SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
September 8, 2026

Board Members Present:

Jose Graveley
Frances Garcia
Imelda Garza
Joe Morales
Daniel Morales
Patsy Rodgers (Zoom)

Board Members Absent:

Art Rodriguez
Tanya Lawhon

Staff Present:

John Marez
Frances De Leon
Patrick Sendejo
Victor Gutierrez
August Patroelj

Guests Present:

Ivan Luna, ICE Engineering
Ansar Palakkal, ICE Engineering
Charles W. Zahn
Hunter Johnson, 28 Midstream
Andrew Mendez
Mohammad Azayzeh, I.C.E.
Hunter Hudson, Willatt & Flickinger (Zoom)
Rogelio Rodriguez, WFX
Oliver Wiese, Seven Seas
Kasy Stinson, Seven Seas
Christina Dupont, Seven Seas

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. Public comment was provided by Mr. Andrew Mendez.

3. Approval of Minutes.

Mr. J. Morales made a motion to approve the minutes of the August 4, 2026 Regular Meeting as presented. Ms. Garza seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

The following reports were presented for Board approval:

Treasurer's Report for period ending July 31, 2026
STWA Income Statement – Comparison to Prior Year for July, 2026

Revenue Fund Income Statement for period ending July 31, 2026
Special Services Income Statement for period ending July 31, 2026
Tax Fund Income Statement for period ending July 31, 2026
STWA Revenue Fund Trial Balance – July, 2026
STWA Revenue Fund Balance Sheet – July, 2026
STWA Debt Service Fund Income Statement for period ending July 31, 2026
STWA Debt Service Fund Trial Balance – July, 2026
STWA Debt Service Fund Balance Sheet – July, 2026
STWA Capital Projects Fund Income Statement for period ending July 31, 2026
STWA Capital Projects Fund Trial Balance – July, 2026
STWA Capital Projects Fund Balance Sheet – July, 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 (July)	$	8,280.00
• Charles W. Zahn, Jr., Attorney at Law (August)	$	6,210.00
• International Consulting Engineers	$	10,367.00
• International Consulting Engineers	$	18,399.65
• Mammoth	$	8,140.60

Mr. Patroelj also provided a comparison of legal expenses from FY 2024 through July of FY 2026 reflecting a dramatic increase during this time period and added that he would provide a similar report on engineering expenses in the future. He also reported that NCWC&ID #5 remains $20,218.96 in arrears for October 2022, October 2023 and February 2025 water invoices. The City of Driscoll's outstanding Water and O&M invoice balance is $25,373.67. He agreed to present a pay agreement for collection of the past due balances and interest at the next Board meeting. Mr. J. Morales made a motion to approve the Treasurer's Report and payment of bills as presented. Ms. Garza seconded. The motion passed unanimously.

5. Operation and Maintenance Report.

Mr. Sendejo reported that a new Field Technician has been hired. In addition, one of the current employees passed the Class D Water Exam and is now a licensed water operator.

6. Bids for purchase of FY 2026 hydrovac.

Mr. Marez presented a bid from BuyBoard vendor Ring-O-Matic for a Base Hydrovac Machine on a Dual-Axle 13,000 lb. GVWR trailer with a power door lock upgrade and a sight glass in the rear for a total of $69,715 plus shipping charges. Mr. Marez explained that purchase of the hydrovac was approved under the FY 2026 budget and has been included in previous budget cycles but adequate quotes had not been received. Staff currently rents the machine when needed, but purchase is preferred so that the equipment is available for jobs when needed.

7. **Resolution 26-15.** Resolution awarding the bid for one hydrovac.

Mr. Graveley made a motion to award the bid for purchase of the Base Hydrovac Machine on a Dual-Axle 13,000 lb. GVWR trailer with a power door lock upgrade and a sight glass in the rear for a total of $69,715 plus shipping charges to Ring-O-Matic. Ms. Garza seconded and the motion passed by unanimous vote.

8. Fiscal Year 2027 budget, revenues and rates.

Mr. Marez and Mr. Patroelj presented the proposed FY 2027 budget which is based on a Handling Charge of $0.60/1,000 gallons, a total tax rate of $0.058854 per $100 valuation, a $3.17 per 1,000 gallons Corpus Christi cost of water which is passed through to STWA's wholesale customers, an average employee compensation adjustment of approximately 4.34%, and capital purchases of $842,000. The proposed budget was sent to the wholesale customers for a 30-day review and comment period and no comments were received. Mr. Patroelj added that the only change from the previously presented budget is an update on the bond interest and principal.

9. **Resolution 26-16.** Resolution adopting the recommended Fiscal Year 2027 budget.

Mr. J. Morales made a motion to approve Resolution 26-16 adopting the FY 2027 budget as presented. Ms. Garcia seconded. All voted in favor.

10. **Resolution 26-17.** Resolution adopting the Fiscal Year 2027/Tax Year 2026 tax rate.

Mr. Graveley made a motion to approve Resolution 26-17 adopting the Fiscal Year 2027/Tax Year 2026 M&O tax rate of $0.049067 per $100 assessed valuation and the I&S tax rate of $0.009787 per $100 assessed valuation for a total tax rate of $0.058854 per $100 of taxable value. The motion was seconded by Mr. J. Morales and passed by unanimous vote.

11. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place.
    a. Nueces County Emergency Services District No. 4, President Geoff Atwood – a 2.905 acre tract being a Borrow Pit Easement described in a deed recorded in Volume 250, Page 567, Deed Records Nueces County, Texas. Said 2.905 acre tract being out of a 23.00 acre tract described in a deed recorded in Volume 747, Page 112, Deed Records Nueces County, Texas. Said 2.905 acre tract also being out of the "Vicente Lopez De Herrera" Survey, Abstract – 2661, Nueces County, Texas.

The Board reviewed the Annexation Petition for a property in Banquete off of Highway 44 for a new fire station. The Emergency Service District No. 4 president recently approached the Nueces Water Supply Corporation requesting service for this property, which is outside of the Authority's district boundaries, and filed the Annexation Petition to begin the process of obtaining water service on the property. Mr. Marez recommended approval of Resolutions 26-18 setting the Public Hearing on September 29, 2026 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas.

12. **Resolution 26-18**. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice. (Nueces County Emergency Services District No. 4, President Geoff Atwood).

Ms. Garcia made a motion to adopt Resolution 26-18 setting the Public Hearing on September 29, 2026 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center and authorizing publication of the public hearing notice. The motion was seconded by Ms. Garza and passed unanimously.

13. Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election.

The Board reviewed the candidate information on the Official Ballot for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election. Mr. Marez stated that he does not have a recommendation. Mr. J. Morales made a motion authorizing the Executive Director to select a nominee for each of the places up for election. Ms. Garza seconded the motion and all voted in favor.

14. Discuss and take action regarding support of the request by the City of Corpus Christi to waive certain special conditions, including pass-through requirements associated with Water Rights Permit under the 2001 Agreed order affecting ADJ 21-03214.

Mr. Marez presented a letter drafted by legal counsel Charlie Zahn supporting the City of Corpus Christi's request to waive certain special conditions under the 2001 Agreed Order pertaining to water releases. He stated that the deadline for the letter is September 9th and several entities have already approved similar letters. Mr. J. Morales made a motion to authorize execution of the letter of support for the City of Corpus Christi. Mr. D. Morales seconded and all voted in favor.

15. Executive Session Agenda Items - In this executive session the board of Directors will deliberate or receive legal advice regarding (l) 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. (§551.071)
    15.b. Evaluation of the STWA Executive Director. (§551.074)
    15.c. Review of JMAR Management Agreement. (§551.074)

The Board remained in Open Session. The evaluation of the STWA Executive Director and review of the JMAR Management Agreement were not conducted.

16. Open Session Items for Post Executive Session Action – The Board of Directors will reconvene 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. Consider land lease agreement with the Port of Corpus Christi.

Mr. Zahn reported that he is working with the Port of Corpus Christi's legal staff on a land lease agreement. The test well agreement authorizes Seven Seas to have access to a 5-acre site for six months for a test well. If six months is not sufficient, the test well will be removed. The remaining variable to be determined is the Port's fee.

17. Administration Report.

- Future Board Meeting Dates
- Project Updates
- Mold Remediation Update

Mr. Marez informed the Board that the next meetings are scheduled for September 29th, October 27th and December 8th. Staff continues working with ICE on several projects including design of pump station improvements. The mold remediation project is on schedule.

18. Adjournment.

With no further business to discuss, Ms. Garza moved to adjourn the meeting at 6:14 p.m. Ms. Garcia seconded. The motion carried.

Respectfully submitted,

Frances De Leon
Assistant Secretary