

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
May 5, 2026

Board Members Present:

Jose Graveley
Imelda Garza
Frances Garcia
Daniel Morales
Joe Morales
Angela Pena
Patsy Rodgers

Board Members Absent:

Tanya Lawhon
Art Rodriguez

Staff Present:

John Marez
Victor Gutierrez
August Patroelj
Clarissa Vargas

Guests Present:

Charlie Zahn (Zoom)
Kasy Stinson, Seven Seas
Ivan Luna, I.C.E.
Andrew Mendez
Ansar Palakkal, I.C.E.

1. Call to Order.

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

2. Citizen Comments.

Mr. Graveley opened the floor to citizen's comments. No public comments were made.

3. New Board Members' Oaths of Office.

No Oaths of Office were administered.

4. Election of officers.

Election of officers will be held at the next meeting.

5. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the March 30, 2026 Regular Meeting as presented. Ms. Garcia seconded. The motion passed by unanimous vote.

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

The Quarterly Report was not presented.

The following reports were presented for Board approval:

Treasurer's Report for period ending March 31, 2026
STWA Income Statement – Comparison to Prior Year for March, 2026
Revenue Fund Income Statement for period ending March 31, 2026
Special Services Income Statement for period ending March 31, 2026
Tax Fund Income Statement for period ending March 31, 2026
STWA Revenue Fund Trial Balance – March, 2026
STWA Revenue Fund Balance Sheet – March, 2026
STWA Debt Service Fund Income Statement for period ending March 31, 2026
STWA Debt Service Fund Trial Balance – March, 2026
STWA Debt Service Fund Balance Sheet – March, 2026
STWA Capital Projects Fund Income Statement for period ending March 31, 2026
STWA Capital Projects Fund Trial Balance – March, 2026
STWA Capital Projects Fund Balance Sheet – March, 2026
Outstanding Water and O&M Invoices – NCWC&ID#5 and City of Driscoll

The following invoices were presented for Board approval:

• Charles W. Zahn, Jr., Attorney at Law (March)	\$ 10,620.00
• International Consulting Engineers	\$ 16,404.50
• International Consulting Engineers	\$ 13,665.50
• International Consulting Engineers	\$ 10,367.00
• International Consulting Engineers	\$ 18,399.65
• International Consulting Engineers	\$ 12,146.00
• International Consulting Engineers	\$ 14,315.50

Mr. D. Morales questioned if interest can be charged on the outstanding Water and O&M invoices and Mr. Zahn replied that STWA can charge interest on those invoices. Mr. J. Morales asked for a briefing on the Seven Seas expenses. Mr. Ivan Luna explained that work was done for modeling and assessment of the feasibility of transporting water from Seven Seas. Additional work was done to evaluate and prepare a plan for the valve assessment. Ms. Garza made a motion to approve the Treasurer's Report and payment of bills as presented. Ms. Garcia seconded. The motion passed unanimously.

7. Operation and Maintenance Report.

Mr. Marez presented the Operation and Maintenance Report for the weeks of March 30 to April 27, 2026. No additional information was requested by the Board.

8. Fiscal Year 2026 Budget Amendments.

Mr. Patroelj reviewed the proposed amendments to the FY 2026 Budget. He stated that no mid-year adjustments are needed for Revenues but noted that the "Fee in Lieu of Taxes" was underbudgeted and will be adjusted at year end. Additional Operations and Maintenance Fees Revenues are over budget due to FY 2025 corporation expenses that were charged and

reimbursed in FY 2026 for Telephone & Technology and Standby Pay. These reimbursements are now up to date.

Total Expenses increased by a total of \$38,656.83 in the following budgeted line items:

Vacation Buy Back – \$224.32
Overtime Expense – \$10,570.28
Workers Compensation – \$8,814.73
Medicare – \$8,703.86
Auditing – \$3,000
Property Insurance – \$755.82
Auto Insurance – \$345
Rental Equipment/Uniforms – \$6,242.82

Mr. Patroelj explained that most of these expenses were estimated during budget preparation and are being adjusted because the true costs were received after the budget was adopted. He requested approval of the recommended adjustments. Mr. J. Morales made a motion to approve the FY 2026 Budget Amendments. Mr. D. Morales seconded. The motion carried.

9. Authorization to extend professional services support agreement with High Touch Technologies.

Mr. Marez presented an updated technology support proposal from High Touch Technologies and explained to the Board that STWA's previous agreement with High Touch has expired. He asked the Board to consider approval of a 60-month agreement in order to receive the best pricing. He added that continuing the partnership with High Touch will strengthen cybersecurity, improve reliability and provide predictable IT costs. Mr. J. Morales made a motion to approve the 60-month agreement with High Touch, Ms. Garza seconded and the motion passed by unanimous vote.

10. Update on Seven Seas Project.

Mr. Kasy Stinson from Seven Seas provided an update on the Seven Seas project. He stated that a well driller has been selected and will begin working onsite in early June. The process for discussions on well disposal permits with TCEQ has been reactivated. Seven Seas is also selecting an overseeing hydrogeologist who will be onsite with the well driller for all of the testing. Additionally, while the land lease agreement is being finalized, they are working on a land access agreement. Mr. Stinson also explained that at the Driscoll location, there was a layer of water producing sand that they expected to be present but was not, so when tested, the well was less productive. At the new location, in addition to drilling, logging and verifying thickness of the sand, there is 10 times the acreage which will allow greater water production. Mr. Marez added that the water that is expected to be produced has been included in the Regional Water Planning Group's Water Plan.

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

11.a. Receive legal advice from counsel regarding alternate water sources.

Mr. Graveley announced that the Board would convene in Closed Session at 6:30 p.m. pursuant to Section 551.071 of the Government Code to receive legal advice from counsel regarding an alternate source of water for the Authority.

The Board reconvened in Open Session at 7:00 p.m. No action was taken during Closed Session.

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

13. Administration Report.

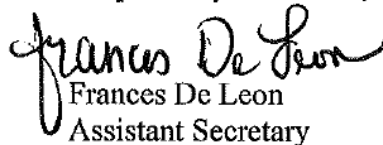
- Future Board Meeting Dates

Mr. Marez informed the Board that the next meeting is scheduled for May 26th but can be moved to June 2nd if needed.

14. Adjournment.

With no further business to discuss, Mr. J. Morales moved to adjourn the meeting at 7:02 p.m. Mr. D. Morales seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary