SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
September 10, 2024

Board Members Present:

Jose Graveley
Frances Garcia
Imelda Garza
Kathleen Lowman
Joe Morales
Angela Pena (Zoom)
Patsy Rodgers (Zoom)
Arturo Rodriguez (Zoom)

Board Members Absent:

Rudy Galvan, Jr.

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Victor Gutierrez

Guests Present:

Ivan Luna, I.C.E.
Ansar Palakkal, I.C.E.
Baldemar Garcia, Ricardo WSC President
Greg Szuman, Willatt & Flickinger (Zoom)
Charles Zahn, STWA Legal Counsel
Ricky Mendiondo III,Boy Scouts Troop 147
Cris Mendiondo, Boy Scouts Troop 147
Nicolas Mendiondo, Boys Scouts Troop 147
Elis Mendiondo, Boy Scouts Troop 147

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:47 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.

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

12. Update on Water Supply Contract with Seven Seas Water (STWA) USA, LLC.

Mr. Charles Zahn gave an update and explained the process for proceeding with the Water Supply Contract with Seven Seas Water. The next step is drilling a test well and then I.C.E. will determine what infrastructure is needed and the associated cost. Water Finance Exchange will then determine a method for financing. At that point the STWA Board will decide whether to proceed or terminate the contract with Seven Seas. If the Board chooses to terminate the contract, a meeting with Seven Seas will be needed to mediate concerns which are the basis for termination. If the concerns cannot be resolved, the contract is terminated.

Mr. Zahn recommended that the Board authorize proceeding with drilling a test well. Ms. Lowman made a motion to proceed with drilling a test well. Ms. Garza seconded. All voted in favor.

Mr. Marez said updates will be provided as progress is made. Mr. Zahn recommended holding a workshop session to provide in-depth information so the Board can have a better understanding and be well prepared when it comes time to make a decision.

3. Approval of Minutes.

Ms. Lowman made a motion to approve the minutes of the August 6, 2024 Public Hearing and 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 the Board's consideration:

Corrected STWA Investment Report for Quarter ended December 31, 2023
Corrected STWA Investment Report for Quarter ended March 31, 2024
STWA Investment Report for Quarter ended June 30, 2024
Treasurer's Report for period ending May 31, 2024
Revenue Fund Income Statement for period ending May 31, 2024
Tax Fund Income Statement for period ending May 31, 2024
Special Services Income Statement for period ending May 31, 2024
STWA Revenue Fund Balance Sheet – May 31, 2024
STWA Revenue Fund Trial Balance for May, 2024
STWA Debt Service Fund Income Statement for period ending May 31, 2024
STWA Debt Service Fund Balance Sheet – May 31, 2024
STWA Debt Service Fund Trial Balance – May, 2024
Treasurer's Report for period ending June 30, 2024
Revenue Fund Income Statement for period ending June 30, 2024
Tax Fund Income Statement for period ending June 30, 2024
Special Services Income Statement for period ending June 30, 2024
STWA Revenue Fund Balance Sheet – June 30, 2024
STWA Revenue Fund Trial Balance for June, 2024
STWA Debt Service Fund Income Statement for period ending June 30, 2024
STWA Debt Service Fund Balance Sheet – June 30, 2024
STWA Debt Service Fund Trial Balance – June, 2024

No invoices were presented for Board approval. Ms. Wagner stated that the Capital Projects Fund was not complete and was not being presented at this meeting. Ms. Garcia made a motion to approve the Quarterly Reports and Treasurer's Reports as presented. Mr. Morales seconded. The motion passed unanimously.

5. Operation and Maintenance Reports.

Mr. Marez presented the O&M Report and Cathodic Protection Update. He stated that O&M Supervisor Patrick Sendejo is on vacation but Field Foreman Victor Gutierrez was standing in for him. Mr. Marez reported that staff is looking to hire a Cathodic Protection Assistant and explained that the position is already included in the current budget.

6. Fiscal Year 2025 budget, revenues and rates.

Mr. Marez presented the proposed budget and stated that the budget remains the same as presented at the previous meeting. The budget is based on a M&O Tax Rate of $0.054268 per $100 valuation, an I&S Tax Rate of $0.011427 for a total Tax Rate of $0.065695 per $100 valuation, a Handling Charge of $0.50 per 1,000 gallons, a 3.3% pay increase for all STWA employees and capital purchases of $397,500. Capital purchases include two trucks, an office car, technology upgrades, a trailer mounted Hydro-Vac, a hydrology report and engineering/architecture of a new office building. Mr. Graveley proposed increasing Travel and Training for Directors to $20,000. Ms. Wagner responded that she could remove the legislative expense and move the amount to Director's Travel and Training keeping the bottom line the same.

7. **Resolution 24-17**. Resolution adopting the recommended Fiscal Year 2025 budget.

Mr. Morales made a motion to approve Resolution 24-17 adopting the FY 2025 budget as presented. Ms. Garcia seconded. All voted in favor.

8. **Resolution 24-18**. Resolution adopting the Fiscal Year 2025/Tax Year 2024 tax rate.

Mr. Garza made a motion to approve Resolution 24-18 adopting the Fiscal Year 2025/Tax Year 2024 M&O tax rate of $0.054268 per $100 assessed valuation and the I&S tax rate of $0.011427 per $100 assessed valuation for a total tax rate of $0.065695 per $100 of taxable value. The motion was seconded by Ms. Garza and passed by unanimous vote.

9. 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 is not familiar with any of the candidates. Ms. Lowman made a motion to select the following candidates: Place 11-Incumbent Randy Criswell, Place 12-Cedric Davis, Sr, Place 13-Incumbent Harlan Jefferson, and Place 14-Incumbent Mike Land. Ms. Garcia seconded the motion and all voted in favor.

10. Texas Municipal League Intergovernmental Risk Pool Cyber Liability and Data Breach Response Interlocal Agreement.

After reviewing the TMLIRP Cyber Liability and Data Breach Response Interlocal Agreement, Ms. Garcia made a motion to authorize entering into the agreement. Mr. Graveley seconded the motion and all voted in favor.

11. Water Supply Contract with the City of Corpus Christi.

Mr. Graveley announced that the Board would convene in Closed Session at 6:39 p.m. pursuant to Section 551.071 of the Government Code to discuss water sources and the City of Corpus Christi Water Supply Contract with the Authority's attorney. The Board reconvened in Open Session at 7:22 p.m. No action was taken during Closed Session.

12. Update on Water Supply Contract with Seven Seas Water (STWA) USA, LLC.

The update on the Seven Seas Water Supply Contract was provided at the beginning of the Board meeting.

15. Administration Report.

Mr. Marez stated that staff is recruiting to fill current Field Technician vacancies. He also shared an article about water shortages in Texas which made mention of the brackish water treatment plant in Alice. He reported that Rogelio Rodriguez of Water Finance Exchange will provide an update on the Texas Water Development Board application and hearing date at the next STWA Board meeting.

16. Adjournment.

With no further business to discuss, Ms. Garza moved to adjourn the meeting at 7:29 p.m. Ms. Lowman seconded. The motion carried.

Respectfully submitted,

Frances De Leon

Frances De Leon
Assistant Secretary