SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
August 6, 2024

Board Members Present:

Jose Graveley
Frances Garcia (Zoom)
Imelda Garza
Rudy Galvan, Jr
Kathleen Lowman
Joe Morales
Angela Pena
Art Rodriguez

Board Members Absent:

Patsy Rodgers

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Patrick Sendejo

Guests Present:

Oliver Wiese, Seven Seas
Terry Arnold, Seven Seas
Ivan G. Luna, I.C.E.
Rogelio Rodriguez, WFX
Ansar Palakkal, I.C.E.
Charles Zahn

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. Kleberg County Judge spoke in support of the Board's efforts to make Kleberg County water independent.

3. Approval of Minutes.

Ms. Garza made a motion to approve the minutes of the July 2, 2024 Public Hearing and Regular Meeting as presented. Mr. Rodriguez seconded. The motion passed by unanimous vote.

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

The following reports were presented for the Board's consideration:

STWA Investment Report for Quarter ended March 31, 2024
Treasurer's Report for period ending March 31, 2024
Revenue Fund Income Statement for period ending March 31, 2024
Tax Fund Income Statement for period ending March 31, 2024

Special Services Income Statement for period ending March 31, 2024
STWA Revenue Fund Balance Sheet – March 31, 2024
STWA Revenue Fund Trial Balance for March, 2024
STWA Debt Service Fund Income Statement for period ending March 31, 2024
STWA Debt Service Fund Balance Sheet – March 31, 2024
STWA Debt Service Fund Trial Balance – March, 2024
STWA Capital Projects Fund Income Statement for period ending March 31, 2024
STWA Capital Projects Fund Balance Sheet – March 31, 2024
STWA Capital Projects Fund Trial Balance – March, 2024
Treasurer's Report for period ending April 30, 2024
Revenue Fund Income Statement for period ending April 30, 2024
Tax Fund Income Statement for period ending April 30, 2024
Special Services Income Statement for period ending April 30, 2024
STWA Revenue Fund Balance Sheet – April 30, 2024
STWA Revenue Fund Trial Balance for April, 2024
STWA Debt Service Fund Income Statement for period ending April 30, 2024
STWA Debt Service Fund Balance Sheet – April 30, 2024
STWA Debt Service Fund Trial Balance – April, 2024
STWA Capital Projects Fund Income Statement for period ending April 30, 2024
STWA Capital Projects Fund Balance Sheet – April 30, 2024
STWA Capital Projects Fund Trial Balance – April, 2024

No invoices were presented for Board approval. Mr. Galvan made a motion to approve the Treasurer's Reports and Payment of Bills as presented. Mr. Morales seconded. The motion passed unanimously.

5. Operation and Maintenance Reports.

Mr. Sendejo presented the O&M Report and Cathodic Protection Update. He reported that the actuator for the Kingsville MOV is on order and the SCADA system is back online. Mr. Morales asked about the meter installation at CR 52 and Mr. Sendejo responded that the project is still ongoing. Mr. Ivan Luna of I.C.E. added that he has been working with Corpus Christi Water to ensure that STWA is getting what is needed. I.C.E. will work on creating a set of standards to outline and reinforce STWA's requirements on this and future projects.

6. Review of 2024 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 $1,708,852,185 and the NCAD final certified value is $1,510,964,403. Mr. Marez requested approval of Resolutions 24-15 and 24-16 adopting the appraisal rolls.

7. **Resolution 24-15.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2024.

After reviewing the Kleberg County appraisal roll for tax year 2024, Mr. Morales made a motion to approve Resolution 24-15. Mr. Galvan seconded the motion. The motion carried.

8. **Resolution 24-16.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2024.

Following review of the Nueces County appraisal roll for tax year 2024, Mr. Morales made a motion to approve Resolution 24-16. Mr. Galvan seconded the motion. The motion passed by unanimous vote.

9. Preliminary Fiscal Year 2025 Budget.

Mr. Marez reviewed the preliminary Fiscal Year 2025 Budget. The budget is based on maintaining the current Handling Charge of $0.50/1000g and sales volume of 570 million gallons, and a flat cost of living increase for all employees. A new truck, a haul truck, an office car, technology upgrades and a Hydro-Vac are included under Capital Acquisitions. Ms. Wagner stated that this is the same preliminary budget presented at the previous meeting but was modified to recategorize the hydrology report from Capital Acquisition to Engineering Expense and to reduce an overstatement in Interest Earnings by $50,000 resulting in Net Income of $48,096. Mr. Morales stated he was in favor of the changes and the version with the $48,096 Net Income. The Board did not request any other changes. Mr. Marez stated that the preliminary budget will be sent to STWA's wholesale customers as stipulated in STWA's Water Supply Contracts.

10. Proposed Fiscal Year 2025/Tax Year 2024 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 $0.065695/$100 valuation comprised of a Maintenance & Operation tax rate of $0.054268/$100 and an Interest & Sinking tax rate of $0.011427/$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. Galvan made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate. Mr. Rodriguez seconded. All members present voted in favor.

11. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2024.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2024. The estimated cost is $10,950 which is $1,000 more than last year's cost. Mr. Galvan made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2024. Ms. Garza seconded. All voted in favor.

The order of the agenda was changed.

14. Discuss and take action to ratify and approve an Engagement Letter with Charles W. Zahn, Jr. to provide legal services to the Authority.

Mr. Galvan made a motion to ratify and approve the Engagement Letter with Charles W. Zahn, Jr. Mr. Rodriguez seconded. The motion passed by unanimous vote.

12. 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 Open Meetings 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.

    12.a. Legal advice from counsel regarding a Water Supply Contract with Seven Seas Water (STWA) USA, LLC. (§551.071)

Mr. Graveley announced that the Board would convene in Closed Session at 6:17 p.m. pursuant to Section 551.071 of the Government Code to receive legal advice from counsel regarding a Water Supply Contract with Seven Seas Water (STWA) USA, LLC.

13. 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.

    13.a. Discuss and take action to approve a Resolution approving a Water Supply Agreement with Seven Seas Water (STWA) USA, LLC, authorizing the execution of the same and related documents and approving matter related hereto.

The Board reconvened in Open Session at 7:20 p.m. No action was taken during Closed Session.

Mr. Galvan moved to approve a Resolution approving a Water Supply Agreement with Seven Seas Water (STWA) USA, LLC, authorizing the execution of the same and related documents and approving matters related hereto. Ms. Garza seconded. All voted in favor.

15. Update on Texas Water Development Board Funding.

Mr. Rogelio Rodriguez with Water Finance Exchange presented an update and status of the Texas Water Development Board funding application. He announced that STWA's $7.8 million application was approved for 70% grant funding. The remaining 30% will be funded by TWDB loan at AAA rating for up to 30 years. He expects that funds will be available in January 2025.

Nueces Water Supply Corporation's portion is $2.86 million and Ricardo Water Supply Corporation's portion is $4.94 million. He added that the March 2024 application was selected but STWA was not invited for funding. He has sent comments regarding the application and is waiting on a response. He thanked Mr. Marez, Ms. Wagner and I.C.E. for their assistance and input on the applications.

16. Administration Report.

Mr. Marez stated that discussions on the water supply contract continue with the City of Corpus Christi and the next meeting is scheduled for August 23rd.

17. Adjournment.

With no further business to discuss, Mr. Rodriguez moved to adjourn the meeting at 7:31 p.m. Ms. Garza seconded. The motion carried.

Respectfully submitted,

Frances De Leon

Frances De Leon
Assistant Secretary