

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
February 10, 2026

Board Members Present:

Jose Graveley
Frances Garcia
Patsy Rodgers
Tanya Lawhon
Daniel Morales
Joe Morales
Angela Pena

Board Members Absent:

Imelda Garza
Art Rodriguez

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Patrick Sendejo
Victor Gutierrez
August Patroelj
Clarissa Vargas

Guests Present:

Greg Szuman, Willatt & Flickinger (Zoom)
Rogelio Rodriguez, Water Finance
Exchange (Zoom)
Ivan Luna, I.C.E.
Ansar Palakkal, I.C.E.
Chris Cuellar, Nueces County
Kasy Stinson, Seven Seas
Rosana Ramirez, Seven Seas
Bobby Villarreal, Estrada-Hinojosa
Dan Martinez (Zoom)
Isaiah Huerta (Zoom)
Charlie Zahn (Zoom)
Andrew Mendez
Myra Alaniz
Holly Bolkholt
John Loera

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:31 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. Mr. Andrew Mendez addressed the Board regarding the proposed bond election. He noted a lack of clarity and asked about a plan if the voters say no.

3. Consideration and approval of an order calling a bond election for the South Texas Water Authority, making provision for the conduct of the election, and resolving other matters incident and related to such election.

Mr. Graveley and Mr. D. Morales asked about efforts to inform the public and if town halls would be held. Mr. Marez responded that once the Board approves calling an election, staff will begin working on scheduling informative sessions with the public. Mr. J. Morales urged the board to listen to the presentation before making a decision.

Mr. Bobby Villarreal, Estrada-Hinojosa, provided an overview of the bond referendum. He stated that a balance of approximately \$2,400,000 remains on STWA's 2013 bonds. He added that in 2022 STWA's total tax rate was 8.2 cents and currently the rate is 5.97 cents. He reviewed the propositions and summarized that the impact on the tax rate is about \$0.095 per \$100 of taxable value annually or \$7.92 per month on a home valued at \$100,000. He noted that adding the \$10,000,000 TWDB grant to the calculation drops the tax rate to \$0.08 per \$100 of taxable value.

Mr. J. Morales pointed out that ultimately the decision is up to the taxpayers and STWA can provide options and information at public meetings. He moved to approve an order calling a bond election for the South Texas Water Authority, making provision for the conduct of the election, and resolving other matters incident and related to such election. Mr. Graveley seconded the motion which then passed unanimously.

4. Consideration and possible action to approve a resolution by the South Texas Water Authority requesting financial participation from the Texas Water Development Board; authorizing the filing of an application for financial participation; and making certain findings in connection therewith.

Dr. Lawhon moved to approve a resolution by the South Texas Water Authority requesting financial participation from the Texas Water Development Board; authorizing the filing of an application for financial participation; and making certain findings in connection therewith. Ms. Garcia seconded and the motion passed by unanimous vote.

5. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the December 9, 2025 Regular Meeting as presented. Dr. Lawhon seconded. The motion passed by unanimous vote.

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

The following reports were presented for Board approval:

Financial Statement Analysis for December 2025 – Budget Issues/Concerns
STWA Investment Report for the Quarter ended December 31, 2025
STWA Cash Report by Fund/Account for December, 2025
Corrected STWA Income Statement – Comparison to Prior Year for October, 2025
Corrected Revenue Fund Income Statement for period ending October 31, 2025
Corrected STWA Revenue Fund Trial Balance – October, 2025
Treasurer's Report for period ending November 30, 2025
STWA Income Statement – Comparison to Prior Year for November, 2025
Revenue Fund Income Statement for period ending November 30, 2025
STWA Revenue Fund Trial Balance – November, 2025

Tax Fund Income Statement for period ending November 30, 2025
Special Services Income Statement for period ending November 30, 2025
STWA Debt Service Fund Income Statement for period ending November 30, 2025
STWA Debt Service Fund Trial Balance – November, 2025
STWA Capital Projects Fund Income Statement for period ending November 30, 2025
STWA Capital Projects Fund Trial Balance – November, 2025
Treasurer’s Report for period ending December 31, 2025
STWA Income Statement – Comparison to Prior Year for December, 2025
Revenue Fund Income Statement for period ending December 31, 2025
STWA Revenue Fund Trial Balance – December, 2025
Tax Fund Income Statement for period ending December 31, 2025
Special Services Income Statement for period ending December 31, 2025
STWA Capital Projects Fund Income Statement for period ending December 31, 2025
STWA Capital Projects Fund Trial Balance – December, 2025
STWA Debt Service Fund Income Statement for period ending December 31, 2025
STWA Debt Service Fund Trial Balance – December, 2025

The following outstanding invoices were presented for Board approval:

- Charles W. Zahn, Jr., Attorney at Law (Nov/Dec) \$ 25,860.00
- Willatt & Flickinger, Attorneys at Law (Dec) \$ 5,771.75
- Willatt & Flickinger, Attorneys at Law (Jan) \$ 5,651.75

Mr. D. Morales made a motion to approve the Quarterly Report and Treasurer’s Report as presented. Ms. Garcia seconded. The motion passed unanimously. Mr. J. Morales made a motion to approve payment of the bills as presented. Ms. Rodgers seconded. The motion passed unanimously.

7. Operation and Maintenance Report.

Mr. Sendejo reported that the newest fleet vehicle has been delivered and accessories will be added this week. Field staff has been busy trying to keep up with leak repairs following the recent freeze. Work continues on the ARV assessment with ICE. Mr. Sendejo noted that problems were encountered at the beginning of the project when ARV components broke due to corrosion. Mr. Ivan Luna, I.C.E., explained that the contractor was able to make the repair and in order to avoid further damage, they will change the manner of assessing to focus on making recommendations to either repair or replace each valve.

8. Discussion and possible action on Board of Directors’ compensation.

Mr. Marez presented Resolution 26-01 setting the Directors’ Fees. He explained that the Board previously adopted a director compensation rate but he feels that the annual cap should be raised because of the increase in the number of Board meetings. He recommended approval of the resolution authorizing director fees in an amount consistent with the Texas Water Code which allows a \$7,200 annual cap.

9. **Resolution 26-01. A Resolution authorizing Directors' Fees in accordance with Section 49.060 of the Texas Water Code for each day a director spends performing the duties of director.**

Mr. Graveley made a motion to adopt Resolution 26-01 increasing the annual cap to match the Texas Water Code. Ms. Garcia seconded. The motion passed on a vote of 5 to 2 with Mr. D. Morales and Dr. Lawhon voting against the motion.

10. **Purchase of Black Mountain Software Asset Manager Module.**

Mr. Marez presented a quote for the Asset Manager module offered by Black Mountain Software (BMS) in the amount of \$1,670 per year and a one-time conversion fee of \$605. Mr. Patroelj explained that STWA currently uses BMS accounting software and this would be an additional module to assist with asset management. Dr. Lawhon made a motion to authorize purchase of the Black Mountain Software Asset Manager Module as quoted. Mr. D. Morales seconded. All voted in favor.

11. **Resolution 26-02. Resolution appointing Frances De Leon and August Patroelj to serve as assistant secretaries for South Texas Water Authority.**

Mr. Marez presented Resolution 26-02 appointing Frances De Leon and August Patroelj to serve as assistant secretaries for South Texas Water Authority. He explained that Ms. De Leon was previously designated as assistant secretary and this resolution would add Mr. Patroelj. Dr. Lawhon made a motion to adopt Resolution 26-02. Mr. J. Morales seconded the motion. All voted in favor.

12. **Appointment of South Texas Water Authority co-investment officers.**

Mr. Marez stated that Ms. Wagner, Ms. De Leon and Valerie Garcia were previous appointed STWA co-investment officers. Since Ms. Wagner will be retiring soon and Ms. Garcia is longer employed at STWA, he recommended appointing Mr. Patroelj and Ms. Vargas as additional co-investment officers. Ms. Wagner added that public funds investment training is required but she will verify that Ms. Vargas completed the training.

13. **Resolution 26-03. Resolution appointing August Patroelj and Clarissa Vargas as STWA's co-investment officers.**

Dr. Lawhon made a motion to approve Resolution 26-03 appointing August Patroelj and Clarissa Vargas as STWA's co-investment officers upon verification of training hours and allowing up to three months to complete the training. Ms. Rodgers seconded the motion and all voted in favor.

15. **Approval to transfer Cathodic Protection Technician position to Field Technician.**

Mr. Marez stated that additional support is needed in field operations due to increased workload demands across the Authority and two water supply corporations. He recommended reclassifying the vacant Cathodic Protection Technician position to a Field Technician to better support operational and compliance needs. Dr. Lawhon made a motion to authorize the transfer and

reclassification of the vacant Cathodic Protection Technician position to a Field Technician position. Ms. Rodgers seconded the motion and all voted in favor.

16. Update on Seven Seas Project.

Mr. Kasy Stinson, representing Seven Seas, said that he previously updated the Board on changes needed on the contract to include injection wells, and the Board has tabled action on the amended contract at the previous meetings. He said he remains available to address questions. Dr. Lawhon asked about results on the drilling. Mr. Stinson explained that there has been a change in the scope of the project and drilling will not begin until the contract amendment and land access agreement are signed.

14. Appointment of Assistant Executive Director.

17. 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.

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

Mr. Graveley announced that the Board would convene in Closed Session at 6:48 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 Section 551.074 to discuss appointment of Assistant Executive Director.

14. Appointment of Assistant Executive Director.

The Board reconvened in Open Session at 8:07 p.m. No action was taken during Closed Session. Ms. Garcia made a motion to appoint Ms. De Leon as Assistant Executive Director effective March 16, 2026. Dr. Lawhon seconded the motion. The motion passed on a vote of 6-0. Mr. J. Morales abstained.

18. 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.

18.a. Discuss and take action to approve Second Amended and Restated Water Supply Agreement by and between South Texas Water Authority and Seven Seas Water (STWA) USA, LLC.

Mr. D. Morales made a motion to table this item. Dr. Lawhon seconded and all voted in favor.

19. Administration Report.

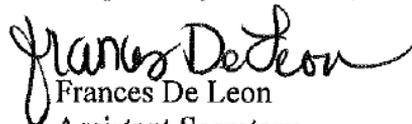
- Future Board Meeting Dates

Mr. Marez informed the Board that staff would contact them to determine if a quorum will be available for a February 23rd meeting. One of the items on the agenda will be addressing the salary of the Assistant Executive Director. He reported that he attended the February 9th Coastal Bend Bays & Estuaries Foundation meeting hosted by the Nueces River Authority. He plans to attend the Regional Water Planning Group meeting on February 12th.

20. Adjournment.

With no further business to discuss, Mr. Graveley moved to adjourn the meeting at 8:10 p.m. Ms. Garcia seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary