

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
December 9, 2025

Board Members Present:

Jose Graveley
Imelda Garza
Patsy Rodgers
Tanya Lawhon
Daniel Morales (Zoom)
Joe Morales
Angela Pena
Art Rodriguez

Board Members Absent:

Frances Garcia

Staff Present:

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

Guests Present:

Greg Szuman, Willatt & Flickinger (Zoom)
Rogelio Rodriguez, Water Finance
Exchange (Zoom)
Esteban Ramos, Corpus Christi Water
Chris Cuellar, Nueces County
Ivan Luna, I.C.E.
Sergio Luna, I.C.E.
Ansar Palakkal, I.C.E.
Kasy Stinson, Seven Seas
Charlie Zahn
Andrew Mendez

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:35 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. J. Morales made a motion to approve the minutes of the October 27, 2025 Regular Meeting, the November 12, 2025 Workshop and the November 12, 2025 Special Meeting as presented. Ms. Rodgers 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 the Quarter ended September 30, 2025

STWA Cash Report by Fund/Account for September, 2025
Treasurer's Report for period ending September 30, 2025
STWA Income Statement – Comparison to Prior Year for September, 2025
Revenue Fund Income Statement for period ending September 30, 2025
STWA Revenue Fund Trial Balance – September, 2025
STWA Revenue Fund Balance Sheet – September, 2025
Tax Fund Income Statement for period ending September 30, 2025
Special Services Income Statement for period ending September 30, 2025
STWA Debt Service Fund Income Statement for period ending September 30, 2025
STWA Debt Service Fund Trial Balance – September, 2025
STWA Debt Service Fund Balance Sheet – September, 2025
STWA Capital Projects Fund Income Statement for period ending September 30, 2025
STWA Capital Projects Fund Trial Balance – September, 2025
STWA Capital Projects Fund Balance Sheet – September, 2025
Treasurer's Report for period ending October 31, 2025
STWA Cash Report by Fund/Account for October, 2025
STWA Income Statement – Comparison to Prior Year for October, 2025
Revenue Fund Income Statement for period ending October 31, 2025
STWA Revenue Fund Trial Balance – October, 2025
STWA Revenue Fund Balance Sheet – October, 2025
Tax Fund Income Statement for period ending October 31, 2025
Special Services Income Statement for period ending October 31, 2025
STWA Debt Service Fund Income Statement for period ending October 31, 2025
STWA Debt Service Fund Trial Balance – October, 2025
STWA Debt Service Fund Balance Sheet – October, 2025
STWA Capital Projects Fund Income Statement for period ending October 31, 2025
STWA Capital Projects Fund Trial Balance – October, 2025
STWA Capital Projects Fund Balance Sheet – October, 2025

The following outstanding invoices were presented for Board approval:

• Estrada Hinojosa	\$ 5,000.00
• LEPC	\$ 500.00
• Charles W. Zahn, Jr., Attorney at Law	\$ 12,860.00
• Willatt & Flickinger, Attorneys at Law	\$ 7,853.50
• Willatt & Flickinger, Attorneys at Law	\$ 3,083.50

Mr. Rodriguez made a motion to approve the Quarterly Report, Treasurer's Report and payment of bills. Mr. J. Morales seconded. The motion passed unanimously.

5. Operation and Maintenance Report.

The Board reviewed the Operation and Maintenance Report and had no questions or comments.

6. Request to close office for staff Christmas luncheon and gift exchange.

Mr. Marez requested approval to close the office for approximately 2½ hours for a staff Christmas luncheon and gift exchange. Mr. Rodgers made a motion to approve closing of the office for the staff Christmas luncheon and gift exchange. Ms. Garza seconded. All voted in favor.

7. Buyout of excess 2025 Vacation and Personal Leave balances.

Mr. Marez explained that currently some staff members have been unable to use available Vacation and Personal Leave hours and may potentially lose some of their hours if not reduced to the allowed balance by year end. He requested that the Board consider buying back the hours in excess of permitted balances or allow for rollover of the excess hours. Mr. Graveley moved to approve buying back the excess leave balances. Mr. Rodriguez seconded the motion and all voted in favor.

8. Request for Proposals for gate valve Assessment.

Mr. Marez stated that after the October 14, 2025 Board meeting, staff issued a Request for Proposals for a gate valve assessment project to evaluate the condition, functionality and accessibility of STWA's transmission line system. At the November 12, 2025 meeting the item was tabled due to the limited number of bids received during the open period. Since then, staff has reviewed the two RFP responses and determined that EGB Construction's proposal was the only one that met the scope and intent of the original bid request.

9. **Resolution 25-34.** Resolution awarding the bid for gate valve assessment.

A motion to adopt Resolution 25-34 awarding the gate valve assessment bid to EGB Construction was made by Mr. J. Morales and seconded by Mr. Rodriguez and passed unanimously.

10. Kleberg County Appraisal District Board of Directors election and casting of votes.

Mr. Marez presented the ballot for casting of votes for the Kleberg County Appraisal District Board of Directors. He said the ballot lists five candidates. The Authority was allotted 119 votes which can be cast for one candidate or distributed among different candidates.

11. **Resolution 25-37.** Resolution casting the South Texas Water Authority's votes for election of Kleberg County Appraisal District Board Members.

Mr. J. Morales made a motion to approve Resolution 25-37 casting STWA's 119 votes for Daniel Morales. Ms. Garza seconded. The motion passed by unanimous vote.

12. TCAP Board of Directors Ballot.

Ms. Wagner presented a ballot for the 2026-2027 TCAP Board of Directors election. The ballot listed fourteen candidates running for seven positions and allows for up to eight votes. Ms. Garza

made a motion to cast one vote for each of the incumbent candidates and a vote for Nicole Ganey of Deer Park. Ms. Rodgers seconded. The motion passed by unanimous vote.

13. Development of Priority List for Texas Water Development Board Funding Projects.

Mr. Marez provided a list of 53 projects included in the 2025 PIF Application. He stated that the Texas Water Development Board (TWDB) selected STWA for an award of approximately \$60,000,000 in funding and the Authority will be required to develop a prioritized list from among the 53 projects and any others that are identified. At least two meetings are anticipated in January and I.C.E. will make a presentation including costs. Ivan Luna from I.C.E. explained that a list of selected projects will need to be submitted to TWDB. Rogelio Rodriguez of Water Finance Exchange explained that under this funding award, STWA can select whatever amount within the limit and suggested asking for the maximum and then reducing the amount if needed. The forgivable portion of funding is 70% of the total or \$10,000,000 whichever is less. He reminded the Board that at this point, they can choose whichever projects they want to pursue and how much funding to pursue. Mr. J. Morales pointed out the importance of selecting projects carefully. Bobby Villarreal, representing Estrada-Hinojosa, said once the Board decides on the projects and the dollar figure, then a decision to go before the voters will be needed. If approved by the voters, the amount can be reduced but cannot exceed the voter approved amount. Mr. Marez noted that at this point the costs are not included because there will be upcoming meetings with more details.

14. Update on Seven Seas Project.

Mr. Kasy Stinson, representing Seven Seas, said that at the last meeting he updated the Board on changes needed on the contract including the 3mgd volume, change in the cost associated with injection wells, relocation of the site and a change in the delivery date. The amended contract has been drafted and sent to STWA's legal counsel for review and discussions are ongoing.

Mr. Graveley called Mr. Andrew Mendez to the podium for a chance to provide public comment. Mr. Mendez said that he cares about the community and is interested in maintaining clean water, honest government and decisions made in daylight.

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 6:38 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.

- 16.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.

The Board reconvened in Open Session at 7:31 p.m. No action was taken during Closed Session. Mr. Rodriguez made a motion to table this item. Ms. Garza seconded and all voted in favor.

17. Extension to the City of Corpus Christi Water Contract to provide treated water to South Texas Water Authority.

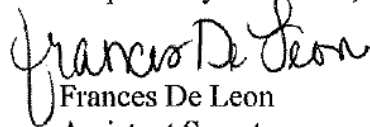
Mr. Marez reported that on November 18, 2025, the Corpus Christi City Council approved a resolution authorizing a three-year extension to the existing Water Supply Agreement between the City of Corpus Christi and South Texas Water Authority. The extension continues the same terms and conditions of the existing Water Supply Agreement for the period of January 1, 2026 through December 31, 2028. Mr. J. Morales made a motion to authorize execution of the three-year contract extension with the City of Corpus Christi. Mr. Graveley seconded the motion which then passed by unanimous vote.

18. Administration Report.
- Future Board Meeting Dates

Mr. Marez informed the Board that he anticipates having a workshop on January 6th, the Regular Board Meeting on January 27th and a special meeting to call an election on February 10th.

19. Adjournment.

With no further business to discuss, Ms. Garza moved to adjourn the meeting at 7:35 p.m. Mr. Rodriguez seconded. The motion carried.

Respectfully submitted,

Frances De Leon
Assistant Secretary