

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
August 8, 2023  
Minutes

Board Members Present:

Jose Graveley  
Frances Garcia  
Imelda Garza  
Rudy Galvan, Jr.  
Kathleen Lowman  
Joe Morales  
Patsy Rodgers  
Arturo Rodriguez

Board Members Absent:

Angela Pena

Staff Present:

John Marez  
Frances De Leon  
Jo Ella Wagner  
Nigel Gomez  
Patrick Sendejo

Guests Present:

Ivan Luna, I.C.E.  
Rogelio Rodriguez, Water Finance Exchange  
Terry Arnold, Seven Seas  
Bill Flickinger, Willatt & Flickinger (Zoom)  
Christopher Williams, Raftelis (Zoom)

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:33 p.m. A quorum was present.

2. Citizen Comments.

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

*The order of the agenda was changed to accommodate the guests.*

11. Approval of Rate Study by Raftelis.

Mr. Marez presented a Water Rate and Financial Plan Study proposal from Raftelis. He explained that NewGen Strategies previously provided the annual review of the City of Corpus Christi's rate model until NewGen was hired by the City in 2022 to conduct their rate study. Expergy was then contacted to continue NewGen's work but never produced a report so the Authority then contacted Raftelis, a company recommended by STWA's consultants at Water Finance Exchange.

Mr. Christopher William, senior consultant with Raftelis, explained that the proposal includes three phases: a review of the Corpus Christi rate model, an Industrial Customer Study, and a Rate and Financial Planning Study. Ms. Wagner added that the cost for Phase 1 would be split with San Patricio Municipal Water District. Mr. Morales stated that he was in favor of Phase 1 but had concerns about the other two phases. He made a motion to approve \$5,060 for Phase 1, Mr. Graveley seconded and all voted in favor. Mr. Galvan made a motion to meet no later than

October to consider adding Phase 2. After further discussion Ms. Lowman made a motion to approve Phase 2. Ms. Rodgers seconded the motion which passed on a 7 to 1 vote with Mr. Morales voting against.

Mr. Rodriguez of Water Finance Exchange commented that the State of Texas opens up funding in November and he believes it would be advantageous to have STWA's Master Plan and Rate Study in place. Mr. Williams noted that completion of the plan would take two to three months.

12. Third Amendment to Amended and Restated Water Supply Contract Between South Texas Water Authority and Nueces Water Supply Corporation.

Mr. Marez stated that in April 2022, TCEQ conducted an investigation of the Nueces Water Supply Corporation and noted an alleged violation pertaining to the total storage capacity at the Central Pressure Plane. Under the current water supply contract, Nueces WSC owns up to the amount of 200 gallons per connection for 300 connections but because there are now more than 300 connections in the Central Pressure Plane, the contract requires an amendment in order to provide a sufficient amount of storage capacity.

13. Resolution 23-20. Resolution approving the Third Amendment to Amended and Restated Water Supply Contract Between the South Texas Water Authority and Nueces Water Supply Corporation.

Mr. Morales made a motion to adopt Resolution 23-20 approving the Third Amendment to the Amended and Restated Water Supply Contract between South Texas Water Authority Water and Nueces Water Supply Corporation. Mr. Galvan seconded. The motion passed by unanimous vote.

16. Non-Binding Agreement with SSW.

Mr. Marez presented a Brackish Water Supply for South Texas Water Authority Confidential Term Sheet for the Board's consideration. Mr. Terry Arnold of Seven Seas Water informed the Board that the City of Alice is building a desalination plant and ground breaking is expected to occur at the end of September. Following questions from Mr. Morales about whether STWA's enabling legislation allows this type of project, Mr. Bill Flickinger advised that he has reviewed the Term Sheet and the enabling legislation gives authority to enter into this type of contract. Mr. Galvan made a motion to approve the agreement. Ms. Garza seconded. All voted in favor.

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the August 1, 2023 Public Hearing and the August 1, 2023 Regular Meeting as presented. Mr. Galvan seconded. The motion passed by unanimous vote.

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

The Quarterly Report was not presented. The following reports were presented for the Board's consideration:

Treasurer's Report for period ending April 30, 2023  
Revenue Fund Income Statement for period ending April 30, 2023  
Tax Fund Income Statement for period ending April 30, 2023  
Special Services Income Statement for period ending April 30, 2023  
STWA Revenue Fund Balance Sheet – April 30, 2023  
STWA Revenue Fund Trial Balance for April, 2023  
STWA Debt Service Fund Income Statement for period ending April 30, 2023  
STWA Debt Service Fund Balance Sheet – April 30, 2023  
STWA Debt Service Fund Trial Balance – April, 2023  
STWA Capital Projects Fund Income Statement for period ending April 30, 2023  
STWA Capital Projects Fund Balance Sheet – April 30, 2023  
STWA Capital Projects Fund Trial Balance – April, 2023  
Treasurer's Report for period ending May 31, 2023  
Revenue Fund Income Statement for period ending May 31, 2023  
Tax Fund Income Statement for period ending May 31, 2023  
Special Services Income Statement for period ending May 31, 2023  
STWA Revenue Fund Balance Sheet – May 31, 2023  
STWA Revenue Fund Trial Balance for May, 2023  
STWA Debt Service Fund Income Statement for period ending May 31, 2023  
STWA Debt Service Fund Balance Sheet – May 31, 2023  
STWA Debt Service Fund Trial Balance – May, 2023  
STWA Capital Projects Fund Income Statement for period ending May 31, 2023  
STWA Capital Projects Fund Balance Sheet – May 31, 2023  
STWA Capital Projects Fund Trial Balance – May, 2023  
STWA 2012 Bond Election Report  
Anticipated vs Actual Water Rate Charged and Net Revenue Worksheets

The following invoices were presented for Board approval:

- |                                      |              |
|--------------------------------------|--------------|
| • International Consulting Engineers | \$ 22,586.20 |
| • International Consulting Engineers | \$ 47,511.40 |
| • International Consulting Engineers | \$ 13,877.40 |

Ms. Wagner asked that the Board disregard the invoice in the agenda packet because there have been some changes and that invoice will not be paid. She instead presented these three invoices. Mr. Galvan made a motion to approve the Treasurer's Report, and payment of the bills as presented. Ms. Garza seconded and all voted in favor.

5. Review of 2023 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 final certified value of \$1,548,931,070 and the NCAD final certified value is \$1,451,331,625. These values reflect a total increase of \$305,073,846 over last year's values. Mr. Marez requested approval of Resolutions 23-18 and 23-19 adopting the appraisal rolls.

6. Resolution 23-18. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2023.

After reviewing the Kleberg County appraisal roll for tax year 2023, Ms. Rodgers made a motion to approve Resolution 23-18. Mr. Galvan seconded the motion. The motion carried.

7. Resolution 23-19. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2023.

Following review of the Nueces County appraisal roll for tax year 2023, Ms. Rodgers made a motion to approve Resolution 23-19. Mr. Galvan seconded the motion. The motion passed by unanimous vote.

8. Preliminary Fiscal Year 2024 Budget.

Ms. Wagner reviewed the preliminary Fiscal Year 2024 Budget. She stated that she and Mr. Marez met with most of the Board members and based on those discussions, this budget is the highest option that was presented at those meetings. The budget includes a 4% wage increase for all employees including managers and a mini track hoe has been included under Capital Outlay. The projected Revenue Fund Net Income is \$257,325. She added that the budget will need to be sent to STWA's wholesale customers for their review and comments. Mr. Morales made a motion to authorize staff to send the preliminary 2024 budget to the wholesale customers. Mr. Galvan seconded and all voted in favor.

9. Proposed Fiscal Year 2024/Tax Year 2023 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 \$0.070374/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.058044/\$100 and an Interest & Sinking tax rate of \$0.012330. 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. Galvan made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Ms. Garza seconded. All members present voted in favor.

10. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2023.

Ms. Wagner stated that as a result of GASB changes that are under review by John Womack and Company, the engagement letter will be presented at the next meeting.

14. Conservation and Reclamation Districts Ballot for Election of Board of Directors for the Kleberg County Appraisal District.

Mr. Marez presented the Kleberg County Appraisal District ballot and Resolution 23-21 and explained that the Authority is being asked to formally submit votes. Ms. Garcia is listed as STWA's nominee.

15. Resolution 23-21. Resolution casting the South Texas Water Authority's votes for Conservation and Reclamation Districts for Election of Kleberg County Appraisal District Board of Directors.

Mr. Galvan made a motion to cast all votes for Ms. Garcia. Ms. Garza seconded. The motion passed by unanimous vote.

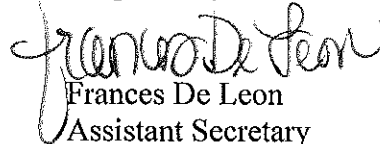
17. Administration Report.

Mr. Marez reported that staff will meet with Corpus Christi Water on Thursday regarding Tesla, water needs and the water supply contract. Additionally, work continues on the STWA Master Plan.

18. Adjournment.

With no further business to discuss, Mr. Rodriguez made a motion to adjourn the meeting at 7:07 p.m. Mr. Galvan seconded. All voted in favor.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary