would be needed in 2021. The longer the system continued to be underfunded, the harder it was to recover.

He reviewed a couple of valid options for moving forward. Going after a large rate increase was difficult, but growth in the customer base could lessen the rate impact. San Antonio's downtown had some great growth opportunities lately with the new Frost Tower, the new CPS Energy Headquarters, et cetera, but we missed on all these opportunities. SAWS had no experience in marketing the system and certainly no funding to market the cooling services to potential new customers. Austin was a great case study, when they started a district cooling operation in 2001. They actually attended the grand opening of the Cherry Street facility and told staff they were going to open up a district service. The Austin facilities were run by Austin Energy. Austin started out with a single facility, and in 20 years, they grew the business to two-and-a-half times of SAWS downtown services, and now had five district cooling systems in the downtown area. Austin markets the system to all new construction, and they monitor all downtown buildings and aggressively market their services to the buildings with older cooling systems that were approaching replacement age. District cooling was seen as a major draw for the downtown development opportunity. The other option was to divest the operation from SAWS. We were not energy experts and we no longer had the convenience of being right next-door. SAWS could divest the system to a private energy operator, like many district cooling operations were today. There were several examples, Phoenix being one, where public systems had recently been transferred to private operators. Of course, this transfer would come with the expectation of future rate increases, but the most efficient operation could come from the operators who do nothing but run district energy systems. In fact, by combining the airport and other public operations into a single contract, all entities had an opportunity to see lower future operating costs. Private operators would be focused on seeking new customers. While SAWS staff did a good job in operating and maintaining the facilities, we were not energy operators and had no experience in properly marketing the system.

The Consent Agenda item that the Board approved, awarded a services contract to FVB Energy, Inc. Through a competitive process, FVB Energy was selected to conduct a business case analysis for the district cooling system. FVB Energy specialized in engineering and business consulting services for district heating and cooling systems. FVB Energy had been involved in over 80 percent of the new district energy systems built in North America since 1990, and conducting similar analyses for the City of Nashville and the City of Toronto. Staff was ready to start the analysis, and wanted to keep the Board fully updated on the project. If the project moved to the second phase where FVB Energy would be asked to assist in planning implementation, staff would bring the request back to the Board for approval. If we don't see a viable way to move this forward, then again staff would brief the Board and consider following the path taken with the heating business in 2014. Staff would carefully work with existing customers and develop an orderly transition plan where the cooling business could be terminated. The district cooling was still the most efficient way to cool large downtown buildings, and staff wanted the system to move away from being just
part of San Antonio’s past but to be a big part of its future.

Mr. Parra thanked Mr. Clouse for the presentation. He echoed the comment that he would not like to see this go away. He asked if SAWS could work together with CPS Energy on doing something like Austin Energy had done. Mr. Clouse replied CPS Energy had evaluated it and given comments back. He stated they did not have interest in moving forward or participating with us at this time.

C. Briefing and deliberation regarding the Energy Management Report

Chris Wilcut discussed his previous experience working on the City’s Climate Action and Adaptation Plan, and SAWS involvement in the climate planning process. Conservation served on the planned water and national resources technical working group, and SAWS was formally listed within the plan as a key institutional partner. Ultimately, the climate plan was consistent with things SAWS was already doing and the internal goals matched those within the plan. Some of the goals included reducing energy consumption, lowering vehicle emissions, and making sure SAWS infrastructure was both resilient and sustainable.

Energy management was committed to pursuing all potential opportunities, and he provided a brief overview of the successes. CPS Energy’s Demand Response Program paid customers to reduce peak electrical load on the hottest summer days, when the grid demand was the largest. SAWS participated for the 11th consecutive year and made $250,000.00 in 2019. SAWS did so by reducing electrical demand by more than 60 megawatts over the summer months, by utilizing the thermal ice storage at the central chilled water plant, and by strategically controlling pumps and motors at treatment plants and primary pump stations. SAWS participated in CPS Energy’s efficiency programs to collect rebates on any and all energy efficiency upgrade projects. Between 2019 and the end of this year, SAWS was expected to collect over $250,000.00 in energy rebates resulting from projects such as HVAC, lighting, controls, electrical, and other upgrades. Some of these projects go back as far as 2017, by working in a close collaboration with CPS Energy. Energy management continuously evaluates utility data to determine the proper and most cost effective utility tariff. By doing this analysis, SAWS had saved $83,000.00 since August 2019.

He pointed out that the energy program was about the reduction of power and energy consumption, but was also about identifying energy resources that could be a benefit. SAWS was in a partnership with Ameresco to sell the bio gas produced at the Steve M. Clouse Water Recycling Center, and was actually the first utility in the United States to do so. The sale of the bio gas created a revenue stream for SAWS, and the bio gas was no longer flared into the atmosphere. He noted the digester gas production had not been optimum. However, construction and cleaning was being performed that ultimately would improve gas production and reliability.

He reviewed a breakdown of SAWS energy costs. SAWS spent $29.5 million on electricity in 2019. Production was the largest user of energy for SAWS and made up 62 percent of the annual utility cost. SAWS used over 330 million kWh of energy annually. He compared the 2019 consumption to past years’ consumption. Although SAWS had increased its infrastructure significantly over the years, energy consumption had remained fairly consistent, meaning SAWS had become more energy efficient over the years. In fact in
2019, energy consumption was within one percent of energy consumption back in 2011. However, when the energy use was compared against the energy expenditures, the same flat and linear trend did not continue. In 2011, SAWS spent $25.5 million on energy, and in 2019, spent $29.5 million for that same amount of energy. The $4 million difference was a result of a 1.74 percent annual increase in SAWS energy costs. The annual increase was the result of three primary factors. The first was a 3.5 percent annual increase in fuel adjustment charges, the second was a 12.8 percent annual increase in regulatory adjustment charges, and the third was a one-time CPS Energy rate increase in 2014. The fuel and regulation adjustment charges were charges that CPS Energy incurred and passed through to SAWS. Overall, SAWS had done a good job of being consistent with energy use, despite growth in the system. The pass through charges were increasing, so SAWS was paying more for energy even though the amount used remained the same.

He discussed the expected energy impacts of the Vista Ridge Project. At max production, Vista Ridge could increase the utility budget by $11 million annually. Vista Ridge included two new utility providers, Bluebonnet and New Braunfels utilities. SAWS would now have four utility providers. Staff worked on agreements with all the utility providers to ensure fair and equitable rates. He stated it was important to note the infrastructure in the system was built with energy efficient design and ultra-efficient equipment. SAWS energy use would increase, and it would affect utility costs moving forward. CPS Energy had some of the most competitive and lowest rates in the country. He reviewed a graph that illustrated utility costs in the next ten years, assuming the same increases as in these past ten years. He anticipated that by 2021, SAWS would spend about $44 million a year on energy. If the same amount of energy was used over the next ten years, SAWS would pay $51 million or $7 million more for that same amount of energy in 2030. This was a key reason why investing in energy efficiency was so important. If SAWS could reduce energy consumption one percent annually or 10 percent between 2021 and 2030, SAWS would then pay $47 million by 2030, and save an estimate amounted of $25 million cumulative over that ten-year span. At two percent annually or 20 percent total, SAWS would pay $42 million by 2030, and save an estimated amount of $50 million over that ten-year span. To maintain the current spending level by 2030, the anticipated cost increases to simply break even even required a 1.6 percent annual decrease in energy consumption.

In addition to other energy efficiency projects and initiatives, SAWS would continue to work with CPS Energy to pursue economically viable renewable energy projects. These projects would not only utilize existing resources, but would also improve the sustainability and reliability of the system as a whole. Staff was developing a plan for moving forward. Staff was establishing benchmarks and setting goals for the plan. A committee would be identified and created with representation from all of the key groups within SAWS, including the executive management team. An engineering analysis would identify and ultimately implement energy cost conservation measures, which was a key factor to drive down energy use. Staff would continue to track the progress and come back to the Board to report results on a regular basis.

Mr. McGee asked that future reports show the time of day the power was used and when SAWS could control the use. Mr. Wilcut confirmed. Renewable energy was a key consideration when making these investments. The thermal storage at the central cooling plant was successful because the utilized time of day rates were effective for SAWS.
D. Briefing and deliberation regarding the 2019 Cost of Service and Rate Design Study

Ms. Bailey provided an update on the progress of the rate study. At the last meeting, the Rate Advisory Committee (RAC) reached a number of decisions to finalize Step 3 of the rate study process for the allocation of costs. These decisions were the culmination of information provided during the last five meetings. The level of detail provided and the amount of time spent explaining and discussing the process exceeds all the information and time spent in all the other previous rate studies. In fact, staff provided more information than in the past in terms of the detail of the calculations, et cetera. While the consultant was drafting the cost of service report, that report would not provide any additional detail or information that had already been provided to the RAC. She assured the Board that the cost allocation model that was developed by Raftelis and all of the related calculations would be thoroughly reviewed by the Public Utilities Office with the City of San Antonio.

SAWS hired a national rate consultant, Raftelis, to perform the cost of service analysis as well as help with any rate design changes. The cost of service analysis was performed in accordance with industry standards. The two main publications that direct industry standards were the M-1 Manual issued by the American Water Works Association that was last published in 2017, and the Financing and Charges For Wastewater Systems issued by the Water Environment Federation that provided the standards for wastewater cost allocations. She pointed out that while the allocation of cost was fairly prescriptive, each utility needed to look at the unique characteristics of the utility and make sure that the costs were being allocated fairly and correctly.

SAWS currently breaks down water related costs associated rates between water delivery and water supply. The water supply designation had been in effect since 2001, when the water supply fee was adopted by City Council to pay for the development of new water sources and supplies to expand and diversify SAWS water portfolio. Conversely, the water delivery rate paid for the infrastructure to produce Edwards supply and deliver all water to the customers’ place of business or homes. In accordance with the AWWA M-1 Manual, water delivery costs were allocated to various categories. Base included all the costs that were generally driven by average day demand and purely associated with the volumes delivered. Max day and max hour costs were costs that were incurred when and how water was delivered throughout the day, so specifically those costs that were necessary to meet peak demands. Costs that were allocated related to meters and billings were driven more by the number of customers, such as meter installation and maintenance, meter reading, and other customer service related costs. Fire protection costs were a separate rate charged to general class customers to provide private fire line service.

She reviewed a graph of the usage pattern for all customer classes over 2018. Peaking use significantly drives the infrastructure necessary in the water delivery system. Pumps, wells and storage tanks and even main sizes, in large part, were sized to meet peak demands. If the demand was fairly consistent day in and day out, month in and month out, the system would be much smaller. The peak demands were primarily driven by residential and irrigation classes, with the other classes having fairly consistent pattern of usage month after month. Without interval use data in AMI, staff had to look at monthly billing data and...
correlate that with the actual production data to determine the relationship between max days, max hours, and average demands. Max day factors were based on months that had the highest billed usage for that class for an average over 2017 and 2018. The max hour demands for residential customer were nearly twice as much as the average monthly demand. Irrigation demand for the highest month was nearly five times the monthly average. Again, AMI data that showed exactly what customers were using was not available; however, the max hour production was known. Industry recommended multipliers were used to allocate a max hour factor by class. The max hour multipliers were pretty consistent across the classes, just a slightly higher rate for irrigation. Wholesale did not have a multiplier; it was the same as the max day. Wholesale customers did not tend to peak in any given hour.

She reviewed the allocation of water delivery costs to each type of cost category. Approximately 47 percent of the costs were allocated based on each customer’s class of peaking demand. Another 44 percent was allocated based on average demand or base. And then, nearly 7.5 percent of all of the costs were allocated based on the number of customers and the size of the meters. With regard to peaking, residential would be hit a little bit harder, as well as irrigation. With regard to the number of customers, there were over 480,000 residential customers and another 30,000 of general class that would pick up a larger share of the meter related costs. She discussed the cost of service analysis for water delivery, and the rate adjustment required to bring each class to their cost of service without any other changes in the rate structure. This was important because the real part of the process was to look at the rate structure and whether changes would be made that would have impacts on customers in a way different from just the pure cost of service analysis. Residential water delivery rates would need to be adjusted down by 2.7 percent, irrigation rates would need to be adjusted up to 17.1 percent, general class rates would need to go down slightly, while wholesale class rates would go up. As the RAC begins to look at rate design over the next few weeks, the cost of service totals would become the target by class in order to ensure that whatever changes were made in rate design, the total revenue generated by any proposed rate structure change would recover the cost of service through each of the customer classes.

She discussed the same process that was used to classify cost for water supply. While the categories were similar to the water delivery cost allocation process, the approach was somewhat different. Since water supply dealt with water acquisition costs, it was important to evaluate how water was acquired at SAWS. If water was acquired to meet annual requirements as opposed to peak demand, then allocating the base approach was most effective. This was the most commonly used approach when allocating the source of supply because it was generally tied to annual demand as opposed to peak demand. Historically, water supply cost were allocated based on volume or base except for in the 2015 Rate Study, in which case it was allocated using peaking factors. One other difference in allocating water supply cost was there was no fire protection in this area because SAWS did not charge for the water used to fight fires, but just charged for the infrastructure to deliver water. She noted all of the costs of the recycled water system were currently included in the water supply business unit. Staff evaluated each water supply source to determine payment requirements and timing of delivery. Because non-Edwards supplies were contracted on a take-or-pay basis and generally delivered on a consistent basis, the appropriate allocation method to use was deemed to be the base method or average demand. At the last meeting, the majority of the RAC members agreed that this was the appropriate approach. Therefore, the allocation of water supply looks much different than water delivery. Nearly 94 percent of the cost in
the water supply business unit had been allocated based on average demand or base. The allocation of water supply costs using the cost distribution would show a 50 percent reduction in irrigation water supply rates. Recycled water customers would see a very large rate increase at 178 percent.

Current rates recovered 36 percent of the recycled water system annual costs. When SAWS develop the recycled water system, the intent was to provide an alternative to potable water and, thereby, extending availability of existing potable water supply for customers. SAWS set the recycled water rates to encourage customers to switch from potable water for things like irrigation, cooling towers and manufacturing. The recycled water system had always been subsidized to some extent by potable water users. The RAC had a significant amount of debate related to what recycled water customers should pay for the water. The general consensus was that recycled water customer should pay rates that bring them closer to potable water rates. Ultimately, the decision was made to recommend that an increase of 15 percent be implemented the first year, with an annual rate increase thereafter for the next four years of 10 percent each year. As this would still leave a portion of recycled costs not recovered from recycled rates, the RAC agreed that the costs should be recovered from the other customer classes, and then allocate the majority of unrecovered costs to the residential and the irrigation classes primarily based on outdoor or discretionary water use. She reviewed the RAC's recommendation related to changes to the recycled water rates and the percentage of costs recovered each year. With the rate increases of 15 percent in 2021, and then 10 percent thereafter, the percentage of cost recovery would go from 36 percent to 41 percent in 2021, and all the way up to about 60 percent by 2025. A two percent annual increase was assumed in recycled water costs over the five-year period.

One last recommendation related to water supply costs that the RAC made involved costs allocated to the irrigation class. If nothing was done, irrigation rates would go down on the water supply business by 50 percent. Some of the reallocated or recycled water costs went to the irrigation class, so it closed the gap a bit. In order to send a strong conservation message, the RAC agreed that revenue contributed by irrigation class customers should not change on a combined basis of water delivery and water supply. Again, on water delivery, irrigation class rates were going up about 17 percent. Therefore, costs were reallocated to the irrigation class under water supply and that benefited several other customer classes. About 25 percent of that reallocation benefited the residential class, with the remaining 75 percent benefitting the general class. She pointed out that irrigation class customers were general class customers. While we may be over recovering from the pure cost of service for the irrigation class on the general class side, we were using some of that to help keep the general class rates lower. So effectively, if no other change was made in rate design and we were just trying to get to an adjusted modified cost of service for water supply, residential class rates would decrease slightly. General class rates would need to increase about 4.3 percent. Irrigation supply rates would decrease by 13.9 percent, but that would offset the amount of the increase on the water delivery side. The revenues on a combined basis from irrigation class would be the same. And then finally, recycled water rates showed an increase of 15 percent.

She discussed the cost allocation for wastewater. Costs to operate the system were allocated based on volumes of contributed wastewater flows. The strength of flow such as biochemical oxygen demand and total suspended solids would cost more to treat at the treatment plant.
Other classifications such as the meter and other customer related charges were allocated to different buckets. The final category was the cost associated with the additional strength for industrial customers that were required to have special permits. Raftelis allocated these costs in the various categories after reviewing operational statistics for the wastewater treatment plant, and the plant operator’s capital asset categories were evaluated and assigned allocations to the various categories. O&M costs were apportioned to each of the categories. Most of the costs were allocated based on volume of flow and then the number of customers and meter sizes. With the allocation of wastewater cost by class before any changes in rate design, residential class customers would see a three percent reduction in rates and general class and wholesale customers would see about a four percent increase in rates.

The last cost of service related issue involved the rate differential between inside and outside city limits. Rates charged to outside city limit customers could come under the jurisdiction of the Public Utilities Commission. It was important that these rates be supported by cost of service analysis to support the rate study charge. While things like peaking factors could impact the cost of service to outside city limit customers, SAWS could be expected to receive a reasonable rate of return from those customers. She noted that the outside city limit customers comprised about 25 percent of the customer base and represented one of the fastest growing segments. Raftelis analyzed the usage characteristics of outside city limit customers, and developed a reasonable rate of return on the assets that were used to serve those customers. As a result, SAWS could justify a rate differential of 1.18 times the inside city limit rates for water delivery. However, no differential was supported for wastewater rates. SAWS had never had a differential on water supply rates and this continued to be supported by Raftelis’ analysis.

There were four more RAC meetings scheduled. The next meeting would be in a couple of weeks, and the meetings would wrap up mid-May. The focus of these next meetings were where the RAC could make a real difference in this process and have the biggest impact. The RAC would look at how SAWS charged the rates within the classes. She addressed Dr. McGuire’s statement that SAWS fixed charges were unfair or aggressive. The RAC could see what a rate structure looked like with a lower fixed charge, and how the change would impact volume rates and financial stability. There were other options in terms of tiered rates and seasonal rates that would be evaluated by the RAC. In the last meeting, a lot of time was spent with the RAC talking about what they wanted to see. Raftelis developed a rate model that would allow changes to be made to all of the different pieces of the rate design, fixed charge, variable charge, number of blocks, and the differential between the blocks. Some of the alternatives would be provided to the RAC at the next meeting to develop a rate structure that at least the majority of the members believed would provide a fair, reasonable and affordable rate structure.

Ms. Merritt asked how customers were made aware of the affordability assistance program. Ms. Bailey replied she was not sure about TV ads, but SAWS reached out to customer through direct contact, newsletters, through the website, and through customer service agents, who would refer the customer to the affordability program. SAWS had different ways to reach out to customers. The affordability staff would go out into the field to try to find and enroll as many customers as possible in the program.

Ms. Merritt asked when a customer called about the cost of their bill, if the customer was
given information on the program. Ms. Bailey said absolutely. When a customer had a challenge with a high bill, the customer would be referred to the affordability staff in order to qualify the customer for immediate assistance or ongoing assistance for bill discounts.

Mr. McGee commented on the harsh criticisms levied at the rate study process and at the RAC. He asked Ms. Bailey to respond to the accusation that staff didn't provide adequate data. Ms. Bailey responded there was a tremendous amount of data, and staff had provided how the cost of service study data fed into the process. The RAC was provided with tables that showed where all the costs were allocated based on all the categories, each unit cost, and the number of units in each of the different classes. All the data was provided without actually providing the model. With regard to the rate, the usage information was critical to know how customers used the water, how much water was in each tier, et cetera, and that information was extensive. Raftelis digested that information and pushed it through the rate model that would be shown to the RAC in this next phase, Step 4 of the rate study process. She stated she appreciated Mr. Yakubik's passion for math and trying to understand it, but it was a pretty extensive analysis. Staff wanted to make sure that it's done by the experts, which was why SAWS hired Raftelis.

Mr. Parra inquired about a scenario where the irrigation rates did not have to be reduced. Ms. Bailey responded some of the objectives that were ranked by the RAC were used to make adjustments. The irrigation rates were not reduced as far as what the pure cost of service might say. However, if an increase was charged to the irrigation class customers with the cost of service indicating something less, she wanted to make sure that she could defend that difference.

E. Briefing and deliberation regarding the Quarterly Financial and Investment Reports

Cecilia Velasquez provided a report of the preliminary financial results for 2019. She noted the reports were unaudited financials, and staff was currently undergoing the annual audit of the financial statements. While she did not anticipate any material adjustments to the results, the final published auditor’s results may differ slightly. Operating revenues were $2.6 million unfavorable at the end of the third quarter. Fast forward to the end of the year, operating revenues were $3.8 million favorable to budget, primarily due to rainfall being 32 percent below normal and an increase in billable water usage was more than three percent for the year. Combined with favorable O&M expenses resulted in a $13.8 million favorable variance in operating income. The unfavorable variance to prior year was primarily due to an increase spending in salaries, pension expense, and purchased water. Non-operating revenues, which primarily represent interest income earned on investments, was favorable to budget by $7.9 million. In addition, interest and other debt-related expenses were favorable to budget by more than $22 million, primarily due to the debt defeasance, the bond refunding, and the timing of planned debt issuances. Impact fees and developer contribution continued to be very strong, exceeding both budgets in the prior year. Customer growth of 1.8 percent since last year was slightly above budget expectation. This would reflect the strong development activity in San Antonio.

SAWS financial position continued to show improvement year over year. The increase in net position of $324.8 million over the last 12 months, and particularly the $383 million
increase in net investment capital assets, while long-term debt was reduced by more than $30 million were certainly indications of this improvement.

SAWS financial metrics continued to show strong performance. Starting in 2018, the pledged revenue calculations began excluding non-cash revenues and expenses. The total debt coverage ratio of 2.14 times increased since the end of last year and was well above the target for the metric of 1.75 times. Days cash on hand declined to 509 days since the end of last year, primarily due to cash use and the defeasance of debt. With the planned use of approximately $300 million in cash to fund the 2020 CIP, as well as cash fund a portion of future CIP programs, the days cash on hand was projected to decrease to 378 days by the end of 2020, and 295 days by the end of 2021. She stated she would present the audited financials as well as Baker Tilly’s audit report at the next Audit Committee meeting.

Mr. McGee inquired about how rates would be affected, if SAWS did not have the $300 million to apply towards capital expenditures. Ms. Velasquez replied there would definitely be a rate increase.

Mr. McGee stated he wanted to make sure everybody got that. SAWS had been saving for this moment for a while, and had a lot of cash on hand so rates did not have to be increased for that purpose going forward. Ms. Velasquez confirmed.

Randy Cardon presented the fourth quarter investment report as required by the Public Funds Investment Act. Total investments as of quarter end were $948 million, down $44 million from the last quarter, primarily due to semi-annual interest payments on SAWS debt obligation. Earnings for the quarter totaled $5.4 million and overall portfolio yield was 2.15 percent.

The portfolio was primarily invested in U.S. Agency Securities in the form of coupon notes, callable securities, and collateralized mortgage obligations with the remaining funds invested in U.S. Treasury securities, investment pools, money market funds, and municipal bonds. The portfolio was invested in a diverse number of issuers, totaling 11 in all, including municipal bonds which represented various issuers. He reviewed a map that showed the number and total par value of municipal bonds SAWS held in each state. The municipal bond holdings totaling $70 million was seven percent of the SAWS total portfolio.

The benchmark of the portfolio was the six-month and one-year treasury. The portfolio yield surpassed both benchmarks since the first quarter of 2019. During the quarter, the six-month treasury decreased 26 basis points, and the one-year treasury decreased 19 basis points. While SAWS portfolio decreased 19 basis points, the yield on SAWS decreased due to reinvestment in lower interest rates. He reviewed the decrease in rates across the yield curve, especially since March 2019. The decrease in rates was due to the market perception that U.S. and global economies were slowing and recent cuts in the federal funds rate by the Federal Reserve. This morning, the reserve rate was cut by 50 basis points and yields as of today were much lower than what he included in the presentation.

As required by the SAWS Investment Policy, deposits at banks were required to be collateralized. As of December 31, all deposits were collateralized. Increase and decrease of the collateral value in November was due to debt service payments. Overall, SAWS
investment portfolio was in compliance with SAWS Investment Policy. All transactions were in accordance with investment strategies, and the portfolio was invested per its objectives in order of priority of legality, safety, liquidity, diversification, and finally, yield.

30. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

None

34. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF MARCH 3, 2020, IS HEREBY ADJOURNED.

The San Antonio Water System Board of Trustees Meeting of March 3, 2020, adjourned at 11:46 a.m.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary
TO:             San Antonio Water System Board of Trustees
FROM:        Robert R. Puente, President/Chief Executive Officer
SUBJECT:   Acceptance of Bids for Services, Equipment, Materials and Supplies

The attached resolution accepts bids and awards contracts for services, equipment and supplies as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Contracts</th>
<th>Estimated Amount (SMWB)</th>
<th>Number of Contracts</th>
<th>Estimated Amount (SMWB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Award of New One Time Purchases of Materials, Equipment or Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>302,614.16</td>
<td>7</td>
<td>4,084,990.16</td>
</tr>
<tr>
<td>B. Award of New and Renewal of Annual Goods &amp; Services Requirements Contracts and Maintenance Agreements</td>
<td>0</td>
<td>0.00</td>
<td>12</td>
<td>4,698,825.70</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>$302,614.16</td>
<td>19</td>
<td>$8,783,815.86</td>
</tr>
</tbody>
</table>

SMWB Purchasing Contracts (percentage)  
50.00%  59.35%  36.84%  20.75%

Board Action Date: May 5, 2020
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING BIDS AND AWARDING CONTRACTS FOR THE PROCUREMENT OF CERTAIN SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES; AUTHORIZING EXPENDITURES TO PROCURE THE SAID SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES; AUTHORIZING THE DIRECTOR OF THE PURCHASING DIVISION, OR HER DESIGNEE, TO EXECUTE DOCUMENTS RELATED THERETO; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Director of the Purchasing Division of the San Antonio Water System (the “System”) has recommended certain bids be accepted, that certain contracts be awarded, and that certain other actions be taken to procure services, equipment, materials and supplies which are necessary for the operation of the System; and

WHEREAS, the said recommendations are fully set out in "Attachment I" which is attached hereto and made a part hereof, and said recommendations have been approved by the System’s President/Chief Executive Officer; and

WHEREAS, the appropriate bidding procedures regarding the procurement of goods and services have been adhered to in the compiling of the attached recommendations, as reflected in administrative records supporting this resolution; and

WHEREAS, funds are available in the System’s budget to pay for the required services, equipment, materials and supplies; and

WHEREAS, the Board of Trustees of the San Antonio Water System desires (i) to accept the bids and award the contracts as recommended, (ii) to authorize from available funds of the System the expenditures necessary to carry out the recommended procurements, and (iii) to authorize the Director of the Purchasing Division or her designee to execute all contracts and other documents necessary to carry out the recommended procurements; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bids are accepted and the contracts are awarded for procurement of the services, equipment, materials and supplies listed in Attachment I, as recommended by the Director of the Purchasing Division.

2. That the expenditure of the necessary funds from the appropriate budget fund of the System for the procurement of the said services, equipment, materials and supplies is hereby authorized.
3. That the Director of the Purchasing Division, or her designee, is hereby authorized to notify bidders of the acceptance of bids, to execute contracts and other documents, and to carry out all other actions necessary to procure the said services, equipment, materials and supplies.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this the 5th day of May, 2020

________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________________________
Amy Hardberger, Secretary
**Award of New One Time Purchases of Materials, Equipment or Services**

A. The following items will establish price and delivery for the one time purchase of Materials, Equipment and Services. These items are included in the current budget. Payment will be made from the applicable fund.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>ITEM NO(s.)</th>
<th>TOTAL PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gillette Air Conditioning Co., Inc.</td>
<td>One Time Purchase for Replacing Condenser Piping for Tower 2 Chiller Plant</td>
<td>All</td>
<td>$123,000.00</td>
<td>This is a one time purchase to replace the condenser piping for Tower 2 Chiller Plant.</td>
</tr>
<tr>
<td>2. Tenoch Distribution, LLC (WBE)</td>
<td>One Time Emergency Purchase of Ductile Iron Pipe, Couplings, MJ Sleeves and CSC Adaptors</td>
<td>Group 4, Informally Awarded Groups 1-3</td>
<td>$302,614.16</td>
<td>This is a one time emergency purchase of Ductile Iron Pipe, Couplings, MJ Sleeves and CSC Adapters for Emergency Water Main repairs and assets 30 inch and larger.</td>
</tr>
</tbody>
</table>

*Indicates vendor is an SMWB, unless otherwise noted vendor is non minority.*

Board Date: May 5, 2020
**Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements**

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NO ITEMS TO REPORT

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.

Board Date: May 5, 2020
SAN ANTONIO WATER SYSTEM  
P. O. BOX 2449  
SAN ANTONIO, TEXAS  78298-2449  

TABULATION OF BIDS  

PROPOSAL  
Replacing Condenser Piping for Tower 2 Chiller Plant  
FOR:  

TIME & DATE:  
3:00 p.m., March 17, 2020  

ITEM NO. DESCRIPTION AND APPROXIMATE QUANTITY  
UNIT PRICE  
UNIT PRICE  
UNIT PRICE  
UNIT PRICE  
TOTAL  

1. Removal and disposal of existing black iron piping  
1 LS  
7,800.00  
8,330.00  
8,500.00  
23,370.00  

2. Labor/Material for installation of new Schedule 80 CPVC (weekend rates)  
1 LS  
83,330.00  
380,000.00  

3. Y-Strainers including new isolation valves  
1 LS  
8,500.00  
28,000.00  

4. Aluminum jacketing on all exterior piping  
1 LS  
23,370.00  
19,850.00  

TOTAL  
123,000.00  
441,630.00  

Terms  
Net  
Net  

Delivery Days  
120 days  
45 days  

*LOW BIDDER  

BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:  

AAON Products  
Beyer Mechanical  
Stream Services  

Accu Aire  
Comfort Air Engineering  
TD Industries  

Accurite  
Garrett Mechanical Inc.  
Tezel & Cotter  

Air Cantu  
Gillette Air  
Trane  

Air Kon Service  
HTS TX  
TX Air Sys  

Air Mechanical Svs  
JCI  
TX Chiller Sys  

Air Stream General Construction  
Johnson Controls  
TX Equipment Solutions  

Amcon Controls  
Mammoth  

Arctichill  
Multistack  
Demandstar  

Bexar Air  
Perry Mechanical  
SAWS Website  

Beyer Boys  
Smardt  

Gillette A/C  
Garrett Mechanical, Inc.  
7205 WW White Rd.  
San Antonio, TX 78222  

1215 San Francisco  
San Antonio, TX 78201  

P. O. BOX 2449  
SAN ANTONIO, TEXAS  78298-2449  

20-20015  

F281-629 (Rev. 5/92)
<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>GILLETTE A/C</th>
<th>GARRETT MECHANICAL, INC.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Replacing Condenser Piping for Tower 2 Chiller Plant</td>
<td>1215 San Francisco San Antonio, TX 78201</td>
<td>7205 S WW White Rd. San Antonio, TX 78222</td>
</tr>
</tbody>
</table>
ITEM
BID NO. 20-20037
EMERGENCY ONE-TIME PURCHASE OF LARGE DIAMETER DUCTILE IRON PIPE, COUPLINGS, MJ SLEEVES AND CSC ADAPTORs

Bid No. 20-20037 solicited bids for the emergency purchase of large diameter ductile iron pipe, couplings, MJ sleeves and CSC adaptors for the Distribution and Collection Group. These items will be used to repair large water service lines. This bid included 4 group for various sizes of each item requested.

This bid was e-mailed to 14 vendors, posted on Demand Star and the SAWS website.
Group 1: Ductile Iron Pipe, received 5 responsible bid responses, and 3 no-bids
Group 2: Couplings, received 6 responsible bid responses, and 2 no-bids
Group 3: MJ Sleeves, received 4 responsible bid responses, and 4 no-bids
Group 4: CSC Adaptors, received 1 responsible bid response, 1 incomplete bid response, and 6 no-bids

Group 4 CSC Adaptors are manufactured by the Thompson Pipe Group, and are the only approved manufacturer that build these items. Previously Thompson Pipe Group have bid these items direct, however, currently could not submit a bid by the deadline. Thompson Pipe Group used TENOCH Distribution, LLC to act as their local distributor for this bid. Rangeline Pipeline Services was determined to have an incomplete bid because they no bid 2 items on Group 4.

Recommend approval of award to TENOCH Distribution, LLC for Group 4.

- The award amount is $179,614.16
# TABULATION OF BIDS

## PROPOSAL
Emergency Contract for the Purchase of Large Diameter Ductile Iron Pipe, Repair Couplings, MJ Sleeves and CSC Adapters

### TIME & DATE
3:00 p.m., April 17, 2020

## GROUP 1 - PIPE

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>30&quot; DI Pipe, &quot;Fastite&quot; Joint Gauge Full Length, Class 150</td>
<td>40 Feet</td>
<td>$97.05 - $115.31</td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47437</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$3,882.00 - $4,612.40</strong></td>
</tr>
<tr>
<td>2.</td>
<td>36&quot; DI Pipe, &quot;Fastite&quot; Joint Gauge Full Length, Class 150</td>
<td>40 Feet</td>
<td>$129.81 - $158.32</td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47438</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$5,192.40 - $6,332.80</strong></td>
</tr>
<tr>
<td>3.</td>
<td>42&quot; DI Pipe, &quot;Fastite&quot; Joint Gauge Full Length, Class 150</td>
<td>40 Feet</td>
<td>$195.16 - $218.85</td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47439</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$7,806.40 - $8,754.00</strong></td>
</tr>
<tr>
<td>4.</td>
<td>48&quot; DI Pipe, &quot;Fastite&quot; Joint Gauge Full Length, Class 150</td>
<td>40 Feet</td>
<td>$248.06 - $312.96</td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47440</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$9,922.40 - $12,518.40</strong></td>
</tr>
</tbody>
</table>

**TOTAL GROUP 1**

<table>
<thead>
<tr>
<th><strong>PRICE</strong></th>
<th><strong>TOTAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$26,803.20</td>
<td>$29,305.20</td>
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</tbody>
</table>

## GROUP 2 - MJ SLEEVES

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sleeve MJ Solid Long, Size: 30 Inch, Ductile Wide Body</td>
<td>4 Each</td>
<td>$937.54 - $6,100.00</td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47542</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$3,760.16 - $24,400.00</strong></td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47543</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$5,154.32 - $40,000.00</strong></td>
</tr>
<tr>
<td>3.</td>
<td>Sleeve MJ Solid Long, Size: 42 Inch, Ductile Wide Body</td>
<td>4 Each</td>
<td>$1,555.04 - $12,600.00</td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47544</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$6,220.16 - $50,400.00</strong></td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 47545</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$8,737.56 - $92,833.12</strong></td>
</tr>
</tbody>
</table>

**TOTAL GROUP 2**

<table>
<thead>
<tr>
<th><strong>PRICE</strong></th>
<th><strong>TOTAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$23,862.20</td>
<td>$26,220.00</td>
</tr>
</tbody>
</table>

## GROUP 3 - COUPLINGS

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Couplings, Size 30 Inch for DI 32.00 O.D. 10 Inch Barrel</td>
<td>4 Each</td>
<td>NO BID - $1,292.39</td>
</tr>
<tr>
<td></td>
<td><strong>SAWS No. 10951</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$982.04 - $5,169.56</strong></td>
</tr>
</tbody>
</table>

**TOTAL GROUP 3**

<table>
<thead>
<tr>
<th><strong>PRICE</strong></th>
<th><strong>TOTAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$23,862.20</td>
<td>$24,354.08</td>
</tr>
</tbody>
</table>

## NOT BID

NO BID
## SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
**SAN ANTONIO, TEXAS  78298-2449**

**TABULATION OF BIDS**

**PROPOSAL**
Emergency Contract for the Purchase of Large Diameter Ductile Iron Pipe, Repair Couplings, MJ Sleeves and CSC Adapters

**TIME & DATE:**  
3:00 p.m., April 17, 2020

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT PRICE TOTAL</th>
<th>NO BID</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Couplings, Size 36 Inch OD 38.30 STI for Ductile Iron Pipe OD</td>
<td>NO BID</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Couplings Cast, Size: 42 Inch, Range 44.20 - 44.50</td>
<td>NO BID</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Coupling , Size 48 Inch DI OD</td>
<td>NO BID</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Coupling , Size 36 Inch DI OD</td>
<td>NO BID</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL GROUP 3**

<table>
<thead>
<tr>
<th>UNIT PRICE TOTAL</th>
<th>NO BID</th>
<th>18,707.56</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>22,615.16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28,016.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28,026.08</td>
</tr>
</tbody>
</table>

**GROUP 4 - CSC ADAPTER**

<table>
<thead>
<tr>
<th>UNIT PRICE TOTAL</th>
<th>NO BID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,087.04</td>
</tr>
<tr>
<td></td>
<td>15,087.04</td>
</tr>
<tr>
<td></td>
<td>15,707.76</td>
</tr>
<tr>
<td></td>
<td>15,707.76</td>
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</tbody>
</table>

**GROUP 4 NOT TABULATED**

<table>
<thead>
<tr>
<th>UNIT PRICE TOTAL</th>
<th>NO BID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17,750.60</td>
</tr>
<tr>
<td></td>
<td>17,750.60</td>
</tr>
<tr>
<td></td>
<td>17,750.60</td>
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<tr>
<td></td>
<td>17,750.60</td>
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</table>

**INCOMPLETE**

<table>
<thead>
<tr>
<th>UNIT PRICE TOTAL</th>
<th>NO BID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,437.65</td>
</tr>
<tr>
<td></td>
<td>4,437.65</td>
</tr>
<tr>
<td></td>
<td>4,840.00</td>
</tr>
<tr>
<td></td>
<td>19,560.00</td>
</tr>
</tbody>
</table>
## Emergency Contract for the Purchase of Large Diameter Ductile Iron Pipe, Repair Couplings, MJ Sleeves and CSC Adapters

### TIME & DATE:
3:00 p.m., April 17, 2020

### ITEM NO. DESCRIPTION AND APPROXIMATE QUANTITY

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Approximate Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>ADAP Pipe &amp; Supply</td>
<td>4 Each</td>
</tr>
</tbody>
</table>

### PRICE

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>ADAP Pipe &amp; Supply</td>
<td>$4,840.00</td>
</tr>
</tbody>
</table>

### GROUP 4 TOTAL

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>ADAP Pipe &amp; Supply</td>
<td>$19,360.00</td>
</tr>
</tbody>
</table>

### Terms & Delivery Days

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Terms</th>
<th>Delivery Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>ADAP Pipe &amp; Supply</td>
<td>30 days</td>
<td>30-45 days</td>
</tr>
</tbody>
</table>

### LOW BIDDER

- ACT Pipe & Supply

### BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:

- ACT Pipe & Supply
- KLP Commercial LLC
- SAWS Website
- Core & Main LP
- Milford
- Thompson Pipe Group
- J.R. Phillips
- Teal Line Pipe
- Iconix
- Scruggs
- Hughes
- Techline Pipe
- Rangeline Pipeline Service
AGENDA ITEM NO. ___7___

TO: San Antonio Water System Board of Trustees

FROM: Juan D. Gomez, Ph.D., P.E., Director, Plants and Major Projects, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE HARDY OAK BLVD., SONTERRA BLVD., AND POTRANCO RD. PRESSURE ZONE INTERCONNECTIONS PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Pesado Construction Company, a local SBE contractor, in an amount not to exceed $1,412,332.00 in connection with the Hardy Oak Blvd., Sonterra Blvd., and Potranco Rd. Pressure Zone Interconnections Project (the “Project”).

- The project includes the construction of two pressure reducing valve (PRV) structures and associated piping assemblies on Hardy Oak Blvd. near Las Lomas Elementary School, and along Sonterra Blvd. near the intersection of Stone Oak Parkway. The project also includes the installation of approximately 110 feet of 12-inch water main across Potranco Rd. near the intersection of Fillmore Dr.

- The work also includes the installation of valves, piping, concrete vault structures, electrical equipment, and SCADA related services. This project will provide additional operational flexibility and redundancy to the water distribution system by allowing water to be supplied from areas of higher water pressure to areas of lower water pressure.

- The area near Stone Oak is considered sensitive due to the high density and projected continued growth. Additionally, the area is currently supplied by a single 20-inch water main along U.S. Highway 281 which results in low water pressure when the water main is isolated for required maintenance and repairs. The PRVs will allow water to be distributed from pressure zone 1295 to 1258.

- The Potranco Rd. interconnection will allow water to be distributed from pressure zone 1111 to 1082. This will allow the decommissioning of an aging booster station facility that requires regular maintenance and repairs.

- Pesado Construction Company has submitted the lowest responsible bid of $1,412,332.00.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. This project is included in the Water Delivery Core Business budget line item. The amount is $1,412,332.00 for water related construction work. The job number is 17-7003.

SUPPLEMENTARY COMMENTS:

Bain Medina Bain, Inc. and Unintech Consulting Engineers, Inc. prepared the bid proposal and specifications for the project. The engineer’s estimated construction cost was $1,230,000.00.

A bid opening was held on April 13, 2020 at 10:00 AM. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Engineer’s Estimate</strong></td>
<td>$1,230,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Pesado Construction Company</strong></td>
<td>$1,412,332.00</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>MGC Contractors, Inc.</td>
<td>$1,478,535.00</td>
<td>Local/Non-SMWVB</td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The bid amount represents a 14.82 percent increase from the engineer’s estimated construction cost.

Additionally, the overall SMWVB analysis is shown in the table below:

<table>
<thead>
<tr>
<th>Hardy Oak Blvd., Sonterra Blvd., and Potranco Rd. Pressure Zone Interconnections Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pesado Construction Company</td>
</tr>
<tr>
<td><strong>SMWVB Analysis – Board Award</strong></td>
</tr>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>

Attachments:
1. Project Area Map
2. Project Site Map
HARDY OAK BLVD, SONTERRA BLVD, AND POTRANCO RD PRESSURE ZONE INTERCONNECTIONS PROJECT (POTRANCO INTERCONNECT)

**LEGEND**

- **PROJECT LOCATION**
- Edwards Aquifer Recharge Zone
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSTRUCTION CONTRACT TO PESADO CONSTRUCTION COMPANY IN AN AMOUNT NOT TO EXCEED $1,412,332.00 IN CONNECTION WITH THE HARDY OAK BLVD., SONterra BLVD., AND POTRANCO RD. PRESSURE ZONE INTERCONNECTIONS PROJECT; APPROVING THE EXPENDITURE OF FUNDS AND MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $1,412,332.00 FROM THE PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH PESADO CONSTRUCTION COMPANY, AND TO PAY PESADO CONSTRUCTION COMPANY AN AMOUNT NOT TO EXCEED $1,412,332.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, this project will provide additional operational flexibility and redundancy to three locations within the water distribution system by allowing water to be supplied from areas of higher water pressure to areas of lower water pressure; and

WHEREAS, the San Antonio Water System (the “System”) has solicited bids for the project work; and

WHEREAS, Pesado Construction Company, a local SBE contractor, has submitted a bid of $1,412,332.00 for the project work and has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in an amount not to exceed $1,412,332.00 are required for the project work; and

WHEREAS, the amount of $1,412,332.00 is available from the Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a construction contract to Pesado Construction Company in an amount not to exceed $1,412,332.00 in connection with the Hardy Oak Blvd., Sonterra Blvd., and Potranco Rd. Pressure Zone Interconnections Project, (ii) to approve the expenditure of funds and make available an amount not to exceed $1,412,332.00 from the Project Fund, and (iii) to authorize the
President/Chief Executive Officer or his duly appointed designee to execute a construction contract with Pesado Construction Company, and to pay Pesado Construction Company an amount not to exceed $1,412,332.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a construction contract in an amount not to exceed $1,412,332.00 is hereby awarded to Pesado Construction Company, who is determined to be the lowest responsible bidder, in connection with the Hardy Oak Blvd., Sonterra Blvd., and Potranco Rd. Pressure Zone Interconnections Project.

2. That the expenditure of funds in an amount not to exceed $1,412,332.00 for the project work is hereby approved and made available from the Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with Pesado Construction Company, and to pay Pesado Construction Company an amount not to exceed $1,412,332.00 in connection with the Hardy Oak Blvd., Sonterra Blvd., and Potranco Rd. Pressure Zone Interconnections Project.

4. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that the public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

Berto Guerra, Jr., Chairman

ATTEST:

Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Juan D. Gomez, Ph.D., P.E., Director, Plants and Major Projects, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE H2OAKS DESALINATION FACILITY WELLFIELD COLLECTION PIPELINE PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Qro Mex Construction Company, Inc., a local, MBE-Hispanic contractor, in an amount not to exceed $1,698,769.50 in connection with the H2Oaks Desalination Facility Wellfield Collection Pipeline Project (the “Project”).

- Recently, the San Antonio Water System (the “System”) updated the hydro-geologic model for the brackish well field at the H2Oaks Desalination Facility. The results of the updated model recommended the drilling of additional production wells to meet future raw water demand at the facility.

- This project will install approximately 19,500 feet of 12-inch and 18-inch mains and other related appurtenances, to convey raw water from Test Well No. 1 and Brackish Groundwater Desalination Well No. 14 (BGD-14), to the H2Oaks Desalination Facility.

- By a different construction contract, existing Test Well No. 1 will be converted to a raw water production well, and both Test Well No. 1 and BGD-14 will be equipped with mechanical, electrical equipment, instrumentation and controls, and associated site civil improvements including drainage.

- Qro Mex Construction Company, Inc. submitted the lowest responsible bid of $1,698,769.50.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. This work is included in the Water Resources Core Business, Desalination Line Item. The total amount is $1,698,769.50. The job number is 19-8610.
SUPPLEMENTARY COMMENTS:

Merrick & Company prepared the bid proposal and specifications for the project. The engineer’s estimated construction cost was $2,560,000.00.

A bid opening was held on April 13, 2020, at 3:00 p.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qro Mex Construction Company, Inc.*</td>
<td>$1,698,769.50</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>R Construction Civil, LLC dba R Construction Co.</td>
<td>$1,893,527.80</td>
<td>Local/Non-SMWVVB</td>
</tr>
<tr>
<td>LML Services, LLC dba LML Civil Construction, LLC</td>
<td>$1,981,614.50</td>
<td>Local/Non-SMWVVB</td>
</tr>
<tr>
<td>Atlas Construction Corporation</td>
<td>$1,987,000.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Burnside Services, Inc.</td>
<td>$1,993,181.00</td>
<td>Non-Local/Non-SMWVVB</td>
</tr>
<tr>
<td>Pesado Construction Company</td>
<td>$2,004,060.60</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>D Guerra Construction, LLC</td>
<td>$2,253,122.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Pronto Sandblasting &amp; Coating &amp; Oil-Field Services Co., Inc.</td>
<td>$2,541,132.50</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$2,560,000.00</td>
<td></td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The bid amount represents a 33.64 percent decrease from the engineer’s estimated construction cost.

Additionally, the overall SMWVVB analysis is shown in the table below:

<table>
<thead>
<tr>
<th>H2Oaks Desalination Facility Wellfield Collection Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qro Mex Construction Company, Inc.</td>
</tr>
<tr>
<td>SMWVB Analysis – Board Award</td>
</tr>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT SITE MAP
ATTACHMENT II

H2OAKS DESALINATION FACILITY
WELLFIELD COLLECTION PIPELINE

LEGEND
PROJECT LOCATION
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSTRUCTION CONTRACT TO QRO MEX CONSTRUCTION COMPANY, INC. IN AN AMOUNT NOT TO EXCEED $1,698,769.50 IN CONNECTION WITH THE H2OAKS DESALINATION FACILITY WELLFIELD COLLECTION PIPELINE PROJECT; APPROVING THE EXPENDITURE OF FUNDS AND MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $1,698,769.50 FROM THE PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH QRO MEX CONSTRUCTION COMPANY, INC., AND TO PAY QRO MEX CONSTRUCTION COMPANY, INC. AN AMOUNT NOT TO EXCEED $1,698,769.50 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, this contract will install approximately 19,500 feet of 12-inch and 18-inch mains and other related appurtenances, to convey raw water from Test Well No. 1 and Brackish Groundwater Desalination Well No. 14 (BGD-14) to the H2Oaks Desalination Facility; and

WHEREAS, the San Antonio Water System (the “System”) has solicited bids for the project work; and

WHEREAS, Qro Mex Construction Company, Inc., a local, MBE-Hispanic contractor, has submitted a bid of $1,698,769.50 for the project work and has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in an amount not to exceed $1,698,769.50 are required for the project work; and

WHEREAS, the total amount of $1,698,769.50 is available from the Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a construction contract to Qro Mex Construction Company, Inc. in an amount not to exceed $1,698,769.50 in connection with the H2Oaks Desalination Facility Wellfield Collection Pipeline Project, (ii) to approve the expenditure of funds and make available an amount not to exceed
$1,698,769.50 from the Project Fund for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a construction contract with Qro Mex Construction Company, Inc., and to pay Qro Mex Construction Company, Inc. an amount not to exceed $1,698,769.50 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a construction contract in an amount not to exceed $1,698,769.50 is hereby awarded to Qro Mex Construction Company, Inc., who is determined to be the lowest responsible bidder, in connection with the H2Oaks Desalination Facility Wellfield Collection Pipeline Project.

2. That the expenditure of funds in an amount not to exceed $1,698,769.50 for the project work is hereby approved and made available from the Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with Qro Mex Construction Company, Inc., and to pay Qro Mex Construction Company, Inc. an amount not to exceed $1,698,769.50 in connection with the H2Oaks Desalination Facility Wellfield Collection Pipeline Project.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Amy Hardberger, Secretary
SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE MARBACH PUMP STATION IMPROVEMENTS PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Arcadis U.S., Inc., a local, non-SMWVB firm, and authorizes funds in an amount not to exceed $1,647,225.00 in connection with the Marbach Pump Station Improvements Project (the “Project”).

- The San Antonio Water System (the “System”) has established a multi-year program to rehabilitate and upgrade aging pump stations to comply with the Texas Commission on Environmental Quality requirements, the American Water Works Association, the Occupational Safety & Health Administration standards, Fire Codes, and the National Electric Code.

- The CY 2020 Capital Improvement Program includes the design of the Marbach Pump Station located at 7614 Marbach Road. This facility is a primary production pump station and supplies 42 million gallons per day of water to the west side service areas along Loop 410.

- The project will replace high service pumps and motors, well pumps and motors, control valves, flow meters, electrical switchgear including low and medium voltage wiring, Supervisory Control and Data Acquisition system, and miscellaneous yard piping and associated appurtenances. Also, included is the construction of a new electrical building, site grading and drainage improvements, security fencing, and lighting.

- Services to be provided include design services, bid phase services, services during construction, specialized construction inspections, start-up and commissioning services, and project closeout services.

- Arcadis U.S., Inc. will provide professional services for this project for the negotiated not to exceed amount of $1,647,225.00.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2020 Capital Improvement Program. The project work is included in the Water Delivery Core Business, Production Category, Marbach Pump Station Improvements Project budget line item. The amount is $1,647,225.00. The job number is 20-6001.

SUPPLEMENTARY COMMENTS:

The firms that provided interest statements for this project are listed below:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>*<em>Arcadis U.S., Inc.</em></td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Freese and Nichols, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Garver, LLC</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Kimley-Horn and Associates, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Tetra Tech, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
</tbody>
</table>

*Selected Firm

Arcadis U.S., Inc. proposes to use the following sub-consultants for services on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arias &amp; Associates, Inc.</td>
<td>3.20%</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Chapman Engineering, Inc.</td>
<td>1.70%</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>Construct-Ability, LLC</td>
<td>1.76%</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Garcia Infrastructure Consultants, LLC</td>
<td>4.23%</td>
<td>Local/WBE-Hispanic</td>
</tr>
<tr>
<td>Gupta &amp; Associates, Inc.</td>
<td>27.81%</td>
<td>Local/MBE-Asian</td>
</tr>
<tr>
<td>Signature Automation, LLC</td>
<td>5.23%</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>The Rios Group, Inc.</td>
<td>2.15%</td>
<td>Local/WBE-Hispanic</td>
</tr>
<tr>
<td>Vickrey &amp; Associates, Inc.</td>
<td>1.02%</td>
<td>Local/WBE-Non-Minority</td>
</tr>
</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Marbach Pump Station Improvements Project</th>
<th>Arcadis U.S., Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMWVB Analysis – Board Award</strong></td>
<td></td>
</tr>
<tr>
<td>SBE</td>
<td>1.70%</td>
</tr>
<tr>
<td>MBE – African American</td>
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</tr>
<tr>
<td>MBE – Asian</td>
<td>27.81%</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
<td>8.43%</td>
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<tr>
<td>MBE – Other</td>
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<tr>
<td>WBE – Minority</td>
<td>6.38%</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
<td>1.02%</td>
</tr>
<tr>
<td><strong>SMWVB Total</strong></td>
<td><strong>45.34%</strong></td>
</tr>
</tbody>
</table>

Attachments:

1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT SITE MAP
ATTACHMENT II

MARBACH PUMP STATION IMPROVEMENTS

LEGEND

PROJECT LOCATION
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO ARCADIS U.S., INC. IN AN AMOUNT NOT TO EXCEED $1,647,225.00 IN CONNECTION WITH THE MARBACH PUMP STATION IMPROVEMENTS PROJECT; APPROVING THE EXPENDITURE OF FUNDS AND MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $1,647,225.00 FROM THE PROJECT FUND FOR PROJECT ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH ARCADIS U.S., INC., AND TO PAY ARCADIS U.S., INC. AN AMOUNT NOT TO EXCEED $1,647,225.00 FOR THE PROJECT ENGINEERING SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE, AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) requires professional services for design of the Marbach Pump Station Improvements Project (the “project”); and

WHEREAS, the System has solicited proposals for the required project engineering work in connection with the project; and

WHEREAS, the System’s Architect and Engineer Selection Committee has selected Arcadis U.S., Inc., a local, non-SMWVB firm, to provide the required project engineering work in connection with the project; and

WHEREAS, Arcadis U.S., Inc. is deemed to be the most highly qualified provider of these engineering services on the basis of demonstrated competence and qualifications and for a fair and reasonable price; and

WHEREAS, Arcadis U.S., Inc. has submitted a proposal in an amount not to exceed $1,647,225.00 to provide the required project engineering work for the project; and

WHEREAS, System funds in an amount not to exceed $1,647,225.00 are required for the project engineering work; and

WHEREAS, the required amount not to exceed $1,647,225.00 is available from the Project Fund; and
WHEREAS, the San Antonio Water System’s Board of Trustees desires (i) to award a professional services contract to Arcadis U.S., Inc. in an amount not to exceed $1,647,225.00 in connection with the Marbach Pump Station Improvements Project, (ii) to approve the expenditure of funds and make available an amount not to exceed $1,647,225.00 from the Project Fund for the project engineering work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Arcadis U.S., Inc., and to pay Arcadis U.S., Inc. an amount not to exceed $1,647,225.00 in connection with the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract in an amount not to exceed $1,647,225.00 is hereby awarded to Arcadis U.S., Inc. in connection with the Marbach Pump Station Improvements Project.

2. That the expenditure of funds in an amount not to exceed $1,647,225.00 for the project engineering work is hereby approved and made available from the Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Arcadis U.S., Inc., and to pay Arcadis U.S., Inc. an amount not to exceed $1,647,225.00 in connection with the Marbach Pump Station Improvements Project.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 5th day of May, 2020.

__________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________
Amy Hardberger, Secretary
AGENDA ITEM NO. 10

TO: San Antonio Water System Board of Trustees
FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction
THROUGH: Robert R. Puente, President/Chief Executive Officer
SUBJECT: APPROVING AN INTERLOCAL AGREEMENT AND AUTHORIZING EXPENDITURES TO THE ALAMO REGIONAL MOBILITY AUTHORITY IN CONNECTION WITH THE BLANCO ROAD PHASE II: WEST OAKS ESTATES TO BORGFELD ROAD PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to execute an Interlocal Agreement with the Alamo Regional Mobility Authority (the “Authority”) and authorizes expenditures to the Authority in an amount not to exceed $620,572.48 for the joint construction of water facility adjustments, replacements, and installations in connection with the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project.

- The Authority proposes to construct street and drainage improvements in the area illustrated on the attached maps. The Authority’s improvement work is estimated to cost $18,478,805.96.

- Due to the reconstruction and improvements with the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project, the existing water mains require adjustment to avoid conflicts with the Authority’s street and drainage improvements and replacement to meet current San Antonio Water System (the “System”) standards.

- In addition, an extension of 12-inch water main is planned for installation within the project boundaries to eliminate dead end mains and increase flow for fire protection as identified by the System’s Master Planning Division.

- There are no sewer facilities within the project limits that require adjustment or replacement; therefore, there is no sewer work on this project.

- The water work will consist of the adjustment of approximately 253 feet of 8-inch and 12-inch water main, and the replacement of approximately 589 feet of 6-inch water main and installation of approximately 1,772 feet of 12-inch water main and associated appurtenances.

- The Authority will approve the bid of Harper Brothers Construction, LLC for construction
of this project on April 15, 2020. As part of joint bidding, advanced approval for funding and for the execution of an Interlocal Agreement is required by the Authority prior to issuing a notice to proceed on construction.

- Funds as determined by the amount bid will be transferred to the Authority following the execution of the Interlocal Agreement.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2020 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $620,572.48 for water work. The job number is 17-5043.

Attachments:
1. Project Area Map
2. Project Site Map
BLANCO ROAD PHASE II: WEST OAKS
ESTATES TO BORGFELD ROAD

LEGEND

★ PROJECT SITE

EDWARDS AQUIFER RECHARGE ZONE
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING AN INTERLOCAL AGREEMENT WITH THE ALAMO REGIONAL MOBILITY AUTHORITY AND AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE INTERLOCAL AGREEMENT FOR THE ADJUSTMENT, REPLACEMENT, AND INSTALLATION OF WATER FACILITIES BY THE ALAMO REGIONAL MOBILITY AUTHORITY IN CONNECTION WITH THE BLANCO ROAD PHASE II: WEST OAKS ESTATES TO BORGFELD ROAD PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $620,572.48 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Alamo Regional Mobility Authority (the “Authority”) proposes to construct the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project; and

WHEREAS, the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project will require the adjustment, replacement and installation of certain water facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, to increase the efficiency and effectiveness of local governments the Authority has requested that the System execute an Interlocal Agreement and pay for the System’s share of the project work costs; and

WHEREAS, System funds in the amount of $620,572.48 are required for the project work; and

WHEREAS, the total amount of $620,572.48 is available from the Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve an Interlocal Agreement with the Authority for the adjustment, replacement, and installation of water facilities by the Authority in connection with the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project and to authorize the President/Chief Executive Officer or his duly appointed designee to execute an Interlocal Agreement, and (ii) to authorize the expenditure of funds in an amount not to exceed $620,572.48 for the System’s share of the project work; and
work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That an Interlocal Agreement with the Authority substantially in the form of the agreement attached hereto is hereby approved and the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute the Interlocal Agreement with the Authority in connection with the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project.

2. That the expenditure of funds in an amount not to exceed $620,572.48 for the adjustment, replacement, and installation of water facilities by the Authority in connection with the Blanco Road Phase II: West Oaks Estates to Borgfeld Road Project is hereby approved.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

5. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary
STATE OF TEXAS §
COUNTY OF BEXAR §

INTERLOCAL AGREEMENT

This Interlocal Agreement (the “Agreement”) is made and entered into this __________ day of __________, 2020, by and between the ALAMO REGIONAL MOBILITY AUTHORITY, a political subdivision of the State of Texas (“AUTHORITY”), and the SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES, a political subdivision of the State of Texas (“SAWS”) (also, individually, a “Party” or, collectively, the “Parties), pursuant to the Interlocal Cooperation Act, Chapter 791 of the Government Code.

PURPOSE

1.01 The purpose of this Agreement is to facilitate the AUTHORITY’s improvement of the Blanco Road Phase II: West Oaks Estates to Borgfeld Road (the “Project”) by including certain necessary SAWS adjustments, replacements, and installations in the AUTHORITY’s Specifications for the Project, thus assuring the coordination of the AUTHORITY’s road and drainage improvements with SAWS’s adjustments, replacements, and installations.

1.02 As part of its Project development activities, the Authority will include in its procurement of construction services the development and construction of the SAWS Work (as defined below).

SERVICES

2.01 The AUTHORITY agrees to include in the AUTHORITY Specifications for the Project the plans and specifications for SAWS Water Job No. 17-5043 (the “SAWS Work”), which SAWS has prepared and delivered to the AUTHORITY and is incorporated by reference herein, and to contract for the performance of SAWS Work.

2.02 Immediately after tabulating all of the bids received for the Project, the AUTHORITY will notify SAWS in writing of the name of the contractor selected by the AUTHORITY for the Project (the “Contractor”) and the bid amount for the SAWS Work (the “Original Bid”). SAWS acknowledges that the Contractor selected by the AUTHORITY for the Project may not be the proposer which offered the lowest bid on the SAWS Work.

2.03 The AUTHORITY agrees to use its best efforts to enforce all of its rights and remedies against the Contractor for the SAWS Work.

2.04 The AUTHORITY agrees to allow SAWS access to the Project site to (i) inspect and witness testing of the SAWS Work and to determine if the SAWS Work is in conformity with the plans, specifications and special provisions applicable thereto and is in good working order, and (ii) verify all quantities used in connection with the SAWS Work, the AUTHORITY does not guarantee the performance of the Contractor in the performance of the SAWS Work, and SAWS will be responsible for inspecting and accepting the SAWS Work.
3.01 Not later than the fifteen (15) days after the execution of the Agreement by SAWS, SAWS shall deliver to the AUTHORITY good and sufficient funds (the “Funds”) for the Original Bid and a ten percent (10%) contingency (the “Contingency”). The Funds to be provided by SAWS are further described in Exhibit A attached hereto.

3.02 For materials and construction used in the SAWS Work, SAWS agrees to pay to the AUTHORITY the amount of Six Hundred Twenty Thousand, Five Hundred Seventy Two Dollars and Forty Eight Cents ($620,572.48), which includes the Original Bid amount and the Contingency.

3.03 If the cost of performing the SAWS Work exceeds the Original Bid, the following provisions shall apply:

   (a) **Contractor-Initiated Change Orders. Use of the Contingency.** In the event the AUTHORITY receives a proposed change order from the Contractor indicating that additional funds exceeding the Original Bid will be needed for SAWS Work, the AUTHORITY will notify SAWS in writing of the proposed change order. Unless SAWS objects within ten (10) business days of receipt of the written notification of the proposed change order, the AUTHORITY will proceed with SAWS Work and utilize the Contingency for payment to the Contractor. In the event the amount of the proposed change order exceeds the Contingency amount, the AUTHORITY will authorize work up to the amount of the available Contingency, and will authorize the remaining work once a commitment, in writing, is received from an authorized representative of SAWS that the required additional funding (in excess of the available Contingency amount) will be remitted to the AUTHORITY prior to such time that payment for the work is due to the Contractor.

   (b) **SAWS-Initiated Change Orders.** If change orders are requested by SAWS under this Agreement, SAWS will submit a change order request to the AUTHORITY, including all necessary documentation to prepare the change order.

   (c) **Authority-Initiated Change Orders.** If the AUTHORITY requires a change order that affects the SAWS Work, the change order will be submitted to SAWS staff for approval. Notwithstanding the time period to reject a proposed change order under subsection (a), SAWS staff agrees to use good faith efforts to respond to change orders within ten (10) business days after SAWS staff’s receipt of request, or such additional period of time as may be reasonably necessary under the circumstances based on the complexity of the change order. SAWS staff is under no obligation to approve any change orders, and in no event shall SAWS be responsible for costs or expenses under Authority-Initiated Change Orders that are not approved by SAWS staff.

   (d) If a SAWS Initiated Change Order or an Authority-Initiated Change Order results in total costs exceeding the amount stated in §3.02, the AUTHORITY will send copies of invoices covering the additional amounts authorized by a change order approved by
SAWS staff, and SAWS shall pay the AUTHORITY the additional amounts in the approved change order within fifteen (15) days after the approval of the Board of Trustees, unless further time is required for Board action to appropriate funds. In the event Board action is needed, SAWS agrees to present the request at the next regular or special Board meeting. A change order under §3.03(d) approved in writing and signed by authorized SAWS staff shall, upon the Board action to appropriate the funds for the change order, have the automatic effect of amending §3.02 to increase the total amount in §3.02 by the total change order amount.

(e) A change order that results in total costs reducing the amount stated in §3.02 and that is approved in writing and signed by authorized SAWS staff shall have the automatic effect of amending §3.02 to decrease the total amount in §3.02 by the total change order amount.

3.04 If the cost of performing the SAWS Work is less than the amount actually paid by SAWS for SAWS Work under this Agreement, AUTHORITY agrees to refund the overpayment to SAWS within thirty (30) days of determination of same.

3.05 Not later than thirty (30) days after the AUTHORITY’s final recapitulation with the Contractor, the AUTHORITY will refund SAWS for any surplus Funds.

3.06 The Parties acknowledge that the financial commitments stated in this Agreement are independent of the necessary operating and maintenance expenses that are SAWS’s responsibilities.

SAWS’S RESPONSIBILITY

4.01 SAWS agrees to accept full responsibility for inspection and acceptance of work performed as the SAWS Work, and acknowledges that the AUTHORITY is not responsible for the quality or performance of the SAWS Work by the Contractor.

4.02 Following Substantial Completion of SAWS Work, SAWS shall be responsible for all costs associated with operating and maintaining SAWS Work. Substantial Completion is the date, certified by the AUTHORITY, the AUTHORITY’s design professional and SAWS (including SAWS design professional) that the Contractor has reached that stage of completion when SAWS and the AUTHORITY accept use of SAWS Work for its intended purposes, recognizing that certain punch-list and/or clean-up items that do not preclude use of the SAWS Work for its intended purpose may be required.

ENTIRE AGREEMENT

5.01 This Agreement, along with the specifications for the SAWS Work, supersedes any and all other agreements, either oral or in writing, and no other agreement, statement, or promise relating to the subject matter of this Agreement that is not contained herein shall be valid or binding.
**ATTORNEY’S FEES**

6.01 If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, to the extent allowed by law, the prevailing Party shall be entitled to reasonable attorney’s fees in addition to any other relief to which the prevailing Party may be entitled.

**TEXAS LAW TO APPLY**

7.01 This Agreement is performable in Bexar County, Texas and the validity of any of its terms or provisions, as well as the rights and duties of the Parties, shall be governed by the laws of the State of Texas.

**SEVERABILITY**

8.01 If any one or more of the provisions contained in the Agreement is for any reason be held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability will not affect any other provision and this Agreement will be construed as if the invalid, illegal, or unenforceable provision had never been contained herein.

**AMENDMENT**

9.01 No amendment, supplementation, modification, or alteration of the terms hereof will be binding unless it is in writing, dated subsequent to the date hereof and duly executed by the Parties.

**THIRD PARTY BENEFICIARY**

10.01 SAWS shall be considered a third party beneficiary under the AUTHORITY’s contract for the Project; provided, however, that prior to final completion of the work under the contract for the Project, SAWS shall not enforce any remedies against the Contractor without the prior written consent of the AUTHORITY, which consent may be withheld if the AUTHORITY reasonably believes that enforcement would have an adverse effect on final completion of the Project. Prior to final completion of the work under the contract for the Project, the AUTHORITY shall cooperate in the prosecution of any action against the Contractor, to the extent consistent with the terms of the Project Contract Documents, which SAWS may reasonably determine to be necessary to undertake in connection with the SAWS Work done by the Contractor or its subcontractors.

**INDEMNIFICATION**

11.01 The AUTHORITY agrees to include SAWS in the list of parties being indemnified by the Contractor, so that SAWS receives the benefit of all indemnities under the contract documents with respect to the SAWS Work. Neither party to this Agreement waives, or intends to waive, their governmental immunity in connection with this Agreement, the Project, or the SAWS Work.
INSURANCE

12.01 In all contracts entered into by the AUTHORITY for SAWS Work, the AUTHORITY shall include provisions reflecting:

(a) With regard to insurance coverage during the construction phase of the Project, the AUTHORITY shall require all consultants, contractors, subcontractors and suppliers to maintain insurance coverage limits that are sufficient to compensate the AUTHORITY and SAWS for their respective interests in the Project with regard to any liability a third party may have due to the services, equipment, or materials provided for construction of the Project. SAWS shall be named as an additional insured on all policies naming the AUTHORITY as an additional insured. The AUTHORITY shall provide SAWS with copies of the completed Certificates of Insurance which Certificates shall be completed by an agent authorized to bind the named underwriters and their companies to the coverage limits and termination provisions shown thereon. SAWS reserves the right to review the insurance requirements during the effective period of this Agreement, and any extension or renewal hereof, and to modify insurance coverage and limits when deemed necessary and prudent by SAWS’s Risk Manager based upon changes in statutory law or court decisions. If SAWS requests a coverage modification which results in an increased cost, SAWS shall be responsible for the increased cost and the AUTHORITY shall have no obligation to request a coverage modification until SAWS submits payment to cover the increased cost. The AUTHORITY will not allow any modifications to the insurance coverage through which SAWS may incur increased risks.

(b) The AUTHORITY shall require the Contractor to maintain statutory worker’s compensation insurance for all of their employees with a waiver of subrogation in favor of the AUTHORITY and SAWS.

(c) The AUTHORITY will require the Contractor, and any subcontractors to provide all statutorily-required payment and performance bonds at no additional cost to the Parties. On services for which performance bonds are not statutorily required, the AUTHORITY shall determine whether to require performance bonds.
CURRENT REVENUES

13.01 In accordance with Section 791.011(d)(3) of the Texas Government Code, the party paying for the performance of governmental functions or services, if any, must make those payments from current revenues available to the paying party.

EXECUTED IN DUPLICATE ORIGINALS, EACH OF WHICH WILL HAVE FULL FORCE AND EFFECT ON THIS _______ DAY OF ______________________, 2020.

ALAMO REGIONAL MOBILITY AUTHORITY

By: __________________________
    David Smith
    Executive Director

SAN ANTONIO WATER SYSTEM

By: __________________________
    Robert R. Puente
    President/Chief Executive Officer
Exhibit “A”
Bid Amount and Funds Committed by SAWS

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Water Main Adjustments/Replacements and Installations¹</td>
<td>$ 564,156.80</td>
</tr>
<tr>
<td>Contingency (10% of Construction)</td>
<td>$ 56,415.68</td>
</tr>
<tr>
<td><strong>Total SAWS Contribution =</strong></td>
<td><strong>$ 620,572.48</strong></td>
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¹. Approximately 253 LF of 8-inch and 12-inch water main adjustment, 589 LF of 6-inch water main replacement, and 1,772 LF of 12-inch water main installation.
AGENDA ITEM NO. 11

TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVING AN INTERLOCAL AGREEMENT AND AUTHORIZING REIMBURSEMENT OF EXPENDITURES TO SAN ANTONIO RIVER AUTHORITY IN CONNECTION WITH THE SAN PEDRO CREEK IMPROVEMENTS PHASE II PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to execute an Interlocal Agreement with San Antonio River Authority (SARA) and authorizes reimbursement of expenditures to SARA in an amount not to exceed $2,872,256.27 for the joint construction of water and sewer facility adjustments and replacements in connection with the San Pedro Creek Improvements Phase II Project.

- SARA proposes to revitalize the current condition of San Pedro Creek and transform it to reflect its place in our San Antonio cultural history. In addition, SARA also proposes to improve the function in flood control, revive natural habitat, improve water quality within the creek, and catalyze economic development in the area illustrated on the attached maps. SARA’s improvement work is estimated to cost $81,552,158.00.

- The San Pedro Creek Improvements will be constructed in four phases. Phase I is currently under construction from the northern point at the bypass tunnel inlet next to Fox Tech High School and ends at Cesar Chavez Blvd. Phase II is from Union Pacific Rail Road (UPRR) to IH 35. Phase III is from Guadalupe Street to UPRR. Phase IV is from Cesar Chavez Blvd. to Guadalupe Street.

- Due to the reconstruction and expansion of the channel for the San Pedro Creek Improvements Phase II project, the existing water mains require adjustment to avoid conflicts with SARA’s improvements.

- The existing sewer mains require replacement to meet current San Antonio Water System (the “System”) standards.

- The water adjustment work will consist of approximately 200 feet of 8-inch water main.

- The sewer replacement work will consist of approximately 1,007 feet of 10-inch, 16-inch,
Approval of an Interlocal Agreement and Authorization for Expenditures of Funds to SARA for San Pedro Creek Improvements Phase II Project

20-inch, and 33-inch sewer siphon main.

- Since the SARA’s proposed street and drainage improvements will conflict with portions of sewer mains were installed in the 1900’s and pre-existed before the requirement of easements, SARA has agreed to pay for all required easements associated with the project work.

- SARA has agreed to pay for the System archaeological monitoring associated with the adjustment and replacement of water and sewer mains that lies within SARA’s project limits.

- SARA has chosen to construct this project through the Construction Manager at Risk (CMAR) Project Delivery Method, Sundt/Davila, a Joint Venture (Sundt/Davila) was selected by SARA as the Construction Manager.

- Sundt/Davila has submitted a Guaranteed Maximum Price of $2,872,256.27 for the water and sewer adjustment and replacement work.

- Construction phase services to be performed by Sundt/Davila on behalf of the System include, but are not limited to, administration and management of subcontractor work, scheduling of work, construction budget and payment management, progress reports, traffic control, submittals and shop drawings, development of record drawings, and safety of project site, including a designated Safety Representative. The fee is based on 17.67 percent of the construction cost and also includes all overhead, profit, direct and indirect costs necessary to construct the project.

- Sundt/Davila advertised the System, CPS Energy and SARA work as individual packages as prescribed by Texas Local Government Code, Chapter 271.025. SARA approved the bid of Sundt/Davila for construction of this project on March 2020. As part of the joint bidding, advanced approval for funding and for the execution of an Interlocal Agreement is required by the SARA prior to issuing a notice to proceed on construction.

- Funds, as determined by the amount bid, will be reimbursed to SARA following the execution of the Interlocal Agreement.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2020 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $514,882.38 for water work. The job number is 19-5030.

The sewer work is included in the Wastewater Core Business, Governmental – Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $2,357,373.89 for sewer work. The job number is 19-5531.

SUPPLEMENTARY COMMENTS:

Phase III and Phase IV for this project is currently under design. Following the best value bid selection, Board approval to reimburse SARA will be requested prior to construction for these phases.

Attachments:
1. Project Area Map
2. Project Site Map
SAN PEDRO CREEK IMPROVEMENTS PHASE II

LEGEND
- Phase 1
- Phase 2
- Phase 3
- Phase 4
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING AN INTERLOCAL AGREEMENT WITH SAN ANTONIO RIVER AUTHORITY AND AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE INTERLOCAL AGREEMENT FOR THE ADJUSTMENT AND REPLACEMENT OF WATER AND SEWER FACILITIES BY SAN ANTONIO RIVER AUTHORITY IN CONNECTION WITH THE SAN PEDRO CREEK IMPROVEMENTS PHASE II PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $2,872,256.27 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, San Antonio River Authority (SARA) proposes to construct the San Pedro Creek Improvements Phase II Project; and

WHEREAS, the San Pedro Creek Improvements Phase II Project will require the adjustment and replacement of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, SARA’s proposed street and drainage improvements will conflict with portions of sewer mains that were installed in the 1900’s and pre-existed before the requirement of easements, SARA has agreed to pay for its all required easements associated with the project work; and

WHEREAS, SARA has agreed to pay for the System’s archeological monitoring associated with the replacement of water and sewer mains that lies within SARA’s project limits;

WHEREAS, SARA has chosen to construct this project through the Construction Manager at Risk (CMAR) Project Delivery Method; and

WHEREAS, Sundt/Davila, a Joint Venture was selected by SARA as the Construction Manager for the project and has submitted a bid of $2,872,256.27 as a Guaranteed Maximum Price for the water and sewer work; and

WHEREAS, SARA has requested that the System execute an Interlocal Agreement and pay for the project work costs; and
WHEREAS, System funds in an amount not to exceed $2,872,256.27 are required for the project work; and

WHEREAS, the amount of $2,872,256.27 is available from the Project Fund for the project work; and

WHEREAS, the San Antonio Water System’s Board of Trustees desires (i) to approve an Interlocal Agreement with the San Antonio River Authority for the adjustment and replacement of water and sewer facilities by the San Antonio River Authority in connection with the San Pedro Creek Improvements Phase II Project and to authorize the President/Chief Executive Officer or his duly appointed designee to execute the Interlocal Agreement, and (ii) to authorize the expenditure of funds in an amount not to exceed $2,872,256.27 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That an Interlocal Agreement with SARA substantially in the form of the agreement attached hereto is hereby approved and the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute the Interlocal Agreement with SARA in connection with the San Pedro Creek Improvements Phase II Project.

2. That the expenditure of funds in an amount not to exceed $2,872,256.27 for the adjustment and replacement of water and sewer facilities by SARA in connection with the San Pedro Creek Improvements Phase II Project is hereby approved.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

5. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 5th day of May, 2020.

__________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________________________
Amy Hardberger, Secretary
INTERLOCAL AGREEMENT BETWEEN
SAWS AND THE SAN ANTONIO RIVER AUTHORITY FOR THE
SAN PEDRO CREEK IMPROVEMENTS PHASE II PROJECT

THIS INTERLOCAL AGREEMENT ("Agreement") made and entered into by and between the
San Antonio River Authority, SARA a conservation and reclamation district ("SARA") and San
Antonio Water System, a wholly owned municipal water, wastewater and water recycling utility
("SAWS"), SAWS and SARA being individually referred to herein as a “Party” and collectively
referred to herein as the “Parties”.

RECITALS

WHEREAS, this Agreement is the result of a cooperative effort between SAWS and SARA
which is in the best interest of both the SAWS’ ratepayers and the SARA’s constituents and is
pursuant to the Interlocal Cooperation Act, Chapter 791 of the Government Code;

WHEREAS, SARA will in accordance with Chapter 2269 of the Government Code, contract with a construction manager at risk for the San Pedro Creek Improvements Phase II Project (the “Project”), including work related to SAWS facilities (“SAWS Work”);

WHEREAS, SAWS has agreed to reimburse SARA for the actual work performed for
SAWS Work in the Project, in accordance with terms and provisions of this Agreement.

NOW THEREFORE, for and in consideration of the mutual covenants set forth herein, and
other good and valuable consideration, the receipt and sufficiency of which are hereby
acknowledged, the Parties agree as follows:

1.00 Intent of the Parties. It is the intention of the Parties for SARA to receive competitive bids
or proposals for the SAWS Work as part of the Project.

2.00 Funding and Payment.

2.01 SARA will authorize the performance of only those items of SAWS Work for which
SAWS has requested and has agreed to pay.

2.02 Upon the approval and appropriation of funds by the SAWS’ Board of Trustees,
SAWS’ agrees to pay SARA pursuant to this Agreement, the total not to exceed amount of
Two Million, Eight Hundred Seventy-Two Thousand, Two Hundred Fifty-Six Dollars and
Twenty-Seven Cents ($2,872,256.27) to reimburse SARA for the costs of materials and
construction used to complete the SAWS Work (the Contract Amount).

2.03 SARA will invoice SAWS no more than once a month for progress payments
toward the services provided in performing the SAWS Work hereunder and SAWS shall
pay said invoice in accordance with Texas Government Code, Chapter 2251.
2.04 For purposes of Texas Government Code § 2251.021(a)(2), the date the performance of service for the Work is completed is the date when SAWS approves the invoice.

2.05 Upon completion of the Work, SARA shall make a final payment request to SAWS for the remaining cost for Work performed that has not yet been paid and SAWS will make such payment, as provided for herein.

2.06 Any provision hereof to the contrary notwithstanding, SAWS shall not be obligated to make any a payment (whether a progress payment or final payment) to SARA hereunder if any one or more of the following conditions precedent exist:

1. SARA is in breach or default under this Agreement;
2. Any part of such payment is attributable to services which are not performed in accordance with this Agreement; provided, however, such payment shall be made as to the part thereof attributable to services for Work which were performed in accordance with this Agreement;
3. SARA has failed to make payments promptly to consultants, contractors, or other third parties used in connection with the Work or services, for which SAWS has made payment to SARA.

2.07 No partial payment made hereunder shall be, or shall be construed to be final acceptance or approval of the part of the SAWS Work to which the partial payment relates, or a release of SARA of any of SARA's obligations hereunder or liabilities with respect to such services.

2.08 SARA shall promptly pay all bills for labor and material performed and furnished by others in connection with the performance of the SAWS Work.

2.09 Any additional SAWS work necessary to complete the Project that is not included in the Work provided for in this Agreement is the responsibility of SAWS and will be carried out pursuant to Section 3.

2.10 SARA agrees to provide SAWS an itemized accounting of actual costs for the SAWS Work in writing upon request by SAWS, as well as a final accounting of costs upon completion of the Project.

3.00 Change Orders. In the event a change order is requested by SAWS, SAWS shall be responsible for the additional costs associated with and approved by SAWS for said change order. If a change order is required by SARA that affects the SAWS Work, the change order shall be submitted to SAWS for review and approval. SAWS staff agrees to use good faith efforts to respond to change orders within five (5) business days after SAWS receipt of the request therefore, or such additional period of time as maybe reasonable under the circumstances based upon the complexity of the change order. SAWS staff is under no obligation to approve any change orders and in no event shall SAWS be responsible for costs or expenses under change orders that are not approved in writing by SAWS staff. If a change order results in costs in excess of the SAWS Contract Amount, SARA will send SAWS copies of invoices covering the additional amounts authorized by change orders approved by SAWS staff and SAWS shall pay SARA said additional
amount in the approved change orders within fifteen (15) days unless additional time is required for Board action to appropriate funds therefore. Notwithstanding the foregoing, all change orders in excess of the SAWS Contract Amount require SAWS Board approval, which (if given) shall have the automatic effect of revising the Contract Amount accordingly. Change orders that are not in excess of the SAWS Contract Amount require SAWS staff approval, which (if given) shall have the automatic effect of revising the Contract Amount accordingly.

4.00 Inspection. SAWS may provide inspection services to insure that all construction work related to the SAWS Work conforms to the approved plans and specifications relating to such SAWS Work, but in no event shall such inspection services materially delay the construction work.

5.00 Obligations of SARA.

5.01 SAWS approval. SARA shall be required to obtain SAWS approval in writing on all clarifications and change orders pertaining to or affecting the SAWS Work.

5.02 Facility Adjustments. SARA shall insure that SAWS costs on the Project shall be itemized in order to identify cost of SAWS Work.

5.03 SARA’s Duty To Address Insurance and Indemnification. SARA agrees to include language in the Construction Contract that requires Contractor to indemnify, defend and hold harmless both SARA and SAWS, and name SAWS and SARA as additional insureds on the liability and all other applicable policies of insurance of the Contractor for the Project. Such indemnity language and certificate of insurance must be received by the SAWS prior to execution of the Construction Contract. SARA’s failure to require such indemnity language and insurance requirements shall be considered an act of default under this Agreement.

5.04 SAWS shall be considered a third party beneficiary under SARA’s contract for the Project; provided, however, that prior to final completion of the work under the contract for the Project, SAWS shall not enforce any remedies against the Contractor without the prior written consent of SARA, which consent may be withheld if SARA reasonably believes that enforcement would have an adverse effect on final completion of the Project. Prior to final completion of the work under the contract for the Project, SARA shall cooperate in the prosecution of any action against the Contractor, to the extent consistent with the terms of the Project Contract Documents, which SAWS may reasonably determine to be necessary to undertake in connection with the SAWS Work done by the Contractor or its subcontractors.

5.05 SARA shall use its best efforts to enforce all of the rights, remedies and obligations of the Contractor under the Construction Contract for the Project, including any enforcement of warranties for the SAWS Work.

5.06 SARA agrees to allow SAWS access at all times to the Project site to (i) inspect and witness testing of the SAWS Work to determine that the SAWS Work is in compliance with the plans, specifications and special provisions applicable thereto and is in good working order, and (ii) verify all quantities used in connection with the SAWS Work.
5.07 SARA shall cause the Contractor to provide to SAWS the red-lined drawings to allow SAWS consultant to prepare the as-build drawings for the SAWS Work.

6.00 Term of Agreement. This Agreement shall commence upon the effective date of this Agreement and shall terminate upon final acceptance of the reconciliation of the amount paid to the SARA and the as-built construction costs of the SAWS Work pursuant to Section 2.00 herein.

7.00 Termination. Either Party to this Agreement shall have the right to terminate this Agreement in the event the other Party fails to comply with any obligation required pursuant to this Agreement. The terminating Party shall send a written notice of termination to the defaulting Party detailing the obligation with which the defaulting Party failed to comply. The Party in receipt of such notice of termination for cause shall have a period of sixty (60) days to cure the default and perform the obligation as required in the Agreement, failing which, this Agreement shall terminate and any funds advanced by SAWS to SARA not properly paid to Contractor shall be immediately returned to SAWS.

8.00 Records Retention and Review. The Parties are required to maintain all records relating to this Agreement and the Project as required by law, but not less than a period of three (3) years upon the acceptance of final completion of the Project. Each Party shall have the right to examine such records of the other Party during normal business hours. Such right shall survive the expiration of the term or earlier termination of this Agreement.

9.00 Miscellaneous Provisions.

9.01 Assignment and Binding Effect. No assignment of this Agreement in whole or in part for any purpose shall be made by either Party without prior written consent of the other Party. This Agreement shall be binding upon and inure to the benefit of the successors and permitted and assigns of the Parties.

9.02 Notices. All written notices required by the terms of this Agreement shall be in writing and deposited in the United States mail addressed to such Party at the address set forth below:

If to SARA:
San Antonio River Authority
Suzanne B. Scott, General Manager
P.O. Box 839980
San Antonio, Texas 78283-9980

If to SAWS:
San Antonio Water System
Robert R. Puente, President/Chief Executive Officer
P.O. Box 2449
San Antonio, Texas 78298-2449
9.03 **Interpretation of Agreement.** This Agreement or any portion thereof shall not be interpreted by a court of law to the detriment of a Party based solely upon a Party’s authorship of the Agreement or any portion thereof.

9.04 **Severability.** If for any reason, any one or more paragraphs of this Agreement are held legally invalid, or unenforceable in any respect, such judgment, invalidity or unenforceability shall not prejudice, affect, impair or invalidate the remaining paragraphs of the Agreement as a whole, and this Agreement shall be construed as if such invalid, illegal or unenforceable, clauses or provisions of this Agreement had never been contained herein.

9.05 **Entire Agreement.** This Agreement constitutes the entire Agreement between the Parties and supersedes all prior contracts, understandings and arrangements, or writings between the parties thereto with respect to the subject matter of this Agreement.

9.06 **Governing Law.** This Agreement shall be construed and enforced in accordance with, and governed by the laws of the State of Texas, and venue for all disputes shall be exclusively in Bexar County.

9.07 **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

9.08 **Amendment and Waivers.** This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the Party against whom enforcement of any such modification or amendment is sought.

9.09 **Authority to Contract.** The undersigned SARA Manager acting on behalf of SARA hereby affirms that it has the authority to enter into this Agreement pursuant to a duly authorized action of the SARA Board of Directors, and she has the authority to execute this Agreement. The undersigned President/Chief Executive Officer of SAWS hereby affirms that it has the authority to enter into this Agreement pursuant to a duly adopted resolution of its Board of Trustees and that he has the authority to execute this Agreement.

9.10 **Effective Date.** The effective date of this Agreement shall be the later date in time of the signatory dates set out below.

9.11 **Current Revenues.** In accordance with Section 791.011(d)(3) of the Texas Government Code, the party paying for the performance of governmental functions or services, if any, must make those payments from current revenues available to the paying party.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective corporate names by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto affixed and attested by their respective officers having custody thereof the day and year first above written.

SAN ANTONIO WATER SYSTEM

By: ____________________________

   Robert R. Puente
   President and CEO

Date: ____________________________

SAN ANTONIO RIVER AUTHORITY

By: ____________________________

   Suzanne B. Scott
   General Manager

Date: ____________________________

ACKNOWLEDGEMENTS ON NEXT PAGE
ACKNOWLEDGEMENTS

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the _____ day of ______________, 2020 by Robert R. Puente, President and CEO of the San Antonio Water System, a Texas municipal corporation, on behalf of said corporation.

______________________________
NOTARY PUBLIC

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the _____ day of ______________, 2020 by Suzanne B. Scott, General Manager of the San Antonio River Authority, a conservation and reclamation district created under the laws of the State of Texas, on behalf of said district.

______________________________
NOTARY PUBLIC
AGENDA ITEM NO. 12

TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF ADDITIONAL FUNDS TO THE EXISTING ADVANCED FUNDING AGREEMENT WITH TEXAS DEPARTMENT OF TRANSPORTATION IN CONNECTION WITH THE US 281: STONE OAK PARKWAY TO BEXAR/COMAL COUNTY LINE PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution amends Resolution No. 18-165, as amended by Resolution No. 19-020, by approving additional funds in an amount not to exceed $388,754.21 payable to Texas Department of Transportation (TxDOT) in connection with the US 281: Stone Oak Parkway to Bexar/Comal County Line Project.

- TxDOT is currently expanding to a six lane expressway along the US 281: Stone Oak Parkway to Bexar/Comal County Line Project in the area illustrated on the attached maps. The TxDOT highway and drainage cost estimate is $178,383,491.74 for the TxDOT work.

- The water adjustment work consists of approximately 12,734 feet of 4-inch through 24-inch water mains and the installment work consists of approximately 875 feet of 16-inch and 24-inch water main.

- The sewer adjustment work consists of approximately 691 feet of 8-inch through 18-inch sewer mains.

- Since TxDOT’s proposed improvements conflict with existing San Antonio Water System (the “System”) infrastructure within existing easements, approximately 8.88 percent of the water and sewer adjustment work is eligible for reimbursement through the Federal Utility and State Utility Procedures. The remaining 91.12 percent of water and sewer work is to be funded by the System.

- Funds in the amount of $7,073,413.09 were originally authorized for the construction of System work on this project on July 10, 2018, by Resolution No. 18-165. Additional funds in the amount of $368,576.34 were authorized on January 15, 2019, by Resolution 19-020, resulting in a total authorization of $7,441,989.43 based on the low bid by Zachry Construction Corporation.
• Additional funds are necessary to address additional project work and changes to original project scope to include upsizing of approximately 813 feet of water main from a 16-inch to a 24-inch due to the determination that additional redundancy was required in the system because of pressure issues in the area.

• Currently, there is $73,620.68 available in the construction contingency for the project. The additional amount of $388,754.21 includes $296,552.63 for this additional project work and $92,201.58 for additional contingency, bringing the contingency to $165,822.26 for additional contingency expenses that might be incurred for the remaining work.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2020 Capital Improvement Program. The water work in the amount of $388,754.21 is included in the Water Delivery Core Business, Governmental-Water Category, and Governmental Water Replacements budget line item. The job number is 17-5030.

The revised authorizations for this project are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Amount (Resolution No. 18-165)</td>
<td>$7,073,413.09</td>
</tr>
<tr>
<td>Additional Funds (Resolution No. 19-020)</td>
<td>368,576.34</td>
</tr>
<tr>
<td>Proposed Authorization</td>
<td>388,754.21</td>
</tr>
<tr>
<td>Revised Authorized Amount</td>
<td>$7,830,743.64</td>
</tr>
</tbody>
</table>

The new authorized amount for the System’s work is $7,830,743.64, which represents an increase of 10.71 percent to the original amount. The TxDOT original contract amount is $178,383,491.74.

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AMENDING RESOLUTION NO. 18-165, AS AMENDED BY RESOLUTION NO. 19-020, BY APPROVING THE EXPENDITURE OF ADDITIONAL FUNDS IN AN AMOUNT NOT TO EXCEED $388,754.21 PAYABLE TO THE TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT) FOR ADDITIONAL CONSTRUCTION EXPENSES IN CONNECTION WITH THE US 281: STONE OAK PARKWAY TO BEXAR/COMAL COUNTY LINE PROJECT; APPROVING AN ADDITIONAL AMOUNT NOT TO EXCEED $388,754.21 BE MADE AVAILABLE AND EXPENDED FROM THE PROJECT FUND FOR ADDITIONAL PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE DOCUMENTS REQUIRED TO MEMORIALIZE THE ADDITIONAL PROJECT WORK AND FEES, AND TO PAY TxDOT AN AMOUNT NOT TO EXCEED $388,754.21 FOR ADDITIONAL PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Texas Department of Transportation (TxDOT) is currently constructing the US 281: Stone Oak Parkway to Bexar/Comal County Line Project; and

WHEREAS, the adjustment of certain San Antonio Water System (the “System”) water and sewer facilities were included in TxDOT’s bid documents; and

WHEREAS, the System’s Board of Trustees (the “Board”) by Resolution No. 18-165, adopted July 10, 2018, originally approved the expenditure of $7,073,413.09 and additional funds in the amount of $368,576.34, by Resolution No. 19-020 adopted on January 15, 2019, resulting in a total authorization of $7,441,989.43 based on the low bid by Zachry Construction Corporation; and

WHEREAS, additional System funds in an amount not to exceed $388,754.21 are required in connection with the project work; and

WHEREAS, the amount of $388,754.21 is available from the Project Fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to further
amend Resolution No. 18-165, as amended by Resolution No. 19-020, by approving the expenditure of an additional amount not to exceed $388,754.21 payable to TxDOT in connection with the US 281: Stone Oak Parkway to Bexar/Comal County Line Project, (ii) to expend an amount not to exceed $388,754.21 from the Project Fund for additional project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute all documents required to memorialize the additional project work and fees and pay TxDOT an amount not to exceed $388,754.21 for additional project work; now, therefore;

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Resolution No. 18-165, as amended by Resolution No. 19-020, is hereby further amended by authorizing additional funds in an amount not to exceed $388,754.21 payable to the Texas Department of Transportation in connection with the US 281: Stone Oak Parkway to Bexar/Comal County Line Project.

2. That an additional amount not to exceed $388,754.21 is hereby made available and is to be expended from the Project Fund.

3. That the President/Chief Executive Officer is hereby authorized to execute all documents required to memorialize the additional project work and fees and to pay the Texas Department of Transportation an amount not to exceed $388,754.21 for additional project work in connection to the US 281: Stone Oak Parkway to Bexar/Comal County Line Project.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 5th day of May, 2020.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Bruce A. Haby, Manager, Corporate Real Estate, and Nancy Belinsky, Vice President and General Counsel

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: REQUESTING THE SAN ANTONIO CITY COUNCIL DECLARE THE SAN ANTONIO WATER SYSTEM’S C-18 MCCULLOUGH AVENUE SEWER REPLACEMENT PROJECT A PUBLIC NECESSITY

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution requests the San Antonio City Council declare the San Antonio Water System’s (SAWS) C-18 McCullough Avenue Sewer Replacement Project (the “Project”) a public necessity to obtain for public use, the temporary construction easements that are required for the Project’s construction and operation, and authorizes the General Counsel and/or designated special counsel to file eminent domain proceedings, if necessary.

- SAWS entered into a contract agreement with Weston Solutions, Inc. to provide and deliver a design plan that will eliminate the potential for sanitary sewer overflows due to capacity issues. The Project will upsize and replace as well as rehabilitate wastewater lines on and around McCullough Avenue.

- The Project consists of approximately one mile of replacement and upsize of existing 12-inch and 15-inch gravity wastewater mains. The new mains will be 21-inch to 27-inch gravity wastewater mains. There will also be 12-inch Cured In Place Pipe (CIPP) rehabilitation. The mains will be constructed in the Central Sewershed and extend from a connection beginning at Barbara Dr. and ending at the intersection of McCullough and E. Rampart. The CIPP will be in the alley between Waring Dr. and Meadowood Ln.

- The Project will require the acquisition of real property being temporary construction easements, being a total of eleven temporary construction easements, all from private owners.

- SAWS intends to use every effort available to obtain the required temporary easements through good faith negotiations, but may require eminent domain if the negotiations fail.
• The general location of the Project is set out in Attachment I to the Resolution and the legal description of the Easements is set out in Attachment II to the Resolution, both attached hereto and incorporated herein for all purposes.

• The requested Ordinance will be presented to the San Antonio City Council as soon as possible.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2021 Capital Improvement Program. This additional work is included in the Wastewater Core Business, Mains - Replacement project budget line.
RESOLUTION NO.


WHEREAS, the Project consists of replacement and upsizing of existing wastewater mains, and rehabilitation of wastewater mains; and

WHEREAS, the System has determined that acquisition of the Easements are necessary for the Project, the general location and legal description of the Easements being more particularly set out in Attachments I and II attached hereto and incorporated herein for all purposes; and

WHEREAS, the System intends to use every effort available to obtain the required Easements through good faith negotiations, but may require eminent domain if the negotiations fail; and
WHEREAS, the System finds that the acquisition of such Easements for the Project is necessary for the public health, safety, welfare, and best interests of the citizens of the City and the surrounding region; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) affirm and declare that the Project is for a public use and the acquisition of the Easements is for public use and is a public necessity for the completion of the Project, (ii) direct the System staff to negotiate the acquisition of the Easements, (iii) authorize and direct the institution and prosecution to conclusion of all necessary proceedings to condemn such Easements, in the event that the System’s staff is unable to acquire one or more parcels of the Easements by negotiation, (iv) request that the City Council adopt an ordinance to (a) reaffirm and declare that the Project is for a public use and the acquisition of the Easements is for public use and is a public necessity for the completion of the Project, (b) authorize the System to take all appropriate action to acquire the Easements by negotiation and/or condemnation, (c) declare that the conveyance of such Easements shall be to the City for the use and benefit of the System, and (d) authorize the System’s General Counsel and/or designated special counsel to file eminent domain proceedings and prosecute such proceedings through final judgment and any appeals, if deemed necessary, and (v) provide and approve funding for the acquisition of the Easements; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Project is hereby declared to be a necessary public project and a public necessity is hereby declared for the acquisition of the Easements for public use by negotiation and/or condemnation, if necessary, for the Project.

2. That a public necessity hereby exists to acquire the Easements over, under and across certain privately owned real property, by negotiation and/or condemnation, if necessary, for the expansion of the public sanitary sewer system as part of the Project.

3. That the System’s staff is hereby directed to negotiate with the owner(s) of the respective parcels for the acquisition of the Easements, to execute easements and/or sales agreements or other documents acquiring the Easements from the owners of the Easements and to finalize such acquisitions on behalf of the City, for the use and benefit of the System.

4. That in the event the System’s staff is unable to acquire one or more parcels of the Easements by negotiation by reason of its inability to agree with the owners thereof as to the value of the Easements, or is unable to acquire the Easements for any other reason, the System’s General Counsel and/or designated special counsel, are hereby authorized and directed to institute and prosecute to conclusion all necessary proceedings to condemn such Easements.
5. That the City Council of the City is hereby requested to (i) adopt an ordinance to reaffirm and declare that the Project is for a necessary public use and the acquisition of the Easements is for a public use and is a public necessity for the completion of the Project, (ii) authorize the System to take all appropriate action to acquire the Easements by negotiation and/or condemnation, (iii) declare that the conveyance of such Easements shall be to the City for the use, benefit and control of the System, and (iv) authorize the System’s General Counsel and/or designated special counsel to file eminent domain proceedings and prosecute such proceedings through final judgment and any appeals, if deemed necessary.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________
Amy Hardberger, Secretary

Attachments:
I. Aerial Map of Project
II. Description of Project Alignment
C-18 MCCULLOUGH AVE.
SEWER REPLACEMENT

AERIAL DEPICTION
ATTACHMENT I
Route Description

The Project consists of approximately one mile of replacement and upsizing of wastewater mains as well as wastewater main rehabilitation. The project alignment will extend from a connection at Barbara Dr. north along a drainage way and makes a turn east to Waring Dr. then traverses an alley between Waring Dr. and Meadowood Ln. The alignment then turns west on to Shadywood Ln. and back north along a paved alley. From there it turns back north onto McCullough Ave. and ends at the intersection of McCullough and E. Rampart.

Project Located In: NCB 12094, 12092, 12083, 12082, 12081, 12079, 12075, 12071, 12070, 12068, 12066, 12025, 12009, 11942, 11941, 11940, 11936, 11934, and 11870
AGENDA ITEM NO. 14

TO: San Antonio Water System Board of Trustees

FROM: Juan D. Gomez, Ph.D., P.E., Director, Plants and Major Projects, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE 2020 SAWS WASTEWATER FACILITIES MASTER PLAN FOR WATER RECYCLING CENTERS PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Garver, LLC, a local, non-SMWVB firm, and authorizes funds in an amount not to exceed $2,500,000.00 in connection with the 2020 SAWS Wastewater Facilities Master Plan for Water Recycling Centers Project (the “Project”).

- The San Antonio Water System’s (the “System”) water recycling centers (WRC) encompass the Steven M. Clouse WRC, Leon Creek WRC, and Medio Creek WRC. The treatment facilities are advanced biological wastewater treatment plants, whereas the Salado Creek WRC consists of only the headworks. The Steven M. Clouse WRC serves as the centralized location for processing of biosolids from all plants.

- The flow from the Salado Creek WRC is diverted to the Steven M. Clouse WRC. Up to 51 million gallons per day (mgd) from the Leon Creek WRC can also be diverted to the Steven M. Clouse WRC. The combined average treatment capacity of all plants is 217 mgd.

- The latest study conducted in 2005 for the Steven M. Clouse WRC focused on evaluating the existing unit processes and identifying modifications necessary to re-rate the plant from its current capacity of 125 mgd to 217 mgd for the 2027 planning year.

- Since this study, the population growth rates have changed and the System’s continued conservation efforts have resulted in changes in wastewater quality and quantity. Furthermore, more stringent effluent quality permit requirements are anticipated within the next ten years.

- A master plan is necessary to evaluate the existing conditions of all the WRCs and outline a vision for a 20-year planning period that identifies the upgrades and expansions required to provide adequate level of services to customer and ensure compliance with regulatory requirements. A master plan is also necessary to assist with updates to the wastewater impact fees.
The scope of work for the project will include a rapid condition assessment of the WRCs and associated infrastructure, capacity expansion needs, flow diversions between the WRCs, comprehensive evaluation of the liquid and solid streams, treatment technology alternatives for recommended upgrades and compliance with future regulatory requirements. A capital improvement plan will be generated for a 20-year planning period including the necessary upgrades and expansion projects identified. Associated implementation costs and schedules, and phasing options will also be provided.

Garver, LLC will provide professional services for this project for the negotiated not to exceed amount of $2,500,000.00.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The System Fund will finance this expenditure included in the 2020 and 2021 O&M Funds. $1,500,000.00 will be available in 2020 and $1,000,000.00 will be available in 2021. The total amount is $2,500,000.00. The job number is 20-0101.

**SUPPLEMENTARY COMMENTS:**

The firms that provided interest statements for this project are listed below:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>CP&amp;Y, Inc.</td>
<td>Local/MBE-Asian/Non-SBE</td>
</tr>
<tr>
<td>Freese and Nichols, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td><strong>Garver, LLC</strong>*</td>
<td><strong>Local/Non-SMWVB</strong></td>
</tr>
<tr>
<td>HDR Engineering, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Jacobs Engineering Group, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Stantec Consulting Services, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Tetra Tech, Inc.</td>
<td>Local/Non-SMWVB</td>
</tr>
</tbody>
</table>

*Selected Firm

Garver, LLC proposes to use the following sub-consultants for services on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadis U.S., Inc.</td>
<td>21.25%</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>Bain Medina Bain, Inc.</td>
<td>0.79%</td>
<td>Local/WBE-Non-Minority</td>
</tr>
<tr>
<td>Garcia Infrastructure Consultants, LLC</td>
<td>7.19%</td>
<td>Local/WBE-Hispanic</td>
</tr>
<tr>
<td>Gupta &amp; Associates, Inc.</td>
<td>4.18%</td>
<td>Local/MBE-Asian</td>
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</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Asian</td>
<td>4.18%</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE – Minority</td>
<td>7.19%</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
<td>0.79%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>12.16%</td>
</tr>
</tbody>
</table>

Attachments:
1. Project Area Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO GARVER, LLC IN AN AMOUNT NOT TO EXCEED $2,500,000.00 IN CONNECTION WITH THE 2020 SAWS WASTEWATER FACILITIES MASTER PLAN FOR WATER RECYCLING CENTERS PROJECT; APPROVING THE EXPENDITURE OF FUNDS AND MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $2,500,000.00 FROM THE SYSTEM FUND FOR PROJECT ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH GARVER, LLC, AND TO PAY GARVER, LLC AN AMOUNT NOT TO EXCEED $2,500,000.00 FOR THE PROJECT ENGINEERING WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE, AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) requires professional services for 2020 SAWS Wastewater Facilities Master Plan for Water Recycling Centers Project (the “Project”); and

WHEREAS, the System has solicited proposals for the required project engineering work in connection with the Project; and

WHEREAS, the System’s Architect and Engineer Selection Committee has selected Garver, LLC to provide the required project engineering work in connection with the Project; and

WHEREAS, Garver, LLC, a local, non-SMWVB firm, is deemed to be the most highly qualified provider of these project engineering services on the basis of demonstrated competence and qualifications and for a fair and reasonable price; and

WHEREAS, Garver, LLC has submitted a proposal in an amount not to exceed $2,500,000.00 to provide the required project engineering work for the Project; and

WHEREAS, System funds in an amount not to exceed $2,500,000.00 are required for the project engineering work; and

WHEREAS, the required amount not to exceed $2,500,000.00 is available from the System Fund; and
WHEREAS, the San Antonio Water System’s Board of Trustees desires (i) to award a professional services contract to Garver, LLC in an amount not to exceed $2,500,000.00 in connection with the 2020 SAWS Wastewater Facilities Master Plan for Water Recycling Centers Project, (ii) to approve the expenditure of funds, and make available an amount not to exceed $2,500,000.00 from the System Fund for the project engineering work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Garver, LLC, and to pay Garver, LLC an amount not to exceed $2,500,000.00 in connection with the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract in an amount not to exceed $2,500,000.00 is hereby awarded to Garver, LLC in connection with the 2020 SAWS Wastewater Facilities Master Plan for Water Recycling Centers Project.

2. That the expenditure of funds in an amount not to exceed $2,500,000.00 for the project engineering work is hereby approved and made available from the System Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Garver, LLC, and to pay Garver, LLC an amount not to exceed $2,500,000.00 in connection with the 2020 SAWS Wastewater Facilities Master Plan for Water Recycling Centers Project.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 5th day of May, 2020.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Douglas P. Evanson, Senior Vice President/Chief Financial Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZING THE INVESTMENT POLICY STATEMENT FOR THE SAN ANTONIO WATER SYSTEM RETIREMENT PLAN AND DISTRICT SPECIAL PROJECT RETIREMENT INCOME PLAN

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:


- The Investment Policy Statement provides the investment policy guidelines and objectives for the administration and evaluation of the SAWS Retirement Plan and DSP Retirement Income Plan, which is the main retirement vehicle maintained by SAWS for eligible employees.

- The Investment Policy Statement includes the roles and responsibilities of the Plan Sponsor, Plan Administrator, and the Investment Committee, as well as the Investment Objectives and Asset Allocation Guidelines and Targets for the Plans.

- The Investment Committee of the Plans reviews the Investment Policy Statement on an annual basis and will seek Board of Trustee approval for any necessary revisions.

- The Investment Policy Statement for the Plans is included in Exhibit A and Exhibit B.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

Approving the Investment Policy Statement of the Plans has no direct financial impact to SAWS.
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AUTHORIZING THE ADOPTION OF THE INVESTMENT POLICY STATEMENT FOR THE SAN ANTONIO WATER SYSTEM RETIREMENT PLAN AND DISTRICT SPECIAL PROJECT RETIREMENT INCOME PLAN; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, San Antonio Water System maintains two qualified plans for the benefit of its eligible employees, the San Antonio Water System Retirement Plan and the District Special Project Retirement Income Plan (together, the “Plans”); and

WHEREAS, the Plans have significant assets, part of which are invested by an Investment Committee and the remainder of which are invested by Participants among investment options selected by the Investment Committee; and

WHEREAS, the San Antonio Water System Board of Trustees desires to adopt an Investment Policy Statement for each of the Plans, so as to establish policy guidelines and objectives for the selection and evaluation of investments for Plan assets that are invested by the Investment Committee and selection and evaluation by the Investment Committee of investment options for Plan assets that are invested by Participants; and

WHEREAS, the Investment Policy Statement for each of the Plans delineates the roles and responsibilities of the Plan Sponsor, Plan Administrator, and the Investment Committee, as well as establishes the Investment Objectives and Asset Allocation Guidelines and Targets for the Plans; and

WHEREAS, the Investment Committee of the Plans will review the Investment Policy Statement on an annual basis and will seek Board of Trustee approval for any recommended revisions; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Investment Policy Statement for the San Antonio Water System Retirement Plan and District Special Project Retirement Income Plan are hereby approved and adopted as attached in Exhibit A and Exhibit B.

2. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the
public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

3. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

4. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary

Exhibit A – San Antonio Water System Retirement Plan Investment Policy Statement
Exhibit B – District Special Project Retirement Income Plan Investment Policy Statement
INVESTMENT POLICY STATEMENT
San Antonio Water System Retirement Plan

Date Policy Established: May 5, 2020
Last Reviewed: May 5, 2020
Last Revised: May 5, 2020

This Investment Policy Statement (“IPS”), adopted by the San Antonio Water System (“SAWS”) Board of Trustees (“Board”), provides the investment policy guidelines and objectives for the administration and evaluation of the San Antonio Water System Retirement Plan (hereinafter “Plan”), which is the main retirement vehicle maintained by SAWS for its eligible employees. The Plan is a qualified plan described in section 401(a) of the Internal Revenue Code and consists of two separate portions: a defined benefit portion for employees who were first hired before June 1, 2014 (“DB Portion”) and a defined contribution portion for all other employees (“DC Portion”). Participants in both portions of the Plan are required to make mandatory employee contributions (i.e. not contributions pursuant to salary deferral agreements), which contributions are treated as “picked up” by SAWS and therefore do not result in taxation to the participants when made. Participants in the DB Portion of the Plan who meet certain requirements will receive a pension from the Plan, which pension is governed by a formula depending on years of service and compensation. SAWS funds the difference between the cost of the pension and the mandatory employee contributions. Participants in the DC Portion of the Plan have a defined contribution account that consists of their mandatory employee contributions plus mandatory employer contributions made by SAWS, credited with earnings or losses thereon based on the investment decisions of the Participant. Participants are entitled to receive the entire balance of their defined contribution account upon distributable events defined in the Plan. SAWS does not own any of the assets that are held by the Plan.

This IPS is further intended to assist the fiduciaries of the Plan in making investment-related decisions in a prudent manner. It begins with provisions that apply equally to the DB and DC Portions of the Plan and then continues with provisions that apply only to the DB or DC Portions.

The Plan Document for the Plan is the governing document and contains the specific Plan provisions and requirements for determining eligibility and operational processes for contributions and distributions. If any term or condition of this IPS conflicts with any term or condition in the Plan, the terms and conditions of the Plan as provided under the Plan Document shall control.

PART ONE: GENERAL PROVISIONS

A. SUMMARY OF RESPONSIBILITIES

Plan Sponsor – The San Antonio Water System is the Plan Sponsor. The Plan Sponsor’s responsibilities include but aren’t limited to:

- Adopting and amending the Plan Document;
- Modifying the Plan and approving contracts for Plan service providers, as may be necessary;
- Designating fiduciaries of the Plan; and
- Adopting this IPS, which establishes the initial investment goals, objectives, and policies for the assets in the DB Portion of the Plan and the number and types of investment alternatives available to participants in the DC Portion of the Plan, as well receiving and acting on periodic recommendations from the Investment Committee concerning possible future amendments to the IPS.
**Plan Administrator**– The Plan Document names the Vice President of Human Resources as the Plan Administrator, who is the party responsible for the operation of the Plan, according to its terms and conditions and applicable regulations and provisions. The Plan Administrator has delegated certain of her duties relating to investment issues to the Investment Committee, as described below, but retains the remainder of responsibilities of a Plan Administrator, including:

- To determine the rights of eligibility of an Employee to participate in the Plan and the value of benefits owing to a Participant;
- To adopt rules and procedures and to create administrative forms necessary for the proper and efficient administration of the Plan;
- To construe and enforce the terms of the Plan and the rules and regulations the Plan Administrator adopts, including interpretation of the Plan documents and documents related to the Plan’s operation;
- To direct distributions to Participants;
- To review and render decisions respecting a claim for (or denial of a claim for) a benefit under the Plan;
- To establish policies re the receipt of Rollover Contributions for participants in the DC Portion of the Plan;
- To undertake correction of any Plan failures as necessary to preserve the Plan’s qualified status;
- To undertake any other action the Plan Administrator deems reasonable or necessary to administer the Plan; and
- To select and monitor other Plan service providers, other than service providers relating to investments, such as the Plan record-keeper.

**Investment Committee**– The Plan Administrator has created the Investment Committee (the “Committee”) and delegated to that Committee all her duties relating to Plan investments, including but not limited to the following:

- To implement the terms of this IPS, as well as conduct the periodic review of the IPS discussed in Paragraph C below;
- To appoint, monitor and evaluate all investment providers and managers in accordance with guidelines and benchmarks established within this document and consistent with applicable laws;
- To select and monitor Plan service providers relating to investments, including investment consultants;
- To make buy/sell decisions to provide for regular liquidity requirements and rebalancing within the asset allocation guidelines for the DB Portion of the Plan;
- To monitor costs which are charged to assets in the DC Portion of the Plan and/or paid by participants in such portion, including but not limited to investment management fees, custodial fees and fees paid to other Plan service providers from Plan and/or participant assets.

**Investment Consultant**– If engaged by the Committee, an independent investment consultant ("Investment Consultant") will assist in carrying out the duties and responsibilities of this IPS. Such Investment Consultant must be registered with either State or Federal securities regulators pursuant to the Investment Advisors Act of 1940. The Investment Consultant will assist with the following tasks with respect to the DB Portion of the Plan: 1) establishing investment policy; 2) designing objectives and guidelines; 3) selecting investment managers; 4) reviewing such managers over time; 5) measuring and evaluating investment performance; and, 6) other tasks as deemed appropriate. With respect to the DC portion of the Plan, the Investment Consultant will have no discretionary control or authority over that portion of Plan or its assets but will provide information and advice to the Committee on various investment related issues. The services of the Investment Consultant will be set forth in a separate agreement, which will acknowledge the Investment Consultant’s co-fiduciary role on all investment related decisions relating to the DB Portion of the Plan and its fiduciary role with respect to the investment advice provided to the Committee concerning the DC Portion of the Plan. The Investment Consultant will have the proper insurance to cover potential fiduciary exposure.
**Investment Managers**— An investment manager has discretion to purchase, sell and/or hold the specific securities that will be used to meet the investment objectives of the DB Portion of the Plan while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement and in their specific manager guidelines. With respect to the DC Portion of the Plan, the Investment Manager is the party at the Investment Provider responsible for implementing an investment option’s investing strategy and managing its portfolio trading activities.

**Investment Provider** – An entity/firm that offers investment option products and manages assets for the DC Portion of the Plan. Examples of investment option products offered by an Investment Provider may include mutual funds, commingled trust funds, separate accounts and/or variable annuity contracts.

**Custodian** – The custodian will maintain possession of securities owned by the DB Portion of the Plan, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the DB Portion of the Plan accounts. The custodian will provide at a minimum monthly reporting of assets and transactions and provide any additional data requests.

**Actuary**– The actuary will provide an annual valuation of the total pension liability of the DB Portion of the Plan based on the actuarial assumptions approved by the Committee.

**Service Provider** – An entity engaged to assist the Plan Administrator and the Committee in regard to the administration of the DC Portion of the Plan. This assistance includes enrollment, communication, education, including providing general investment information to participants in the DC Portion of the Plan regarding each of the investment options offered and procedures for making investment choices among those options, distribution processing, record keeping and other administrative functions as prescribed in an agreement entered into between the Plan Administrator and the Service Provider.

**B. INVESTMENT OVERSIGHT RESPONSIBILITY AND PROXY VOTING**

The Committee shall have overall responsibility for the selection, monitoring and termination of all Investment Managers.

The Committee shall exercise proxy voting rights in the best interest of the participants and beneficiaries of the Plan. The Committee may delegate the responsibility for promptly voting all proxies and related actions in a manner consistent with such interests. The Committee shall keep records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.

**C. INVESTMENT POLICY REVIEW**

To assure continued relevance of the guidelines, objectives, financial status and capital market expectations as established in this statement of investment policy, the Committee, in consultation with the Investment Consultant, will review the policy no less frequently than annually, and, if it determines that any revisions are advisable, shall recommend to the Board that it adopt such revisions.

**PART TWO: PROVISIONS RE DEFINED BENEFIT PORTION OF THE PLAN**

**A. POLICY OVERVIEW**

This part of the IPS defines the investment policies and objectives for the management and oversight of the DB Portion of the Plan in consideration of the goals, income needs and risk tolerances of the Committee.
Background & Purpose
The DB Portion of the Plan has three sources of income: (1) annual contributions from SAWS, (2) mandatory employee contributions from participants, and (3) income from investments of the assets of the DB Portion of the Plan.

The ability of the Committee to tolerate risk and current spending obligations are consistent with an investment strategy that focuses on capital growth and income. Assets of the DB Portion of the Plan may be invested in a diversified mix of fixed income, equity and alternative asset classes. This part of the IPS and its recommended asset allocation are generally designed for a defined benefit plan seeking moderate levels of returns and accepting moderate equity market risk. Specifically, the DB Portion of the Plan is set to target a risk profile, as measured by standard deviation (volatility) of returns, consistent with a traditional 60% equity/40% fixed income allocation. The type of investment assets held by the DB Portion of the Plan shall vary from time to time in response to changes in the economy and prospects for achieving the Committee’s objectives for those assets, commensurate with prudent risk.

B. INVESTMENT OBJECTIVE

The guiding principle with respect to the investment of the DB Portion of Plan is growth of capital and income with a secondary objective of capital preservation. While the DB Portion of the Plan is expected to provide funds to meet ongoing distributions, a total return approach to income generation will be utilized with no specific consideration for interest income. Consistent with these goals, the DB Portion of the Plan’s primary investment objectives in order of priority will be: 1) Growth of capital and income; 2) Protection of purchasing power of the DB Portion of the Plan; 3) Protection of principal and minimization of realized losses.

Additionally, the DB Portion of the Plan will be invested according to the following general principles:

- Investments shall be made solely in the interest of and for the participants and beneficiaries of the DB Portion of the Plan;
- The DB Portion of the Plan’s asset allocation will be constructed with the intention of exceeding the actuarial target rate of return in a risk-efficient manner;
- Investment of the DB Portion of the Plan shall be diversified as to minimize the risk of large losses, unless under the circumstances it is prudent not to do so;
- Risk shall be evaluated in the context of the DB Portion of the Plan in its entirety with particular focus on how the various asset classes and investment strategies correlate to one another;
- Care will be taken to provide adequate liquidity to meet all current income obligations of the DB Portion of the Plan;
- Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

C. ASSET ALLOCATION GUIDELINES AND TARGETS

To achieve its investment objectives, the DB Portion of the Plan will be allocated among a number of asset classes. These asset classes may be broadly defined to include global fixed income, global equity, and real assets. The purpose of allocating across these asset classes is to ensure the proper level of diversification within the DB Portion of the Plan and improve the risk-adjusted efficiency of the investment plan. The investment vehicles used to gain exposure to the asset classes may include mutual funds, commingled trust funds, exchange traded funds, separately managed accounts and limited partnerships. Certain vehicles may provide liquidity constraints that must be managed in the overall context of meeting the DB Portion of the Plan’s return and income requirements. Full Asset class descriptions are provided in the Glossary to this DB Portion of the Plan IPS. In the event that one of the asset classes listed below is not available due to platform limitations, its allocation will normally go to Total Return Bond in the case of Global Fixed Income and US Large Cap Equity in the case of Global Equity and Real Assets. The Policy Index’s composition will also be adjusted accordingly. Deviations from this normal course of action are permissible however and their rationale will be documented as appropriate.
### D. REBALANCING OF DB PORTION OF THE PLAN ASSETS

The asset allocation exposures will be closely monitored with the understanding that the various asset classes may perform differently and that the relative attractiveness of asset classes may vary over time. The DB Portion of the Plan’s allocation will be reviewed and adjusted as warranted to assure that allocations remain within their respective guidelines and consistent with the long-term objective of the DB Portion of the Plan. If an asset class is outside the allowable range, the Committee, with input from the Investment Consultant, will take appropriate action to redeploy assets. In certain circumstances, and only with approval from the Committee, the DB Portion of the Plan may be allocated outside the ranges provided in the Guidelines.

### E. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled quarterly and presented to the Committee for review. The investment performance of the total DB Portion of the Plan, as well as the asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Committee recognizes the long-term nature of the DB Portion of the Plan’s objectives and the variability of market returns. Periodic underperformance relative to any criteria outlined in this DB IPS will not necessitate the termination of an investment option. Managers have been selected based on their cost and perceived ability to meet and or exceed predetermined benchmarks. The total return of the DB Portion of the Plan will be measured against a passive policy index of comparable risk comprised as follows:

**Policy Index:** 34% Barclays US Aggregate Bond Index, 6% Barclays High Yield Bond Index, 19% S&P 500 Index, 10% S&P 400 Index, 7% S&P 600 Index, 10% MSCI ACWI ex-US Index, 7% MSCI ACWI ex-US SMID Index, 7% NCREIF - ODCE Index.

Additionally, the Investment Consultant will provide the Committee with the performance of each individual investment alternative against the performance of relevant index benchmarks and peer groups. The Investment Consultant shall track the investment vehicle's performance relative to the benchmark, and the degree to which variance in the vehicle’s performance can be explained by variance in the performance of the benchmark. Initially, indices used for comparison purposes may include the following:

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Relevant Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Large Capitalization Stocks - Blended Style</td>
<td>S&amp;P 500 Index</td>
</tr>
<tr>
<td>US Large Capitalization Stocks - Growth Style</td>
<td>Russell 1000 Growth Index</td>
</tr>
<tr>
<td>US Large Capitalization Stocks - Value Style</td>
<td>Russell 1000 Value Index</td>
</tr>
<tr>
<td>US Small Capitalization Stocks - Blended Style</td>
<td>Russell 2000 Index or S&amp;P 600 Index</td>
</tr>
</tbody>
</table>
US Small Capitalization Stocks - Growth Style | Russell 2000 Growth Index
---|---
US Small Capitalization Stocks - Value Style | Russell 2000 Value Index
US Cross Capitalization Stocks - Blended Style | Russell 3000 Index
US Mid Capitalization Stocks - Blended Style | Russell Mid Cap Index or S&P 400 Index
US Mid Capitalization Stocks - Growth Style | Russell Mid Cap Growth Index
US Mid Capitalization Stocks - Value Style | Russell Mid Cap Value Index
Foreign Large Capitalization Stocks - Blended Style | MSCI ACWI ex-US Index
Foreign Large Capitalization Stocks - Value Style | MSCI ACWI ex-US Value Index
Foreign Large Capitalization Stocks - Growth Style | MSCI ACWI ex-US Growth Index
Foreign Small/Mid Capitalization Stocks - Blended Style | MSCI ACWI ex-US SMID Cap Index
Emerging Market Large Capitalization Stocks | MSCI Emerging Markets Free Index
Domestic Real Estate Investment Trusts (REITs) | FTSE NAREIT Index
Direct Real Estate | NCREIF - ODCE Index
Global Commodities | DJ Commodity Index
Long/Short Growth, Special Opportunities | S&P 500 Index
US High Yield Bonds Index | Barclays US Corporate High Yield
Absolute Return | Barclays US Aggregate Bond Index
Total Return Bonds | Barclays US Aggregate Bond Index
Unconstrained Bonds | Barclays US Aggregate Bond Index
Global Bonds | Barclays Global Aggregate Bond Index
Short Duration Bonds Index | Barclays US Aggregate 1-3Yr Bond
Treasury Inflation Protected Securities | Barclays U.S. TIPS Index
Money Market | 90-Day U.S. Treasury Bills

Notwithstanding this initial designation, the Investment Consultant may recommend changing indices used for comparison, if it is determined that a different index provides a more useful or appropriate benchmark for any designated investment vehicle.

In addition to net investment performance, the Investment Consultant will also review the investment products’ risk characteristics in relation to that performance. Risk may be measured in various ways including, but not limited to:

- Standard deviation
- Risk/return ratios such as Sharp or Treynor Ratios
- Up market and down market performance
- Other statistical measures such as Beta, Alpha and Variance

The Investment Consultant will evaluate the fees, expenses and revenue sharing associated with the DB Portion of the Plan’s investment options. Further, care will be taken to minimize the fees and expenses associated with Plan investments. Any applicable revenue sharing will belong to the DB Portion of the Plan and, at the Plan Administrator’s discretion, used solely to offset DB Portion of the Plan related expense. The investment options will also be monitored on an ongoing basis for material changes such as personnel departures, research capability adjustments, organizational changes, or alterations in investment style, philosophy, or strategy, as well as adherence to stated guidelines.
GLOSSARY FOR DB PORTION OF THE PLAN (Asset Class Definitions)

Global Fixed Income Asset Class
This is a broad asset class which can be defined as a class whereby the investable assets provide investors with fixed streams of income. Bonds are the most common example of a fixed income asset and may be issued by a wide range of entities including: corporations, state municipalities and sovereign nations. Fixed income securities are further classified by their credit risk and interest rate risk (duration), though currency and prepayment risks may apply to certain fixed income instruments. The broad fixed income asset class can be broken down into specific sub-asset classes, including as follows:

- **Money Market** - Provide current income and a high degree of investment safety with little or no fluctuation of principal. The portfolio will primarily invest in high-quality money market obligations maturing in 397 days or less. This includes corporate obligations, U.S. Government and agency bonds, bills and notes, the obligations of foreign governments, and the obligations of U.S. banks and U.S. branches of foreign banks.

- **Short Duration Bonds** - Provide capital appreciation and income through a diversified, actively managed fixed income portfolio. The expected duration for the portfolio will generally average 2.5 years, with durations of 1-3 years typical. Average credit quality will be investment grade. The fixed income portfolio will normally be comprised of money market instruments and U.S. Government and Agency bonds, mortgage-backed securities, and corporate bonds (including convertibles). Foreign holdings may be included though generally restricted, as well as corporate securities less than investment grade.

- **Total Return Bonds** - Provide capital appreciation and income through a diversified, actively managed fixed income portfolio. The expected duration for the portfolio will generally average 5 years, with durations of 3-7 years typical. Average credit quality will be investment grade. The fixed income portfolio will normally be comprised of money market instruments and U.S. Government and Agency bonds, mortgage-backed securities, and corporate bonds (including convertibles). Foreign holdings may be included though generally restricted, as well as corporate securities less than investment grade.

- **Global Bonds** - Provide capital appreciation and income through a diversified portfolio of both U.S. and non-U.S. bonds. Over half of the world’s fixed income securities are issues outside the U.S. and offer investors access to a broad range of economic cycles and currencies. Average credit quality will tend to be investment grade and duration is often managed within an intermediate horizon of 3-7 years. However, global mandates tend to provide active managers with more latitude in constructing portfolios across investment quality, duration, geography and currency exposures than domestic total return mandates.

- **Real Return / Treasury Inflation Protected Securities (TIPS)** - Provide current income without undue risk to principal through an actively-managed fixed income portfolio. Securities in the portfolio should be primarily invested in bonds that provide inflation protection (e.g. Treasury Inflation Protected Securities, or TIPS). Issuers may be the U.S. government, government agencies, or corporations of high credit quality. The portfolio may be invested in other types of bonds and money market instruments. Average credit quality for the portfolio is generally AA or better.

- **US High Yield Bonds** - Non-investment grade or high yield are terms applied to bonds rated below Baa3 on the Moody’s® credit rating scale and below BBB- on the equivalent ratings systems from S&P® and Fitch. The credit ratings are assigned based upon the issuer’s ability to pay interest and principal. In the context of corporate bonds, high yield corporate bonds share many of the same features as investment grade corporate bonds. At the same time, they are typically issued with shorter maturities and are more likely to be callable so that if a company’s financial condition improves it can take advantage of lower funding rates.

- **Unconstrained Bonds** - Consistent with its name, the unconstrained bond strategy allows for the allocation of capital across all sub-sectors of the global fixed income market. This strategy is generally
designed to provide investors with a diversified investment grade fixed income portfolio (average portfolio quality) and provides for greater flexibility to opportunistically allocate across all fixed income sub-sectors based on current market conditions.

Global Equity Asset Class
This is a broad asset class where investable assets include publicly traded stocks across a broad range of markets and geographies. While the majority of this broader asset class generally consists of domestic (U.S.) equities, return and portfolio diversification enhancements can be achieved by including international equities within the equity portfolio. The broad global equity asset class can be broken down into specific sub-asset classes, including as follows:

- **Domestic Equities** - Represents stock ownership in companies domiciled in the U.S. and whose prospects for earnings growth, overall business fundamentals and stock price fluctuations are heavily influenced by domestic economics and financial markets. The domestic equity market is further broken down by market capitalization. US Large Capitalization Stocks are generally defined as companies with market capitalizations greater than $10 billion. US Mid Capitalization Stocks are defined as with market capitalizations between $2 billion and $10 billion. US Small Capitalization Stocks are those with market capitalizations under $2 billion.

- **Developed International Equities** - Represents stock ownership in companies domiciled outside the U.S. and in countries whose financial markets are reasonably established/developed. Generally the majority of Foreign Large Capitalization Stocks and Foreign Small/Mid Capitalization Stocks are composed of Developed International Equities. These companies generally have prospects for earnings growth, overall business fundamentals and stock price fluctuations that are more heavily influenced by their own local economy and financial markets. International equities are generally priced in foreign currencies and fluctuations in currency rates often have a meaningful impact on investor returns.

- **Emerging Market Equities** - Represents stock ownership in companies domiciled outside the U.S. and in countries whose financial markets are less established and generally viewed as still early on in their development. Emerging Market Large Capitalization Stocks are composed of Emerging Market Equities. These companies generally have prospects for earnings growth, overall business fundamentals and stock price fluctuations that are more heavily influenced by their own local economy and financial markets. Emerging market equities are generally priced in foreign currencies and fluctuations in currency rates often have a meaningful impact on investor returns. This asset class is generally viewed to have significantly more political risk and markets tend to be less liquid.

Real Assets Class
Real asset investments generally represent financial interests in various natural resource and/or other materials that are inputs into finished goods. Real assets are often described as “hard assets” having intrinsic value derived from “value in use”. The asset class also generally includes “soft commodities” that are perishable and consumable. Real assets also tend to be characterized by a strong correlation to inflation, low correlation to traditional asset classes, and often a higher degree of illiquidity. Examples of popular real assets include foods, grains, timber, oil & gas, metals and real estate. Investors can often invest directly in these commodities, or more commonly indirectly via financial instruments such as futures and exchange traded funds.
PART THREE: PROVISIONS RE DEFINED CONTRIBUTION PORTION OF PLAN

A. POLICY OVERVIEW

This part of the IPS defines the investment policies guidelines and objectives for the administration and evaluation of the DC Portion of the Plan.

Background & Purpose

The DC Portion of the Plan has three sources of income: (1) money purchase contributions from SAWS, (2) mandatory employee contributions from participants, and (3) income from investments of the assets of the DC Portion of the Plan.

The IPS is intended to assist the fiduciaries of the DC Portion of the Plan in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options and investment providers utilized by the DC Portion of the Plan.

B. GENERAL INVESTMENT POLICY, OBJECTIVES AND STANDARDS

The DC Portion of the Plan intends to foster an investment environment that encourages and facilitates participant efforts to supplement other sources of retirement income. Participants in the DC Portion of the Plan are solely responsible for their own investment decisions and bear the risks and assume responsibility for the results of the investment options that they select. The Committee makes no representations, promises, or warranties regarding the suitability of DC Portion of the Plan participation for any participant’s individual investment or retirement needs. Additionally, the Committee makes no representations, promises or warranties about the performance of the DC Portion of the Plan or the DC Portion of the Plan’s investment options.

The primary investment objective of the DC Portion of the Plan is to present participants with a range of investment options, which give participants an opportunity to increase the value of their account in a manner consistent with varying levels of participant risk/reward tolerances and investment decision making skills. While the DC Portion of the Plan cannot meet all plan participant investment preferences and attitudes, the DC Portion of the Plan attempts to provide investment options for participants at various levels of investment sophistication and with varying requirements for risk and return.

Information that may be used to select which investment options to offer includes, but is not limited to, the following:

- Age, income and other demographic data on DC Portion of the Plan participants
- Liquidity and administrative constraints imposed on the DC Portion of the Plan by investment and/or service providers
- Development of new investment products in the marketplace
- Level of participant usage of a particular investment category or option

A risk/reward structure is basic to investments. Generally, those vehicles offering the greatest return over time also carry the highest risk or volatility of return. The inherent conflict between volatility and long-range asset accumulation can be lessened through diversification among asset categories or classes. To provide participants the opportunity to select risk/reward strategies and to diversify the DC Portion of the Plan assets, the DC Portion of the Plan will offer a number of investment alternatives in varying asset categories. These categories will have varying return and volatility characteristics and it is the responsibility of each participant to evaluate the investment options and to select an appropriate mix.
In addition to providing a range of investment options, the DC Portion of the Plan seeks to provide investment options that are competitive in terms of performance relative to appropriate investment performance and risk benchmarks. The performance and risk relationships of the DC Portion of the Plan’s investment options will be reviewed periodically. Investment options should generally be given a full market cycle to achieve stated objectives (market cycles normally occur over 3-5 year time periods). Investment options are expected to meet (in the case of passively managed/indexed options) or exceed their pre-determined benchmark index net of fees. Where peer groups are definable, actively managed investment options are expected to perform within the upper half of a sample of same style peers net of fees. In addition to net investment performance, the options’ risk characteristics will also be reviewed. The risk associated with an investment option generally should be similar to the same-style peer group.

C. INVESTMENT OPTIONS
Investment options offered under the DC Portion of the Plan will be categorized or grouped by similarities in investment objectives, style and risk. The Service Provider(s) and Investment Consultant may be used to assist in determining the categories of investment options. The DC Portion of the Plan will be structured to assist participants in meeting their long-term investment objectives by providing investment options within the following permitted investment categories (these categories are explained further in this document):

Target Date Funds:
- a. Income
- b. 2010
- c. 2015
- d. 2020
- e. 2025
- f. 2030
- g. 2035
- h. 2040
- i. 2045
- j. 2050
- k. 2055
- l. 2060
- m. 2065

Asset Category Core Options:
- Fixed Stable Value/Guaranteed Investment Contract (GIC)
- Total Return Bond
- U.S. Large-Size Company Equity
- U.S. Mid-Size Company Equity
- U.S. Small-Size Company Equity
- International Equity

Investment options and categories may be added or deleted as the Committee deems necessary.

The following table outlines the objectives and performance benchmarks for each of the DC Portion of the Plan’s investment options. The risk associated with an investment option will be compared to appropriate risk benchmarks or measures for a same-style group of peer investment options, where definable.
TARGET DATE FUNDS

<table>
<thead>
<tr>
<th>Target Date Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide an asset allocation that is designed to deliver income generation, capital gains, and liquidity for investors. Each fund will have an asset allocation that the investment manager believes to be appropriate for an investor who can normally expect to retire in the year embedded in the fund’s name. This asset allocation can be expected to shift towards a more conservative composition over time as the underlying investors approach their target retirement date. The portfolio will be well diversified including U.S. and international fixed income securities, and U.S. and international equities. Stocks generally will range from 30%-95% of the total portfolio.</td>
</tr>
</tbody>
</table>

**Benchmark Index:** Custom Blended Index

**Peer Group:** Target Date Income, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, and 2060+

ASSET CATEGORY CORE OPTIONS

<table>
<thead>
<tr>
<th>Fixed Stable Value/Guaranteed Investment Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide high current income relative to cash investments and a high degree of investment safety without fluctuation of principal. Investment returns are derived primarily from interest income, with the possibility of some capital appreciation (or depreciation) of the underlying investment instruments. Generally this option will be invested in guaranteed investment contracts (GICs), “synthetic” portfolios, money market instruments, and others, each mainly comprised of investments of short- to intermediate maturity, and which provide for an adequate degree of liquidity. The weighted-average maturity is expected to remain between two and five years at most times, though the investment manager retains discretion to occasionally deviate from these parameters if conditions appear to warrant doing so. Products from different issuers are permitted within the option, but generally, it is expected that the portfolio will remain broadly diversified with respect to issue, issuers, wrap-providers, the utilization of any General Account investments, and other relevant factors. The overall weighted credit-quality rating of the option shall be the equivalent of mid-investment-grade rating or higher. The rating must be obtained from at least one credit rating agency such as Moody, S&amp;P or Duff &amp; Phelps. If the option’s weighted rating declines below this level, the option will be evaluated for corrective action.</td>
</tr>
</tbody>
</table>

**Benchmark Indexes:** 5 Year Constant Maturity (CM) US Treasury

**Peer Group:** NA

<table>
<thead>
<tr>
<th>Total Return Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide capital appreciation and income through a diversified, actively managed fixed income portfolio. The fixed income portfolio will normally be primarily comprised of investments including money market instruments, U.S. Government and Agency bonds, mortgage-backed securities, corporate bonds, and others. The manager will be given discretion to hold securities that are not contained within the Benchmark Index, which may include Foreign Bonds, High Yield Bonds, Convertibles, Treasury Inflation Protected Securities, derivatives, and others. The portfolio’s aggregated composition and risk and return characteristics however are expected to be reflective of its asset class.</td>
</tr>
</tbody>
</table>

**Benchmark Index:** Barclays Capital US Aggregate Bond Index

**Peer Group:** US Intermediate-Term Core Plus Bond,
### U.S. Large Company Equity
Provide long-term capital appreciation through a diversified common stock portfolio with an average market capitalization that is expected to be greater than $10 billion under most circumstances. Stocks of foreign companies that are traded in the U.S. may also be included in the portfolio. However, the overall allocation to these types of securities should generally not exceed 20% of the portfolio value.

**Benchmark Indexes:** S&P 500 Index, Russell 1000 Growth Index, Russell 1000 Value Index  
**Peer Groups:** US Large Blend, US Large Growth, US Large Value

### U.S. Mid-Size Company Equity
Provide long-term capital appreciation through a diversified common stock portfolio with an average market capitalization that is expected to be between $2 billion and $10 billion under most circumstances. Stocks of foreign companies that are traded in the U.S. may also be included in the portfolio. However, the overall allocation to these types of securities should generally not exceed 20% of the portfolio value.

**Benchmark Indexes:** Russell MC Index, Russell MC Growth Index, Russell MC Value Index  
**Peer Groups:** US Mid Blend, US Mid Growth, US Mid Value

### U.S. Small Company Equity
Provide long-term capital appreciation through a diversified common stock portfolio with the average market capitalization that is expected to be between $500 million and $2 billion under most circumstances. Stocks of foreign companies that are traded in the U.S. may also be included. However, the overall allocation to these types of securities should generally not exceed 20% of the portfolio value.

**Benchmark Indexes:** Russell 2000 Index, Russell 2000 Growth Index, Russell 2000 Value Index  
**Peer Groups:** US Small Blend, US Small Growth, US Small Value

### International Equity
Provide long-term capital appreciation through a diversified, actively managed portfolio of international equities. Stocks of emerging countries may be used at the discretion of the manager, but are expected to constitute a minority portion of the portfolio at most times.

**Benchmark Indexes:** MSCI EAFE Index (net), MSCI EAFE Value Index (net)  
**Peer Groups:** Foreign Large Blend, Foreign Large Value

## INVESTMENT OPTION SELECTION GUIDELINES
Investment options offered to participants will be provided through investment provider(s) accessible on the Service Provider’s platform. Before introducing a new investment fund, the Committee, in consultation with the Investment Consultant and Service Provider, will define the niche to be filled and assess any prospective investment option’s performance, quality, and risk characteristics. At a minimum, investment options under consideration should satisfy performance and risk considerations under actual, not modeled, conditions and over an appropriate time period. Investment option selection considerations may include, but are not limited to the following:

- The investment option should generally, but not necessarily, have a history that spans a full market cycle, normally three to five (3-5) years.
- The investment option should generally meet or exceed its predetermined benchmark index, net of fees.
- The investment option should generally perform at median or within the upper half of a recognized and defined sample of same-style peer funds.
- The investment option should be able to demonstrate a consistent performance track record attributable to a specific investment manager or team of managers.
• For Target Retirement Date Funds, the Committee shall consider the current and prospective composition of the Target Date funds (based on their glide path), and the corresponding risk and return implications relative to the benchmark and peer group constituents.

D. INVESTMENT OPTION REVIEW GUIDELINES AND MONITORING

Investment providers and investment managers are required to comply with all applicable laws, rules, and regulations. However, the Committee takes no responsibility for the failure of such option and/or investment manager to comply with any and all applicable laws, rules or regulations.

All investment options must have readily ascertainable market values and be easily marketable. It is recognized that Stable Value/GIC funds often have liquidity restrictions. Options with sales loads, or other non-investment management related expenses would be avoided to the extent possible. Options with deferred sales charges and/or market value adjustments will not be permitted.

Each investment option portfolio shall be diversified to reduce risk and comply with current federal regulations and applicable state laws.

Investment option performance, risk and style consistency is intended to be evaluated on an annual basis. Performance and risk results will be evaluated using comparisons with this policy, pertinent market indices and against other same-style peers, where definable. When necessary, investment performance and risk may be reviewed more frequently.

The Committee will periodically review the investment options’ progress in meeting the DC Portion of the Plan’s investment objectives. Investment options will be expected to comply with all stated investment objectives, guidelines and applicable rules contained in the prospectus or fund fact sheet. The Committee will review the performance of investment options at least annually to determine if they are achieving the established objectives. Investment performance reviews may include, but are not limited to, a review of:

• Investment portfolios;
• Fees and expenses;
• Investment style, process and philosophy;
• Investment management personnel; and
• Index tracking error.

The performance review will also include measuring the options’ investment performance relative to stated benchmarks or respective indexes and peer groups; as well as the monitoring risk measures. The following will be evaluated:

QUANTITATIVE MEASURES

Active Investment Strategies. Options employing active management are expected to outperform their stated asset class or style benchmark net of all management fees over a trailing five year time period; and to rank above the 50th percentile of the appropriate peer group for the same trailing five year time period. It is also expected that the risk of each option, as defined by standard deviation of returns, be commensurate with the prescribed strategy relative to the appropriate market index and/or peer group.

Passive Investment Strategies. Passive Options are expected to track the performance of the index strategy that the option is designed to replicate, less management fees, with marginal tracking error. It is also expected that the risk of each passive option, as defined by standard deviation of returns, be commensurate with the appropriate market index.

It should also be noted that certain passive investment options operate in a marketplace that includes foreign markets whose exchanges close prior to those of the United States. In these instances, some fund managers may
engage in a method of “Fair Value Pricing,” whereby the managers adjust the pricing of securities in the Fund to reflect any information that has become available after the close of the applicable foreign exchange market. Discrepancies in performance between the applicable investment option and its performance benchmark that are due to “Fair Value Pricing” will be taken into consideration in evaluating performance of the affected investment options and generally will not be counted as underperformance.

**QUALITATIVE MEASURES**

The options will also be monitored on an ongoing basis for other material changes which the Committee may determine are of importance to the decision of whether or not to retain an investment option, such as personnel departures; organizational changes; or alterations in investment style, philosophy, or strategy; and adherence to stated guidelines.

**Time Periods.** The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time-periods. Recognizing that short-term fluctuations may cause variations in an option’s performance, the Committee intends to employ investment options with long-term investment strategies and will evaluate option performance from a long-term perspective. Performance over market cycles of three to five years will be weighted more heavily than performance over shorter time periods, such as one year or less.

In addition to the qualitative and quantitative measures referenced above, the Committee will also review the investment options’ risk characteristics in relation to that performance. Risk will be measured in various ways including, but not limited to:

- Standard deviation
- Downside risk or semi-variance
- Risk/return ratios such as Sharp or Treynor Ratios
- Other statistical measures such as Beta, Alpha and Variance

**E. INVESTMENT OPTION TERMINATION AND WATCH GUIDELINES**

Generally, all investment options are expected to remain true to their stated investment objectives and to perform as well as or better than their prescribed performance benchmarks, net of fees. The Committee recognizes the long-term nature of retirement plan investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this Investment Policy will not necessitate the termination of an option; however, any underperformance will result in consideration by the Committee of the factors causing underperformance and possible courses of action that the Committee may take.

The Committee may, at any time, place any investment option that it views as having a pattern of underperformance on a watch-status. Reasons the Committee might place an option on a watch status, include but are not limited to, the following:

**Quantitative Measures**

- **Actively Managed Options**
  - Performance below the prescribed benchmark index over a trailing five year period, combined with
  - Performance below the median of its peer group over a trailing five year period

- **Passively Managed Options**
  - Net of fee and any fair value adjustment performance tracking error relative to the respective index that is greater than 15 basis points over a trailing five year period
Qualitative Measures

- Management team or other significant personnel turnover;
- Changes in the product’s investment philosophy, process, style or risk profile;
- Excessive or rapid asset growth or decline;
- Pending regulatory investigations or material legal proceedings;
- Changes to firm ownership;
- Significant increase in management fees or expense ratio.

An investment option may remain on watch status until the Committee decides to take further action. Committee actions include, but are not limited to, the following:

- Removing the investment option from watch status; and
- Terminating the investment option and reallocating the assets to an alternate or replacement investment option by Committee direction.

To be removed from quantitative, performance related watch status, generally, performance for the preceding five year trailing periods should be above the benchmark index or median for at least two consecutive quarters. However, barring any breakdown in process, the Committee may decide to leave an option on watch for as long as they feel it is prudent to do so.

The Committee reserves the right to terminate investment option relationships at any time, for any reason when it determines such termination is in the best interests of the Plan and its participants and beneficiaries. Upon termination, further contributions or transfers to an investment option may be frozen, or the option may be replaced with or without transferring existing assets from the replaced option. Once the decision to terminate an option and remove it from the Plan is made, asset transfer and liquidation should be handled to the best advantage of the Plan, with due consideration given to the anticipated effect on affected participants and beneficiaries.
GLOSSARY FOR DC PORTION OF THE PLAN

Annualized Return
Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return in projected as though the same performance continues to occur for a twelve-month period.

Benchmarks
A standard against which the performance of the portfolio can be measured, typically against a standard index, although a client manager may also set the benchmark.

Duration
The weighted maturity of a fixed-income investment’s cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond’s price (a bond’s cash flows consist of coupon payments and repayment of capital). A bond’s duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, where maturity and duration are equal.

Growth Style Investing
Growth investors purchase companies that have above-average earnings growth and/or above-average sales growth rates.

Investment Objectives
The overall financial objectives of an investor. For example, whether the investor requires income or capital appreciation. The investor’s objectives govern the investment strategy.

Large Cap
Large Capitalization – refers to those companies with a market capitalization of greater than $10 billion.

Liquidity
The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset’s price.

Market Capitalization
The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.

Mid Cap
Mid Capitalization – refers to those companies with a market capitalization between $2 and $10 billion.

Net of Fees
After subtraction of management fees.

Peer Group
Contemporaries of the same asset class that can be compared against one another to achieve a larger sense of how the particular portfolio is performing.
**Portfolio**
Refers to the complete list of securities held in an investment vehicle.

**Small Cap**
Small Capitalization – refers to those companies with a market capitalization between $500 million and $1.99 billion.

**Standard Deviation**
Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it doesn’t distinguish downside performance from upside performance.

**Value Style Investing**
Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company’s stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial difficulty, or a host of other reasons.
This Investment Policy Statement is adopted effective as of May 5, 2020.

Approved by:

San Antonio Water System Board of Trustees

By: ________________________________

Name: ________________________________

Date: ________________________________
INVESTMENT POLICY STATEMENT
District Special Project Retirement Income Plan

Date Policy Established: May 5, 2020
Last Reviewed: May 5, 2020
Last Revised: May 5, 2020

A. POLICY OVERVIEW

The Retirement Plans Committee (“Committee”) of the San Antonio Water System ("SAWS") hereby establishes this Investment Policy Statement ("IPS") for the investment of all funds comprising the SAWS District Special Project Retirement Income Plan ("Plan"). This IPS defines the investment policies and objectives for the management and oversight of the Plan in consideration of the goals, income needs and risk tolerances of SAWS.

Background & Purpose
The Plan has two sources of income: (1) annual contributions from SAWS, and (2) income from Plan investments. The Plan is expected to remain an important source of paying retirement income distributions to participants. SAWS does not have any ownership of Plan assets. The Plan is designed to be in compliance with section 401(a) of the Internal Revenue Code.

The ability of SAWS to tolerate risk and current spending obligations are consistent with an investment strategy that focuses on capital growth and income. The Plan may invest in a diversified mix of fixed income, equity and alternative asset classes. This IPS and its recommended asset allocation are generally designed for a plan seeking moderate levels of returns and accepting moderate equity market risk. Specifically, the Plan is set to target a risk profile, as measured by standard deviation (volatility) of returns, consistent with a traditional 60% equity/40% fixed income allocation. The type of investment assets held by the Plan shall vary from time to time in response to changes in the economy and prospects for achieving the Plan’s objectives commensurate with prudent risk.

B. ROLES AND RESPONSIBILITIES

SAWS, as a fiduciary, is responsible for establishing the IPS, reviewing the IPS as required, and making changes as necessary. SAWS is also responsible for selecting and monitoring the Investment Consultant, investment managers, custodian, auditor, actuary and any other service providers necessary in the fulfillment of this policy and the Fund objectives. Responsibility for day-to-day administration and implementation related to the IPS may be delegated. Responsibilities of SAWS include:

1) Implementation of the Fund’s investment goals, objectives and policies.
2) Due diligence, monitoring, and contracting of the Fund’s investment managers.
3) Due diligence, monitoring, and contracting of the Fund’s service providers.
4) Make buy/sell decisions to provide for regular liquidity requirements and rebalancing within the asset allocation guidelines.
5) Monitoring and evaluating performance results to assure that the policy guidelines are being met.

The Committee and staff may also delegate certain responsibilities to professional service providers in various fields. These experts include:

1) Investment Consultant. The Investment Consultant will assist in: 1) establishing investment policy; 2) designing objectives and guidelines; 3) selecting investment managers; 4) reviewing such managers over time; 5) measuring and evaluating investment performance; and, 6) other tasks as deemed
appropriate. It is expected that the Investment Consultant will be selected by the Committee and will serve as a co-fiduciary on all investment related decisions and will have the proper insurance to cover exposure.

2) **Investment Managers.** An investment manager has discretion to purchase, sell and/or hold the specific securities that will be used to meet the Fund’s investment objectives while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement and in their specific manager guidelines.

3) **Custodian.** The custodian will maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts. The custodian will provide at a minimum monthly reporting of assets and transactions and provide any additional data requests.

4) **Actuary.** The actuary will provide an annual valuation of the Fund’s total pension liability based on the actuarial assumptions approved by the Committee.

5) **Other.** Additional specialists may be employed to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

**C. INVESTMENT OBJECTIVE**

The guiding principle with respect to the investment of the Plan is growth of capital and income with a secondary objective of capital preservation. While the Plan is expected to provide funds to meet ongoing distributions, a total return approach to income generation will be utilized with no specific consideration for interest income. Consistent with these goals, the Plan’s primary investment objectives in order of priority will be: 1) Growth of capital and income; 2) Protection of purchasing power of the Plan; 3) Protection of principal and minimization of realized losses.

Additionally, the Plan will be invested according to the following general principles:
- Investments shall be made solely in the interest of and for the Plan;
- The Plan’s asset allocation will be constructed with the intention of exceeding the actuarial target rate of return in a risk-efficient manner;
- Investment of the Plan shall be diversified as to minimize the risk of large losses, unless under the circumstances it is prudent not to do so;
- Risk shall be evaluated in the context of the plan in its entirety with particular focus on how the various asset classes and investment strategies correlate to one another;
- Care will be taken to provide adequate liquidity to meet all current income obligations of the Plan;
- Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

**D. ASSET ALLOCATION GUIDELINES AND TARGETS**

To achieve its investment objectives, the Plan will be allocated among a number of asset classes. These asset classes may be broadly defined to include global fixed income, global equity, and real assets. The purpose of allocating across these asset classes is to ensure the proper level of diversification within the Plan and improve the risk-adjusted efficiency of the investment plan. The investment vehicles used to gain exposure to the asset classes may include mutual funds, commingled trust funds, exchange traded funds, separately managed accounts and limited partnerships. Certain vehicles may provide liquidity constraints that must be managed in the overall context of meeting the Plan’s return and income requirements. Full Asset class descriptions are provided in Appendix A to this IPS. General account assets will be considered part of Total Return.
### Asset Class

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fixed Income</td>
<td>20%</td>
<td>40%</td>
<td>55%</td>
</tr>
<tr>
<td>Total Return</td>
<td>11%</td>
<td>25%</td>
<td>46%</td>
</tr>
<tr>
<td>High Yield Bond</td>
<td>0%</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>Global</td>
<td>0%</td>
<td>9%</td>
<td>16%</td>
</tr>
<tr>
<td>Global Equity</td>
<td>40%</td>
<td>53%</td>
<td>70%</td>
</tr>
<tr>
<td>US Large Cap Equity</td>
<td>10%</td>
<td>19%</td>
<td>36%</td>
</tr>
<tr>
<td>US Mid Cap Equity</td>
<td>3%</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>US Small Cap Equity</td>
<td>0%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>International Equity</td>
<td>3%</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>International Small/Mid Equity</td>
<td>0%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>0%</td>
<td>7%</td>
<td>15%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>0%</td>
<td>7%</td>
<td>15%</td>
</tr>
</tbody>
</table>

### E. REBALANCING OF PLAN ASSETS

The asset allocation exposures will be closely monitored with the understanding that the various asset classes may perform differently and that the relative attractiveness of asset classes may vary over time. The Plan’s allocation will be reviewed and adjusted as warranted to assure that allocations remain within their respective guidelines and consistent with the long-term objective of the Plan. If an asset class is outside the allowable range, SAWS, with input from the Investment Consultant, will take appropriate action to redeploy assets. In certain circumstances, and only with approval from SAWS, the Plan may be allocated outside the ranges provided in the Guidelines.

### F. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled quarterly and presented to SAWS for review. The investment performance of the total Plan, as well as the asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. SAWS recognizes the long-term nature of the Plan’s objectives and the variability of market returns. Periodic underperformance relative to any criteria outlined in this IPS will not necessitate the termination of an investment option. Managers have been selected based on their cost and perceived ability to meet and or exceed predetermined benchmarks. The total return of the Plan will be measured against a passive policy index of comparable risk comprised as follows:

**Policy Index:** 25% Barclays US Aggregate Bond Index, 6% Barclays High Yield Bond Index, 9% Barclays Global Aggregate Bond Index, 19% S&P 500 Index, 10% Russell Mid Cap Index, 7% Russell 2000 Index, 5% MSCI ACWI ex-US Index, 5% MSCI ACWI ex-US Index IMI, 7% MSCI ACWI ex-US SMID Index, 7% DJ US Select RESI Index.

Additionally, the Investment Consultant will provide SAWS with the performance of each individual investment alternative against the performance of relevant index benchmarks and peer groups. The Investment Consultant shall track the investment vehicle’s performance relative to the benchmark, and the degree to which variance in
the vehicle's performance can be explained by variance in the performance of the benchmark. Initially, indices used for comparison purposes may include the following:

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Relevant Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Large Capitalization Stocks - Blended Style</td>
<td>S&amp;P 500 Index</td>
</tr>
<tr>
<td>US Large Capitalization Stocks - Growth Style</td>
<td>Russell 1000 Growth Index</td>
</tr>
<tr>
<td>US Large Capitalization Stocks - Value Style</td>
<td>Russell 1000 Value Index</td>
</tr>
<tr>
<td>US Small Capitalization Stocks - Blended Style</td>
<td>Russell 2000 Index or S&amp;P 600 Index</td>
</tr>
<tr>
<td>US Small Capitalization Stocks - Growth Style</td>
<td>Russell 2000 Growth Index</td>
</tr>
<tr>
<td>US Small Capitalization Stocks - Value Style</td>
<td>Russell 2000 Value Index</td>
</tr>
<tr>
<td>US Cross Capitalization Stocks - Blended Style</td>
<td>Russell 3000 Index</td>
</tr>
<tr>
<td>US Mid Capitalization Stocks - Blended Style</td>
<td>Russell Mid Cap Index or S&amp;P 400 Index</td>
</tr>
<tr>
<td>US Mid Capitalization Stocks - Growth Style</td>
<td>Russell Mid Cap Growth Index</td>
</tr>
<tr>
<td>US Mid Capitalization Stocks - Value Style</td>
<td>Russell Mid Cap Value Index</td>
</tr>
<tr>
<td>Foreign Large Capitalization Stocks - Blended Style</td>
<td>MSCI ACWI ex-US Index</td>
</tr>
<tr>
<td>Foreign Large Capitalization Stocks - Value Style</td>
<td>MSCI ACWI ex-US Value Index</td>
</tr>
<tr>
<td>Foreign Large Capitalization Stocks - Growth Style</td>
<td>MSCI ACWI ex-US Growth Index</td>
</tr>
<tr>
<td>Foreign Small/Mid Capitalization Stocks - Blended Style</td>
<td>MSCI ACWI ex-US SMID Cap Index</td>
</tr>
<tr>
<td>Emerging Market Large Capitalization Stocks</td>
<td>MSCI Emerging Markets Free Index</td>
</tr>
<tr>
<td>Domestic Real Estate Investment Trusts (REITs)</td>
<td>FTSE NAREIT Index</td>
</tr>
<tr>
<td>Direct Real Estate</td>
<td>NCREIF - ODCE Index</td>
</tr>
<tr>
<td>Global Commodities</td>
<td>Bloomberg Commodity Index</td>
</tr>
<tr>
<td>Long/Short Growth, Special Opportunities</td>
<td>S&amp;P 500 Index</td>
</tr>
<tr>
<td>US High Yield Bonds</td>
<td>Barclays US Corporate High Yield</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>Barclays US Aggregate Bond Index</td>
</tr>
<tr>
<td>Total Return Bonds</td>
<td>Barclays US Aggregate Bond Index</td>
</tr>
<tr>
<td>Unconstrained Bonds</td>
<td>Barclays US Aggregate Bond Index</td>
</tr>
<tr>
<td>Global Bonds</td>
<td>Barclays Global Aggregate Bond Index</td>
</tr>
<tr>
<td>Short Duration Bonds</td>
<td>Barclays US Aggregate 1-3Yr Bond</td>
</tr>
<tr>
<td>Treasury Inflation Protected Securities</td>
<td>Barclays U.S. TIPS Index</td>
</tr>
<tr>
<td>Money Market</td>
<td>90-Day U.S. Treasury Bills</td>
</tr>
</tbody>
</table>

Notwithstanding this initial designation, the Investment Consultant may recommend changing indices used for comparison, if it is determined that a different index provides a more useful or appropriate benchmark for any designated investment vehicle.

In addition to net investment performance, the Investment Consultant will also review the investment products’ risk characteristics in relation to that performance. Risk may be measured in various ways including, but not limited to:

- Standard deviation
- Risk/return ratios such as Sharp or Treynor Ratios
- Up market and down market performance
- Other statistical measures such as Beta, Alpha and Variance

The Investment Consultant will evaluate the fees, expenses and revenue sharing associated with the Plan’s investment options. Further, care will be taken to minimize the fees and expenses associated with Plan investments. Any applicable revenue sharing will belong to the Plan and, at the Plan’s discretion, used solely to offset Plan related expense. The investment options will also be monitored on an ongoing basis for material
changes such as personnel departures, research capability adjustments, organizational changes, or alterations in investment style, philosophy, or strategy, as well as adherence to stated guidelines.

G. INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital market expectations as established in this statement of investment policy, SAWS, in consultation with the Investment Consultant, will review the policy no less frequently than annually, and, if it determines that any revisions are advisable, shall recommend to the Board that it adopt such revisions.

This Investment Policy Statement is adopted effective as of May 5, 2020.

Approved by:

San Antonio Water System Board of Trustees

By: ________________________________

Name: ________________________________

Date: ________________________________
APPENDICES

Appendix A. (Asset Class Definitions)

Global Fixed Income Asset Class
This is a broad asset class which can be defined as a class whereby the investable assets provide investors with fixed streams of income. Bonds are the most common example of a fixed income asset and may be issued by a wide range of entities including; corporations, state municipalities and sovereign nations. Fixed income securities are further classified by their credit risk and interest rate risk (duration), though currency and prepayment risks may apply to certain fixed income instruments.

The broad fixed income asset class can be broken down into specific sub-asset classes, including as follows:

- **Money Market** - Provide current income and a high degree of investment safety with little or no fluctuation of principal. The portfolio will primarily invest in high-quality money market obligations maturing in 397 days or less. This includes corporate obligations, U.S. Government and agency bonds, bills and notes, the obligations of foreign governments, and the obligations of U.S. banks and U.S. branches of foreign banks.

- **Short Duration Bonds** - Provide capital appreciation and income through a diversified, actively managed fixed income portfolio. The expected duration for the portfolio will generally average 2.5 years, with durations of 1-3 years typical. Average credit quality will be investment grade. The fixed income portfolio will normally be comprised of money market instruments and U.S. Government and Agency bonds, mortgage-backed securities, and corporate bonds (including convertibles). Foreign holdings may be included though generally restricted, as well as corporate securities less than investment grade.

- **Total Return Bonds** - Provide capital appreciation and income through a diversified, actively managed fixed income portfolio. The expected duration for the portfolio will generally average 5 years, with durations of 3-7 years typical. Average credit quality will be investment grade. The fixed income portfolio will normally be comprised of money market instruments and U.S. Government and Agency bonds, mortgage-backed securities, and corporate bonds (including convertibles). Foreign holdings may be included though generally restricted, as well as corporate securities less than investment grade.

- **Global Bonds** - Provide capital appreciation and income through a diversified portfolio of both U.S. and non-U.S. bonds. Over half of the world's fixed income securities are issues outside the U.S. and offer investors access to a broad range of economic cycles and currencies. Average credit quality will tend to be investment grade and duration is often managed within an intermediate horizon of 3-7 years. However, global mandates tend to provide active managers with more latitude in constructing portfolios across investment quality, duration, geography and currency exposures than domestic total return mandates.

- **Real Return / Treasury Inflation Protected Securities (TIPS)** - Provide current income without undue risk to principal through an actively-managed fixed income portfolio. Securities in the portfolio should be primarily invested in bonds that provide inflation protection (e.g. Treasury Inflation Protected Securities, or TIPS). Issuers may be the U.S. government, government agencies, or corporations of high credit quality. The portfolio may be invested in other types of bonds and money market instruments. Average credit quality for the portfolio is generally AA or better.
**US High Yield Bonds** - Non-investment grade or high yield are terms applied to bonds rated below Baa3 on the Moody’s® credit rating scale and below BBB- on the equivalent ratings systems from S&P® and Fitch. The credit ratings are assigned based upon the issuer’s ability to pay interest and principal. In the context of corporate bonds, high yield corporate bonds share many of the same features as investment grade corporate bonds. At the same time, they are typically issued with shorter maturities and are more likely to be callable so that if a company's financial condition improves it can take advantage of lower funding rates.

**Unconstrained Bonds** - Consistent with its name, the unconstrained bond strategy allows for the allocation of capital across all sub-sectors of the global fixed income market. This strategy is generally designed to provide investors with a diversified investment grade fixed income portfolio (average portfolio quality) and provides for greater flexibility to opportunistically allocate across all fixed income sub-sectors based on current market conditions.

**Global Equity Asset Class**
This is a broad asset class where investable assets include publicly traded stocks across a broad range of markets and geographies. While the majority of this broader asset class generally consists of domestic (U.S.) equities, return and portfolio diversification enhancements can be achieved by including international equities within the equity portfolio.

The broad global equity asset class can be broken down into specific sub-asset classes, including as follows:

- **Domestic Equities** - Represents stock ownership in companies domiciled in the U.S. and whose prospects for earnings growth, overall business fundamentals and stock price fluctuations are heavily influenced by domestic economics and financial markets. The domestic equity market is further broken down by market capitalization. US Large Capitalization Stocks are generally defined as companies with market capitalizations greater than $10 billion. US Mid Capitalization Stocks are defined as with market capitalizations between $2 billion and $10 billion. US Small Capitalization Stocks are those with market capitalizations under $2 billion.

- **Developed International Equities** - Represents stock ownership in companies domiciled outside the U.S. and in countries whose financial markets are reasonably established/developed. Generally the majority of Foreign Large Capitalization Stocks and Foreign Small/Mid Capitalization Stocks are composed of Developed International Equities. These companies generally have prospects for earnings growth, overall business fundamentals and stock price fluctuations that are more heavily influenced by their own local economy and financial markets. International equities are generally priced in foreign currencies and fluctuations in currency rates often have a meaningful impact on investor returns.

- **Emerging Market Equities** - Represents stock ownership in companies domiciled outside the U.S. and in countries whose financial markets are less established and generally viewed as still early on in their development. Emerging Market Large Capitalization Stocks are composed of Emerging Market Equities. These companies generally have prospects for earnings growth, overall business fundamentals and stock price fluctuations that are more heavily influenced by their own local economy and financial markets. Emerging market equities are generally priced in foreign currencies and fluctuations in currency rates often have a meaningful impact on investor returns. This asset class is generally viewed to have significantly more political risk and markets tend to be less liquid.

**Real Assets Class**
Real asset investments generally represent financial interests in various natural resource and/or other materials that are inputs into finished goods. Real assets are often described as "hard assets" having intrinsic value derived from "value in use". The asset class also generally includes "soft commodities" that are perishable and consumable. Real assets also tend to be characterized by a strong correlation to inflation, low correlation to traditional asset classes, and often a higher degree of illiquidity. Examples of popular real assets include foods, grains, timber, oil & gas, metals and real estate. Investors can often invest directly in these commodities, or more commonly indirectly via financial instruments such as futures and exchange traded funds.
TO: San Antonio Water System Board of Trustees

FROM: Douglas P. Evanson, Senior Vice President/Chief Financial Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZING THE THIRD AMENDED AND RESTATED STATEMENT OF INVESTMENT POLICY FOR THE SAN ANTONIO WATER SYSTEM RETIREE HEALTH TRUST

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

By Resolution 12-057, dated February 7, 2012, the Board established the San Antonio Water System Retiree Health Trust (Trust) to prefund future payments of other post-employment benefits (OPEB) provided to retirees under the SAWS Medical Plan and awarded a service agreement to Wells Fargo Bank, N.A. (Wells Fargo) to provide trust and investment management services (as discretionary trustee) to the Trust. At the same time, the Board approved an investment policy for the Trust, which has subsequently been updated by the Board on January 6, 2015 and December 5, 2017.

- The Statement of Investment Policy of the Trust provides the framework and guidance as to the management and investment of funds held in the Trust to Wells Fargo, as discretionary trustee.

- Upon review of the Statement of Investment Policy by the Trust’s Investment Committee, it is recommended to update the Statement of Investment Policy to revise the Asset Allocation target amounts and expand the Asset Mix to better align the investment strategy of the Trust with the current investment strategies of the SAWS Retirement Plans. The proposed changes are highlighted in Exhibit A.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

Revisions to the Statement of Investment Policy has no direct financial impact to SAWS.
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AUTHORIZING THE THIRD AMENDED AND RESTATED STATEMENT OF INVESTMENT POLICY FOR THE SAN ANTONIO WATER SYSTEM RETIREE HEALTH TRUST; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, by Resolution 12-057, dated February 7, 2012, the San Antonio Water System Retiree Health Trust (Trust) was established to prefund future payments of other post-employment benefits (OPEB) provided to retirees under the San Antonio Water System Medical Plan; and

WHEREAS, by Resolution 12-057, dated February 7, 2012, a Service Agreement was awarded to Wells Fargo Bank, N.A. (Wells Fargo) to provide the trust and investment management services (as discretionary trustee) to the Trust; and

WHEREAS, a Statement of Investment Policy (the OPEB Investment Policy), which provides the framework and guidance as to the management and investment of funds held in the Trust to Wells Fargo, as discretionary trustee, was approved on February 7, 2012, and amended on January 6, 2015 and December 5, 2017; and

WHEREAS, upon review of the OPEB Investment Policy by the Trust’s Investment Committee, it is recommended to update the OPEB Investment Policy to revise the Asset Allocation target amounts and expand the Asset Mix to better align the investment strategy of the Trust with the current investment strategies of the SAWS Retirement Plans; and

WHEREAS, the San Antonio Water System Board of Trustees desires to adopt the Third Amended and Restated Statement of Investment Policy for the Trust; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Third Amended and Restated Statement of Investment Policy for the Trust are hereby approved and adopted as attached in Exhibit A.

2. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

3. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason
held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon
any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective,
the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted
without the portion held to be unconstitutional, illegal, invalid or ineffective.

4. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

________________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________________
Amy Hardberger, Secretary

Exhibit A – OPEB Investment Policy
San Antonio Water System Retiree Health Trust

THIRD AMENDED AND RESTATED STATEMENT OF INVESTMENT POLICY

Dated May 5, 2020
STATEMENT OF INVESTMENT POLICY

San Antonio Water System Retiree Health Trust

I. INTRODUCTION

This Statement of Investment Policy (this “Policy”) is adopted by the Investment Committee and San Antonio Water System Board of Trustees (the “Board”). All capitalized terms used herein and not otherwise defined shall have the meaning specified by the San Antonio Water System Retiree Health Trust (the “Trust”). In the event of any conflict between the terms of this Policy and terms of the Trust Agreement, the terms of the Trust Agreement shall be controlling.

II. PURPOSE

The Investment Committee and Board have established this Policy for the purpose of identifying the risk and return objectives for the Trust and providing guidelines, limitations, and directions for the investment of the assets within the Trust. This Policy provides such objectives, guidelines, limitations, and directions for the assets contributed to the Trust.

This document represents the conclusions and decisions made after a deliberate and focused review of the Trust’s investment objectives, risk tolerance levels, time horizons, income needs, taxation, and other investment concerns, taking into account the requirements of applicable law.

III. RESPONSIBILITIES OF THE RISK POOL TRUSTEES

The responsibilities of the Investment Committee under this Policy include:

- Establishing reasonable and consistent investment objectives, policies, and guidelines which are incorporated in this Policy;
- Evaluating the Investment Manager and, to the extent deemed necessary by the Investment Committee, recommending additional and/or replacement Investment Managers;
- Regularly evaluating the performance of the Investment Manager to assure compliance with the guidelines set forth in this Policy and achievement of the investment objectives set forth in this Policy;
- Establishing and applying proper control procedures for monitoring the investment of the Trust assets in accordance with this Policy; and
- Regularly reviewing this Policy and making any recommendations to the Board of Trustees with respect to any necessary or appropriate revisions.
The Investment Committee shall not make or control specific investment decisions. The Investment Manager (or if none, the Section 115 Trustee) shall be solely responsible for the investment of the portion of the Trust assets with respect to which the Investment Manager has been retained.

The Investment Committee shall avoid any conflict of interest or self-dealing in the selection of the Investment Manager. No Investment Committee member may be affiliated with, or receive any compensation or other economic benefit, directly or indirectly, from the Investment Manager or any investment selected by the Investment Manager. An Investment Committee member shall not be considered to have such a conflict solely because the Investment Committee member has funds invested in the same investment vehicles as the Trust or has an account at or receives services from the same bank or other institution as the Trustee or the Investment Manager.

IV. INVESTMENT OBJECTIVE

The investment objective for the Trust is to achieve an average annual rate of return equal to or above the targeted annual rate of return (including interest, dividends, and capital gains and after deducting management, administrative, and transaction costs) of the actuarial assumed rate of return over an evaluation period of three to five years or a full market cycle.

V. INVESTMENT PHILOSOPHY

The assets of the Trust shall be invested in a manner that is consistent with the Trust Agreement, generally accepted standards of fiduciary responsibility, and the requirements of applicable law. The Investment Manager shall observe the safeguards that would guide a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. All transactions undertaken on behalf of the Trust shall be for the exclusive benefit of the Participants and their beneficiaries.

The Trust is generally exempt from Federal income taxes under Section 115 of the Internal Revenue Code of 1986, as amended. Therefore, income tax efficiencies are generally not a factor and should not affect investment decisions regarding the Trust assets. However, the Trust assets should be invested in a manner that does not generate unrelated business taxable income, excise taxes, or other taxable income under federal or state law.

The Trust assets shall be actively managed by the Investment Manager on a fully discretionary basis subject to the terms of this Policy and provided that the level of asset turnover and trading action is prudent taking into account expenses incurred. To the extent prudent, the Trust should be essentially fully invested at all times.

VI. INVESTMENT PERFORMANCE

Investment performance will be measured quarterly, but it is not expected that Trust performance will meet or exceed the Benchmark each quarter or year. However, it is
expected that the performance will meet or exceed the Benchmark, over a Full Market Cycle (a “Cycle”). A Cycle, for this purpose, is considered to be a period of three to five years. The Market (the “Market”) for the Trust is set by the Benchmark as defined by the underlying target weightings of each index within the Benchmark, as stated in section VII. In addition, the performance of each investment fund utilized within the overall Trust should be competitive over a Cycle with its established benchmark based on investment objective, investment style, and market capitalization. The measurement of investment performance will take into consideration the following:

**Return Objective**

The minimum average annual return objective for the Trust, measured over a Cycle, shall be to generate a return that meets or exceeds that of the Benchmark. Accordingly, the Investment Manager is accountable for the returns of the Trust and each of the underlying investment funds.

**Risk Parameters**

The Trust should experience risk (volatility and variability of returns) comparable to that of the Benchmark, as measured over a Cycle. Accordingly, the Investment Manager is accountable for the risk of the Trust and each of the underlying investment funds.

**VII. ASSET ALLOCATION**

**Asset Mix**

The asset mix will include a blend of active and passive investments. The Investment Manager has the discretion to vary the ratio of stocks, bonds, or cash within the parameters set forth below to maximize total return commensurate with potential risk. If asset allocations fall outside the parameters expressed below, the Investment Manager will rebalance the portfolio to bring it within the allocation limits expressed below within one (1) calendar quarter. Allocations should not remain outside the stated maximums and minimums without written approval from the Investment Committee.

<table>
<thead>
<tr>
<th></th>
<th>Maximum %</th>
<th>Minimum %</th>
<th>Benchmark Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITIES</strong></td>
<td>67</td>
<td>49</td>
<td>57.5%</td>
</tr>
<tr>
<td>Domestic Large Cap</td>
<td>42</td>
<td>20</td>
<td>30.4% Russell 1000</td>
</tr>
<tr>
<td>Domestic Mid Cap</td>
<td>13</td>
<td>2</td>
<td>6.3% S&amp;P Mid Cap 400</td>
</tr>
<tr>
<td>Domestic Small Cap</td>
<td>13</td>
<td>2</td>
<td>6.4% Russell 2000</td>
</tr>
<tr>
<td>Foreign Equity</td>
<td>25</td>
<td>7</td>
<td>14.4% MSCI ACWI xUS</td>
</tr>
<tr>
<td>Developed Interna</td>
<td>19</td>
<td>6</td>
<td>11.3% MSCI EAFE</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>6</td>
<td>1</td>
<td>3.1% MSCI EM</td>
</tr>
<tr>
<td><strong>FIXED INCOME</strong></td>
<td>50</td>
<td>28</td>
<td>40%</td>
</tr>
</tbody>
</table>
Asset Classes

Short-Term Investments and Cash

Short-term investments are primarily intended to provide conservative, highly marketable securities for the liquidity needs of the Trust, such as disbursements, and future long-term investment. Short-term investments include high quality debt securities that offer low risk, such as money market funds, U.S. government and agency obligations, commercial paper, certificates of deposit and repurchase agreements. The investment objective of the short-term investment segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Citigroup 3-Month T-Bill.

Fixed-Income Investments

Fixed-income investments are intended to provide a hedge against deflation, a stable component of return and to minimize the overall volatility of the Trust assets. To assure prudent diversification and to avoid excessive risk, the fixed-income investments of the Trust will adhere to the asset allocation parameters set forth above. The investment objective of each fixed-income segment is noted below:

- **Core Fixed Income**
  Assets in this segment are comprised primarily of investment grade bonds (e.g., corporate, government, asset-backed, mortgage-backed) but may also include commercial paper and U.S. government/agency issues. The investment objective of the fixed-income segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Barclay’s Capital U.S. Aggregate Bond Index and the median of an appropriate peer universe of managed funds.

- **High Yield**
  This asset class invests primarily in the corporate bonds rated below investment grade by one or more of the credit rating agencies, such as Standard & Poor’s, Moody’s or Fitch Group. The investment objective is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Bank of America Merrill Lynch U.S. High Yield Master II Constrained Index and the median of an appropriate peer universe of managed funds.

### Exhibit A

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>%</th>
<th>%</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Fixed-Income</td>
<td>45</td>
<td>27</td>
<td>37% BC Aggregate Bond</td>
</tr>
<tr>
<td>High Yield</td>
<td>5</td>
<td>1</td>
<td>3.0% BAML US High Yield Master II Constrained</td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td>5</td>
<td>1</td>
<td>2.5%</td>
</tr>
<tr>
<td>Domestic Real Estate</td>
<td>5</td>
<td>1</td>
<td>2.5% Wilshire REIT</td>
</tr>
<tr>
<td>CASH</td>
<td>5</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Cash</td>
<td>5</td>
<td>0</td>
<td>0% 90-Day US Treasury Bill</td>
</tr>
</tbody>
</table>

**Asset Classes**

**Short-Term Investments and Cash**

Short-term investments are primarily intended to provide conservative, highly marketable securities for the liquidity needs of the Trust, such as disbursements, and future long-term investment. Short-term investments include high quality debt securities that offer low risk, such as money market funds, U.S. government and agency obligations, commercial paper, certificates of deposit and repurchase agreements. The investment objective of the short-term investment segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Citigroup 3-Month T-Bill.

**Fixed-Income Investments**

Fixed-income investments are intended to provide a hedge against deflation, a stable component of return and to minimize the overall volatility of the Trust assets. To assure prudent diversification and to avoid excessive risk, the fixed-income investments of the Trust will adhere to the asset allocation parameters set forth above. The investment objective of each fixed-income segment is noted below:

- **Core Fixed Income**
  Assets in this segment are comprised primarily of investment grade bonds (e.g., corporate, government, asset-backed, mortgage-backed) but may also include commercial paper and U.S. government/agency issues. The investment objective of the fixed-income segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Barclay’s Capital U.S. Aggregate Bond Index and the median of an appropriate peer universe of managed funds.

- **High Yield**
  This asset class invests primarily in the corporate bonds rated below investment grade by one or more of the credit rating agencies, such as Standard & Poor’s, Moody’s or Fitch Group. The investment objective is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Bank of America Merrill Lynch U.S. High Yield Master II Constrained Index and the median of an appropriate peer universe of managed funds.
Equity Investments

Equity investments are intended to provide long-term capital growth that exceeds inflation. It is recognized that equity investments carry greater market price variability and risk than other asset classes. To assure prudent diversification and to avoid excessive risk, the equity investments of the Trust will adhere to the asset allocation parameters set forth above. The investment objective of each equity segment is noted below:

- **Domestic Large Cap**
  This asset class invests primarily in companies with market capitalizations in excess of $10 billion. Securities in this asset class will normally have an average price-to-earnings ratio, price-to-book ratio and earnings growth ratio when compared to a diversified large cap index. The investment objective is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Russell 1000 Index and the median of an appropriate peer universe of managed funds.

- **Domestic Mid Cap**
  This asset class invests primarily in companies with market capitalizations ranging from $2 billion to $10 billion. Securities in this asset class will normally have an average price-to-earnings ratio, price-to-book ratio and earnings growth ratio when compared to a diversified mid cap index. The investment objective of the mid cap blend equity segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the S&P Mid Cap 400 Index and the median of an appropriate peer universe of managed funds.

- **Domestic Small Cap**
  This asset class invests primarily in companies with market capitalizations of $2 billion or less. Securities in this asset class will normally have an average price-to-earnings ratio, price-to-book ratio and earnings growth ratio when compared to a diversified small cap index. The investment objective of the small cap blend equity segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Russell 2000 Index and the median of an appropriate peer universe of managed funds.

- **International Developed Markets**
  This asset class invests primarily in companies based outside the U.S. and will normally diversify assets among numerous developed markets, such as Australia, Japan, Great Britain, Italy, France and Germany. The investment objective of the international equity segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Morgan Stanley Capital International Europe Australasia and the Far East (EAFE)Index and the median of an appropriate peer universe of managed funds.

- **International Emerging Markets**
  This asset class invests primarily in companies based outside the U.S. and will normally diversify assets among numerous emerging markets, such as Brazil, China, India, Mexico, South Africa, and Russia. The investment objective of
the international emerging markets segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Morgan Stanley Capital International Emerging Markets (EM) Index and the median of an appropriate peer universe of managed funds.

**Real Estate Investments**

Real Estate (REIT) investments are intended to provide long-term capital growth and income that exceeds inflation. It is recognized that real estate investments carry greater market price variability and risk than other asset classes. To assure prudent diversification and to avoid excessive risk, the real estate investments of the Trust will adhere to the asset allocation parameters set forth above. The investment objective of the this segment is to seek to produce a return, net of fees, that exceeds, over rolling three and five-year periods, the Wilshire U.S. REIT Index and the median of an appropriate peer universe of managed funds.

**Current Income**

The Investment Committee will advise the Investment Manager when liquidity for benefit payments and expenses is necessary. The Investment Manager must provide sufficient liquidity to meet benefit payments and expenses of the Trust.

**Other Characteristics of Rate of Return**

In complying with the investment objectives of this Policy, the Investment Manager will employ a dynamic and flexible approach, as called for by changing economic and capital market environments. Fundamental industry, company, and credit analysis should be the primary basis for the investment decisions, coupled with sensitivity to both market factors and price.

**Diversification and Investment Quality**

The Investment Manager shall maintain a diversified portfolio consistent with the Trust and this Policy, at all times. Adequate diversification should include geographic and sector diversity, but also requires limiting concentration in groups of securities subject to a single significant economic, social, or political event.

**VIII. INVESTMENT RESTRICTIONS**

The Investment Committee may restrict specific investments from the Trust assets on grounds other than economic risk and reward. Should the Investment Committee restrict security investments, a list of the prohibited investments will be given to the Investment Manager. This list may be periodically updated.

**IX. INVESTMENT REVIEWS**
Investment reviews with the Investment Committee and/or the Board of Trustees will be held at least annually, or as requested, and sufficiently after the close of the fiscal year of the Trust. The materials for this meeting should include, but not be limited to:

- Forward look at the economic and market environment, and the Trust’s posture given potential scenarios.
- Investment environment and strategy employed for the most recent fiscal year, with particular attention to departures from prior outlook report.
- Performance of the Trust and underlying asset classes relative to stated benchmarks, including returns for 1, 3, and 12-months, and 3 and 5-year periods, when available.
- Administrative, procedural or other matters.
- Other items of importance which may occur, such as changes in our working relationship, if necessary, to comply with pertinent legislation: material changes in the Investment Manager’s organization; investment philosophy or outlook; recommendations concerning any change in Policy which the Investment Manager believes should be considered by the Investment Committee.

In addition to a monthly statement, a written quarterly report is required and should include, but not be limited to, the following information:

- Statement of assets in the Investment Manager’s current format.
- Statement of the current asset mix or allocation.
- Quarterly performance measures and benchmark comparisons.
- Statement of transactions in the Asset custodian’s current format.

X. MISCELLANEOUS

For the calculation of percentages in a particular security, market value will be used as the basis, unless otherwise indicated.

The Investment Manager will use its own judgment in placing securities transactions with brokerage firms, unless otherwise directed by the Investment Committee. All transactions should be entered into on the basis of best execution. Notwithstanding the above, the Investment Manager is expected to deal with financially strong firms capable of giving the Trust a reasonable combination of price, commission, and service.

All changes or exceptions to this document will be in writing, signed by the representatives of the Investment Committee, and delivered to the Investment Manager.

AGREED: San Antonio Water System
Exhibit A

By: _____________________________ Date: ____________________________
Name: _____________________________
Title: _____________________________
Company: ___________________________
TO: San Antonio Water System Board of Trustees

FROM: Carlos R. Mendoza, Director, Fleet and Facilities Management, and Steven M. Clouse, Senior Vice President, Chief Operating Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF SECOND AMENDMENT TO SERVICES CONTRACT FOR FOOD SERVICES MANAGEMENT PROVIDER

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution approves the Second Amendment to Services Contract for Food Services Management Provider and approves additional funds in an amount not to exceed $250,000.00 payable to True Flavors, LLC for providing additional services as a result of the COVID-19 pandemic. The additional services include providing meals for San Antonio Water System (SAWS) employees working in the field and offices who cannot perform their job functions remotely.

- On November 5, 2019, the SAWS Board of Trustees by Resolution No. 19-278 approved a services contract (the “Services Contract”) with True Flavors, LLC in an amount not to exceed $130,000.00 for an annual food services management fee. The Services Contract is for a three-year period with the option of three additional one-year extensions.

- As a result of the COVID-19 pandemic, most SAWS employees are being called upon to work remotely; however certain employees have job functions to provide essential water and wastewater services for the health and safety of the public, which prohibit them from working remotely.

- True Flavors, LLC offered to assist SAWS in ensuring the readiness and availability of SAWS workforce by providing additional services consisting of delivery of meals to SAWS employees working in the field and offices who cannot perform their job functions remotely.

- By Amendment to the Services Contract dated March 23, 2020, SAWS agreed to pay $9.00 per meal provided and a fixed daily delivery fee of $340.00 for delivery to up to 11 field locations, up to a total amount of $95,000.00.

- In order to continue the additional services, additional funds in the amount not to exceed $250,000.00 are required to continue funding of this initiative through early June, bringing the total value for the additional services under the Services Contract to a total amount not to exceed $345,000.00 for fiscal year 2020.
Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

All amounts being expended related to these additional services are being paid from the System Fund, (Company: 1000, Account: 511215, Accounting Unit: 5039100). This account is a newly established account designed to track these costs for potential reimbursement as it pertains to costs incurred in connection with the COVID-19 pandemic. In the event that SAWS does not receive reimbursement for these expenditures, such amounts will result in a negative budget variance to be covered by expenditure reductions in other accounts.
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE SECOND AMENDMENT TO SERVICES CONTRACT FOR FOOD SERVICES MANAGEMENT PROVIDER WITH TRUE FLAVORS, LLC; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE SECOND AMENDMENT TO THE SERVICES CONTRACT; APPROVING THE EXPENDITURE OF ADDITIONAL FUNDS IN AN AMOUNT NOT TO EXCEED $250,000.00 FOR ADDITIONAL SERVICES; FINDING THIS RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, on November 5, 2019, the San Antonio Water System (the “System”) Board of Trustees by Resolution No. 19-278 (the “Original Resolution”) approved a Services Contract for Food Services Management Provider (the “Services Contract”) with True Flavors, LLC (“True Flavors”) in an amount not to exceed $130,000.00 for an annual food services management fee; and

WHEREAS, the Services Contract is for a three-year period with the option of three additional one-year extensions; and

WHEREAS, True Flavors offered to assist the System in ensuring the readiness and availability of the System’s workforce by providing additional services consisting of delivery of meals to System employees working in the field and offices who cannot perform their job functions remotely; and

WHEREAS, by Amendment to the Services Contract dated March 23, 2020 (the “Amendment”), the System agreed to pay $9.00 per meal provided and a fixed daily delivery fee of $340.00 for delivery to up to 11 field locations, up to a total amount of $95,000.00; and

WHEREAS, in order to continue the additional services under the Amendment, additional funds not exceed $250,000.00 are required; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Second Amendment to Services Contract, (ii) authorize the President/Chief Executive Officer or his duly appointed designee to execute the Second Amendment, and (iii) to approve the expenditure of additional funds from the System Fund in amount not to exceed $250,000.00, to continue funding of this initiative through early June, bringing the total value for the additional services under the Services Contract to a total amount not to exceed $345,000.00 for fiscal year 2020; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Second Amendment to the Services Contract in substantially the form attached to this Resolution as Attachment 1 (the “Second Amendment”) is hereby approved.

2. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute the Second Amendment.

3. That expenditure of additional funds from the System Fund in amount not to exceed $250,000.00, to continue funding of this initiative through early June, bringing the total value for the additional services under the Services Contract to a total amount not to exceed $345,000.00 for fiscal year 2020 is hereby approved.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

Berto Guerra, Jr., Chairman

ATTEST:

Amy Hardberger, Secretary

Attachments
Attachment 1 – Second Amendment to Services Contract
SECOND AMENDMENT TO SERVICES AGREEMENT FOR

FOOD SERVICE MANAGEMENT PROVIDER

This Second Amendment to Service Agreement for Food Services Management Provider ("Second Amendment") is made and entered into by and between TRUE FLAVORS, LLC. ("True Flavors"), and THE CITY OF SAN ANTONIO, ACTING BY AND THROUGH ITS SAN ANTONIO WATER SYSTEM ("SAWS").

For and in consideration of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, True Flavors and SAWS hereby recite and agree as follows:

1. **Recitals.**

   (a) **Services Agreement for Food Service Management Provider.** True Flavors and SAWS entered into a Services Agreement for Food Service Management Provider dated effective January 1, 2020 (the "Agreement") pursuant to which True Flavors agreed, among other things and under certain terms and conditions, to provide certain cafeteria, vending and catering services on SAWS’ premises located at US Highway 281 N. and Mulberry Avenue in San Antonio, Texas, and the right to provide food at SAWS Eastside Operations Center and vending Services for other SAWS’ locations (the "Services"). All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

   (b) **SAWS’ Essential Services.** As a result of the COVID-19 pandemic, many SAWS’ employees are being called upon work remotely or at non-traditional hours to provide essential water and wastewater services for the health and safety of the public, which may result in (i) their inability to obtain basic food and household staples for themselves and their families, and/or (ii) cause them to be at increased risk of exposure to the COVID-19 virus by attempting to obtain these basic food and household staples, which, in either event, could imperil SAWS’ ability to have a healthy workforce for the operation and maintenance of the utility.

   (c) **First Amendment to Services Agreement for Food Service Management Provider.** True Flavors and SAWS amended the Agreement effective March 23, 2020 (the “First Amendment”) to allow for True Flavors to assist SAWS in ensuring the readiness and availability of SAWS’ workforce by providing additional services described in the First Amendment (the “Additional Services”), up to an amount not to exceed Ninety Five and No/100 Dollars ($95,000.00). All further references in this Second Amendment to the Agreement shall mean the Agreement, as amended by the First Amendment.

   (d) **Second Amendment to Agreement.** True Flavors and SAWS desire to further amend the Agreement pursuant to this Second Amendment as hereinafter provided.

2. **Continuation of Additional Services.** Until written notice of suspension by either True Flavors or SAWS, and notwithstanding the provisions of Section 5 of the Agreement, SAWS and True Flavors agree to continue the Additional Services, up to an amount not exceed Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00).
3. **Other Terms.** All other terms, conditions and provisions of the Agreement are hereby ratified and confirmed and shall remain in full force and effect as of the date thereof, including, without limitation, SAWS payment of the Management Fee, except as expressly modified by this Second Amendment. True Flavors shall be responsible for compliance with all applicable laws, codes, rules, regulations, ordinances and declarations, including, without limitation, all those made by federal, state or local authorities related to COVID-19, in connection with the services provided in the Agreement and this Second Amendment.

4. **Counterparts.** This Second Amendment may be executed by facsimile transmission in two or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute but one and the same instrument.

5. **Binding Effect.** This Second Amendment shall be binding upon and inure to the benefit of the SAWS and True Flavors and their respective successors and assigns.

EXECUTED to be effective the 5th day of May, 2020.

San Antonio Water System

True Flavors, LLC

By: ________________________________  By: ________________________________

Steven M. Clouse  Mark Hernandez
Senior Vice President/Chief Operating Officer  Vice President
TO: San Antonio Water System Board of Trustees

FROM: Eric Z. Cloudt, Director, Safety Environmental Health, and Sharon De La Garza, Vice President, Human Resources

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF ADDITIONAL FUNDS FOR MEDICAL SERVICES CONTRACT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution amends Resolution No. 15-114 by authorizing additional funds to the existing medical services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers, a local, non-SMWB firm, in an amount not to exceed $154,000.00 in connection with the additional assistance related to wellness screening at SAWS locations for COVID-19.

- On May 18, 2015, by Resolution No. 15-114, the San Antonio Water System’s (the “System”) Board of Trustees awarded a medical services contract with the Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers, for an initial term in an amount not to exceed $482,970.00 to perform Environmental and Occupational Health Services, Drug and Alcohol Screening and Medical Review Services, Pre-Employment Physicals, Post-Accident and Return to Work Evaluation Services.

- The Board of Trustees approved the contract with an initial term of three years beginning June 1, 2015 and expiring on May 31, 2018, with three successive one-year term extensions that were contingent upon Board approval of subsequent years’ budgets with a line item for such expenditures.

- Due to the onset of the COVID-19 pandemic, additional screening services are required to address the health and safety of the employees.

- Additional funding in the amount of $154,000.00 is available from the System Fund.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The System Fund will finance this expenditure through accounting unit 5020100, account 511317 for CY 2020.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Amount (Resolution No. 15-144)</td>
<td>$482,970.00</td>
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<tr>
<td>Administrative Amendment #1 (12/23/15)</td>
<td>0.00</td>
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<td>Administrative Amendment #2 (5/3/18) – extension with additional budget amount for 1st one-year extension</td>
<td>56,150.00</td>
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<td>Administrative Amendment #3 (8/22/18) – two new services added to contract</td>
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<td>Administrative Amendment #4 (5/20/19) – extension with additional budget amount for 2nd one-year extension</td>
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<td>Administrative Amendment #5 (1/17/20) – pricing updates for immunizations and extension with additional budget amount for 3rd one-year extension</td>
<td>55,850.00</td>
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<td>Proposed Additional Funds</td>
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<tr>
<td>Revised Contract Amount</td>
<td>$820,000.00</td>
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RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING ADDITIONAL FUNDS TO THE EXISTING MEDICAL SERVICES CONTRACT WITH OCCUPATIONAL HEALTH CENTERS OF THE SOUTHWEST, P.A. DBA CONCENTRA MEDICAL CENTERS; MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $154,000.00 FROM THE SYSTEM FUND; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE AN AMENDMENT TO THE EXISTING MEDICAL SERVICES CONTRACT WITH OCCUPATIONAL HEALTH CENTERS OF THE SOUTHWEST, P.A. DBA CONCENTRA MEDICAL CENTERS, AND TO PAY OCCUPATIONAL HEALTH CENTERS OF THE SOUTHWEST, P.A. DBA CONCENTRA MEDICAL CENTERS AN AMOUNT NOT TO EXCEED $154,000.00 FOR ADDITIONAL MEDICAL SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, on May 18, 2015, by Resolution No. 15-114, the San Antonio Water System’s (the “System”) Board of Trustees awarded a medical services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers, and provided funds for the initial three-year term in the amount of $482,970.00 for medical services to perform Environmental and Occupational Health Services, Drug and Alcohol Screening and Medical Review Services, Pre-Employment Physicals, Post-Accident and Return to Work Evaluation Services; and

WHEREAS, the Board of Trustees approved the contract with an initial term of three years beginning June 1, 2015 and expiring on May 31, 2018, with three successive one-year term extensions that were contingent upon Board approval of subsequent years’ budgets with a line item for such expenditures; and

WHEREAS, additional funding to the existing medical services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers in an amount not to exceed $154,000.00 is required for Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers to provide additional medical services and health screening services for the System’s facilities to address health and safety concerns arising from the COVID-19 pandemic; and
WHEREAS, additional funding in the amount of $154,000.00 is available from the System Fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve additional funds to the existing medical services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers in an amount not to exceed $154,000.00, (ii) to make available an amount not to exceed $154,000.00 from the System Fund, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute an amendment to the medical services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers, and to pay Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers an amount not to exceed $154,000.00 for the additional medical services; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Resolution No. 15-114 is hereby amended by approving additional funds to the existing medical services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers in an amount not to exceed $154,000.00.

2. That an amount not to exceed $154,000.00 is hereby made available and to be expended from the System Fund for the additional medical services.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute an amendment to the medical services contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers, and to pay Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers an amount not to exceed $154,000.00 for additional medical services.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 5th of May, 2020.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees  
FROM: Berto Guerra, Jr., Chairman  
SUBJECT: EXTENSION OF EMERGENCY DELEGATION OF AUTHORITY TO THE PRESIDENT/CHIEF EXECUTIVE OFFICER DURING THE COVID-19 PANDEMIC  

Board Action Date: May 5, 2020  

SUMMARY AND RECOMMENDATION:  

The attached Resolution extends the delegation of authority from the San Antonio Water System (the “System” or “SAWS”) Board of Trustees (the “Board”) granted in Resolution No. 20-086, dated on April 7, 2020 (the “Authorizing Resolution”), to the President/Chief Executive Officer to, as allowed by law, approve and execute any and all contracts, amendments and any other agreements, and make expenditures, all as necessary to provide infrastructure services for the maintenance and operation of the System and delivery of water and wastewater services during the emergency public health crisis created by the COVID-19 pandemic.

- Because of the imminent threat to the public health and safety created by the COVID-19 pandemic and the declarations of emergency by State and Local Government authorities, SAWS must be prepared to provide ongoing infrastructure services.

- In order to ensure SAWS’ ability to provide infrastructure services, and in light of the speed with which the COVID-19 emergency changes and progresses, the Board authorized the President/Chief Executive Officer, as allowed by law, to approve and execute any and all contracts, amendments and any other agreements, and make expenditures, all as necessary for the maintenance and operation of the System and to deliver water and wastewater services during the public health crisis created by the COVID-19 pandemic, all as provided in the Authorizing Resolution.

- The Authorizing Resolution provided that it would be effective until the next regular or special meeting of the Board, at which time the Authorizing Resolution would expire, unless expressly extended by further action by the Board.

- As of May 1, 2020, no action has been taken by the President/Chief Executive Officer under the Authorizing Resolution.

- Because the provisions of the Authorizing Resolution continue to be in the best interest of the System, acting as a Prudent Utility Operator, as defined in City of San Antonio Ordinance No. 75686 dated April 30, 1992, the Board desires to extend the Authorizing Resolution until the next regular or special meeting of the Board, at which time the
Authorizing Resolution will expire, unless expressly extended by further action by the Board.

**FINANCIAL IMPACT:**

There is no direct financial impact associated with the approval of this Resolution.
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES EXTENDING RESOLUTION NO. 20-086 DATED APRIL 7, 2020, WHICH DELEGATED AUTHORITY TO THE PRESIDENT/CHIEF EXECUTIVE OFFICER TO, AS ALLOWED BY LAW, APPROVE AND EXECUTE ANY AND ALL CONTRACTS, AMENDMENTS AND ANY OTHER AGREEMENTS, AND MAKE EXPENDITURES, ALL AS NECESSARY TO PROVIDE INFRASTRUCTURE SERVICES FOR THE MAINTENANCE AND OPERATION OF THE SYSTEM AND DELIVERY OF WATER AND WASTEWATER SERVICES DURING THE EMERGENCY PUBLIC HEALTH CRISIS CREATED BY THE COVID-19 PANDEMIC; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, because of the imminent threat to the public health and safety created by the COVID-19 pandemic and the declarations of emergency by State and Local Government authorities, the San Antonio Water System (the “System”) must be prepared to provide ongoing infrastructure services; and

WHEREAS, in order to ensure the System’s ability to provide infrastructure services, and in light of the speed with which the COVID-19 emergency changes and progresses, by Resolution No. 20-086, dated on April 7, 2020 (the “Authorizing Resolution”), the System’s Board of Trustees (the “Board”) authorized the President/Chief Executive Officer, as allowed by law, to approve and execute any and all contracts, amendments and any other agreements, and make expenditures, all as necessary for the maintenance and operation of the System and to deliver water and wastewater services during the public health crisis created by the COVID-19 pandemic); and

WHEREAS, the Authorizing Resolution provided that it would be effective until the next regular or special meeting of the Board, at which time the Authorizing Resolution would expire, unless expressly extended by further action by the Board; and

WHEREAS, because the provisions of the Authorizing Resolution continue to be in the best interest of the System, acting as a Prudent Utility Operator, as defined in City of San Antonio Ordinance No. 75686 dated April 30, 1992, the Board desires to extend the Authorizing Resolution until the next regular or special meeting of the Board, at which time the Authorizing Resolution will expire, unless expressly extended by further action by the Board; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

2. That Resolution No. 20-086 is hereby extended until the next regular or special meeting of the Board, at which time it will expire, unless expressly extended by further action by the Board.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 552 Government code.

4. That the recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to our limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 5th day of May, 2020.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Tracey B. Lehmann, P.E., Director, Development, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE WESTPOINTE WEST OFF-SITE SEWER EXTENSION – PHASE 2 PROJECT

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Pesado Construction Company, a local SBE contractor, in the amount of $5,699,891.60 on a Developer Customer construction contract, and authorizes the expenditure of funds in the amount of $3,166,859.77 for associated construction fees and reimbursements of $475,028.97 for associated design fees and easement cost to D.R. Horton (the “Developer”), in connection with the Westpointe West Off-Site Sewer Extension – Phase 2 Project.

- On April 7, 2020 by Resolution No. 20-060 the San Antonio Water System’s (the “System”) Board of Trustees approved a Utility Service Agreement to provide water and/or wastewater services to a tract of land known as Westpointe West, an approximately 1,503 acre tract, being developed by Vise Oaks I, LTD. and the oversizing of approximately 22,000 feet of wastewater main in order to conform with the San Antonio Water System Master Plan.

- The Developer is required to construct a 24-inch wastewater main. System staff recommends oversizing approximately 22,000 feet of the 24-inch main to a 36-inch main. The Developer is responsible for 44.44 percent of the oversizing of the 24-inch wastewater main to a 36-inch main for an estimated $4,576,000 of the project costs. The System is responsible for 55.56 percent of the oversizing of the 24-inch wastewater main to a 36-inch wastewater main for an estimated amount of $5,720,000.00.

- The System solicited bids for the construction of phase 2 of the oversize wastewater main. Upon Board authorization of the construction contract, the Developer will enter into a contract with both the Contractor and the System.

- This project consists of the oversize construction of approximately 13,254 feet of 36-inch wastewater main. The Westpointe West Off-Site Sewer Extension – Phase 2 Project is outside the City of San Antonio limits and is located within the System’s water and wastewater CCN.
• Pesado Construction Company has submitted the lowest responsible bid of $5,699,891.60 for the construction of the project.

• The System will pay Pesado Construction Company monthly, for the construction costs for the oversize project. The Developer will pay the System prior to beginning construction for the Developer’s proportionate share of the construction cost for the oversize project.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2020 Capital Improvement Program. This project is included in the Wastewater Core Business, Mains New Category, and Wastewater Main Oversizing budget line item under job number 18-1674. The applicable wastewater main oversize payment will be made monthly to Pesado Construction Company in accordance with the Utility Service Regulations. The applicable design fees and easement cost payment will be made to the Developer. The System will pay $3,166,859.77 for construction costs, $316,685.98 for associated design fees, and $158,342.99 for associated easement costs for a total cost of $3,641,888.74. The Developer will pay $2,533,031.83 of the construction costs and the remainder of the design fees and easement costs.

Upon completion of construction, the cost of the project will be recorded as a Developer contribution along with an allowance for reimbursement.

SUPPLEMENTARY COMMENTS:

Bids for this project were opened on April 9, 2020 at 3:00 PM. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pesado Construction Company*</td>
<td>$5,699,891.60</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>SJ Louis Construction of Texas, LTD</td>
<td>$5,705,029.98</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>M5 Utilities, LLC</td>
<td>$5,968,711.89</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>D Guerra Construction, LLC</td>
<td>$6,157,321.80</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Qro Mex Construction Co., Inc.</td>
<td>$6,674,695.80</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$6,683,456.33</td>
<td></td>
</tr>
<tr>
<td>Facilities Rehabilitation, Inc.</td>
<td>$6,941,498.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Mountain Cascade of Texas, LLC</td>
<td>$7,115,386.00</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Harper Brothers Construction</td>
<td>$7,148,959.38</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>National Power Rodding Corporation</td>
<td>$7,907,388.58</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder
The bid amount represents a 14.72 percent decrease from the engineer’s estimated construction cost. The contract provides for the completion of this project within 180 calendar days.

Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Westpointe West Off-Site Sewer Extension – Phase 2 Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pesado Construction Company</td>
</tr>
<tr>
<td>SMWVB Analysis – Board Award</td>
</tr>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
</tr>
<tr>
<td><strong>SMWVB Total</strong></td>
</tr>
</tbody>
</table>

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDED A CONSTRUCTION CONTRACT TO PESADO CONSTRUCTION COMPANY IN AN AMOUNT NOT TO EXCEED $5,699,891.60 IN CONNECTION WITH THE WESTPOINTE WEST OFF-SITE SEWER EXTENSION – PHASE 2 PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $3,166,859.77 FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE PROJECT WORK; AUTHORIZING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $316,685.98 FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE ENGINEERING DESIGN FEES; AUTHORIZING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $158,342.99 FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE EASEMENT ACQUISITION COSTS; AUTHORIZING A TOTAL AMOUNT NOT TO EXCEED $3,641,888.74 FROM SYSTEM'S WASTEWATER CORE BUSINESS, MAINS NEW CATEGORY, AND WASTEWATER MAIN OVERSIZING FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE PROJECT WORK, ENGINEERING FEES, AND EASEMENT ACQUISITION COSTS RELATED TO THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH D.R. HORTON AND PESADO CONSTRUCTION COMPANY AND PROVIDE PAYMENT IN AN AMOUNT NOT TO EXCEED $5,699,891.60 TO PESADO CONSTRUCTION COMPANY AND REIMBURSEMENTS OF $475,028.97 TO D.R. HORTON FOR THE SYSTEM'S PROPORTIONATE SHARE OF THE COST TO OVERSIZE THE PROPOSED WASTEWATER MAINS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, by Resolution No. 20-060, the San Antonio Water System’s (the “System”) Board of Trustees approved a Utility Service Agreement to provide water and/or wastewater services to a tract of land known as Westpointe West, an approximately 1,503-acre tract, being developed by Vise Oaks I, LTD. (the “Developer”), and the oversizing of approximately 22,000 feet of 24-inch wastewater main to 36-inch wastewater main, in order to conform with the San Antonio Water System Master Plan; and
WHEREAS, the Developer is required to construct a 24-inch wastewater main;

and

WHEREAS, the System has elected to oversize approximately 22,000 feet of the 24-inch wastewater main to a 36-inch wastewater main; and

WHEREAS, the System has solicited bids for the Westpointe West Off-Site Sewer Extension – Phase 2 Project (the “project work”); and

WHEREAS, the project work includes the oversize construction of approximately 13,254 feet of 24-inch wastewater main to 36-inch wastewater main; and

WHEREAS, Pesado Construction Company, a local SBE contractor, submitted the bid of $5,699,891.60 for construction of the project and this bid is determined to be the lowest responsible bid; and

WHEREAS, D.R. Horton is responsible for funding their proportionate share of the construction of the project; and

WHEREAS, D.R. Horton is responsible for 44.44 percent of the project costs for approximately 13,254 feet of 24-inch wastewater main oversize to a 36-inch wastewater main; the System is responsible for 55.56 percent of the project costs for approximately 13,254 feet of 24-inch wastewater main oversize to a 36-inch wastewater main; and

WHEREAS, the System will pay to Pesado Construction Company monthly, for the System’s proportionate share of the cost to oversize the wastewater main in accordance with the Board Regulations; and

WHEREAS, the amount of $3,641,888.74 is available in the System’s Wastewater Main Oversizing, Mains New Category, Wastewater Delivery Core Business Program for the System’s proportionate share of the project work costs, engineering fees, and easement costs related to oversizing the wastewater main extension; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a construction contract to Pesado Construction Company in the amount of $5,699,891.60 in connection with the Westpointe West Off-Site Sewer Extension – Phase 2 Project, (ii) to authorize System funds in the amount of $3,166,859.77 for the project work, (iii) to authorize System funds in the amount of $316,685.98 for design fees, (iv) to authorize System funds in the amount of $158,342.92 for easement costs, (v) to make available a total amount not to exceed $3,641,888.74 from the System’s Wastewater Main Oversizing, Mains New Category, Wastewater Delivery Core Business Program for the System’s proportionate share of the project work and engineering fees related to oversizing the proposed off-site wastewater main, and (vi) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with D.R. Horton and Pesado Construction Company for the project work, and to provide payment in an amount not to exceed $3,166,859.77 to Pesado Construction Company and reimbursements in an
amount not to exceed $475,028.97 to D.R. Horton for the System’s cost to oversize the proposed off-site wastewater main; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a construction contract in the amount of $5,699,891.60 is hereby awarded to Pesado Construction Company, who is determined to be the lowest responsible bidder, in connection with the Westpointe West Off-Site Sewer Extension – Phase 2 Project.

2. That the expenditure of System funds in the amount of $3,166,859.77 for the System's proportionate share of the project work is hereby approved.

3. That the expenditure of System funds in the amount of $316,685.98 for the System’s proportionate share of engineering design fees and $158,342.99 for the System’s proportionate share of easement acquisition costs associated with the project work is hereby authorized and approved.

4. That a total amount not to exceed $3,641,888.74 consisting of the System’s proportionate share of the project work costs and engineering fees related to the 36-inch oversized (24-inch required) wastewater main is hereby made available and is to be expended from the System’s Wastewater Main Oversizing, Mains New Category, Wastewater Delivery Core Business Program.

5. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract with D.R. Horton and Pesado Construction Company, and to provide payment in an amount not to exceed $3,166,859.77 for the cost to oversize and construct the wastewater main to Pesado Construction Company, and reimbursements in an amount not to exceed $475,028.97 to D.R. Horton in accordance with the Utility Service Regulations in connection with the Westpointe West Off-Site Sewer Extension – Phase 2 Project.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
8. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED on this 5th day of May, 2020.

________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Tracey B. Lehmann, P.E., Director, Development, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: UTILITY SERVICE AGREEMENTS FOR WATER AND/OR WASTEWATER SERVICES FOR TRACTS REQUIRING THE SAN ANTONIO WATER SYSTEM’S FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH OVERSIZING AND/OR IMPACT FEE CREDITS AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY

Board Action Date: May 5, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution approves Utility Service Agreements (USA) to provide water and/or wastewater services to specified tracts of land requiring the San Antonio Water System’s (the “System”) financial participation in the development of infrastructure through oversizing and/or impact fee credits, and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity (CCN).

- This board item consists of five tracts, which total 2,033.28 acres; 9,018 water Equivalent Dwelling Units (EDUs); and 8,900 wastewater EDUs.

- Board approval is required since the tracts require the System’s financial participation in the development of infrastructure through oversizing and/or impact fee credits and/or are located outside the System’s water and/or wastewater CCN.

- The Lone Oak Subdivision Tract is located inside the City of San Antonio, inside the System’s water CCN and inside the wastewater CCN. The USA provides 1,157 EDUs of water and 1,045 EDUs of wastewater services and consists of oversized infrastructure.

- The Ruby Crossing Tract is located inside the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and inside the wastewater CCN. The USA provides 611 EDUs of water and 605 EDUs of wastewater services and consists of oversized infrastructure.
The Talley Road Subdivision Tract is located inside the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and inside the wastewater CCN. The USA provides 1,050 EDUs of water and 1,050 EDUs of wastewater services and consists of oversized infrastructure and impact fee credits.

The Schuchart Family Tract is located inside the City of San Antonio Extra Territorial Jurisdiction, outside the System’s water CCN and outside the wastewater CCN. The USA provides 4,700 EDUs of water and 4,700 EDUs of wastewater services and consists of oversized infrastructure and impact fee credits.

The Schuchart Lake Ranch Tract is located inside the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and inside the wastewater CCN. The USA provides 1,500 EDUs of water and 1,500 EDUs of wastewater services and consists of oversized infrastructure and impact fee credits.

The Developer is required to install all necessary on-site facilities in accordance with the Board’s regulations and at the Developer’s total cost.

The Developer is responsible for the construction and engineering costs associated with all required water and/or wastewater mains to serve the tract (on-site and off-site).

Staff recommends that the Board approve this resolution.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>JBSA</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract</td>
<td>MacDonald Companies</td>
<td>218</td>
<td>1,157</td>
<td>1,045</td>
<td>CoSA</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>2</td>
<td>Ruby Crossing Tract</td>
<td>Lennar Homes</td>
<td>70</td>
<td>611</td>
<td>605</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>3</td>
<td>Talley Road Subdivision Tract</td>
<td>Talley Road Extension Revitalization Initiative, LLC</td>
<td>204.83</td>
<td>1,050</td>
<td>1,050</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR &amp; IFC</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract</td>
<td>Chris Schuchart</td>
<td>1,175</td>
<td>4,700</td>
<td>4,700</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR &amp; IFC &amp; CCN</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract</td>
<td>HK Real Estate Development</td>
<td>365.45</td>
<td>1,500</td>
<td>1,500</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR &amp; IFC</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td>2,033.28</td>
<td>9,018</td>
<td>8,900</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
EXTENT AND CONDITIONS OF UTILITY SERVICE AGREEMENTS:

Upon approval by the System of this USA, the Developer Customer has 36 months to complete the required utility master plan and to start construction. If the Developer Customer fails to complete these requirements within the 36-month period, the USA will expire and a request for a new agreement must be submitted to the System. During the effective term of this USA, capacity in the System’s water and wastewater systems will be set aside. The Developer Customer is not guaranteed capacity until all required off-site infrastructure is built by the Developer, accepted by the System, and all impact fees are paid.

FINANCIAL IMPACT:

In compliance with the System’s Board of Trustees water extension policy, Developer Customer applicants are responsible for financing all required local benefit facilities and for payment of all applicable impact fees. The Developers will contribute all impact fees in effect at the time of plat recordation or the latest date allowable by law for each subdivision unit. The fees to be collected by the System will be recorded in the Service Recovery Account and are estimated as follows, based on current charges and full build out of the tracts:

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Water Impact Fees</th>
<th>Wastewater Impact Fees</th>
<th>Total Impact Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract</td>
<td>$5,494,593.00</td>
<td>$1,622,885.00</td>
<td>$7,117,478.00</td>
</tr>
<tr>
<td>2</td>
<td>Ruby Crossing Tract</td>
<td>$2,901,639.00</td>
<td>$939,565.00</td>
<td>$3,841,204.00</td>
</tr>
<tr>
<td>3</td>
<td>Talley Road Subdivision Tract</td>
<td>$5,153,400.00</td>
<td>$2,187,150.00</td>
<td>$7,340,550.00</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract</td>
<td>$23,067,600.00</td>
<td>$9,790,100.00</td>
<td>$32,857,700.00</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract</td>
<td>$7,362,000.00</td>
<td>$3,124,500.00</td>
<td>$10,486,500.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$43,979,232.00</strong></td>
<td><strong>$17,664,200.00</strong></td>
<td><strong>$61,643,432.00</strong></td>
</tr>
</tbody>
</table>

The System is responsible for providing access to existing general benefit facilities and/or financing the construction of additional general benefit facilities.
OVERSIZING AND/OR IMPACT FEE CREDITS:

The following USAs have recommendations for the System’s financial participation in the development of infrastructure through oversizing and/or impact fee credits and/or facilities based on the System’s Master Plan.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Oversize System</th>
<th>Oversize Developer</th>
<th>Oversize Total</th>
<th>Oversize Developer (%)</th>
<th>Oversize System (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract LS/FM WW</td>
<td>$2,396,788.00</td>
<td>$435,212.00</td>
<td>$2,832,000.00</td>
<td>15.37%</td>
<td>84.63%</td>
</tr>
<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract 18-INCH WW</td>
<td>$481,000.00</td>
<td>$384,800.00</td>
<td>$865,800.00</td>
<td>44.44%</td>
<td>55.56%</td>
</tr>
<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract 24-INCH WW</td>
<td>$374,400.00</td>
<td>$124,800.00</td>
<td>$499,200.00</td>
<td>25.00%</td>
<td>75.00%</td>
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<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract 15-INCH WW</td>
<td>$97,500.00</td>
<td>$0.00</td>
<td>$97,500.00</td>
<td>0.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2</td>
<td>Ruby Crossing Tract LS/FM WW</td>
<td>$2,579,952.00</td>
<td>$252,048.00</td>
<td>$2,832,000.00</td>
<td>8.90%</td>
<td>91.10%</td>
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<tr>
<td>2</td>
<td>Ruby Crossing Tract 18-INCH WW</td>
<td>$865,800.00</td>
<td>$0.00</td>
<td>$865,800.00</td>
<td>0.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2</td>
<td>Ruby Crossing Tract 24-INCH WW</td>
<td>$443,733.33</td>
<td>$55,466.67</td>
<td>$499,200.00</td>
<td>11.11%</td>
<td>88.89%</td>
</tr>
<tr>
<td>2</td>
<td>Ruby Crossing Tract 15-INCH WW</td>
<td>$697,666.67</td>
<td>$277,333.33</td>
<td>$975,000.00</td>
<td>28.44%</td>
<td>71.56%</td>
</tr>
<tr>
<td>3</td>
<td>Talley Road Subdivision Tract 12-INCH W*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Talley Road Subdivision Tract 36-inch WW*</td>
<td>$12,064,000.00</td>
<td>$1,508,000.00</td>
<td>$13,572,000.00</td>
<td>11.11%</td>
<td>88.89%</td>
</tr>
<tr>
<td>3</td>
<td>Talley Road Subdivision Tract 30-INCH WW*</td>
<td>$1,048,320.00</td>
<td>$199,680.00</td>
<td>$1,248,000.00</td>
<td>16.00%</td>
<td>84.00%</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract Production Facility</td>
<td>$9,467,960.00</td>
<td>$4,832,040.00</td>
<td>$14,300,000.00</td>
<td>66.21%</td>
<td>33.79%</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract Elevated Storage Tank</td>
<td>$6,120,000.00</td>
<td>$1,880,000.00</td>
<td>$8,000,000.00</td>
<td>23.50%</td>
<td>76.50%</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract 24-INCH W*</td>
<td>$1,684,800.00</td>
<td>$2,995,200.00</td>
<td>$4,680,000.00</td>
<td>64.00%</td>
<td>36.00%</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract 16-INCH W*</td>
<td>$1,684,800.00</td>
<td>$2,995,200.00</td>
<td>$4,680,000.00</td>
<td>64.00%</td>
<td>36.00%</td>
</tr>
</tbody>
</table>
Utility Service Agreements to the Specified Tracts Requiring Oversizing
And/or Outside the System’s Water and/or Wastewater CCN

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Oversize System</th>
<th>Oversize Developer</th>
<th>Oversize Total</th>
<th>Oversize Developer (%)</th>
<th>Oversize System (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Schuchart Family Tract 27-INCH WW</td>
<td>$825,067.00</td>
<td>$368,333.00</td>
<td>$1,193,400.00</td>
<td>30.86%</td>
<td>64.19%</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract LS/FM*</td>
<td>$936,000.00</td>
<td>$528,000.00</td>
<td>$1,464,000.00</td>
<td>36.07%</td>
<td>63.93%</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract Production Facility</td>
<td>$12,062,600.00</td>
<td>$2,237,400.00</td>
<td>$14,300,000.00</td>
<td>84.35%</td>
<td>15.65%</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract Elevated Storage Tank</td>
<td>$7,400,000.00</td>
<td>$600,000.00</td>
<td>$8,000,000.00</td>
<td>7.50%</td>
<td>92.50%</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract 24-INCH W*</td>
<td>$2,114,667.00</td>
<td>$1,691,733.00</td>
<td>$3,806,400.00</td>
<td>44.44%</td>
<td>55.56%</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract 16-INCH W*</td>
<td>$3,931,200.00</td>
<td>$748,800.00</td>
<td>$4,680,000.00</td>
<td>16.00%</td>
<td>84.00%</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract 30-INCH WW*</td>
<td>$957,667.00</td>
<td>$235,733.00</td>
<td>$1,193,400.00</td>
<td>19.75%</td>
<td>80.25%</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract LS/FM*</td>
<td>$1,104,000.00</td>
<td>$360,000.00</td>
<td>$1,464,000.00</td>
<td>24.59%</td>
<td>75.41%</td>
</tr>
</tbody>
</table>

$67,653,121.00 | $19,714,579.00 | $87,367,700.00

*Note: The Developer is eligible for impact fee credits for their share of the cost for the water and/or wastewater infrastructure.

The Developer is required to install all other necessary on-site facilities in accordance with the Board’s regulations at the Developer’s total cost.

Attachments: Table 1, Tract Information
<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Principal</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>JBSA</th>
<th>Acres</th>
<th>Water EDU</th>
<th>WW EDU</th>
<th>Watershed</th>
<th>Board Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract</td>
<td>MacDonald Companies</td>
<td>Granger MacDonald</td>
<td>CoSA</td>
<td>OUTSIDE</td>
<td>N</td>
<td>750</td>
<td>218</td>
<td>1,157</td>
<td>1,045</td>
<td>Palo Blanco Creek-Medina River</td>
</tr>
<tr>
<td>2</td>
<td>Ruby Crossing Tract</td>
<td>Lennar Homes</td>
<td>Richard Mott</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>830</td>
<td>70</td>
<td>611</td>
<td>605</td>
<td>Palo Blanco Creek-Medina River</td>
</tr>
<tr>
<td>3</td>
<td>Talley Road Subdivision Tract</td>
<td>Talley Road Extension Revitalization Initiative, LLC</td>
<td>Gordon Hartman</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>1170</td>
<td>204.83</td>
<td>1,050</td>
<td>1,050</td>
<td>Medio Creek</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract</td>
<td>Chris Schuchart</td>
<td>Chris Schuchart</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>1170</td>
<td>1,175</td>
<td>4,700</td>
<td>4,700</td>
<td>Diversion Lake-Medina River &amp; Lower San Geronimo Creek</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lake Ranch Tract</td>
<td>HK Real Estate Development</td>
<td>Paul Kuo</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>1170</td>
<td>365.45</td>
<td>1,500</td>
<td>1,500</td>
<td>Diversion Lake-Medina River</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>2,033.28</strong></td>
<td><strong>9,018</strong></td>
<td><strong>8,900</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Acronyms:**

- EARZ = Edwards Aquifer Recharge Zone
- OVR = Oversizing
- IFC = Impact Fee Credits
- CZ = Edwards Aquifer Contributing Zone
- WW = Wastewater
- PZ = Pressure Zone
- CoSA = City of San Antonio limits
- ETJ = Extraterritorial Jurisdiction
- JBSA = Joint Base San Antonio Buffer Zone
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING UTILITY SERVICE AGREEMENTS TO PROVIDE WATER AND/OR WASTEWATER SERVICES TO THE SPECIFIED TRACTS OF LAND REQUIRING THE SAN ANTONIO WATER SYSTEM’S FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH OVERSIZING AND/OR IMPACT FEE CREDITS AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM’S WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN), SUBJECT TO THE EXPIRATION OF SUCH AGREEMENT IF NOT EXERCISED IN THIRTY-SIX MONTHS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Developer Customer, specified in the table below, has requested the San Antonio Water System (the “System”) to provide water and/or wastewater service(s), and has satisfied the requirements of the Board’s Regulations for Developer Customer Applicant; and

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>JBSA</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lone Oak Subdivision Tract</td>
<td>MacDonald Companies</td>
<td>218</td>
<td>1,157</td>
<td>1,045</td>
<td>CoSA</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>2</td>
<td>Ruby Crossing Tract</td>
<td>Lennar Homes</td>
<td>70</td>
<td>611</td>
<td>605</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>3</td>
<td>Talley Road Subdivision Tract</td>
<td>Talley Road Extension Revitalization Initiative, LLC</td>
<td>204.83</td>
<td>1,050</td>
<td>1,050</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR &amp; IFC</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>4</td>
<td>Schuchart Family Tract</td>
<td>Chris Schuchart</td>
<td>1,175</td>
<td>4,700</td>
<td>4,700</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR &amp; IFC &amp; CCN</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
</tr>
<tr>
<td>5</td>
<td>Schuchart Lakes Tract</td>
<td>HK Real Estate Development</td>
<td>365.45</td>
<td>1,500</td>
<td>1,500</td>
<td>CoSA ETJ</td>
<td>OUTSIDE</td>
<td>N</td>
<td>OVR &amp; IFC</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td>2,033.28</td>
<td>9,018</td>
<td>8,900</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

WHEREAS, the Developer Customer’s provisions to acquire water and/or wastewater services within the System’s jurisdiction is generally illustrated in the attached Project Site Maps; and
WHEREAS, the Developer Customer is obligated to pay the prescribed fees and to comply with other applicable requirements as set forth in the Regulations for Water and/or Wastewater Service; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Utility Service Agreements and to provide water and/or wastewater services to tracts of land requiring the System’s financial participation in the development of infrastructure through oversizing and/or impact fee credits and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity, and (ii) to provide that the Utility Service Agreement will be honored for a period of thirty-six months, and that if not exercised during this period, the Utility Service Agreement will expire; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the System hereby approves the Utility Service Agreements and agrees to provide water and/or wastewater services to tracts of land requiring the System’s financial participation in the development of infrastructure through oversizing and/or impact fee credits and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity as generally illustrated in the attached Project Site Maps hereto, on a Developer Customer basis as provided for in the Board's Regulations, applicable amendments to the Regulations, and any other applicable federal, state or local regulations.

2. That the Utility Service Agreement shall be honored for a period of thirty-six months, and if not exercised during this thirty-six-month period, the Utility Service Agreement will expire.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 5th day of May, 2020.

__________________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________________
Amy Hardberger, Secretary

Attachments:
Location Map
Project Site Maps
Utility Service Agreements outside of SAWS water or wastewater CCN and/or with oversized infrastructure and/or impact fee credits

<table>
<thead>
<tr>
<th>Board Approved USA</th>
<th>Acreage</th>
<th>Water EDUs</th>
<th>Wastewater EDUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Items Total:</td>
<td>2,033.28</td>
<td>9,018</td>
<td>8,900</td>
</tr>
<tr>
<td>Year-to-Date Total:</td>
<td>5,162.68</td>
<td>21,083</td>
<td>20,397</td>
</tr>
</tbody>
</table>
Approximately 1,600 feet of Oversized 24-inch Main

Approximately 5,000 feet of Oversized 15-inch Main

Approximately 3,700 feet of Oversized 18-inch Main (100% SAWS)

Lift station to be eliminated

Lift station to be eliminated

Steven M. Clouse Water Recycling Center

Ruby Crossing
611 Water EDUs
605 Sewer EDUs
70 Acres
USA-21913
Phase III: Proposed Elevated Storage Tank

Phase I:
- Proposed 12-inch Main
- Proposed 24-inch Main
- Proposed 16-inch Main

Phase II: Proposed Production Facility

Schuchart Family Tract
- 4,700 Water EDUs
- 4,700 Sewer EDUs
- 1,175 Acres

USA-20273

Legend
- Existing Water Main
- USA Tract
- Parcels Update
- Proposed 12-inch Main
- Proposed 16-inch Main
- Proposed 24-inch Main

Project Location

Scale: 0, 1,200, 2,400, 4,800 Feet
Schuchart Family Tract
4,700 Water EDUs
4,700 Sewer EDUs
1.175 Acres
USA-20273

Approximately 3,400-feet of Oversized 27-inch Main

Proposed Oversized Western Lift Station

Approximately 12,000-feet of Oversized 30-inch Main

Proposed Eastern Lift Station

Future 36-inch Sewer Main
Phase I
- Proposed 16-inch Main
- Proposed 12-inch Main
- Proposed Elevated Storage Tank
- Proposed Production Facility

Phase II
- Proposed Production Facility

Phase III
- Proposed Elevated Storage Tank
- Proposed 24-inch Main

Approximately 12,200 LF of Oversized 24-inch Main

San Antonio Water System
USA Tract
Existing Water Main
Parcels Update
Proposed 24-inch Main
Proposed 16-inch Main
Proposed 12-inch Main
Proposed Elevated Storage Tank
Proposed Production Facility

Legend

Project Location

Attachment III:
USA-2253
Lake Ranch Tract
Proposed Water Infrastructure Map
365.45 Acres