

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
October 27, 2025

Board Members Present:

Jose Graveley
Frances Garcia
Tanya Lawhon
Daniel Morales
Joe Morales
Arturo Rodriguez
Patsy Rodgers

Board Members Absent:

Imelda Garza
Angela Pena
Art Rodriguez

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Patrick Sendejo
Victor Gutierrez
Clarissa Vargas

Guests Present:

Charles W. Zahn
Kasy Stinson, Seven Seas
Ivan G. Luna, I.C.E.
Andrew Mendez

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 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. No comments were made.

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

17. Water Supply Contract with the City of Corpus Christi.
18. Update on Seven Seas Project.

Mr. Kasy Stinson representing Seven Seas distributed copies of his presentation and provided an update on the project. He reported that injection wells have been added to the scope of the project resulting in an adjustment to the contracted rate of \$4.40 to \$5.15 per thousand gallons. Two injection wells are included with potential for another if needed. The expected water delivery date has been pushed out seven months. A geophysical scan of the land in the proposed area is ongoing to determine the location of drilling. A report should be available within a couple of weeks.

Mr. Graveley announced that the Board would convene in Closed Session at 5:38 p.m. pursuant to Section 551.071 of the Government Code to receive legal advice from counsel regarding the water supply contract with the City of Corpus Christi and an alternate source of water for the Authority.

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20. 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.

20.a. Receive legal advice from counsel regarding alternate water sources.

21. 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.

The Board reconvened in Open Session at 6:03 p.m. No action was taken during Closed Session.

3. Approval of Minutes

Mr. J. Morales made a motion to approve the minutes of the September 24, 2025 Regular Meeting and the October 14, 2025 Special Meeting as presented. Ms. Garcia seconded. The motion passed by unanimous vote.

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

Ms. Wagner reported that the Quarterly Report and Treasurer's Report would not be presented. She explained that the month was closed out without including all outstanding FY2025 invoices. The financial reports will be updated by the Finance Manager prior to STWA's audit and closing out the fiscal year.

The following outstanding invoices were presented for Board approval:

• Charles W. Zahn, Jr., Attorney at Law	\$ 17,100.00
• International Consulting Engineers (ICE)	\$ 27,500.50

Mr. D. Morales directed staff to ask ICE to submit billing in a timelier manner. Ms. Rodgers made a motion to approve payment of bills. Ms. Garcia seconded. The motion passed unanimously.

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5. Operation and Maintenance Report.

Mr. Sendejo reported that the screening process is in progress for two Field Technician candidates. He also announced that Field Technician Zackary Elliott successfully passed his Water Operator examination.

6. Tax year 2025 tax roll/levy for the South Texas Water Authority's district in Nueces County.

The Board reviewed the Nueces County tax roll/levy for Tax Year 2025 reflecting a total taxable value of \$1,658,067,248 and a 2025 Total Ad Valorem Tax Levy of \$992,183.10.

7. Resolution 25-29. Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Nueces County for tax year 2025.

Mr. D. Morales made a motion to approve Resolution 25-29 adopting the tax roll/levy for South Texas Water Authority's district in Nueces County for tax year 2025. Mr. J. Morales seconded the motion and all voted in favor.

8. Mold remediation at STWA office building.

Mr. Marez stated that in response to the mold issues at STWA's office building, he looked into methods to address the mold problem and consulted with Willatt & Flickinger who recommended following formal procurement procedures to ensure compliance with Texas procurement laws while securing the most qualified and cost-effective contractor. He added that the best procurement method for this type of work is through a Job Order Contract using an approved cooperative purchasing program such as BuyBoard, TIPS-USA or Texas SmartBuy. Mr. J. Morales made a motion to engage a qualified mold remediation contractor through a cooperative purchasing program and execute a Job Order Contract for the required work, subject to legal review and final cost verification. Mr. D. Morales seconded the motion and the motion passed by unanimous vote.

9. STWA Board of Directors Meeting Schedule for 2026:

Mr. Marez reviewed the proposed 2026 meeting schedule provided in the Board packet. Mr. J. Morales made a motion to approve recommended dates. Mr. Graveley seconded. All voted in favor. The approved schedule is as follows:

January 27, 2026	May 26, 2026	September 29, 2026
February 24, 2026	June 30, 2026	October 27, 2026
March 24, 2026	August 4, 2026	December 8, 2026
April 28, 2026	September 8, 2026	

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10. TCAP Strategic Hedging Program.

Ms. Wagner presented information on the Texas Coalition for Affordable Power (TCAP) and the Strategic Hedging Program (SHP). She explained that through this program, TCAP has been purchasing energy for at least 24 months in advance to lock in the best rates and long-term stability for TCAP members. She added that although no Board action is required to continue participation, she requests that the Board formally vote to continue membership. Mr. J. Morales made a motion for STWA to remain a member for another five years. Ms. Rodgers seconded. The motion passed unanimously.

11. Bids for purchase of Fiscal Year 2026 pickup truck.

Mr. Marez presented several bids received by the October 17, 2025 deadline in response to STWA's Invitation to Bid for a 2025 or 2026 mid-size to $\frac{1}{2}$ ton, 4x2 or 4x4 4-door truck. Four vendors submitted a total of nine bids. After reviewing the bids, Mr. Marez recommended awarding the bid to Hacienda Ford for one 2026 Ford F150 4x4 Super Crew Cab XL-145 at a total cost of \$44,679.75.

12. Resolution 25-21. Resolution awarding the bid for the purchase of one pickup truck.

Ms. Garcia made a motion to award the bid for one 2026 Ford F150 4x4 Super Crew Cab XL-145 at a total cost of \$44,679.75 to Hacienda Ford. The motion was seconded by Ms. Rodgers and passed by unanimous vote.

13. Request for Proposals for gate valve assessment.

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

Mr. Marez stated that review of the Requests for Proposals for the gate valve assessment was not ready for presentation. Ms. Garcia made a motion to table items 13 and 14, Mr. J. Morales seconded the motion and all voted in favor.

15. Review of proposed revision of Chapter III, Section C – Allowance of Actual Subsistence Expense of the STWA Administrative Procedures and Conservation and Development Policies.

Mr. Marez presented an updated STWA Travel Policy including guidelines for lodging, meals and incidental expenses (per diem), mileage, rental cars and transportation, airfare and other reimbursable expenses. He explained that the General Services Administration (GSA) provides federal per diem guidelines recognized as the industry standard for travel reimbursements. However, since STWA is a local government operating within Texas, he believes that it is appropriate that reimbursement rates correspond more closely to those used by the State of Texas.

16. Resolution 25-35. Resolution amending the Administrative Procedures and Conservation and Development Policies of the South Texas Water Authority.

Mr. J. Morales made a motion to authorize adoption of the South Texas Water Authority Travel and Expense Reimbursement Policy as presented. Ms. Garcia seconded. All voted in favor.

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22. Administration Report.

- Future Board Meeting Dates
- Upcoming workshop to discuss Texas Water Development Board Funding and Timeline

Mr. Marez informed the Board that he would reach out about scheduling a workshop for November 10th related to the Texas Water Development Board Funding. He mentioned the STWA may need to seek public approval for bonds.

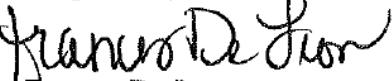
19. South Texas Water Authority Fees and Charges.

Ms. Wagner presented proposed FY 2026 schedules for General and Administrative Fees and Taps and Repairs Fees. A recent analysis indicates that STWA did not recoup sufficient revenue to cover actual expenses. She noted a significant increase in the fees but explained that STWA has not increased the fees for several years. If approved, the new fees will become effective on January 1, 2026. Mr. J. Morales voiced his support for the increases and moved to approve the fee schedules as presented. Mr. Graveley seconded and all voted in favor.

23. Adjournment.

With no further business to discuss, Mr. J. Morales moved to adjourn the meeting at 6:48 p.m. Ms. Garcia seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary