SOUTH TEXAS WATER AUTHORITY
2302 E. SAGE RD.
KINGSVILLE, TEXAS 78363

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose M Graveley, President
DATE: June 24, 2026
SUBJECT: Amended Meeting Notice and Agenda for the South Texas Water Authority

A Regular Meeting of the STWA Board of Directors is scheduled for:

Tuesday, June 30, 2026
5:30 p.m.
Courthouse Annex Law Enforcement Center
1500 E. King
Kingsville TX 78363

The Board will consider and act upon any lawful subject which may come before it, including among others, the following:

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. New Board member's oath of office.
4. Approval of Minutes. (Attachment 1)
5. Treasurer's Report/Payment of Bills. (Attachment 2)
6. Operation and Maintenance Report. (Attachment 3)
7. Bids for mold remediation at STWA office building. (Attachment 4)
8. **Resolution 26-11**. Resolution awarding the bid for mold remediation at STWA's office building. (Attachment 5)
9. Preliminary Nueces and Kleberg County Appraisal District Values. (Attachment 6)
10. Water District Truth in Taxation Notices, Effective Tax Rate Calculation, and Meeting/Hearing Schedule. (Attachment 7)

Jose M. Graveley, President
Frances Garcia, Vice-President
Imelda Garza, Secretary-Treasurer
Dr. Tanya Lawhon
Daniel Morales

Joe Morales
Angela N. Pena
Arturo Rodriguez
Patsy A. Rodgers
John Marez, Administrator

(361) 592-9323 Or (361) 692-0337 (C.C. line) Fax: (361) 592-5965

11. Preliminary Fiscal Year 2026 Budget. (Attachment 8)

12. Proposed updated compensation scale. (Attachment 9)

13. Letter to Kleberg County Tax Assessor/Collector confirming South Texas Water Authority's District Boundary. (Attachment 10)

14. Consideration and possible action to approve a resolution by the South Texas Water Authority requesting financial participation from the Texas Water Development Board; authorizing the filing of an application for financial participation; and making certain findings in connection therewith. (Attachment 11)

15. **Resolution 26-12**. Resolution by the Board of Directors of the South Texas Water Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith. (Attachment 12)

16. Update on Seven Seas Project. (Attachment 13)

17. 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 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 District's position in negotiations with a third person.

    17. a. Receive legal advice from counsel regarding alternate water sources. (§551.071)
    17. b. Evaluation of the STWA Executive Director. (§551.074)
    17. c. Review of JMAR Management Agreement. (§551.074)

18. Open Session Agenda 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 of the Executive Session Agenda items.

    18.a. Consider land lease agreement with the Port of Corpus Christi.

19. Administration Report.
    - Future Board Meeting Dates
    - Project updates
    - TCEQ Letter of Enforcement Action and Proposed Agreed Order

20. Adjournment.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session, a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government Code, authorizing the closed session.

JMG/JM/fdl
Attachments

This meeting notice was posted on STWA's website,www.stwa.org, and on indoor and outdoor bulletin boards at STWA's administrative offices, 2302 East Sage Road, Kingsville, Texas at 11:15 am (pm) on June 24, 2026.

Frances DeLeon
Assistant Secretary

ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
June 2, 2026

Board Members Present:

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

Board Members Absent:

Tanya Lawhon
Art Rodriguez

Staff Present:

John Marez
Frances De Leon
Patrick Sendejo
Victor Gutierrez
August Patroelj

Guests Present:

Charlie Zahn (Zoom)
Bobby Villarreal (Zoom)
Hunter Hudson (Zoom)
Ivan Luna, I.C.E.
Ansar Palakkal, I.C.E.
Mohammad Azayzeh, I.C.E.
Kasy Stinson, Seven Seas
Christina Dupont, Seven Seas
Rogelio Rodriguez, Water Finance Exchange
Viviana Ortiz, Water Finance Exchange
Lenny Anzaldua, Workforce Solutions
Myra Alaniz
Holly Bockholt
James Johnson

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. 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 public comments were made.

3. New Board Members' Oaths of Office.

Mr. Patroelj administered the Oath of Office to Ms. Frances Garcia who was re-appointed to Place 1 on the Board by the Kleberg County Commissioner's Court and Mr. Joe Morales who was re-appointed to Place 4 by Nueces County Commissioner's Court.

4. Election of officers.

Ms. Garcia made a motion to re-elect the current slate of officers. Ms. Rodgers seconded and all voted in favor.

The officers remain as follows:
Mr. Graveley – President
Ms. Garcia – Vice-President
Ms. Garza – Secretary/Treasurer

5. Approval of Minutes.

Ms. Garza made a motion to approve the minutes of the May 5, 2026 Regular Meeting as presented. Ms. Rodgers seconded. The motion passed by unanimous vote.

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

The following reports were presented for Board approval:

STWA Investment Report for Quarter Ended March 31, 2026
Corrected STWA Revenue Fund Balance Sheet – March, 2026
Treasurer's Report for period ending April 30, 2026
STWA Income Statement – Comparison to Prior Year for April, 2026
Revenue Fund Income Statement for period ending April 30, 2026
Special Services Income Statement for period ending April 30, 2026
Tax Fund Income Statement for period ending April 30, 2026
STWA Revenue Fund Trial Balance – April, 2026
STWA Revenue Fund Balance Sheet – April, 2026
STWA Debt Service Fund Income Statement for period ending April 30, 2026
STWA Debt Service Fund Trial Balance – April, 2026
STWA Debt Service Fund Balance Sheet – April, 2026
STWA Capital Projects Fund Income Statement for period ending April 30, 2026
STWA Capital Projects Fund Trial Balance – April, 2026
STWA Capital Projects Fund Balance Sheet – April, 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 (April)	$ 8,370.00
• International Consulting Engineers	$ 7,869.50
• International Consulting Engineers	$ 6,887.50
• International Consulting Engineers	$ 10,367.00
• International Consulting Engineers	$ 18,399.65

Mr. Patroelj pointed out an error on the STWA Investment Report for Quarter Ended March 31, 2026 (Quarterly Report). He stated that the Total Cash Accounts under the Beginning Market

Value should be $5,318,426.08 instead of $5,435,792.62. The Board discussed the outstanding NCWC&ID #5 and City of Driscoll Water and O&M invoices balances. Mr. D. Morales asked if staff had been in contact with those customers and suggested reaching out to them about the outstanding balances and the possibility of interest charges in order to encourage payment. Mr. Marez stated he had discussed the matter with Mayor Gonzalez of the City of Driscoll. Staff agreed to provide a friendly reminder of the past due amounts. Mr. Patroelj asked for the Board's direction in presenting bills for payment. Currently he presents invoices that exceed $5,000. Mr. J. Morales commented that he wants to see invoices related to legal and engineering services but otherwise if invoices are within budget constraints, they should be paid. The Board agreed that invoices should be brought to their attention when needed. Mr. J. Morales made a motion to approve the Quarterly Report with the correction, the Treasurer's Report and payment of bills as presented. Ms. Garza seconded. The motion passed unanimously.

7. Operation and Maintenance Report.

Mr. Sendejo reported that he is currently trying to fill four vacancies. One applicant is going through the screening process and another applicant is scheduled for an interview. No additional information was requested by the Board.

8. **Resolution 26-07**. Resolution appointing Frances De Leon, Assistant Executive Director, to serve as Chief Tax Assessor for South Texas Water Authority.
9. **Resolution 26-08**. Resolution appointing Kevin Kieschnick, Nueces County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Nueces County.
10. **Resolution 26-09**. Resolution appointing Maria Victoria Valadez, Kleberg County Tax Assessor/Collector, to serve as the South Texas Water Authority Tax Collector in Kleberg County.

Mr. Graveley made a motion to adopt Resolutions 26-07, 26-08 and 26-09. The motion was seconded by Ms. Garza and passed unanimously.

11. **Resolution 26-10**. Resolution establishing tax exemptions for residence homesteads, for property owners who are 65 years of age or older, for persons who are disabled, and for disabled veterans.

Mr. J. Morales made a motion to adopt Resolution 26-10. The motion was seconded by Ms. Garza and passed unanimously.

12. Approval to transfer remaining Cathodic Protection Technician position to Field Technician.

Mr. Marez stated that the Board previously approved converting the vacant Cathodic Protection Technician position to Field Technician. He requested approval to transfer the remaining Cathodic Protection position to Field Technician to better support operational and maintenance needs. Ongoing Cathodic Protection job duties will be assigned to field staff as needed. Mr. J. Morales moved to approve transfer of the position as requested. Ms. Rodgers seconded and all voted in favor.

13. Work Experience Worksite Agreement with Workforce Solutions Coastal Bend.

Mr. Lenny Anzaldua of Workforce Solution Coastal Bend provided a brief explanation of services offered by his organization. He presented a Work Experience Worksite Agreement and explained that the term of the agreement is two years expiring in June 2028 but can be terminated upon written request. The program provides a means of training employees at zero expense to STWA for 90 days and provides a window to determine if the employee is a good fit. During this time Workforce Solutions will cover the salary 100% and coordinate with a designated STWA representative to enroll prospective applicants in the program and provide the required documentation. Ms. Rodgers made a motion to authorize execution of the worksite agreement. Ms. Garcia seconded. The motion passed by unanimous vote.

14. RFP/CSP for mold remediation.

Mr. Marez stated that although the Board previously authorized use of a Job Order Contract procurement method for mold remediation, he encountered a lack of qualified vendors. After further evaluation, he recommends transitioning to a Competitive Sealed Proposal/Request for Proposals (RFP) process which is better suited due to the specialized nature of mold remediation services and the need to evaluate contractor qualifications, remediation methodologies, schedule, safety practices and pricing. The RFP will provide potential bidders with the same information used for the Job Order Contract. He stated that the Board can authorize staff to evaluate and award the bid or present the bids at the June 30th meeting for the Board's review and award. Mr. J. Morales made a motion to authorize the Executive Director to proceed with issuance of a Request for Proposals/Competitive Sealed Proposal for Mold Remediation Services for the Administration Office and establish a project budget authority not to exceed $300,000 and to return to the Board with proposals. Mr. Graveley seconded the motion. All voted in favor.

15. Update on Seven Seas Project.

Mr. Kasy Stinson from Seven Seas provided an update on the Seven Seas project. He stated that a well driller has been selected and is on standby. Seven Seas is working with finalizing the land lease agreement. He assured the Board that Seven Seas is ready as soon as they are able to proceed. Mr. J. Morales asked about confidence in the well's production and Mr. Stinson responded that Seven Seas is confident on the ability to produce the needed water at this location.

16. 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.

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

Mr. Graveley announced that the Board would convene in Closed Session at 6:24 p.m. pursuant to Section 551.071 of the Government Code to receive legal advice from counsel regarding an alternate source of water for the Authority.

The Board reconvened in Open Session at 7:10 p.m. No action was taken during Closed Session.

17. 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.

17.a. Consider land lease agreement with the Port of Corpus Christi.

No action was taken by the Board. Legal counsel Charlie Zahn asked that this item be placed on the June 30, 2026 agenda.

18. Administration Report.

- Future Board Meeting Dates

Mr. Marez informed the Board that the next meeting is scheduled for June 30th and will include discussion on the preliminary budget. If needed, mini budget workshops will be scheduled in July before the next meeting on August 4th.

19. Adjournment.

With no further business to discuss, Ms. Garza moved to adjourn the meeting at 7:15 p.m. Ms. Rodgers seconded. The motion carried.

Respectfully submitted,

Frances De Leon
Assistant Secretary

ATTACHMENT 2

Treasurers Report/Payment of Bills

SOUTH TEXAS WATER AUTHORITY
Treasurer's Report
For Period Ending May 31, 2026

STWA Water Sales:

Entity	Water Usage (1,000 g)	Cost of Water from City of Corpus Christi $3.178414 per 1000 g	Handling Charge @ $0.60/1000g	Incremental Increase @ $0.60/1000g	Out of District Surcharge and Pass-Thru Credit	Total Due
Kingsville	11,353	$36,084.53	$6,811.80	$0.00	$0.00	$42,897.92
Bishop	4,180	$13,285.77	$2,508.00	$0.00	$0.00	$15,793.77
Agua Dulce	1,798	$5,714.79	$1,078.80	$0.00	$0.00	$6,796.91
RWSC	7,581	$24,095.56	$4,548.60	$0.00	$0.00	$28,644.16
Driscoll	2,281	$7,249.96	$1,368.60	$0.00	$0.00	$8,618.56
NCWCID #5	1,768	$5,619.44	$1,061.01	$1,061.01	$893.17	$8,636.71
NWSC	21,481	$68,275.51	$12,888.81	$0.00	$0.00	$81,164.67
TOTAL	**50,442**	**$160,325.56**	**$30,265.62**	**$1,061.01**	**$893.17**	**$192,552.72**

Water Cost and Usage for Period of:	**05/01/26**	**05/31/26**
City of Corpus Christi Invoice for Cost of Water Purchased:		$157,013.63
Gallons of Water Recorded by City of Corpus Christi:		49,400,000
Gallons of Water Recorded by STWA from Customer's Master Meters:		50,442,000
Water Loss Percentage:		**-2.11%**

Annual Usage for FY26	**Annual**
Gallons of Water Recorded by City of Corpus Christi:	363,960,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	365,862,848
Water Loss Percentage: (year to date)	**-0.52%**

Water Cost and Usage for FY 26

	Corpus	STWA	Difference	% Difference
October	47,990,000.00	46,476,000.00	1,514,000.00	**3.15%**
November	47,780,000.00	49,114,461.00	(1,334,461.00)	**-2.79%**
December	43,640,000.00	43,410,000.00	230,000.00	**0.53%**
January	46,600,000.00	46,512,387.00	87,613.00	**0.19%**
February	40,380,000.00	40,707,000.00	(327,000.00)	**-0.81%**
March	46,640,000.00	47,030,000.00	(390,000.00)	**-0.84%**
April	41,530,000.00	42,171,000.00	(641,000.00)	**-1.54%**
May	49,400,000.00	50,442,000.00	(1,042,000.00)	**-2.11%**
		(1,902,848.00)		
		8		
		(237,856.00)	4	(951,424.00)
		End of Fiscal Year Amount		**(2,854,272.00)**

Combined Funds

Account Object	Description	Current Year: Current Month	Current Year: Current YTD	Current Year: Budget	Current Year: Variance	Last Year: Prior Year Month	Last Year: Prior Year YTD
	Revenue						
41100	Tax Revenue	20,249.42	1,937,783.64	1,984,701.00	-46,917.36	22,129.44	1,975,626.83
41120	Delinquent Tax Revenue	4,967.03	27,783.64	49,500.00	-21,716.36	4,371.05	37,695.17
41150	Penalties & Interest - Tax	4,450.92	24,158.55	34,700.00	-10,541.45	3,514.92	22,708.87
41950	Miscellaneous - Taxes	-1.84	-21.86		-21.86	-0.96	-24.63
44100	Water Service Revenue	160,331.98	1,177,451.26	1,745,727.00	-568,275.74	185,442.36	1,121,343.19
44210	Handling Charge Revenue	30,266.41	219,520.64	313,248.00	-93,727.36	28,343.69	180,103.94
44230	Premium Incremental	1,061.14	8,466.88	12,500.00	-4,033.12	843.52	6,845.91
44240	Surcharge - Out-of-District	893.17	7,145.36	14,064.00	-6,918.64	1,020.39	8,214.72
44600	Operations & Maint Fees	80,721.75	587,383.96	7,850.00	579,533.96	59,008.71	469,874.51
46000	MISCELLANEOUS REVENUE	409.70	109,098.55	15,000.00	94,098.55	998.00	2,582.51
46100	Miscellaneous Income	0.01	375.94		375.94		104,834.48
47100	Interest income	18,700.08	139,709.97	175,000.00	-35,290.03	20,783.49	163,453.50
47110	Interest-Note						165.36
	Total	**322,049.77**	**4,238,856.53**	**4,352,290.00**	**-113,433.47**	**326,454.61**	**4,093,424.36**
	Expenses						
601000	STWA						
50200	Purchased water	157,013.63	1,171,415.27	1,745,727.00	574,311.73	187,675.42	1,127,329.34
51100	Salaries/Wages	65,592.32	428,454.08	543,343.51	114,889.43	82,301.67	363,311.10
51120	Overtime	2,025.27	20,762.29	34,570.28	13,807.99	3,499.63	20,207.76
51130	Stand-by	180.00	1,086.77	1,560.00	473.23	180.00	1,100.00
51160	Vacation Buyback	447.00	6,671.32	6,224.32	-447.00		5,831.69
51200	Employee Retirement	10,601.28	61,548.72	69,044.00	7,495.28	11,446.98	80,694.56
51201	Group Ins - Health	35,142.58	284,701.00	249,471.00	-35,230.00	46,051.11	328,982.49
51202	Group Ins - Life	543.53	5,331.21	9,415.00	4,083.79	739.41	5,230.84
51203	Group Ins - Dental	532.76	5,172.06	11,515.00	6,342.94	665.28	4,883.44
51300	Unemployment Ins		3,049.18	515.00	-2,534.18	-52.96	1,160.83
51400	Workers Compensation		19,004.09	19,003.73	-0.36	-118.79	16,898.49
51700	Medicare	1,363.96	9,677.82	14,697.86	5,020.04	1,480.33	8,534.98
52110	Postage		4,498.47	8,500.00	4,001.53		4,058.90
52120	Printing/Office Supplies	4,996.19	24,449.88	37,500.00	13,050.12	2,456.35	22,080.71
52130	Janitorial/Site Maint	2,329.37	8,875.58	22,500.00	13,624.42	3,345.32	16,997.39
52160	Small Tools	759.93	3,116.45	3,000.00	-116.45	168.76	1,254.10
52380	Safety Equipment	412.12	5,883.40	5,000.00	-883.40	1,333.23	5,042.09
53110	Legal	9,632.25	104,016.00	125,000.00	20,984.00	386.50	84,279.75
53120	Auditing		15,200.00	15,200.00			12,570.00
53130	Engineering	16,097.00	181,064.00	250,000.00	68,936.00		309,381.22
53140	Management & Consulting	8,333.33	71,666.64	150,000.00	78,333.36	14,723.33	107,309.14
53210	Inspection Services			7,500.00	7,500.00		1,506.11
53260	Tax Collector Fees		49,644.24	71,042.00	21,397.76		52,396.78
53270	Appraisal District Fees		14,280.58	33,730.00	19,449.42	2,575.65	17,292.21
54110	General Repairs &	8,909.18	51,775.98	125,000.00	73,224.02	2,259.44	62,301.36
54111	General R&M - Central Tank						129,925.67

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Combined Funds

Account Object	Description	Current Year Current Month	Current Year Current YTD	Current Year Budget	Current Year Variance	Last Year Prior Year Month	Last Year Prior Year YTD
54140	Fuel/Lubricants/Repairs	6,179.74	58,921.22	70,000.00	11,078.78	10,187.71	72,144.62
54150	Chemicals/Water Samples	710.00	22,392.92	45,000.00	22,607.08	1,564.00	18,105.66
54250	Meter Expense			5,000.00	5,000.00		
54260	Tank Repairs			35,000.00	35,000.00		
54291	Major Repairs		25,432.00	125,000.00	99,568.00		
54720	Cathodic Protect Materials			590,500.00	590,500.00		
55110	Telephone/Communications	4,243.95	26,973.11	40,000.00	13,026.89	3,120.97	21,786.13
55120	Utilities	8,176.75	67,025.64	112,500.00	45,474.36	2,493.07	62,071.55
55130	D & O Liability Insurance		2,278.00	4,500.00	2,222.00		3,232.03
55140	Property Insurance		63,755.82	63,755.82			61,492.06
55150	General Liability Ins		5,035.75	6,000.00	964.25		4,446.05
55160	Auto Insurance		5,145.00	5,145.00			4,717.72
55180	Travel/Training/Meetings	3,167.79	15,541.72	32,000.00	16,458.28	743.12	16,065.49
55610	Rental-Equip/Uniforms	2,719.83	10,591.24	15,742.82	5,151.58	762.56	6,712.03
55620	Dues/Subscriptions/Advert	1,815.41	13,803.91	19,000.00	5,196.09	15.98	14,927.11
55999	Bad Debt Expense						-5,771.27
58130	Pass Through Costs			250.00	250.00	0.46	0.76
58200	PAYMENT TO SUB-ACCOUNT NWSC	10,367.00	70,684.10		-70,684.10		
58300	PAYMENT TO SUB-ACCOUNT RWSC	18,399.65	125,452.15		-125,452.15		
58790	Misc Expenditures	430.90	7,498.11	15,000.00	7,501.89	38.50	5,822.33
59600	Capital Acquisition	110,000.00	224,042.27	384,974.00	160,931.73		114,573.91
	Total Account	**491,122.72**	**3,295,917.99**	**5,128,426.34**	**1,832,508.35**	**380,043.03**	**3,190,887.13**
601200	NWSC						
51100	Salaries/Wages	16,205.49	88,287.58		-88,287.58	12,546.37	83,279.24
51120	Overtime	4,793.95	26,387.03		-26,387.03	2,754.25	21,196.06
51130	Stand-by	180.00	1,080.00		-1,080.00	180.00	1,100.00
	Total Account	**21,179.44**	**115,754.61**		**-115,754.61**	**15,480.62**	**105,575.30**
601300	RWSC						
51100	Salaries/Wages	12,027.65	68,900.28		-68,900.28	9,508.79	65,759.89
51120	Overtime	1,820.51	10,374.98		-10,374.98	1,131.23	14,586.89
51130	Stand-by	180.00	1,080.00		-1,080.00	180.00	1,100.00
	Total Account	**14,028.16**	**80,355.26**		**-80,355.26**	**10,820.02**	**81,446.78**
603000	Debt Services						
53260	Tax Collector Fees		10,159.86	14,550.00	4,390.14		11,032.98
53270	Appraisal District Fees		2,922.56	6,910.00	3,987.44	542.35	3,641.17
56110	Bond Principal			270,000.00	270,000.00		
56120	Bond Interest Expense		39,275.00	78,550.00	39,275.00		43,175.00
56130	Fiscal Agent's Fees		100.00	200.00	100.00		100.00
	Total Account		**52,457.42**	**370,210.00**	**317,752.58**	**542.35**	**57,949.15**
609010	Capital Projects						
51100	Salaries/Wages		12,825.92		-12,825.92	7,062.47	50,793.41
54720	Cathodic Protect Materials					91,627.22	254,900.36
	Total Account		**12,825.92**		**-12,825.92**	**98,689.69**	**305,693.77**

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Combined Funds

Account Object	Description	Current Year: Current Month	Current Year: Current YTD	Current Year: Budget	Current Year: Variance	Last Year: Prior Year Month	Last Year: Prior Year YTD
	Total	**526,330.32**	**3,557,311.20**	**5,498,636.34**	**1,941,325.14**	**505,575.71**	**3,741,552.13**
	Net Income from Operations	-204,280.55	681,545.33			-179,121.10	351,872.23
	Other Revenue						
48120	Sale of Assets			15,000.00	-15,000.00		8,217.90
48200	SUB-ACCOUNT NWSC	10,367.00	191,317.95		191,317.95		
48300	SUB-ACCOUNT RWSC		321,157.85		321,157.85		
	Total Other	**10,367.00**	**512,475.80**	**15,000.00**	**497,475.80**	**0.00**	**8,217.90**
	Net Income	-193,913.55	1,194,021.13			-179,121.10	360,090.13

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REVENUE FUND
INCOME STATEMENT
FOR PERIOD ENDING May 31, 2026

66.67%

	MONTHLY	YEAR TO DATE WITH THIS MONTH	2026 ADOPTED BUDGET W/Adjustment	% OF 2026 ADOPTED BUDGET	2025 YEAR TO DATE	2025 Final BUDGET
REVENUES						
Water Service Revenue	$160,332	$1,177,452	$1,745,727	67%	$935,901	$1,700,677
Handling Charge Revenue	$30,266	$219,520	$313,248	70%	$151,760	$269,400
Premium Incremental Increase	$1,061	$8,467	$12,500	68%	$6,002	$10,100
Surcharge - Out of District	$741	$5,931	$12,264	48%	$6,129	$10,205
Interest Income	$16,754	$127,219	$165,000	77%	$130,900	$216,150
Interest - Note	$0	$0	$0		$165	$0
Other Revenue						
Operating & Maintenance Fees	$80,722	-$8,778	$7,850	-112%	-$33,172	$8,250
Miscellaneous Revenues	$410	$109,474	$15,000	730%	$113,352	$134,500
Industry Revenues	$0	$0	$0		$0	$659,941
Sub-Account NWSC	$10,367	$191,318	$0		$0	$0
Sub-Account RWSC	$0	$321,158	$0		$0	$0
TOTAL REVENUES	**$300,654**	**$2,151,761**	**$2,271,589**	**95%**	**$1,311,037**	**$3,009,223**
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	$157,014	$1,171,415	$1,764,065	66%	$939,654	$1,700,677
Payroll Costs						
Salaries & Wages - Perm. Employees	$93,825	$227,818	$433,907	53%	$182,982	$636,200
Salaries & Wages - Vacation Buyback	$447	$6,671	$6,224	107%	$5,832	$5,850
Overtime - NWSC	$4,794	$0	$0	0%	$0	$0
Stand-by Pay - NWSC	$180	$0	$0	0%	$0	$0
Overtime - RWSC	$1,821	$0	$0	0%	$0	$0
Stand-by Pay - RWSC	$180	$0	$0	0%	$0	$0
Overtime - STWA	$2,025	$20,762	$24,000	87%	$16,708	$30,000
Stand-by Pay - STWA	$180	$1,087	$1,560	70%	$920	$1,620
Employee Retirement Premiums	$10,601	$22,662	$69,044	33%	$37,978	$129,072
Group Insurance Premium	$36,219	$120,619	$270,401	45%	$142,344	$526,690
Unemployment Compensation	$0	-$24	$515	-5%	$125	$1,769
Workers' Compensation	$0	$12,202	$19,004	64%	$12,157	$16,780
Medicare	$1,364	$3,949	$14,698	27%	$2,989	$14,034
Supplies & Materials						
Repairs & Maintenance	$8,909	$51,776	$125,000	41%	$60,043	$125,000
Meter Expense	$0	$0	$5,000	0%	$0	$1,200
Tank Repairs	$0	$0	$35,000	0%	$0	$10,000
Major Repairs	$0	$25,432	$25,000	102%	$129,926	$135,000
Other Operating Expenditures:						
Professional Fees						
Legal	$9,632	$104,017	$125,000	83%	$83,893	$175,000
Auditing	$0	$15,200	$15,200	100%	$12,570	$12,570
Engineering	$16,097	$181,064	$250,000	72%	$309,381	$420,000
Management & Consulting	$0	$5,000	$80,000	6%	$34,253	$82,000
JMAR Management Consulting LLC	$8,333	$46,666	$70,000	67%	$40,833	$100,000
Inspection/GIS Mapping	$0	$0	$7,500	0%	$1,506	$2,000
Consum Supplies/Materials						
Postage	$0	$1,141	$8,500	13%	$1,132	$4,999
Printing/Office Supplies	$4,996	$21,689	$37,500	58%	$14,726	$42,445
Janitorial/Site Maintenance	$2,329	$8,876	$22,500	39%	$13,652	$22,700

66.67%

	MONTHLY	YEAR TO	2026	% OF 2026	2025	2025
Fuel/Lubricants/Repairs	$6,180	$57,666	$70,000	82%	$33,241	$117,290
Chemicals/Water Samples	$710	$22,393	$45,000	50%	$16,542	$39,500
Safety Equipment	$412	$5,883	$5,000	118%	$3,709	$6,500
Small Tools	$760	$3,116	$3,000	104%	$1,086	$3,500
Recurring Operating Costs						
Telephone/Communications	$4,244	$19,939	$40,000	50%	$15,576	$36,940
Utilities	$8,177	$67,026	$112,500	60%	$59,578	$105,000
D & O Liability Insurance	$0	$2,278	$4,500	51%	$3,232	$3,750
Property Insurance	$0	$63,756	$63,756	100%	$61,492	$61,600
General Liability	$0	$5,036	$6,000	84%	$4,446	$4,446
Auto Insurance	$0	$5,145	$5,145	100%	$4,718	$4,718
Travel/Training/Meetings-Staff	$2,818	$12,317	$20,000	62%	$12,296	$22,500
Travel/Training/Meetings-Board of Dir.	$350	$3,225	$10,000	32%	$3,025	$6,000
Travel/Training/Meetings-Legislation	$0	$0	$2,000	0%	$0	$0
Rental-Equipment/Uniforms	$2,720	$10,592	$15,743	67%	$5,949	$12,000
Dues/Subscriptions/Publication	$1,815	$13,804	$19,000	73%	$14,911	$20,000
Pass Through Cost	$0	$0	$250	0%	$0	$50
Bad Debt Expense	$0	$0	$0	0%	-$5,771	$0
Payment to Sub-Account NWSC	$10,367	$70,684	$0	0%	$0	$0
Payment to Sub-Account RWSC	$18,400	$125,452	$0	0%	$0	$0
Miscellaneous						
Miscellaneous Expenditures	$431	$7,495	$15,000	50%	$5,784	$15,000
Total Administrative & Operations Exp.	**$416,330**	**$2,543,828**	**$3,846,511**	**66%**	**$2,283,418**	**$4,654,400**
Capital Outlay						
Capital Acquisition	$110,000	$224,043	$384,974	58%	$114,574	$225,000
Cathodic Protection	$0.00	$0	$590,500	0%	$0	$0
Total Expenditures Capital Outlay	**$110,000**	**$224,043**	**$975,474**	**23%**	**$114,574**	**$225,000**
TOTAL EXPENDITURES	**$526,330**	**$2,767,871**	**$4,821,985**	**57%**	**$2,397,992**	**$4,879,400**
Excess (Deficiencies) of Revenue Over Expenditures	**-$225,677**	**-$616,110**	**-$2,550,396**		**-$1,086,955**	**-$1,870,177**
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	-	0	$1,668,498	0%	$0	$1,630,025
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	-	0	$5,000	0%	$0	$3,500
TOTAL OTHER FINANCING SOURCES (USES)	$0	$0	**$1,673,498**	**0%**	**$0**	**$1,633,525**
EXCESS (DEFICIENCES) OF REVENUES OVER OTHER SOURCES (USES)	**-$225,677**	**-$616,110**	**-$876,898**		**-$1,086,955**	**-$236,652**
rounding error		-$1.00				
NET INCOME	**-$225,677**	**-$616,111**	**-$876,898**		**-$1,086,955**	**-$236,652**

Special Services
INCOME STATEMENT
FOR PERIOD ENDING May 31,2026

66.67%

	MONTHLY	YEAR TO DATE	2026 ADOPTED BUDGET	% OF 2026 ADOPTED BUDGET	2025 YEAR TO DATE	2025 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	34,415	260,068	563,786	46%	194,865	449,088
Nueces Water Supply Corporation	45,850	336,185	557,953	60%	211,436	439,152
TOTAL REVENUES	80,265	596,253	1,121,739	53%	406,301	888,240
EXPENDITURES						
Personnel	56,312	396,843	527,392	75%	258,749	454,994
Administrator	2,500	20,000	30,000	67%	17,500	30,000
Overhead	31,092	243,479	564,346	43%	230,210	403,246
TOTAL EXPENDITURES *	89,904	660,322	1,121,738	59%	506,459	888,240
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	**(9,639)**	**(64,069)**	**1**		**(100,158)**	**0**

Special Services Breakdown Explanation

Revenue:

		Reported
Taps & Repairs	Repairs/Work done for the Corporations that get Reimbursed back to STWA	Monthly
General Admin	Fees associated with the Administration of each Corporations daily activity	Monthly
Purchase Reimb	Purchases made on behalf of Corporations due to lack of Spefic Vendor Accounts only STWA has	Monthly
Stand By Pay	STWA employees on call on behalf of Corporations and STWA (Corporations Portion gets put here)	Quarterly
Fiber Optic line	Corporations portion of Internet/Phone System, etc....	Quarterly

Expenses:

Personnel Allocation of the corporations portion of Total Payroll for the month. This includes salaries, Overtime, and Stand By Pay

Administrator Allocation of the corporations portion of the Executive Directors Pay (30%)

Overhead Allocation of the corporations portion of Benefits.
This includes Retirement, Medical, Unemployment, Worker's Comp, Medicare, Telephone, Postage, and Copies

Special Service Monthly Summation of Net Postion

October	$ (25,769.00)	**January**	$ 1,101.00
November	$ (21,900.00)	**February**	$ (766.00)
December	$ (22,053.00)	**March**	$ 15,139.00
		April	$ (183.00)
		May	$ (9,639.00)
	$ (69,722.00)		**$ 5,652.00**

TAX FUND
INCOME STATEMENT
FOR PERIOD ENDING May 31, 2026

66.67%

	MONTHLY	YEAR TO DATE	2026 ADOPTED BUDGET	% OF 2026 ADOPTED BUDGET	2025 YEAR TO DATE	2025 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	16,814	1,608,789	1,635,951	98%	1,633,071	1,665,196
Delinquent Tax Revenue	4,064	22,747	40,000	57%	31,005	38,115
Penalty & Interest - Tax Accounts	3,638	19,756	29,200	68%	18,659	27,345
Miscellaneous	-2	-23	0	0%	-25	0
TOTAL TAXES & INTEREST	**24,514**	**1,651,270**	**1,705,151**	**97%**	**1,682,710**	**1,722,615**
EXPENDITURES						
Tax Collector Fees	0	49,644	71,042	70%	52,396	68,980
Appraisal Districts	0	14,281	33,730	42%	17,293	31,651
TOTAL EXPENDITURES	**0**	**63,925**	**104,772**	**61%**	**69,689**	**100,631**
Transfer to General Fund	**0**	**0**	**1,600,379**	**0%**	**0**	**1,630,025**
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	**24,514**	**1,587,345**	**0**		**1,613,021**	**(8,041)**

SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 5 / 26

101 Water

		Opening Balance	Change	Closing Balance
Assets				
101. 10100	STWA - Operations	38,757.00	(15,769.58)	22,987.42
101. 10200	STWA - General	677,129.16	(716,216.26)	(39,087.10)
101. 10210	STWA - General Money Market	41,546.56	31.76	41,578.32
101. 10400	STWA - Payroll	89,794.94	(63,674.06)	26,120.88
101. 10800	Petty Cash	150.00		150.00
101. 11300	TexPool	5,015,404.88	437,546.56	5,452,951.44
101. 12100	Tax Accounts Receivable	225,780.22		225,780.22
101. 12101	Allowance for Uncollect Taxes	(88,575.35)		(88,575.35)
101. 12102	Allowance for doubtful Accounts	(12,483.96)		(12,483.96)
101. 12120	Interlocal Rec - Tax Assessor	2,200.98	3,617.96	5,818.94
101. 12200	Service Accts Receivable	(5,771.27)		(5,771.27)
101. 12201	Agua Dulce-Water	13,921.49	(757.81)	13,163.68
101. 12202	Bishop - Water	15,274.92	518.43	15,793.35
101. 12203	Driscoll - Water	30,066.95	810.13	30,877.08
101. 12204	Kingsville - Water	23,393.71	19,504.23	42,897.94
101. 12205	NCWCID 5 - Water	43,396.07	(635.94)	42,760.13
101. 12206	Ricardo WSC - Water	41,701.84	28,644.16	70,346.00
101. 12207	Nueces WSC - Water	39,761.14	81,164.67	120,925.81
101. 12208	Ricardo WSC - General & Admin	44,412.66	25,362.61	69,775.27
101. 12209	Nueces WSC - General & Admin	25,447.10	26,054.36	51,501.46
101. 12500	Interlocal Rec-Bishop	(1,724.28)	(617.67)	(2,341.95)
101. 12700	Interlocal Rec-Driscoll	3,024.89	60.54	3,085.43
101. 12900	Interlocal Rec-Ricardo	6,985.01	(12,090.20)	(5,105.19)
101. 12901	RWSC-Credit Card	1,487.05	24.64	1,511.69
101. 13000	Interlocal Rec-Nueces	25,240.70	(4,518.26)	20,722.44
101. 13001	NWSC Credit Card	2,826.80	54.18	2,880.98
101. 13510	Due From Capital Projects Fund	173,544.21		173,544.21
101. 13520	Due from Debt Service Fund	16,207.20		16,207.20
101. 13530	Due from D.S .-Collect Service	16,505.60		16,505.60
101. 13900	Notes Receivable - Current	152.47		152.47
101. 14200	Prepaid Expenses	38,343.28		38,343.28
101. 15500	Inventory	38,158.12		38,158.12
101. 16000	Reimbursment Receivable	334,739.20		334,739.20
	Total Assets	**6,916,799.29**	**(190,885.55)**	**6,725,913.74**

101 Water

		Opening Balance	Change	Closing Balance
Liabilities and Fund Equity				
101. 20300	Trade Accounts Payable	242,413.62	378.45	242,792.07
101. 20310	Conversion Trade Accounts Payable	333.16		333.16
101. 20400	Salaries & Wages Payable	3,038.96	9,116.88	12,155.84
101. 20501	Due to NWSC	7,324.89	(54.08)	7,270.81
101. 20502	Due to RWSC	6,368.23		6,368.23
101. 21051	Federal WH Taxes Payable	150.77		150.77
101. 21052	Medicare Payable	665.32		665.32
101. 21061	Emply Retire Prem Payable	11,879.72		11,879.72
101. 21062	Unemployment Ins Payable	9,949.26		9,949.26
101. 21063	Emply Loan WH Payble	(671.10)		(671.10)
101. 21064	Emply Insurance WH Payble	(23,045.84)	193.18	(22,852.66)
101. 21065	Emply AFLAC Ins WH Payble	284.58	550.98	835.56
101. 21066	Emply Child Support WH Payble	(439.22)		(439.22)
101. 21067	Emply Nationwide WH Payble	200.00		200.00
101. 21068	Emply Advance WH Payble	(539.46)	29.99	(509.47)
101. 21069	Emply Other WH Payble	3,003.07	(89.99)	2,913.08
101. 21100	Miscellaneous Payables	24,302.39		24,302.39
101. 21500	Compensated Absences	14,581.89		14,581.89
101. 21700	Deferred Tax Revenue	137,204.87		137,204.87
101. 24100	Due to Debt Service Fund	13,400.58	151.74	13,552.32
101. 24200	Due to Capital Projects Fund	(289,296.25)		(289,296.25)
101. 28300	Fund Balance	(3,588.53)		(3,588.53)
101. 28400	Retained Earnings	5,605,615.32		5,605,615.32
101. 28410	Assigned Fund Bal. - Inventory	45,335.18		45,335.18
101. 28999	Net Income Current Year	1,108,327.88	(201,162.70)	907,165.18
	Total Liabilities and Fund Equity	**6,916,799.29**	**(190,885.55)**	**6,725,913.74**
Revenue				
101. 41100	Tax Revenue	1,591,974.79	16,814.11	1,608,788.90
101. 41120	Delinquent Tax Revenue	18,683.43	4,064.04	22,747.47
101. 41150	Penalties & Interest - Tax	16,118.20	3,637.53	19,755.73
101. 41950	Miscellaneous - Taxes	(20.02)	(1.84)	(21.86)
101. 44100	Water Service Revenue	1,017,119.28	160,331.98	1,177,451.26
101. 44210	Handling Charge Revenue	189,254.23	30,266.41	219,520.64
101. 44230	Premium Incremental Increase	7,405.74	1,061.14	8,466.88
101. 44240	Surcharge - Out-of-District	5,190.01	741.43	5,931.44
101. 44600	Operations & Maint Fees	506,662.21	80,721.75	587,383.96

101 Water

		Opening Balance	Change	Closing Balance
101. 46000	MISCELLANEOUS REVENUE	108,688.85	409.70	109,098.55
101. 46100	Miscellaneous Income	375.95		375.95
101. 47100	Interest income	110,463.95	16,754.37	127,218.32
101. 48200	SUB-ACCOUNT NWSC	180,950.95	10,367.00	191,317.95
101. 48300	SUB-ACCOUNT RWSC	321,157.85		321,157.85
	Total Revenue	**4,074,025.42**	**325,167.62**	**4,399,193.04**
Expenditures				
101.601000.50200	Purchased water	1,014,401.64	157,013.63	1,171,415.27
101.601000.51100	Salaries/Wages	362,861.76	65,592.32	428,454.08
101.601000.51120	Overtime	18,737.02	2,025.27	20,762.29
101.601000.51130	Stand-by	906.77	180.00	1,086.77
101.601000.51160	Vacation Buyback	6,224.32	447.00	6,671.32
101.601000.51200	Employee Retirement	50,947.44	10,601.28	61,548.72
101.601000.51201	Group Ins - Health	249,558.42	35,142.58	284,701.00
101.601000.51202	Group Ins - Life	4,787.68	543.53	5,331.21
101.601000.51203	Group Ins - Dental	4,639.30	532.76	5,172.06
101.601000.51300	Unemployment Ins	3,049.18		3,049.18
101.601000.51400	Workers Compensation	19,004.09		19,004.09
101.601000.51700	Medicare	8,313.86	1,363.96	9,677.82
101.601000.52110	Postage	4,498.47		4,498.47
101.601000.52120	Printing/Office Supplies	19,453.69	4,996.19	24,449.88
101.601000.52130	Janitorial/Site Maint	6,546.21	2,329.37	8,875.58
101.601000.52160	Small Tools	2,356.52	759.93	3,116.45
101.601000.52380	Safety Equipment	5,471.28	412.12	5,883.40
101.601000.53110	Legal	94,383.75	9,632.25	104,016.00
101.601000.53120	Auditing	15,200.00		15,200.00
101.601000.53130	Engineering	164,967.00	16,097.00	181,064.00
101.601000.53140	Management & Consulting	63,333.31	8,333.33	71,666.64
101.601000.53260	Tax Collector Fees	49,644.24		49,644.24
101.601000.53270	Appraisal District Fees	14,280.58		14,280.58
101.601000.54110	General Repairs & Maintenance	42,866.80	8,909.18	51,775.98
101.601000.54140	Fuel/Lubricants/Repairs	52,741.48	6,179.74	58,921.22
101.601000.54150	Chemicals/Water Samples	21,682.92	710.00	22,392.92
101.601000.54291	Major Repairs	25,432.00		25,432.00
101.601000.55110	Telephone/Communications	22,729.16	4,243.95	26,973.11
101.601000.55120	Utilities	58,848.89	8,176.75	67,025.64
101.601000.55130	D & O Liability Insurance	2,278.00		2,278.00
101.601000.55140	Property Insurance	63,755.82		63,755.82
101.601000.55150	General Liability Ins	5,035.75		5,035.75

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101 Water

		Opening Balance	Change	Closing Balance
101.601000.55160	Auto Insurance	5,145.00		5,145.00
101.601000.55180	Travel/Training/Meetings	12,373.93	3,167.79	15,541.72
101.601000.55610	Rental-Equip/Uniforms	7,871.41	2,719.83	10,591.24
101.601000.55620	Dues/Subscriptions/Advert	11,988.50	1,815.41	13,803.91
101.601000.58200	PAYMENT TO SUB-ACCOUNT NWSC	60,317.10	10,367.00	70,684.10
101.601000.58300	PAYMENT TO SUB-ACCOUNT RWSC	107,052.50	18,399.65	125,452.15
101.601000.58790	Misc Expenditures	7,067.21	430.90	7,498.11
101.601000.59600	Capital Acquisition	114,042.27	110,000.00	224,042.27
	Total STWA	**2,804,795.27**	**491,122.72**	**3,295,917.99**
101.601200.51100	Salaries/Wages	72,082.09	16,205.49	88,287.58
101.601200.51120	Overtime	21,593.08	4,793.95	26,387.03
101.601200.51130	Stand-by	900.00	180.00	1,080.00
	Total NWSC	**94,575.17**	**21,179.44**	**115,754.61**
101.601300.51100	Salaries/Wages	56,872.63	12,027.65	68,900.28
101.601300.51120	Overtime	8,554.47	1,820.51	10,374.98
101.601300.51130	Stand-by	900.00	180.00	1,080.00
	Total RWSC	**66,327.10**	**14,028.16**	**80,355.26**
	Total Expenditures	**2,965,697.54**	**526,330.32**	**3,492,027.86**

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SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 5 / 26

101 Water

Assets

Current Assets			
STWA - Operations		22,987.42	
STWA - General	(	39,087.10)	
STWA - General Money Market		41,578.32	
STWA - Payroll		26,120.88	
Petty Cash		150.00	
TexPool		5,452,951.44	
Tax Accounts Receivable		225,780.22	
Allowance for Uncollect Taxes	(	88,575.35)	
Allowance for doubtful Accounts	(	12,483.96)	
Interlocal Rec - Tax Assessor		5,818.94	
Service Accts Receivable	(	5,771.27)	
Agua Dulce-Water		13,163.68	
Bishop - Water		15,793.35	
Driscoll - Water		30,877.08	
Kingsville - Water		42,897.94	
NCWCID 5 - Water		42,760.13	
Ricardo WSC - Water		70,346.00	
Nueces WSC - Water		120,925.81	
Ricardo WSC - General & Admin		69,775.27	
Nueces WSC - General & Admin		51,501.46	
Interlocal Rec-Bishop	(	2,341.95)	
Interlocal Rec-Driscoll		3,085.43	
Interlocal Rec-Ricardo	(	5,105.19)	
RWSC-Credit Card		1,511.69	
Interlocal Rec-Nueces		20,722.44	
NWSC Credit Card		2,880.98	
Due From Capital Projects Fund		173,544.21	
Due from Debt Service Fund		16,207.20	
Due from D.S .-Collect Service		16,505.60	
Notes Receivable - Current		152.47	
Prepaid Expenses		38,343.28	
Inventory		38,158.12	
Reimbursment Receivable		334,739.20	
Total Current Assets			**6,725,913.74**
Total Assets			**6,725,913.74**

Liabilities and Equity

Current Liabilities		
Trade Accounts Payable	242,792.07	
Conversion Trade Accounts Payable	333.16	

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SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 5 / 26

101 Water

Salaries & Wages Payable	12,155.84	
Due to NWSC	7,270.81	
Due to RWSC	6,368.23	
Federal WH Taxes Payable	150.77	
Medicare Payable	665.32	
Emply Retire Prem Payable	11,879.72	
Unemployment Ins Payable	9,949.26	
Emply Loan WH Payble	(671.10)	
Emply Insurance WH Payble	(22,852.66)	
Emply AFLAC Ins WH Payble	835.56	
Emply Child Support WH Payble	(439.22)	
Emply Nationwide WH Payble	200.00	
Emply Advance WH Payble	(509.47)	
Emply Other WH Payble	2,913.08	
Miscellaneous Payables	24,302.39	
Compensated Absences	14,581.89	
Deferred Tax Revenue	137,204.87	
Total Current Liabilities		**447,130.52**
Other Liabilities		
Due to Debt Service Fund	13,552.32	
Due to Capital Projects Fund	(289,296.25)	
Total Other Liabilities		**(275,743.93)**
Total Liabilities		**171,386.59**
Equity		
Fund Balance	(3,588.53)	
Retained Earnings	5,605,615.32	
Assigned Fund Bal. - Inventory	45,335.18	
CURRENT YEAR INCOME/(LOSS)	907,165.18	
Total Equity		**6,554,527.15**
Total Liabilities & Equity		**6,725,913.74**

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DEBT SERVICE FUND
INCOME STATEMENT
FOR PERIOD ENDING May 31, 2026

66.67%

	MONTHLY	YEAR TO DATE	2026 ADOPTED BUDGET	% OF 2026 ADOPTED BUDGET	2025 YEAR TO DATE	2025 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	3,435	328,995	348,750	94%	342,556	367,927
Delinquent Tax Revenue	903	5,036	9,500	53%	6,691	9,500
Penalty & Interest - Tax Accounts	813	4,403	1,800	245%	4,050	2,200
Out-of-District Surcharge	152	1,214	5,500	22%	1,242	5,500
Intererest on Temporary Investments	1,444	8,408	10,000	84%	9,327	13,200
Miscellaneous	0	0	0	0%	1,285	0
TOTAL TAXES & INTEREST	**6,747**	**348,056**	**375,550**	**93%**	**365,151**	**398,327**
OTHER FINANCING SOURCES						
Excess Bond Proceeds	0	0	0	0%	0	0
TOTAL OTHER FINANCE SOURCES	**0**	**0**	**0**	**0%**	**0**	**0**
TOTAL REVENUE AND OTHER FINANCE SOURCES	**6,747**	**348,056**	**375,550**	**93%**	**365,151**	**398,327**
EXPENDITURES						
Fiscal Agent Fees	0	100	200	50%	100	200
Bond Interest Expense	0	39,275	78,550	50%	43,175	86,350
Bond Principal Payments	0	0	270,000	0%	0	260,000
Tax Collector Fees	0	10,160	14,550	70%	11,033	14,650
Appraisal District Fees	0	2,923	6,910	42%	3,641	6,723
Miscellaneous	0	0	0	0%	0	0
TOTAL EXPENDITURES	**0**	**52,457**	**370,210**	**14%**	**57,949**	**367,923**
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	**6,747**	**295,598**	**5,340**		**307,202**	**30,404**

SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 5 / 26

310 Debt Service

		Opening Balance	Change	Closing Balance
Assets				
310. 11300	TexPool	466,908.98	5,863.31	472,772.29
310. 12100	Tax Accounts Receivable	58,893.97		58,893.97
310. 12101	Allowance for Uncollect Taxes	(11,370.61)	(	11,370.61)
310. 12120	Interlocal Rec - Tax Assessor	457.24	732.10	1,189.34
310. 13511	Due from General Fund	13,400.58	151.74	13,552.32
	Total Assets	**528,290.16**	**6,747.15**	**535,037.31**
Liabilities and Fund Equity				
310. 21700	Deferred Tax Revenue	47,523.36		47,523.36
310. 24300	Due to General Fund	32,712.80		32,712.80
310. 28300	Fund Balance	159,203.04		159,203.04
310. 28999	Net Income Current Year	288,850.96	6,747.15	295,598.11
	Total Liabilities and Fund Equity	**528,290.16**	**6,747.15**	**535,037.31**
Revenue				
310. 41100	Tax Revenue	325,559.43	3,435.31	328,994.74
310. 41120	Delinquent Tax Revenue	4,133.18	902.99	5,036.17
310. 41150	Penalties & Interest - Tax	3,589.43	813.39	4,402.82
310. 44240	Surcharge - Out-of-District	1,062.18	151.74	1,213.92
310. 46100	Miscellaneous Income	(0.02)	0.01 (	0.01)
310. 47100	Interest income	6,964.18	1,443.71	8,407.89
	Total Revenue	**341,308.38**	**6,747.15**	**348,055.53**

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SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 5 / 26

310 Debt Service

		Opening Balance	Change	Closing Balance
Expenditures				
310.603000.53260	Tax Collector Fees	10,159.86		10,159.86
310.603000.53270	Appraisal District Fees	2,922.56		2,922.56
310.603000.56120	Bond Interest Expense	39,275.00		39,275.00
310.603000.56130	Fiscal Agent's Fees	100.00		100.00
	Total Debt Services	**52,457.42**		**52,457.42**
	Total Expenditures	**52,457.42**		**52,457.42**

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SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 5 / 26

310 Debt Service

Assets

Current Assets		
TexPool	472,772.29	
Tax Accounts Receivable	58,893.97	
Allowance for Uncollect Taxes	(11,370.61)	
Interlocal Rec - Tax Assessor	1,189.34	
Due from General Fund	13,552.32	
Total Current Assets		535,037.31
Total Assets		535,037.31

Liabilities and Equity

Current Liabilities		
Deferred Tax Revenue	47,523.36	
Total Current Liabilities		47,523.36
Other Liabilities		
Due to General Fund	32,712.80	
Total Other Liabilities		32,712.80
Total Liabilities		80,236.16
Equity		
Fund Balance	159,203.04	
CURRENT YEAR INCOME/(LOSS)	295,598.11	
Total Equity		454,801.15
Total Liabilities & Equity		535,037.31

CAPITAL PROJECTS FUND
INCOME STATEMENT
FOR PERIOD ENDING May 31, 2026

66.67%

	MONTHLY	YEAR TO DATE	2026 ADOPTED BUDGET	% OF 2026 ADOPTED BUDGET	2025 YEAR TO DATE	2025 FINAL BUDGET
REVENUES						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	502	4,084	0	0%	6,000	9,500
Other Income	0	0	0	0%	0	0
TOTAL REVENUE AND OTHER FINANCE SOURCES	**502**	**4,084**	**0**	**0%**	**6,000**	**9,500**
EXPENDITURES						
Right of Way Acquisition	0	0	0	0%	0	0
Engineering Fees	0	0	0	0%	0	0
Construction Costs	0	0	0	0%	0	0
42" Line-Cathodic Protection	0	0	0	0%	135,305	269,855
Pipeline Condition Assessment	0	0	0	0%	0	0
Legal & Administrative Fees	0	0	0	0%	0	0
Cost of Bond Issuance	0	0	0	0%	0	0
Salary	0	12,826	0	0%	0	0
TOTAL EXPENDITURES	**0**	**12,826**	**0**	**0%**	**135,305**	**269,855**
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	**502**	**(8,742)**	**0**		**(129,305)**	**(260,355)**

410 Capital Projects

		Opening Balance	Change	Closing Balance
Assets				
410. 11400	TexStar	164,300.05	502.00	164,802.05
410. 13511	Due from General Fund	(289,296.25)		(289,296.25)
	Total Assets	**(124,996.20)**	**502.00**	**(124,494.20)**
Liabilities and Fund Equity				
410. 24300	Due to General Fund	173,544.21		173,544.21
410. 28300	Fund Balance	(289,296.25)		(289,296.25)
410. 28999	Net Income Current Year	(9,244.16)	502.00	(8,742.16)
	Total Liabilities and Fund Equity	**(124,996.20)**	**502.00**	**(124,494.20)**
Revenue				
410. 47100	Interest income	3,581.76	502.00	4,083.76
	Total Revenue	**3,581.76**	**502.00**	**4,083.76**
Expenditures				
410.609010.51100	Salaries/Wages	12,825.92		12,825.92
	Total Capital Projects	**12,825.92**		**12,825.92**

410 Capital Projects

	Opening Balance	Change	Closing Balance
Total Expenditures	**12,825.92**		**12,825.92**

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SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 5 / 26

410 Capital Projects

Assets		
Current Assets		
TexStar	164,802.05	
Due from General Fund	(289,296.25)	
Total Current Assets		(124,494.20)
Total Assets		(124,494.20)
Liabilities and Equity		
Other Liabilities		
Due to General Fund	173,544.21	
Total Other Liabilities		173,544.21
Total Liabilities		173,544.21
Equity		
Fund Balance	(289,296.25)	
CURRENT YEAR INCOME/(LOSS)	(8,742.16)	
Total Equity		(298,038.41)
Total Liabilities & Equity		(124,494.20)

Outstanding

		NCWCID#5	City of Driscoll	
S22-174	Oct - Water	$6,229.07		
S23-186	Oct - Water	$6,254.89		
S25-034	February -water	$7,735.00		
S26-054	March - Water		**$7,812.12**	
S26-061	March - O&M		**$588.91**	
S26-074	April - Water		**$7,870.61**	
S26-081	April - O&M		**$582.46**	
S26-076	April - Water	$8,133.24		
	Totals	**$28,352.20**	**$16,854.10**	**$45,206.30**

CHARLES W. ZAHN, JR.
ATTORNEY AT LAW
2106 STATE HIGHWAY 361, SUITE B
P.O. BOX 941
PORT ARANSAS, TEXAS 78373
Telephone: (361) 548-8967 * Fax: (361) 729-2381
Email: cwzjr@centurytel.net
June 16, 2026

South Texas Water Authority
2302 E. Sage Road
Kingsville, Texas 78363
Attn: Mr. John Marez
Executive Director

Re: Bill for services rendered through May 31, 2026

FOR SERVICES RENDERED AS FOLLOWS:

30.20 hours @ $450.00 per hour = $13,590.00

ATTACHMENT 3

O&M Report

Memorandum

To: South Texas Water Authority Board of Directors and John Marez, Administrator
From: Patrick Sendejo, O&M Manager / Victor Gutierrez, Field Supervisor
Date: June 24, 2026
Re: O&M Technical Report

During the Week of June 8th 2026:

Admin:

Review GPS records
Update Daily Water Loss
Water Operator Training/Locate Training/CSI Training/Standard Operation Procedure Training/Cathodic Protection Training.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
NWSC, RWSC Meter Readings
Weekly CL 17 Verification.
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Completed Taps – (0)
Leaks repaired – (1)

Safety & Maintenance:

Safety Meeting:
(Open crew discussion of safety concerns, Crew discussions on all aspects of preventative maintenance, which includes time for any Q&A.) (JSA preventative hazard safety meeting to address any potential hazard.)
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment, Leak equipment, Pump-station equipment, Tap equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Assist with GIS system updates for 42" line and the Corporations
Continue to assist with locates for STWA, NWSC, RWSC
Updating diamond maps to assist with correcting water line locations for all corps.
Assist with the Lead and Copper Inventory for TCEQ.

During the Week of June 15th 2026:

Admin:

Review GPS records
Update Daily Water Loss
Prepare for Evaluations for Field Staff
Water Operator Training/Locate Training/CSI Training/Standard Operation Procedure Training/Cathodic Protection Training.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
NWSC/ RWSC Meter Readings
Weekly CL 17 Verification.
Locates – STWA, RWSC, NWSC
Completed service orders for NWSC and RWSC
Completed Taps – (0)
Leaks Repaired– (0)

Safety & Maintenance:

Safety Meeting:
(Open crew discussion of safety concerns, Crew discussions on all aspects of preventative maintenance, which includes time for any Q&A.) (JSA preventative hazard safety meeting to address any potential hazard.)
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment, Leak equipment, Pump-station equipment, Tap equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Assist with GIS system updates for 42" line and the Corporations
Continue to assist with locates for STWA, NWSC, RWSC
Updating diamond maps to assist with correcting water line locations for all corps.
Assist with the Lead and Copper Inventory for TCEQ.

During the Week of June 22nd 2026:

Admin:

Review GPS records
Update Daily Water Loss
Review Evaluations with Field Staff
Water Operator Training/Locate Training/CSI Training/Standard Operation Procedure Training/Cathodic Protection Training.

Operations:

Collect/Monitor NAP samples – STWA, RWSC & NWSC
Monitor Residuals (Total, Free, Mono, FAA) for the Driscoll Booster Station on the 42" line – Driscoll Before, Ave G, CR 16, Kingsville Meter Run & RWSC Meter Run @ Office
Weekly CL 17 Verification.
Locates – STWA, RWSC, NWSC
NWSC / RWSC Lockouts and Unlocks
Flushing – RWSC, NWSC
Bacteriological Samples STWA, NWSC, RWSC
Completed service orders for NWSC and RWSC
Completed Taps – (2)
Leaks Repaired – (1)

Safety & Maintenance:

Safety Meeting:
(Open crew discussion of safety concerns, Crew discussions on all aspects of preventative maintenance, which includes time for any Q&A.) (JSA preventative hazard safety meeting to address any potential hazard.)
Generators – Exercise Transfer Switch
Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment, Leak equipment, Pump-station equipment, Tap equipment.
Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood Inspections

Cathodic Protection:

Weekly Monitoring of Rectifiers
Assist with GIS system updates for 42" line and the Corporations
Continue to assist with locates for STWA, NWSC, RWSC
Updating diamond maps to assist with correcting water line locations for all corps.
Assist with the Lead and Copper Inventory for TCEQ.

Current Projects:

-Continue to revise GIS Digital maps to improve coordinates of water lines, meter locations, valves, and dead-end mains.

-Working on improvements of SCADA system for quick response time for alerts to address issues before they occur. Pursuing new cellular comms currently using radio comms which is unstable. Update as of 6/24/2026 devices are pending final review from programmer and will ship once complete no ETA as of yet.

-Working on a Field Guide with SOP procedures for field staff in training to have a checklist to help guide them during an emergency situation. (partial complete as of 6/24/2026).

Field Staff:

-One New Hire as of June 2026. One new hire pending.

-One Field Tech – Working with work force to apply for Class A CDL Course.

-One field Tech – Scheduled C-Distribution course week of 8/3/2026

-One field Tech – Scheduled Basic water course week of 6/1/2026

-O&M Manager Scheduled online utility safety course required by TCEQ to obtain a Class B distribution license for O&M Manager.

-Field foreman – Scheduling B License Distribution test pending for studying.

-Field staff have been catching up on service taps, although utilizing local contractors to assist with extensions for now.

Pump Stations:

-Additional booster is needed at CR 4 between Bishop and Kingsville to help maintain residual on 42in watermain. Working with ICE on this for resolution. Update will be included in master plan. (Replacement booster pump was delivered 5/26/2026 for install at Driscoll before or by 6/1/2026.)
-Central Chloramines booster inactive after tank collapse that maintains residuals north east to 4 pumpstations NWSC Banquete, Banquete, Sablatura park, and Agua dulce. Residual at central starting to drop out and adjustments need to be made. O&M are currently putting these chloramine boosters at these pumpstations back online until replacement is complete. Update pending rehab of central pumpstation.

CP Report:

-Field Supervisor will be trained in Cathodic Protection by O&M or any local CP training events. Rectifier course available for Field Supervisor in Aug. 18th and 19th 2026.

ATTACHMENT 4

Bids – Mold Remediation

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director
Date: June 30, 2026
Re: **Award of RFP/CSP No. 2026-01 – Mold Remediation and Building Restoration Services**

Background:

On June 2, 2026, the Board of Directors authorized the issuing a Request for Proposal (RFP)/Competitive Sealed Proposal (CSP) No. 2026-01 for Mold Remediation and Building Restoration Services at the South Texas Water Authority Headquarters. The procurement was initiated following the identification of mold contamination and the need for comprehensive remediation and restoration services to return the facility to a safe and fully operational condition. The solicitation was publicly advertised and conducted in accordance with applicable procurement requirements.

Analysis:

The Authority issued RFP/CSP in accordance with the procurement schedule approved by the Board of Directors. At the close of the solicitation period, one proposal was received. Staff reviewed the proposal and determined that it substantially complies with the requirements established in the solicitation. The proposer submitted the required documentation, certifications, qualifications, project approach, schedule, insurance information, and other materials required for consideration.

Staff further determined that the proposer holds the experience, personnel, licensing, and resources necessary to successfully perform the required mold remediation and building restoration services. Although only one proposal was received, staff believes the proposal represents a fair and reasonable value to the Authority, is within available budgeted funding, and is in the best interest of the Authority. Accordingly, staff finds the proposal to be both responsive and accountable and recommends award of the contract.

Fiscal Impact:

The total proposed contract amount is $134,000. Funding for this project is available within the Authority's approved budget. Staff has reviewed the proposed cost and determined that the project can be completed within currently available financial resources without requiring additional appropriations.

Staff Recommendation:

Staff recommends that the Board of Directors award the bid for Mold Remediation and Building Restoration Services to Mammoth Construction in the amount of $134,000 and authorize the Executive Director to execute all necessary contract documents.

Board Action:

Consider and take appropriate action to award RFP/CSP No. 2026-01for Mold Remediation and Building Restoration Services to Mammoth Construction in the amount of $134,000 and authorize the Executive Director to execute all necessary contract documents.

Summary:

The proposal submitted was reviewed by staff and determined to be responsive to the solicitation requirements established by the Board. The proposer demonstrated the qualifications, experience, and capacity necessary to complete the project and submitted a cost proposal that is within the Authority's available budget.

Approval of this item will allow the Authority to proceed with remediation and restoration of the headquarters facility and return the building to full operational use.

RFP PACKET WILL BE PROVIDED IN SEPARATE ATTACHMENT

ATTACHMENT 5

Resolution 26-11

SOUTH TEXAS WATER AUTHORITY

RESOLUTION 26-11

RESOLUTION AWARDING THE BID FOR MOLD REMEDIATION SERVICES.

WHEREAS, the South Texas Water Authority requested proposals for mold remediation services for the STWA administration building, and

WHEREAS, the Board of Directors of the South Texas Water Authority has reviewed the bids and finds that_____ has submitted the lowest responsible bid.

NOW, THEREFORE, BE IT RESOLVED that the South Texas Water Authority Board of Directors awards the bid for mold remediation services for the STWA administration building to_____.

Duly adopted this 30th day of June, 2026.

_____
JOSE M. GRAVELEY, PRESIDENT

ATTEST:

_____
IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 6

Preliminary CAD Values

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director
Date: June 26, 2026
Re: Preliminary Nueces and Kleberg County Appraisal District Values 2026

Background:

State law mandates that appraisal districts must deliver preliminary property tax values to all taxing entities by April 30th. Certified Appraisal Rolls should be delivered by the end of July.

Analysis:

Below are preliminary and certified values for 2021-2025. Also included are this year's preliminary data for the Kleberg County Appraisal District & Nueces Central Appraisal District.

	Tax Year 2021 Preliminary – April	Tax Year 2021 Certified	Tax Year 2022 Preliminary – April	Tax Year 2022 Certified	Tax Year 2023 Preliminary – April	Tax Year 2023 Certified
NCAD	$1,072,799,211	$1,137,956,648	$1,207,499,420	$1,293,146,706	$1,361,669,804	$1,451,331,625
KCAD	$1,351,356,474	$1,244,133,012	$1,353,350,536	$1,412,441,702	$1,487,055,877	$1,548,931,070
Total	$2,424,155,685	$2,382,089,660	2,560,849,956	$2,705,588,408	$2,848,725,681	$3,000,262,695

	Tax Year 2024 Preliminary - April	Tax Year 2024 Certified	Tax Year 2025 Preliminary – April	Tax Year 2025 Certified	Tax Year 2026 Preliminary – April
NCAD	$1,400,907,434	$1,510,964,403	$1,519,311,831	$1,650,661,583	$1,768,172,357
KCAD	$1,626,193,693	$1,708,852,185	$1,908,524,648	$1,788,035,518	$1.915.537.483
Total	$3,027,101,127	$3,219,816,588	$3,427,836,479	$3,438,697,101	$3,680,709,840

Staff Recommendation:

This is being provided for your information only.

Board Action:

Provide feedback to staff.

Summary:

For the last five (5) years the certified values have increased from the preliminary figures. These values can change but have not over the last several years.

KLEBERG COUNTY APPRAISAL DISTRICT
P.O. BOX 1027 * 502 E. KLEBERG * KINGSVILLE, TEXAS 78364
PHONE: (361) 595-5775 * FAX: (361) 595-7984

June 4, 2026

RECEIVED
JUN 04 2026
SOUTH TEXAS WATER AUTHORITY

South Texas Water Authority
Attn: Jose M. Graveley, President
2302 E. Sage Rd.
Kingsville, Texas 78363

Dear Mr. Graveley:

On April 1st, in accordance with Section 26.01(e) of the Texas Property Tax Code, estimated values for the year 2026 were sent to you. Enclosed are the 2026 updated preliminary values that more accurately reflect values before protesting and equalization is over. I hope these updated values will be of better use to your taxing unit, but keep in mind they are still subject to change. It is important to note that the appraisal district is in the hearing process and the appraisal review board may formally adjust values or appraisers could adjust values informally due to additional information brought in by the taxpayer. Taxpayers do have the right to continue to come in and apply for late exemptions. Many things could continue to affect values, so please remember these are only estimates. Please keep in mind the new exemption amount for Personal was increased from $2,500 to $125,000. This was changed last year with House Bill 9 and will impact the amount of revenue generated from personal values. It was passed in 2025 to go into effect January 1, 2026.

At this time the appraisal district is working hard to meet the approval of records by the Appraisal Review Board of July 20, 2026 and the certification deadline to the taxing entities of July 25, 2026. The Texas Property Tax Code Section 41.12 (b) states that the appraisal review board may not approve the records if the sum of the appraised value, as determined by the chief appraiser, of all properties on which a protest has been filed but not determined is more than five percent of the total appraised value of all the taxable properties. If the appraisal district does not meet the deadlines, the appraisal district will follow the Texas Property Tax Code Section 26.01 and will prepare and certify to the tax assessor an estimate of the taxable value of property in each taxing unit not later than July 25, 2026.

If you have any questions please feel free to contact me at 361-595-5775.

Sincerely,

Marlene Perez, R.P.A.
Interim Chief Appraiser

Cc: John Marez, Administrator
Kleberg County Appraisal District Board of Directors

2026 FINAL CERTIFIED ESTIMATE OF VALUE INFORMATION

AS OF 6-04-26

TAXING UNIT
SOUTH TEXAS WATER AUTHORITY

GROSS VALUES		2026 FINAL CERTIFIED ESTIMATE OF VALUE NOT UNDER REVIEW		2025 FINAL CERTIIED ESTIMATE OF VALUE NOT UNDER REVIEW	DIFFERENCE
REAL:	+	2,599,336,694	+	2,239,620,331	359,716,363
PERSONAL:	+	113,451,200	+	97,463,950	15,987,250
MINERAL:	+	246,042,208	+	219,737,425	26,304,783
TOTAL GROSS VALUE: (CERTIFIED ESTIMATE OF MARKET VALUE)	=	**2,958,830,102**	=	**2,556,821,706**	**402,008,396**
EXEMPTION INFORMATION					
TOTAL EXEMPTIONS:	-	542,738,892	-	473,161,553	(473,161,553)
HOMESTEAD CAP:	-	87,741,253	-	132,135,796	(132,135,796)
23.231 CAP:	-	44,818,602	-	65,148,944	(65,148,944)
LOSS TO AGRICULTURAL: VALUATION	-	367,993,872	-	354,034,429	(354,034,429)
NET TAXABLE VALUE: (CERTIFIED ESTIMATE OF NET TAXABLE VALUE)	=	**1,915,537,483**	=	**1,532,340,984**	**383,196,499**
CERTIFIED ESTIMATE OF FREEZE TAXABLE TAXABLE	-		-		
TRANSFER ADJUSTMENTS: (NOT UNDER REVIEW)					
CERTIFIED ESTIMATE OF ADJUSTED TAXABLE VALUE DUE TO FREEZE & TRANSFER ADJUSTMENTS	=	**1,915,537,483**	=	**1,532,340,984**	**383,196,499**

Nueces Central Appraisal District

201 N. Chaparral St.
Corpus Christi, Texas 78401
Telephone No. (361) 881-9978
info@nuecescad.net

April 30, 2026

RE: 2026 Preliminary Estimate of Net Total Taxable Value – **ALL ENTITIES (Attached)**

Texas Property Tax Code, Section 26.01(e) states not later than April 30, the chief appraiser is to prepare and certify to the assessor for each county, municipality, and school district participating in the appraisal district an estimate of the taxable value of property in that taxing unit. The chief appraiser shall assist each county, municipality, and school district in determining values of property in that taxing unit for the taxing unit's budgetary purposes.

Since we believe the Appraisal Review Board process, which begins in May, will likely change these estimates before final certification of the tax roll in July, district staff have factored into the estimate a provision for these changes. Since this is an **estimate**, we suggest caution when using it for budget purposes.

If you require more information in this regard, please contact Debra Morin, Chief Appraiser, at (361) 696-7699 or by email at dmorin@nuecescad.net .

Preliminary estimates of value respectfully submitted,

Debra D. Morin, RPA, RTA, CCA, CTA
Chief Appraiser

Preliminary Totals Report

Run on: 4/30/2026

Tax Year: 2026

		Estimated Preliminary Taxable Value
	APPRAISAL DISTRICT	
CAD	Nueces County Appraisal District	$ 54,990,856,317
	COUNTY / FARM TO MARKET / HOPITAL	
GNU	NUECES COUNTY	$ 48,761,137,001
HOSP	HOSPITAL DISTRICT	$ 48,820,139,711
RFM	FARM TO MKT ROAD	$ 48,698,078,314
	COMMUNITY COLLEGE	
JRC	DEL MAR JR COLLEGE	$ 42,066,403,843
	CITIES	
C03	CITY OF CORPUS CHRISTI	$ 31,685,005,202
C04	CITY OF ROBSTOWN	$ 571,963,832
C05	CITY OF BISHOP	$ 182,317,891
C06	CITY OF AGUA DULCE	$ 29,394,272
C07	CITY OF DRISCOLL	$ 34,453,685
C08	CITY OF PORT ARANSAS	$ 6,201,327,494
C10	CITY OF ARANSAS PASS	$ 27,310,593
	SCHOOLS	
SA	LONDON ISD	$ 1,104,631,080
SC	BANQUETE ISD	$ 942,736,817
SE	CORPUS CHRISTI ISD	$ 19,883,212,449
SF	TULOSO-MIDWAY ISD	$ 3,873,756,514
SG	WEST OSO ISD	$ 1,128,601,519
SJ	FLOUR BLUFF ISD	$ 4,724,759,757
SK	AGUA DULCE ISD	$ 163,597,032
SL	CALALLEN ISD	$ 2,841,235,070
SM	PORT ARANSAS ISD	$ 6,636,086,413
SN	BISHOP ISD	$ 858,269,497
SO	ROBSTOWN ISD	$ 904,027,371
SP	DRISCOLL ISD	$ 104,425,642
SR	ARANSAS PASS ISD	$ 17,487,933
	EMERGENCY SERVICE DISTRICTS	
FH	EMERG SVCS DIST #3	$ 961,945,214
FU	EMERG SVCS DIST #1	$ 6,512,491,039
FV	EMERG SVCS DIST #2	$ 5,924,442,571
FX	EMERG SVCS DIST #4	$ 1,081,346,337
FY	EMERG SVCS DIST #5	$ 158,329,879
FZ	EMERG SVCS DIST #6	$ 1,024,729,393
	DRAINAGE DISTRICTS	
DQ	DRAINAGE #2 ROBSTOWN	$ 1,081,778,473
DR	DRAINAGE #3 BISHOP	$ 123,240,328
	WATER DISTRICTS	
WI	SO TX WATER AUTH	$ 1,768,172,357
WK	KENEDY COUNTY GROUNDWATER CONSERVAT	$ 4,056,298
WW	NUECES COUNTY WATER DISTRICT #4	$ 6,953,815,426
WZ	BANQUETE WATER DISTRICT #5	$ 18,736,145
	MANAGEMENT DISTRICTS	
DMDI	DOWNTOWN MGT DIST-IMPROVEMENTS	$ 276,870,928
DMDL	DOWNTOWN MGT DIST-LAND	$ 49,752,118
	TIF / TIRZ	
PITIF	PADRE ISLAND TIF	$ 871,847,768
TIF3	DOWNTOWN TIF	$ 640,554,328
TIF5	ROBSTOWN TIF	$ 15,658,519
TIRZ4	NORTH BEACH TIRZ	$ 204,677,006
TIRZ5	Bohemian Colony TIRZ	$ -
TIRZ6	Barisl Village TIRZ	$ 1,270,541
	PROPERTY IMPROVEMENT DISTRICTS	
WCIA1	White Cap Public Improvement District Improver	$ 15,784,366

ATTACHMENT 7

Truth in Taxation

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director
Date: June 25, 2026
Re: Truth in Taxation and Meeting (Hearing) Schedules

Background:

Every year, a review of the water district's Truth in Taxation (TNT) requirements is presented for public review. Water districts compare the ***average home value*** from the previous to the current year. This is different compared to other taxing bodies since they evaluate their total taxable value from one year to the next. The STWA's Tax Year 2026 Average Home Value will be determined once the certified values are provided by both the Nueces Central Appraisal District (NCAD) and Kleberg Couth Appraisal District (KCAD). For the Tax Year 2025, last year's average home value after the $5,000 homestead exemption was $158,153. The previous year's average home value was $138,860 after the $5,000 homestead exemption.

The STWA's "No New Tax Rate" (NNTR) is calculated by multiplying the Tax Year 2026 average home value by the proposed tax rate to attain a proposed tax bill. That proposed tax bill is compared to the tax bill for last year's average home value using the current year's tax rate. This comparison is made as a dollar amount and as a percentage change.

State law allows up to a 3.5% increase on the M&O (Maintenance & Operation) portion of a property tax without being subject to a rollback election by the authority's residents. Previously, staff has calculated a value below the allowed maximum based on the rollback percentage of 3.5%. This provides the greatest degree of flexibility in terms of adopting a rate since a lower rate can be adopted without another newspaper publication and public hearing.

Analysis:

In order to comply with the necessary TNT laws as well as the deadline established by the tax offices the following must occur:

1. Staff anticipates that the Nueces County and Kleberg County Certified Appraisal rolls will be delivered prior to July 25th. Staff also expects delivery to occur via email rather than hand delivered as in past years.
2. The Board has scheduled to hold a meeting on August 4th. During that meeting, a vote is needed on a PROPOSED tax rate which includes setting the date, time and location for the Public Hearing. Although it is not part of the TNT requirements, the Board will also be asked to approve a proposed budget which will be mailed to STWA's wholesale customers the following day, if approved.
3. Water districts are only required to hold one (1) public hearing. The recorded vote on the PROPOSED rate is published together with the notice of the public hearing. The Public Hearing and Board meeting will need to occur on Tuesday, September 8th. Public postings in the Corpus Christi Caller will occur on August 30th and in the Kingsville Record on August 27th. This will provide the seven-day required advance notice.

Staff Recommendation:

In order to comply with the necessary TNT rules, provisions of the wholesale water supply contracts and a Nueces County Tax Office deadline, the following schedule is being presented to ensure that a quorum will be available for the necessary meetings and public hearing.

Date	Event	Action
June 30, 2026	Board Meeting	Agree on calendar, confirm quorums, review preliminary FY 2026/27 Budget
July 25th, 2026 (no later than this date)	County Appraisal Districts deliver Certified Tax Rolls	Staff calculates Effective Tax Rate using Average Home Values
August 4, 2026	Board Meeting	Board votes on proposed rate, set date/time of hearings, approves sending out Proposed Budget to Wholesale Customers
August 5, 2026	Staff Prep	Proposed Budget sent to Wholesale Customers for 30-day written comment period
August 6-Sept 7, 2026	30-Day Period	Wholesale Customers review/written comment period on the Proposed Budget
August 27 and 30, 2026	Public Notices	Newspaper Notices must be published at least 7 days before the hearing
September 8, 2026	Public Hearing	Board holds public hearing on proposed tax rates
September 8, 2026	Board Meeting	After hearing, Board adopts Tax Rates, Budgets, Water Rates, Handling Charge
September 10, 2026	Nueces/Kleberg County Tax Office Deadline	Failure to submit Tax Rates could result in the STWA paying for separate tax bill mail-outs.

Board Action:

Determine whether to approve tax schedule (listed above).

Summary:

This outline should ensure establishing quorums for the necessary public hearing and board meetings.

ATTACHMENT 8

Preliminary Budget

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director
Date: June 26, 2026
Re: **Preliminary Fiscal Year (FY) 2026/27 Budget**

Background:

As part of the annual budget development process, staff has prepared a preliminary Fiscal Year (FY) 2026/27 operating budget for Board review and discussion.

The proposed budget maintains financial stability while investing in critical infrastructure, addressing increasing operational costs, and positioning the Authority for future growth.

The budget incorporates conservative revenue projections, recognizes inflation demands influencing employee benefits and operations, well considering the elimination of two positions resulting in savings of $130,000 or the reallocation into other parts of the budget. Three budget options are presented, with the primary distinction being the level of employee compensation adjustments.

This is the first opportunity for the Board of Directors to review and provide feedback to staff.

Analysis:

Common outlooks for all three options:
- Projected 6.07% increase in water sales.
- Average wholesale water cost of $3.258.
- $932,000 allocated for critical capital improvements.
- Elimination of two positions resulting in savings exceeding $130,000.
- Projected 15% increase in employee healthcare costs.

Capital expenditures are considered essential infrastructure investments necessary to maintain reliable service.

Option A: No employee salary increases.
Option B: Average 4.34% adjustment for Operations, Maintenance, and Field Technician positions based on the proposed pay grade model.
Option C: Average 4.34% compensation adjustments for all remaining personnel based on the proposed pay grade model, supporting recruitment, retention, succession planning, and organizational stability.

Fiscal Impact:

The preliminary budget includes projected revenue growth, $932,000 in capital improvements, possible personnel savings exceeding $130,000 through organizational restructuring, a projected 15% increase in healthcare costs, and compensation adjustments under Option C averaging approximately 4.34%,

dependent upon the adopted pay grade model. Staff believes these costs can be accommodated while maintaining sound fiscal management.

Staff Recommendation:

Staff recommends Budget Option C. This option balances investment in critical infrastructure with competitive employee compensation, addresses recruitment and retention challenges, maintains operational efficiencies, and supports long-term organizational success.

Board Action:

Consider the three preliminary budget options and provide direction to staff. If acceptable, authorize staff to prepare the final FY 2026/27 Budget utilizing Option C for formal consideration and adoption.

Summary:

The preliminary FY 2026/27 Budget reflects responsible fiscal stewardship by funding essential infrastructure while investing in the Authority's workforce. Option C provides the most balanced approach by supporting employees through the proposed pay grade model while maintaining the Authority's financial stability and long-term service commitments.

As been past practice the board will have the opportunity to participate in a budget workshop in July. This feedback will allow staff to better address areas of focus or concerns regarding STWA finances and blueprint for the next fiscal year. Additionally, these workshops will give staff enough time to make any modifications in time prior to the August 4th meeting when final tax values will have been delivered to the STWA and will account for a precise estimate of revenue available to effectively carry out the requirements of this organization.

2027 Budget Options

A. Projected 6.07% water sales growth at an average water cost of $3.258
    a. $932,000 allocated to capital improvements
    b. 2 key positions eliminated from budget resulting in a savings of over $130,000.00
    c. A projected health care increase of 15%
    d. No employee salary increases
B. Projected 6.07% water sales growth at an average water cost of $3.258
    a. $932,000 allocated to capital improvements
    b. 2 key positions eliminated from budget resulting in a savings of over $130,000.00
    c. A projected health care increase of 15%
    d. Operation Maintenance/Technician Adjustment (Average Rate Increase 4.34%)
        i. Dependent on the pay grade scale model
C. Projected 6.07% water sales growth at an average water cost of $3.258
    a. $932,000 allocated to capital improvements
    b. 2 key positions eliminated from budget resulting in a savings of over $130,000.00
    c. A projected health care increase of 15%
    d. All other Personnel Adjustments using the Average Rate increase Percent of 4.34%)
        i. Dependent of the pay grade scale model

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2027 BUDGET
GENERAL FUND

OPTION A

REVENUES	
Water Service Revenues	$1,852,000
Handling Charge Revenue	$341,000
Premium Incremental Increase	$12,650
Fee in Lieu of Taxes	$11,350
Interest on Temp. Invest.	$170,000
Other Revenue	
Operations & Maintenance Fees	$8,000
Miscellaneous Revenues	$15,000
Sub-Account NWSC	$ 1,787,882.05
Sub-Account RWSC	$ 3,029,682.85
TOTAL REVENUES	**$7,227,565**
EXPENDITURES	
Water Service Expenditures:	
Bulk Water Purchases	$1,852,000
TOTAL WATER SERVICE	**$1,852,000**
Payroll Costs	
Salaries & Wages -	
Permanent Employees	$372,150
Vacation Buy Back	$6,300
Part-Time Employee	$0
Overtime - NWSC	$0
Stand-by Pay - NWSC	$0
Overtime - RWSC	$0
Stand-by Pay - RWSC	$0
Overtime - STWA	$35,000
Stand-by Pay - STWA	$2,170
Employee Retirement Premiums	$40,000
Group Insurance Premium	$214,900
Unemployment Compensation	$7,000
Workers' Compensation	$12,000
Hospital Insurance Tax	$5,500
TOTAL PERSONNEL	**$695,020**
Supplies & Materials	
Repairs & Maintenance	$125,000
Meter Expense	$5,000
Tank Repairs	$35,000
Major Repairs	$25,000
TOTAL SUPPLIES & MATERIALS	**$190,000**

Other Operating Expenditures:	
Professional Fees	
Legal	$150,000
Auditing	$15,500
Engineering	$250,000
Management & Consulting	$44,000
JMAR Management Consulting, LLC	$70,000
Inspection	$4,500
TOTAL PROFESSIONAL FEES	**$534,000**
Consum Supplies/Materials:	
Postage	$8,500
Printing/Office Supplies	$37,500
Janitorial/Site Maintenance	$22,000
Fuel/Lubricants/Repairs	$90,000
Chemicals/Water Samples	$45,000
Safety Equipment	$8,000
Small Tools	$6,000
TOTAL CONSUM SUPPLIES/MATERIALS	**$217,000**
Recurring Operating Costs:	
Telephone/Communications	$40,000
Utilities	$122,500
D & O Liability Insurance	$4,500
Property Insurance	$67,000
General Liability	$6,300
Auto Insurance	$5,500
Travel/Training/Meetings - Staff	$25,000
Travel/Training/Meetings - Board of Directors	$20,000
Lobyist	$25,000
Rental-Equipment/Uniforms	$16,000
Dues/Subcriptions/Publications	$19,000
Pass Through Costs	$200
TOTAL RECURRING OPER. COSTS	**$351,000**
Miscellaneous:	
Miscellaneous Expenditures	$15,000
Payment to Sub-Account NWSC	$ 1,787,882.05
Payment to Sub-Account RWSC	$ 3,029,682.85
TOTAL MISCELLANEOUS	**$4,832,565**
Total Administrative & Operations Exp.	$8,671,585
Capital Outlay:	
Capital Acquisition	$732,000
Engineering	$200,000
TOTAL CAPITAL OUTLAY	$932,000
TOTAL EXPENDITURES (w/o D.S. exp.)	**$9,603,585**

Excess (Deficiencies) of Revenue Over Expenditures	($2,376,020)
OTHER FINANCE SOURCES (USES)	
Other Financing Sources:	
Disposition of Assets (Surplus Sale)	$15,000
Transfer from Tax Fund	$1,748,668
TOTAL OTHER FINANCING SOURCES (USES)	$1,763,668
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USED)	**($612,352)**
NET INCOME	**($612,352)**

Capital Acquisition	**FY 2026**
$100,000	2 New Truck
$12,000	Storage Building
$20,000	Mini Escavator Trailer
$20,000	Technology (firewall, 3 computers)
$80,000	Hydro-Vac trailer mount
$500,000	42' Transmission
$200,000	Engineering
$932,000	

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2027 BUDGET
GENERAL FUND

OPTION B

REVENUES	
Water Service Revenues	$1,852,000
Handling Charge Revenue	$341,000
Premium Incremental Increase	$12,650
Fee in Lieu of Taxes	$11,350
Interest on Temp. Invest.	$170,000
Other Revenue	
Operations & Maintenance Fees	$8,000
Miscellaneous Revenues	$15,000
Sub-Account NWSC	$ 1,787,882.05
Sub-Account RWSC	$ 3,029,682.85
TOTAL REVENUES	**$7,227,565**
EXPENDITURES	
Water Service Expenditures:	
Bulk Water Purchases	$1,852,000
TOTAL WATER SERVICE	**$1,852,000**
Payroll Costs	
Salaries & Wages -	
Permanent Employees	$396,426
Vacation Buy Back	$6,300
Part-Time Employee	$0
Overtime - NWSC	$0
Stand-by Pay - NWSC	$0
Overtime - RWSC	$0
Stand-by Pay - RWSC	$0
Overtime - STWA	$35,000
Stand-by Pay - STWA	$2,170
Employee Retirement Premiums	$42,000
Group Insurance Premium	$214,900
Unemployment Compensation	$7,500
Workers' Compensation	$12,000
Medicad	$6,000
TOTAL PERSONNEL	**$722,296**
Supplies & Materials	
Repairs & Maintenance	$125,000
Meter Expense	$5,000
Tank Repairs	$35,000
Major Repairs	$25,000
TOTAL SUPPLIES & MATERIALS	**$190,000**

Other Operating Expenditures:	
Professional Fees	
Legal	$150,000
Auditing	$15,500
Engineering	$250,000
Management & Consulting	$44,000
JMAR Management Consulting, LLC	$70,000
Inspection	$4,500
TOTAL PROFESSIONAL FEES	**$534,000**
Consum Supplies/Materials:	
Postage	$8,500
Printing/Office Supplies	$37,500
Janitorial/Site Maintenance	$22,000
Fuel/Lubricants/Repairs	$90,000
Chemicals/Water Samples	$45,000
Safety Equipment	$8,000
Small Tools	$6,000
TOTAL CONSUM SUPPLIES/MATERIALS	**$217,000**
Recurring Operating Costs:	
Telephone/Communications	$40,000
Utilities	$122,500
D & O Liability Insurance	$4,500
Property Insurance	$67,000
General Liability	$6,300
Auto Insurance	$5,500
Travel/Training/Meetings - Staff	$25,000
Travel/Training/Meetings - Board of Directors	$20,000
Lobyist	$25,000
Rental-Equipment/Uniforms	$16,000
Dues/Subcriptions/Publications	$19,000
Pass Through Costs	$200
TOTAL RECURRING OPER. COSTS	**$351,000**
Miscellaneous:	
Miscellaneous Expenditures	$15,000
Payment to Sub-Account NWSC	$ 1,787,882.05
Payment to Sub-Account RWSC	$ 3,029,682.85
TOTAL MISCELLANEOUS	**$4,832,565**
Total Administrative & Operations Exp.	$8,698,861
Capital Outlay:	
Capital Acquisition	$732,000
Engineering	$200,000
TOTAL CAPITAL OUTLAY	$932,000
TOTAL EXPENDITURES (w/o D.S. exp.)	**$9,630,861**

Excess (Deficiencies) of Revenue Over Expenditures	($2,403,296)
OTHER FINANCE SOURCES (USES)	
Other Financing Sources:	
Disposition of Assets (Surplus Sale)	$15,000
Transfer from Tax Fund	$1,748,668
TOTAL OTHER FINANCING SOURCES (USES)	$1,763,668
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USED)	**($639,628)**
NET INCOME	**($639,628)**

Capital Acquisition	**FY 2026**
$100,000	2 New Truck
$12,000	Storage Building
$20,000	Mini Escavator Trailer
$20,000	Technology (firewall, 3 computers)
$80,000	Hydro-Vac trailer mount
$500,000	42' Transmission
$200,000	Engineering
$932,000	

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2027 BUDGET
GENERAL FUND

OPTION C

REVENUES	
Water Service Revenues	$1,852,000
Handling Charge Revenue	$341,000
Premium Incremental Increase	$12,650
Fee in Lieu of Taxes	$11,350
Interest on Temp. Invest.	$170,000
Other Revenue	
Operations & Maintenance Fees	$8,000
Miscellaneous Revenues	$15,000
Sub-Account NWSC	$1,787,882
Sub-Account RWSC	$3,029,683
TOTAL REVENUES	**$7,227,565**
EXPENDITURES	
Water Service Expenditures:	
Bulk Water Purchases	$1,852,000
TOTAL WATER SERVICE	**$1,852,000**
Payroll Costs	
Salaries & Wages -	
Permanent Employees	$404,026
Vacation Buy Back	$6,300
Part-Time Employee	$0
Overtime - NWSC	$0
Stand-by Pay - NWSC	$1,797
Overtime - RWSC	$0
Stand-by Pay - RWSC	$0
Overtime - STWA	$35,000
Stand-by Pay - STWA	$2,170
Employee Retirement Premiums	$43,000
Group Insurance Premium	$214,900
Unemployment Compensation	$7,700
Workers' Compensation	$12,500
Medicad	$6,200
TOTAL PERSONNEL	**$733,593**
Supplies & Materials	
Repairs & Maintenance	$125,000
Meter Expense	$5,000
Tank Repairs	$35,000
Major Repairs	$25,000
TOTAL SUPPLIES & MATERIALS	**$190,000**

Other Operating Expenditures:	
Professional Fees	
Legal	$150,000
Auditing	$15,500
Engineering	$250,000
Management & Consulting	$44,000
JMAR Management Consulting, LLC	$70,000
Inspection	$4,500
TOTAL PROFESSIONAL FEES	**$534,000**
Consum Supplies/Materials:	
Postage	$8,500
Printing/Office Supplies	$37,500
Janitorial/Site Maintenance	$22,000
Fuel/Lubricants/Repairs	$90,000
Chemicals/Water Samples	$45,000
Safety Equipment	$8,000
Small Tools	$6,000
TOTAL CONSUM SUPPLIES/MATERIALS	**$217,000**
Recurring Operating Costs:	
Telephone/Communications	$40,000
Utilities	$122,500
D & O Liability Insurance	$4,500
Property Insurance	$67,000
General Liability	$6,300
Auto Insurance	$5,500
Travel/Training/Meetings - Staff	$25,000
Travel/Training/Meetings - Board of Directors	$20,000
Lobyist	$25,000
Rental-Equipment/Uniforms	$16,000
Dues/Subcriptions/Publications	$19,000
Pass Through Costs	$200
TOTAL RECURRING OPER. COSTS	**$351,000**
Miscellaneous:	
Miscellaneous Expenditures	$15,000
Payment to Sub-Account NWSC	$1,787,882
Payment to Sub-Account RWSC	$3,029,683
TOTAL MISCELLANEOUS	**$4,832,565**
Total Administrative & Operations Exp.	$8,710,158
Capital Outlay:	
Capital Acquisition	$732,000
Engineering	$200,000
TOTAL CAPITAL OUTLAY	$932,000
TOTAL EXPENDITURES (w/o D.S. exp.)	**$9,642,158**

Excess (Deficiencies) of Revenue Over Expenditures	($2,414,593)
OTHER FINANCE SOURCES (USES)	
Other Financing Sources:	
Disposition of Assets (Surplus Sale)	$15,000
Transfer from Tax Fund	$1,748,668
TOTAL OTHER FINANCING SOURCES (USES)	$1,763,668
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USED)	**($650,925)**
NET INCOME	**($650,925)**

Capital Acquisition	**FY 2026**
$100,000	2 New Truck
$12,000	Storage Building
$20,000	Mini Escavator Trailer
$20,000	Technology (firewall, 3 computers)
$80,000	Hydro-Vac trailer mount
$500,000	42' Transmission
$200,000	Engineering
$932,000	

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2027 BUDGET
SPECIAL SERVICES

REVENUES	
Ricardo Water Supply Corporation	$537,683
Nueces Water Supply Corporation	$525,317
TOTAL REVENUE	**$1,063,000**
EXPENDITURES	
Personnel	$538,000
Overhead	$495,000
Administrator	$30,000
TOTAL EXPENDITURES	**$1,063,000**
REVENUES OVER EXPENDITURES	**$0**

CC Water Cost	Handling Charge
$3.23000	$0.600000
M&O Tax Rate	I&S Tax Rate
$0.054268	$0.011427

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2027 BUDGET
M & O TAX FUND

REVENUES	
Ad Valorem - Current (M&O)	$1,799,168
Delinquent Taxes	$25,000
Penalty & Interest - Tax Accounts (M&O)	$21,500
TOTAL M&O TAX REVENUES	**$1,845,668**
EXPENDITURES	
Tax Collector Fees	$63,000
Appraisal Districts	$34,000
Refunds	$0
TOTAL EXPENDITURES	**$97,000**
REVENUES OVER EXPENDITURES	**$1,748,668**
OTHER USES	
Transfer to Revenue Fund (Tax)	$1,748,668
TOTAL EXPEND. & OTHER USES	**$1,845,668**
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	**$0**

CC Water Cost	Handling Charge
$3.23000	$0.600000
M&O Tax Rate	I&S Tax Rate
$0.054268	$0.011427

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY2027 BUDGET
DEBT SERVICE FUND

REVENUES	
Ad Valorem - Current (M&O)	$378,844
Delinquent Taxes	$6,000
Out of District - Fee in Lieu of Taxes - NCWCID#5	$2,000
Penalty & Interest - Tax Accounts (M&O)	$5,000
Interest on Temporary Investments	$10,000
TOTAL M&O TAX REVENUES	**$401,844**
EXPENDITURES	
Fiscal Agent Fees	$200
Bond Interest Expense	$78,550
Bond Principal Payments	$270,000
Tax Collector Fees	$20,000
Appraisal Districts	$10,000
Refunds	$0
TOTAL EXPENDITURES	**$378,750**
REVENUES OVER EXPENDITURES	**$23,094**

CC Water Cost $3.23000	Handling Charge $0.600000
M&O Tax Rate $0.054268	I&S Tax Rate $0.011427

ATTACHMENT 9

Pay Scale

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director
Date: June 26, 2026
Re: **Proposed Compensation Scale**

Background:

The South Texas Water Authority (STWA) continues to experience challenges in recruiting and retaining qualified employees, particularly within field operations. Increasing competition for licensed water professionals, rising regional wage levels, and expanded operational demands have made it increasingly difficult to attract and retain experienced personnel under the Authority's current compensation structure.

To address these challenges, management has developed a proposed compensation scale that builds upon the compensation concepts presented by Evergreen Solutions during last year's classification and compensation review. The proposed scale incorporates current regional and statewide market trends while recognizing employee certifications, professional licensing, years of water utility experience, and increasing job responsibilities.

The proposed pay scale establishes defined compensation ranges for field positions based on position classification, certifications, licenses, and experience. Additionally, management recommends temporary salary adjustments for both field and office personnel through the remainder of Fiscal Year 2025-2026.

Analysis:

The proposed compensation scale represents a hybrid approach combining recommendations previously developed by Evergreen Solutions with current operational needs and market trends. The accompanying compensation chart illustrates the various field positions and corresponding salary ranges based on certifications, licensing, and experience.

Management recommends implementing a temporary compensation adjustment for all field and office employees. The proposed adjustment equates to approximately a 4% increase for the remainder of the current fiscal year and will be presented for consideration as an ongoing component of the Fiscal Year 2026-2027 budget.

Fiscal Impact:

The estimated cost to implement the temporary compensation adjustments for the remainder of Fiscal Year 2025-2026 is not to exceed $35,000. Funding is available within the current operating budget through existing salary appropriations and anticipated personnel savings.

Staff Recommendation:

Management recommends approval of the proposed compensation scale and authorization to implement temporary salary adjustments for eligible field and office personnel through the remainder of Fiscal Year 2025-2026. Management further recommends the Board consider retaining these adjustments during the Fiscal Year 2026-2027 budget process.

Board Action:

Consider and take appropriate action to approve the proposed compensation scale and authorize implementation of temporary compensation adjustments not to exceed $35,000 through the remainder of Fiscal Year 2025-2026.

Summary:

Maintaining a competitive compensation program is essential to recruiting and retaining qualified employees. The proposed compensation scale is a hybrid of the compensation concepts presented by Evergreen Solutions and current regional and statewide market trends. The temporary adjustment of approximately 4% for all staff is intended to improve recruitment and retention while allowing the Board to evaluate permanent implementation during the upcoming budget process.

O/M

Field Tech	C1	C2	C3	C4+	
A	$ 17.00	$ 17.00	$ 17.00	$ 17.00	No Experience/No Certifications
B	$ 17.50	$ 18.00	$ 18.50	$ 19.00	No Experience/Certifications
C	$ 17.50	$ 17.50	$ 17.50	$ 17.50	< 2 yrs Water Experience >6 months /No Certifications
D	$ 17.75	$ 17.75	$ 17.75	$ 17.75	> 2 yrs Water Experience/No Certifications
E	$ 18.00	$ 18.50	$ 19.00	$ 19.50	< 2 yrs Water Experience >6 months/Certifications
F	$ 18.25	$ 18.75	$ 19.25	$ 19.75	> 2 yrs Water Experience/Certifications
Field Tech 1					
A	$ 20.00	$ 20.50	$ 21.00	$ 21.50	D License/No Certifications/ < 2 yr Water Experience/ >1 yr
B	$ 20.75	$ 21.25	$ 21.75	$ 22.25	D License/No Certifications/ >2 yr Water Experience
C	$ 21.00	$ 21.50	$ 22.00	$ 22.50	D License/Certifications/ < 2 Water Experience/ >1 yr
D	$ 21.25	$ 21.75	$ 22.25	$ 22.75	D License/Certifications/ > 2 Water Experience
[redacted]					
A	$ 23.00	$ 23.00	$ 23.00	$ 23.00	C License/No Certifications
B	$ 23.50	$ 24.00	$ 24.50	$ 25.00	C License/Certifications
Field Supervisor					
A	$ 27.00	$ 27.00	$ 27.00	$ 27.00	B License/No Certifications
B	$ 27.50	$ 28.00	$ 28.50	$ 29.00	B License/Certifications
O/M Manager					
A	$ 31.00	$ 31.00	$ 31.00	$ 31.00	C License/No Certifications
B	$ 31.50	$ 32.00	$ 32.50	$ 33.00	C License/With Certifications
C	$ 35.00	$ 35.00	$ 35.00	$ 35.00	B License/No Certifications
D	$ 35.50	$ 36.00	$ 36.50	$ 37.00	B License/Certifications
E	$ 39.00	$ 39.00	$ 39.00	$ 39.00	A License/NoCertifications
F	$ 39.50	$ 40.00	$ 40.50	$ 41.00	A License/Certifications

Cerifications	$ 0.50	each	$	1,040.00
< 2 Year Water Experience	$ 0.50	each	$	1,040.00
> 2 Years Water Experience	$ 0.75	each	$	1,560.00
Certifications	Welding,Class A CDL, Heavy Equipment, CSI,CP			

Position	Certifications	Experience	Rate	Yr Amount	New Rate	Yr Amount		
FT	N/A	<2	$ 16.00	$ 33,280.00	$ 17.00	$ 35,360.00		
FT	N/A	>2	$ 16.75	$ 34,840.00	$ 17.75	$ 36,920.00		
FT	CDL/Heavy Eq./Welding	>2	$ 20.00	$ 41,600.00	$ 20.00	$ 41,600.00		
FT	N/A	<2	$ 16.00	$ 33,280.00	$ 17.00	$ 35,360.00		
FT	N/A	<2	$ 16.50	$ 34,320.00	$ 17.00	$ 35,360.00		
FT	WELDING	<2	$ 19.30	$ 40,144.00	$ 19.30	$ 40,144.00		
FT1	CSI	<2	$ 18.04	$ 37,523.20	$ 20.00	$ 41,600.00		
FT2	N/A	<2	$ 16.00	$ 33,280.00	$ 17.00	$ 35,360.00		
FT	CDL/Heavy Eq./Welding/CSI	>2	$ 26.25	$ 54,600.00	$ 26.00	$ 54,080.00		
O/M	CDL/Heavy Eq./Welding/CSI	>2	$ 31.30	$ 65,104.00	$ 33.00	$ 68,640.00		
				$ 404,788.80		$ 422,344.00	➡	$ 17,555.20
					Fringe			
vacant			$ 21.42	$ 44,553.60	20%	$ 8,910.72	$ 53,464.32	$ 53,464.32
								$ 35,909.12

with these adjustments we will still be under budget and we can hire another spot and stay with - in current budget as long as it's a Field Tech level 1 position

ATTACHMENT 10

Letter to Kleberg County Tax Assessor-Collector

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director
Date: June 30, 2026
Re: **Authorization of Board Correspondence Confirming STWA Boundaries**

Background:

The Kleberg County Tax Assessor-Collector has requested written confirmation regarding the boundaries of the South Texas Water Authority (STWA) for purposes of maintaining and updating voter registration records associated with the Authority.

To assist with this request, a letter has been prepared on behalf of the Board of Directors confirming that STWA's boundaries mirror the boundaries of Ricardo Independent School District (ISD) and Kingsville Independent School District (ISD). The correspondence further references account comparisons and property identification reviews conducted by the Kleberg County Appraisal District.

Analysis:

The purpose of this agenda item is not to establish or modify STWA boundaries, but rather to formally respond to the Tax Assessor-Collector's request through Board correspondence.

Because the letter represents an official statement of the Board of Directors, staff is requesting authorization for Board members to execute the document, thereby affirming the accuracy of the information contained therein. The executed correspondence will provide the documentation requested by the Tax Assessor-Collector to support voter file administration and election-related recordkeeping.

Fiscal Impact:

There is no fiscal impact associated with this item.

Staff Recommendation:

Staff recommends that the Board approve the correspondence requested by the Kleberg County Tax Assessor-Collector and authorize the Board members to sign the document affirming the accuracy of the information contained therein.

Board Action:

Approve the correspondence to the Kleberg County Tax Assessor-Collector regarding South Texas Water Authority boundaries and authorize the members of the Board of Directors to execute the document on

behalf of the Authority.

Summary:

The Kleberg County Tax Assessor-Collector has requested written confirmation regarding STWA's boundaries for voter file administration purposes.

Staff has prepared the requested correspondence for Board consideration. Approval of this item will authorize Board members to sign the letter and provide the requested documentation to the Tax Assessor-Collector.

MARIA V. VALADEZ, TAC
Kleberg County Tax Assessor-Collector

P.O. BOX 1457

Phone 361-595-8541
Phone 361-595-8542
Fax 361-595-8546

COUNTY of KLEBERG
KINGSVILLE, TEXAS

Dear Board Members,

I wanted to provide clarification regarding the upcoming election process and the steps necessary to update your voter file.

To file for a place on the ballot, interested candidates must contact **Sonny Barrera** directly and submit the required application for a place on the ballot. The deadline to file is **August 17**. Please ensure that all filing requirements are completed before that date.

Additionally, in order to create and update the voter file, I will need a letter signed by all board members stating that you are **100% certain that the STWA boundaries follow and mirror the boundaries of KISD and RISD**. Once the signed letter is received, I can proceed with the necessary updates.

Please note that the voter registrar can only maintain voter records based on the information and boundaries provided. Therefore, should any street, address, or eligible voter be omitted from the voter file as a result of inaccurate or incomplete boundary information, the responsibility will not rest with the Voter Registrar. It is essential that the Board's certification regarding the STWA boundaries mirroring KISD and RISD boundaries is accurate and complete to ensure all eligible voters are properly included.

If you have any questions regarding the filing process or the voter file update, please do not hesitate to contact me.

Sincerely,
Maria V. Valadez

Maria Victoria Valadez, PCC, PCAC, CTOP
Kleberg County Tax Assessor-Collector
ph: 361-595-8542 ext. 136

SOUTH TEXAS WATER AUTHORITY
2302 E. SAGE RD.
KINGSVILLE, TEXAS 78363

June 30, 2026

Ms. Maria Victoria Valadez
Kleberg County Tax Assessor-Collector
P. O. Box 1457
Kingsville, Texas 78364

Ms. Valadez:

In response to your request for a letter regarding STWA's boundaries, the South Texas Water Authority Board of Directors confirms that the STWA boundaries follow and mirror the boundaries of Ricardo ISD and Kingsville ISD.

Kleberg County Appraisal District has conducted property ID counts for STWA, Ricardo ISD and Kingsville ISD as well as account comparisons between STWA, Ricardo ISD and Kingsville ISD and determined that STWA's accounts match all accounts held by both school districts.

We appreciate your cooperation and request that you proceed with creating and updating the voter file as necessary.

South Texas Water Authority
Board of Directors

JOSE M. GRAVELEY
PRESIDENT

FRANCES GARCIA
VICE-PRESIDENT

IMELDA GARZA
SECRETARY/TREASURER

PATSY A. RODGERS

DR. TANYA LAWHON

DANIEL MORALES

JOE MORALES

ARTURO RODRIGUEZ

Jose M. Graveley, President
Frances Garcia, Vice-President
Imelda Garza, Secretary-Treasurer
Dr. Tanya Lawhon
Daniel Morales

Joe Morales
Angela N. Pena
Arturo Rodriguez
Patsy A. Rodgers
John Marez, Administrator

ATTACHMENT 11

TWDB Funding

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director
Date: June 26, 2026
Re: **Resolution Request from the South Texas Water Authority Requesting Financial Participation from the Texas Water Development Board (TWDB)**

Background:

The South Texas Water Authority (STWA) has the opportunity to pursue funding through the Texas Water Development Board (TWDB) under the one-time Water Supply Infrastructure Grant (WSIG) Program. Adoption of the proposed resolution authorizes submission of an application requesting up to $21,000,000 in financial assistance for eligible water supply and infrastructure improvements.

The resolution designates the Executive Director as the Authority's authorized representative to execute all applications, certifications, affidavits, and related documentation. It further authorizes the Authority's financial advisor, engineer, bond counsel, and program administrator to assist in the preparation and submission of the application.

Analysis:

The WSIG Program provides a unique opportunity to secure 100% grant funding for eligible water supply and infrastructure improvements. Approval of the resolution does not obligate STWA to incur debt or expend local funds; rather, it authorizes staff to submit the application and complete all required documentation for TWDB consideration. Adoption also affirms that the proposed project serves a public purpose and satisfies TWDB eligibility requirements.

Fiscal Impact:
Approval of this resolution authorizes submission of an application requesting up to $21,000,000 in grant funding through the TWDB WSIG Program. There is no immediate fiscal impact associated with approval. Should funding be awarded, staff will return to the Board with any necessary agreements and implementation recommendations.

Staff Recommendation:

Staff recommends approval of the resolution authorizing the Executive Director to submit the TWDB grant application, execute all required documents, certifications, affidavits, and related materials, and take all actions necessary to seek financial participation from the Texas Water Development Board.

Board Action:

Approve the Resolution Requesting Financial Participation from the Texas Water Development Board (TWDB), authorizing the filing of the grant application and execution of all required documents necessary to pursue funding through the Water Supply Infrastructure Grant (WSIG) Program.

Summary:

Approval of this resolution positions STWA to pursue up to $21 million in 100% grant funding for eligible water supply and infrastructure projects. Adoption authorizes submission of the application, designates the Executive Director as the Authority's authorized representative, and supports STWA's continued commitment to improving regional water infrastructure and long-term water reliability.

ATTACHMENT 12

Resolution 26-12

RESOLUTION 26-12

RESOLUTION BY THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

SECTION 1. That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed $21,000,000 to provide for the costs of _____.

SECTION 2. That John Marez, Administrator, be and is hereby designated the authorized representative of the South Texas Water Authority for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3. That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of an represent the South Texas Water Authority before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor:	Estrada Hinojosa & Company, Inc. 1508 South Lone Star Way, Suite 1 Edinburg, Texas 78539
Engineer:	ICE Engineers 261 Saratoga Boulevard Corpus Christi, Texas 78417
Bond Counsel:	Winstead PC 112 East Pecan Street, Suite 725 San Antonio, Texas 78205
Administrator:	Water Finance Exchange 10127 Morocco Street, Suite 170 San Antonio, Texas 78216

PASSED AND APPROVED, this the 30th day of June, 2026.

ATTEST by: _____ By: _____
Secretary President

(AUTHORITY)

Application Resolution - Certificate of Secretary

THE STATE OF TEXAS §

COUNTY OF KLEBERG §

SOUTH TEXAS WATER AUTHORITY §

We, the undersigned President and Secretary of the South Texas Water Authority (the "Authority"), hereby certify as follows:

1. The Board of Directors of the Authority (the "Board") convened in regular session, open to the public, on June 30, 2026 (the "Meeting"), at the designated meeting place; the duly constituted officers and members of said Board being as follows:

Jose M. Graveley, President	Daniel Morales, Director
Frances Garcia, Vice President	Joe Morales, Director
Imelda Garza, Secretary/Treasurer	Patsy Rodgers, Director
Dr. Tanya Lawhon, Director	Art Rodriguez, Director

and all of whom were present, except the following:

_____, thus constituting a quorum.

Whereupon among other business, the following was transacted at the Meeting: a written Resolution entitled:

"RESOLUTION BY THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY REQUESTING FINANCIAL PARTICIPATION FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR FINANCIAL PARTICIPATION; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH"

(the "Resolution") was duly introduced to the board for the consideration and adoption. After presentation, it was then duly moved and seconded that the Resolution be finally passed and adopted; and after due discussion, such motion, carrying with it the adoption of the Resolution prevailed and carried by the following vote:

YES:_____ NOES: _____ ABSTENTIONS:_____

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of the Meeting pertaining to the adoption of the Resolution; the persons named in the above and foregoing paragraph are duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting, and that the Resolution would be introduced and considered for adoption at the Meeting and each of such officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public, and public notice of the time, place, and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE SOUTH TEXAS ON JUNE 30, 2026.

_____ _____

Secretary President

(AUTHORITY SEAL)

APPLICATION AFFIDAVIT

THE STATE OF TEXAS §

COUNTY OF KLEBERG §

SOUTH TEXAS WATER AUTHORITY §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared John Marez as the Authorized Representative of the South Texas Water Authority, who being by me duly sworn, upon oath says that:

1. The decision by the South Texas Water Authority to request financial assistance from the Texas Water Development Board ("TWDB") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, Section 551.001, et seq), and after providing such notice as required by such Act as is applicable to the South Texas Water Authority.

2. The information submitted in the application is true and correct according to my best knowledge and belief.

3. The South Texas Water Authority has no litigation or other proceedings pending or threatened against it that would materially adversely affect its financial confirmation or ability to issue debt.

4. The South Texas Water Authority has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none"):

__none_____.

5. The South Texas Water Authority warrants compliance with the representations made in the application in the event that the TWDB provides the financial assistance.

6. The South Texas Water Authority is or will become in compliance with all of its material contracts.

7. The South Texas Water Authority will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the TWDB.

_____
Official Representative

Title:_____

SWORN TO AND SUBSCRIBED BEFORE ME, by _____, on this 30th day of June, 2026.

(NOTARY'S SEAL)

_____
Notary Public, State of Texas

ATTACHMENT 13

Seven Seas

No updates are available as of June 26, 2026.

ADMINISTRATION REPORT

Memo

To: South Texas Water Authority, Board of Directors
From: John Marez, Executive Director
Date: June 26, 2026
Re: **Administration Report**

Background:

This Administration Report is provided to update the Board of Directors on upcoming Board meeting dates, major capital improvement projects, and ongoing regulatory matters involving the Texas Commission on Environmental Quality (TCEQ). Staff continues to advance strategic infrastructure initiatives, support regional water system improvements, and work collaboratively with regulatory agencies and professional consultants to address compliance matters while protecting the Authority's operational and financial interests.

Analysis:

1. **Future Board Meeting Dates**
- July 8, 2026 – Budget Workshop
- August 4, 2026 – Regular Board Meeting
- September 8, 2026 – Regular Board Meeting
- September 29, 2026 – Regular Board Meeting

These meetings will provide opportunities for the Board to review the proposed Fiscal Year 2026–2027 Budget, receive project updates, and consider additional action items as necessary.

2. **Major Project Updates**

TWDB Funded Pump Station Improvements

Engineering design continues to progress on the Water Supply Corporation pump station improvement projects funded through the Texas Water Development Board. Design is currently approximately 90 percent complete and is anticipated to reach 100 percent completion in the near future. Upon completion of the final design, staff and the engineering team will begin developing the construction schedule and procurement timeline necessary to move these projects into the construction phase.

Ricardo Water Supply Corporation 12-Inch Transmission Line

Kleberg County is evaluating potential funding opportunities for the proposed Ricardo Water Supply Corporation 12-inch transmission line extension (Phase 2), to complete the project they funded years ago. In its management and operational capacity, South Texas Water Authority staff continues to provide technical assistance, operational support, and available resources to Ricardo Water Supply Corporation and the Kleberg County Commissioners Court as requested to assist with the evaluation and advancement of this important regional infrastructure project.

3. **TCEQ Enforcement Action Letter and Proposed Agreed Order**

Staff has received correspondence from the Texas Commission on Environmental Quality regarding a proposed Enforcement Action Letter and Proposed Agreed Order. Management is actively working with

TCEQ, the Authority's consulting engineers, General Counsel, and WFX to evaluate available options and identify the most appropriate path toward resolution. One option currently being explored is a Supplemental Environmental Project (SEP), which allows eligible funds that would otherwise be assessed as an administrative penalty to instead be invested in approved corrective environmental improvements. An attachment has been provided with this agenda item containing additional information regarding the proposed enforcement action, the agreed order, and the current status of staff's ongoing efforts.

Fiscal Impact:

There is no immediate fiscal impact associated with this administrative report. Future fiscal impacts may include construction expenditures associated with the TWDB-funded infrastructure projects but those will be resolved by either the Kleberg or Nueces Water Supply Corporations. Any financial obligations resulting from the final resolution of the TCEQ enforcement matter.

Staff will present any required budget amendments or funding recommendations to the Board as additional information becomes available.

Staff Recommendation:

Staff recommends that the Board receive this Administration Report for informational purposes and authorize staff to continue advancing the identified infrastructure projects, providing technical and operational support to regional partners, and working collaboratively with TCEQ, legal counsel, engineers, and WFX toward a favorable resolution of the proposed enforcement matter.

Board Action:

Receive the Administration Report and provide any additional direction deemed appropriate.

Summary:

Staff continues to make significant progress on major infrastructure initiatives, including advancing the TWDB-funded pump station improvements toward construction, supporting regional efforts related to the Ricardo Water Supply Corporation transmission line, and working collaboratively with TCEQ and the Authority's professional consultants to resolve regulatory matters in the best interest of the Authority. Management will continue to keep the Board informed as these projects and negotiations progress.

Previously, STWA was notified of a TCEQ violation, followed by the issuance of a Proposed Agreed Order.

Under the current statutory and regulatory framework, TCEQ serves as the investigator, decision-maker, and enforcement authority, leaving public utilities with limited opportunities to challenge its rulings. In response, I asked our new General Counsel, Hunter Hudson, to review the matter. Since then, our legal team, management staff, and our engineering consultants at ICE have been working collaboratively to resolve the issue.

In addition, WFX (Water Finance Exchange) is preparing a Supplemental Environmental Project (SEP) proposal. If approved by TCEQ, the SEP would allow STWA to invest the value of the proposed administrative penalty into qualifying system improvements rather than remitting those funds directly to the State.

Hunter also intends to challenge several of TCEQ's assumptions in an effort to seek appropriate modifications to the Proposed Agreed Order.

I anticipate receiving an additional update during executive session or by email to the full board next week. I wanted to provide you with this preliminary overview in advance.

Our General Counsel is connecting with the TCEQ to review certain areas in the Proposed Agreed Order that need to be corrected before STWA considers the terms. We anticipate a a new Proposed Agreed Order with a new 15-day deadline.