

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
August 5, 2025

Board Members Present:

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

Board Members Absent:

Tanya Lawhon
Angela Pena
Arturo Rodriguez

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Victor Gutierrez
August Patroelj
Hector Barbosa

Guests Present:

Ivan Luna, I.C.E.
Sergio Luna, I.C.E.
Ansar Palakkal, I.C.E.
Charles W. Zahn
Rogelio Rodriguez, WFX (by Zoom)
Baldemar Garcia, RWSC President
Myra B. Alaniz
Holly Bockholt
Cynthia Mosley
Mark Maddox
Santos Ruiz
Ramon Godinge
Aaron Price

Guests Present:

Taylor Desha
Drew Dreitt
Rocky Goodman
Eric Nielsen

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 comments were made.

3. Approval of Minutes

Mr. Graveley made a motion to approve the minutes of the July 8, 2025 Regular Meeting as presented. Ms. Garza seconded. The motion passed by unanimous vote.

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

The following reports were presented for Board approval:

STWA Investment Report for Quarter ended June 30, 2025
Treasurer's Report for period ending June 30, 2025

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Revenue Fund Income Statement for period ending June 30, 2025

Tax Fund Income Statement for period ending June 30, 2025

Special Services Income Statement for period ending June 30, 2025

STWA Revenue Fund Balance Sheet – June, 2025

STWA Revenue Fund Trial Balance – June, 2025

STWA Debt Service Fund Income Statement for period ending June 30, 2025

STWA Debt Service Fund Balance Sheet – June, 2025

STWA Debt Service Fund Trial Balance – June, 2025

STWA Capital Projects Fund Income Statement for period ending June 30, 2025

STWA Capital Projects Fund Balance Sheet – June, 2025

STWA Capital Projects Fund Trial Balance – June, 2025

No invoices were presented for Board approval. Ms. Wagner reported that the payment from Tesla has been received. Mr. Patroelj added that budget amendments will be presented at the next meeting. Mr. D. Morales requested a more summarized version of the financial reports and explained that he does not feel such a detailed presentation is necessary. Mr. D. Morales made a motion to approve the Quarterly Report and Treasurer's Report as presented. Ms. Rodgers seconded. The motion passed unanimously.

5. Operation and Maintenance Reports.

- O&M Technical Report
- Cathodic Protection Report

Mr. Marez presented the O&M Technical Report for the weeks of July 7 through July 28, 2025 and stated that Mr. Sendejo is away at training but Mr. Gutierrez and Mr. Barbosa are present to answer any of the Board's questions. Mr. J. Morales asked if the O&M Budget Wishlist items listed on the report are included in the proposed budget and Ms. Wagner stated they are included.

6. Review of 2025 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties.

The Board reviewed the Certified Appraisal Rolls from Kleberg County Appraisal District and Nueces County Appraisal District. The KCAD appraisal roll reflects a certified estimated value of \$1,788,035,518 and the NCAD final certified value is \$1,650,661,583. Ms. Wagner stated that Kleberg County values decreased \$191,000,000 from last year and Nueces County values increased \$200,000,000 for an overall increase of about \$10,000,000. She requested approval of Resolutions 25-22 and 25-23 adopting the appraisal rolls.

7. Resolution 25-22. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2025.

After reviewing the Kleberg County appraisal roll for tax year 2025, Mr. D. Morales made a motion to approve Resolution 25-22. Ms. Rodgers seconded the motion. The motion carried.

8. Resolution 25-23. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2025.

Following review of the Nueces County appraisal roll for tax year 2025, Mr. D. Morales made a motion to approve Resolution 25-23. Ms. Rodgers seconded the motion. The motion passed by unanimous vote.

9. Preliminary Fiscal Year 2026 Budget.

Ms. Wagner reported that based on the appraised values, the tax rate will decrease by ½ cent to \$0.059699. She presented four budget scenarios with staff salary increases of 0%, 3%, 4% and 6% and noted that the cost of living for the period of June 2024 to May 2025 is 3%. Also included in all of the scenarios is \$975,474 in capital outlay. She stated that she consulted with the Authority's auditors who stated that a fund balance to cover three months of expenses is recommended but because of current economic volatility, it would be better to maintain a balance for six to 12 months instead. The Board can consider a resolution to set the fund balance at a later meeting. Ms. Wagner added that her salary for the entire year is included in the budget and has not been adjusted for her retirement.

Mr. J. Morales stated that he is in favor of the option with no salary increases. Mr. Graveley stated that he preferred the 3% option. Mr. Marez noted that the salary study illustrated where STWA stands among other similar companies in the industry. STWA is currently at full staff and he is hopeful that the robust benefit package will keep employees from leaving for other jobs. He added that staff has tried to keep spending conservative and fund balances have remained in good standing the past few years so this might be the year to dip into reserve funds. Mr. Graveley made a motion to select the preliminary FY 2026 Budget with the 3% salary increase and Ms. Garza seconded. Ms. Rodgers, Ms. Garza, Ms. Garcia and Mr. Graveley voted in favor and Mr. D. Morales and Mr. J. Morales voted against. After discussion, another vote followed and the motion passed with Ms. Rodgers, Ms. Garza, Ms. Garcia, Mr. Graveley and Mr. D. Morales voting in favor and Mr. J. Morales voting against. Mr. J. Morales explained that his reason for voting against the motion is because of where STWA sits financially as of today. Mr. Marez stated that the preliminary budget will be sent to STWA's wholesale customers as stipulated in the Water Supply Contracts.

10. Proposed Fiscal Year 2026/Tax Year 2025 tax rate and authorization to publish notice of public hearing.

Ms. Wagner presented the Water District Notice of Public Hearing on Tax Rate reflecting a proposed total tax rate of \$0.059699/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.049557/\$100 and an Interest & Sinking tax rate of \$0.010142/\$100. The proposed total tax rate is \$0.000001 lower than the tax rate calculated on the average home value in order to remain below the 3.5% allowed increase. Mr. J. Morales made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Ms. Garcia seconded. All members present voted in favor.

11. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2025.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2025. The estimated cost is \$11,950 which is a \$1,000 increase from

last year's cost. Ms. Garza made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2025. Ms. Garcia seconded. All voted in favor.

12. Bids for Uniforms for field staff.

Mr. Marez presented information from three uniform companies – Unifirst, Cintas and Vestis. He stated all three companies are Buy Board vendors. He added that Unifirst is STWA's current vendor but the other two companies offer additional options for jackets and other outerwear which Unifirst does not. Mr. D. Morales asked which company was preferred by the field staff and Mr. Marez responded Cintas.

13. Resolution 25-24. Resolution awarding the bid for uniform contract.

Mr. D. Morales made a motion to select Cintas, Ms. Garza seconded and all voted in favor.

14. STWA Master Plan.

Mr. Ivan Luna, International Consulting Engineers (I.C.E.), provided a brief presentation on the STWA 2025 Master Plan. He explained that the 2023 Master Plan was updated to include population growth and STWA's 5-year and 50-year water demand projections, the Brackish Desalination project in Nueces County, the Ricardo Well project in Kleberg County, external water management strategy projects, the Groundwater Feasibility Study, the Cathodic Protection Study and asset management strategies for future development.

Mr. Luna also reviewed the Texas Water Development Board funding and RWSC and NWSC Pump Station Rehabilitation projects. He reported that the Engineering Feasibility Report has been signed and submitted to the TWDB. In response to Mr. D. Morales, Mr. Luna stated that TWDB expects funds to be used within 3 to 5 years. Mr. Rogelio Rodriguez, Water Finance Exchange, added that STWA has received a \$250,000 grant to study the use of solar power within the system. Another round of funding for \$1,000,000 will be made available for engineering, planning and design.

15. 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.

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

Mr. Graveley announced that the Board would convene in Closed Session at 6:56 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.

16. 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

The Board reconvened in Open Session at 7:31 p.m. No action was taken during Closed Session.

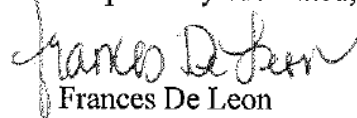
17. Administration Report.
- Upcoming Board Meeting Dates

Mr. Marez stated that a special meeting is scheduled for August 19th to discuss a few items. The next two regular meetings are scheduled for September 9th and September 23rd. He reported that he has been involved in several meetings recently with Corpus Christi and other stakeholders. He thanked the Board for their support on all ongoing issues.

18. Adjournment.

With no further business to discuss, Mr. J. Morales moved to adjourn the meeting at 7:32 p.m. Ms. Garcia seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary