



MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Jose M Graveley, President
DATE: July 28, 2025
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

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

Tuesday, August 5, 2025

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:

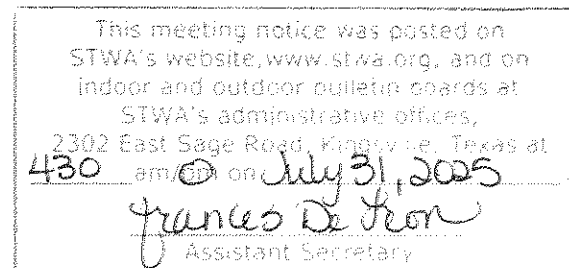
Agenda

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. Approval of Minutes. (Attachment 1)
4. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 2)
5. Operation and Maintenance Reports. (Attachment 3)
 - O&M Report
 - CP Update
6. Review of 2025 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties. (Attachment 4)
7. **Resolution 25-22.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2025. (Attachment 5)
8. **Resolution 25-23.** Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2025. (Attachment 5)

9. Preliminary Fiscal Year 2026 Budget. (Attachment 6)
10. Proposed Fiscal Year 2026/Tax Year 2025 tax rate and authorization to publish notice of public hearing. (Attachment 7)
11. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2025. (Attachment 8)
12. Bids for Uniforms for field staff. (Attachment 9)
13. **Resolution 25-24.** Resolution awarding the bid for uniform contract (Attachment 10)
14. STWA Master Plan (Attachment 11)
 - Updated Master Plan
 - 95% Draft of Engineering Feasibility Report.
15. 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.
 15. a. Receive legal advice from counsel regarding alternate water sources. (§551.071)
16. 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.
17. Administration Report.
 - Upcoming Board Meeting Dates – 08/19/2025 Special Meeting
18. 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



ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY
Minutes – Regular Board of Directors Meeting
July 8, 2025

Board Members Present:

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

Board Members Absent:

Angela Pena

Staff Present:

John Marez
Frances De Leon
Jo Ella Wagner
Patrick Sendejo
Victor Gutierrez
August Patroelj

Guests Present:

Kasy Stinson, Seven Seas
Rogelio Rodriguez, Water Finance Exchange
Ivan Luna, I.C.E.
Lynn Yaklin, Coldwell Banker/Pacesetter
Steel
Ansar Palakkal, I.C.E.
David Rowsey
Chad Peterek
Rocky Goodman
Arturo Mendieta
Eric Nielsen
Martin Tunan
Travis Urban
Gerad Merritt
John Thornberry
Clyde Denkeler
Martin & Mary Chiuminatto
Tom Pennington
Peter Kaple
Michael Wetz
Scott Dodds
Josh Hartwick
Jessica Guard
Carlos Obregon
Rosana Ramirez, Seven Seas

Guests Present:

Jamie Jones
Maria Longnecker
Lavoyger Durkten
Brian Donovan
Brenda Ballard
Mark Maddox
Will Chesser
Doron Lovett
Lori Jo Walker
Holly Bockholt
Wes McNew
Tim Richardson
John Burris
David Gonslin
Sam Fugate
Aaron Price
Mike Wilhite

1. Call to Order.

Mr. Jose Graveley, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 p.m. at the Courthouse Annex Law Enforcement Center, 1500 E. King, Kingsville, Texas. A quorum was present.

The order of the agenda was changed.

6. Update on search for administration office property.

Ms. Lynn Yaklin reported that after the last meeting a Commercial Buyer/Tenant Representation Agreement was executed. She has shared several property locations with STWA staff and visited one location. She continues to actively search for a property and make Mr. Marez aware of any updates in the market.

2. Citizen Comments.

Mr. Graveley opened the floor to citizen's comments. He explained that speakers would have three minutes to speak and the Board would listen to all who want to speak.

Mark Maddox, 1235 Redfish Drive, Riviera Beach, Texas, distributed a list of questions pertaining to the desalination project that he would like answered and asked the Board to take these into consideration as decisions are made.

Rocky Goodman, 1251 E. CR 2328, Riviera Beach, Texas, stated that he is not in favor of what is going on. He questioned the decision of discharge from the Alice desalination plant into San Fernando Creek leading into Baffin Bay and voiced his concerns about the impact to fresh water and brackish organisms that are not adapted to the increased salt and noted that there are other solutions available.

Brenda Ballard, 921 W. Escondido, Kingsville, Texas, President of Brush County Chapter of Coastal Conservation CCA Texas Association and Texas representative of the U.S. Secretary of Commerce Gulf Council, expressed concerns over brackish water desalination on coastal ecosystems and urged caution as brine discharge can cause harm.

Brian Donovan, 2114 S. Young St., Rockport, Texas 78582, stated that Seven Seas released information at a recent meeting reflecting that the amount of total dissolved solids to be discharged will dilute Baffin Bay which is a closed bay system that is hyper saline resulting in major ecological ramifications. He encouraged the Board to be transparent about permitting and construction, to be good neighbors to downstream people who rely on Baffin Bay, and to engage with CCA, the Harte Institute and the CBBEP to fully understand the consequences of discharging into Baffin Bay.

Dr. Lawhon asked staff to put together a presentation on STWA's environmental model and permit status. Mr. Marez said staff is willing to do this but these documents are currently being worked on and until that data is available, there are limits on what can be provided. He added that this is part of ongoing transparency that STWA has been operating under for months through several partnerships and he will provide what is available.

Lori Jo Walker, 1205 E. CR 2360, Riviera, Texas, thanked the STWA board for their service to the community and urged them to educate themselves on the process of the desalination plant and the effects to the ecosystem and the economic impacts.

David Rowsey, 3834 Alisa Ann, Corpus Christi, Texas 78418, stated that fresh water is needed and most are not against desalination but are opposed to dumping into the bay without proper research and studies being conducted to show the impacts on the bay system.

Chad Peterek, 15341 Dasmarinas Dr, Corpus Christi, Texas 78418, said he has seen the bay survive for 30 years without fresh water added and mother nature takes care of it. He stated there is no transparency in STWA's procurement actions and that a contract exists with Seven Seas that the public cannot see although STWA is a public entity. He added that salt from the aquifer is

different than the bay's and will leave added salt behind and that protecting Baffin Bay is crucial for fishing and for its ecological and economic value to the region.

John Burris, 3547 FM 665, Alice, Texas, stated that water has been flowing from Alice plant and there have been no reports released on the Alice desalination plant and no information on discharge points.

Scott Dodds stated that he is not convinced that the project has been vetted by the needed agencies. He added that the project needs to slow down and make sure it is the right thing for the long term before damage occurs.

STWA Legal Counsel Charlie Zahn confirmed that there is an existing agreement between Seven Seas and South Texas Water Authority dated August 7, 2024 which cannot be released at this time. He explained that once an agreement is entered into, it is subject to discovery but a third party has the right to protect proprietary information and explained the process for public information requests. He added that he has five requests in progress. He also stated that STWA is bound by a non-disclosure agreement.

David Gonslin, 14826 Cobo De Bara, Corpus Christi, Texas, stated that someone made the comment that this process will save Baffin Bay but there is no information on the amount and content of the discharge and no discovery on discharge from the Alice plant. He asked about documentation for how the bay will be helped.

Josh Hartwick, 5408 Cypress Creek, Kingsville, Texas, said that we are approaching the possibility of a negative effect on the bay by brine water being dumped into the bay. The contract was signed a year ago and another plant in Alice is actively discharging brine water. Kleberg county and elected officials have allowed this and now want to ramp this up with another plant and he is very concerned.

Sam Fugate, 413 Elizabeth, Kingsville, Texas, told Mr. Marez that he was not transparent. He said he just found out about this today and pointed out that he is the mayor. To hit where it hurts, he said he will ask the city commission to cease buying water from STWA until this is straightened out and he wants scientific evidence that it is not hurting the bay and the City of Kingsville will not be part of this.

Jessica Guard, 529 E. Kenedy Ave., Kingsville, Texas, asked where all this money goes that they are getting. She feels that if there is no data, then no deal and said she hopes the board makes the right decisions.

Aaron Price, 2061 4th Street, Ingleside, Texas, said he spoke with TCEQ and found that no environmental impact study was done for the Alice desalination plant and that only federally funded projects fall under NEPA (National Environmental Policy Act) requirements. TCEQ did not know the composition of the discharge and has GPS coordinates for two outfalls but no study has been done.

Carlos Obregon, 2213 Torrente Drive, Corpus Christi, Texas, said Baffin Bay is an awesome fishery. He did research and found that lowering the salinity will hurt Baffin Bay and hurt tourism. Having a desal plant refresh Baffin Bay will affect all fishing guides and his son's future.

Mike Wilhite 684 CR 1150 Riviera, Texas, said there are no environmental impact studies. He said this is the worst way to dispose of the brine and that there are other options.

Rosana Ramirez Seven Seas Water, Portland, Texas invited the community to workshops on development of the project which will be held the last weekend of July in Corpus Christi. The information will be published on Seven Seas' website and will be shared with STWA.

The meeting recessed at 6:26 p.m. while the guests exited the meeting room. The meeting reconvened at 6:36 p.m.

3. Approval of Minutes

Ms. Garza made a motion to approve the minutes of the May 22, 2025 Regular Meeting as presented. Mr. Rodriguez seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

The following reports were presented for Board approval:

Treasurer's Report for period ending April 30, 2025
Revenue Fund Income Statement for period ending April 30, 2025
Tax Fund Income Statement for period ending April 30, 2025
Special Services Income Statement for period ending April 30, 2025
STWA Revenue Fund Balance Sheet – April, 2025
STWA Revenue Fund Trial Balance – April, 2025
STWA Debt Service Fund Income Statement for period ending April 30, 2025
STWA Debt Service Fund Balance Sheet – April, 2025
STWA Debt Service Fund Trial Balance – April, 2025
STWA Capital Projects Fund Income Statement for period ending April 30, 2025
STWA Capital Projects Fund Balance Sheet – April, 2025
STWA Capital Projects Fund Trial Balance – April, 2025
Treasurer's Report for period ending May 31, 2025
Revenue Fund Income Statement for period ending May 31, 2025
Tax Fund Income Statement for period ending May 31, 2025
Special Services Income Statement for period ending May 31, 2025
STWA Revenue Fund Balance Sheet – May, 2025
STWA Revenue Fund Trial Balance – May, 2025
STWA Debt Service Fund Income Statement for period ending May 31, 2025
STWA Debt Service Fund Balance Sheet – May, 2025
STWA Debt Service Fund Trial Balance – May, 2025
STWA Capital Projects Fund Income Statement for period ending May 31, 2025
STWA Capital Projects Fund Balance Sheet – May, 2025
STWA Capital Projects Fund Trial Balance – May, 2025

No invoices were presented for Board approval. Mr. J. Morales made a motion to approve the Treasurer's Reports as presented. Ms. Rodgers seconded. The motion passed unanimously.

5. Operation and Maintenance Reports.

- O&M Technical Report
- Cathodic Protection Report

Mr. Sendejo presented the O&M Technical Report for the weeks of May 26 through June 30, 2025. He reported that some of the field staff will be attending training and are preparing for licensing exams. He and Foreman Victor Gutierrez are working towards their B license. Mr.

Sendejo continues working on standard operating procedures for field staff and the SCADA system is being updated for improved alarm notifications. Dr. Lawhon asked if any studies have been performed to verify that the 42-inch waterline can successfully deliver water if an agreement is reached to sell water to the City of Corpus Christi. Ms. Wagner responded that CP Technician Hector Barbosa brought forth information today about certifying the condition of the waterline. The process should take about one month. Mr. J. Morales commented that staff needs to be proactive in maintaining the water system. Mr. Marez stated that the various items related to the waterline would be prioritized and presented to the Board as needed.

7. Fiscal Year 2025 Budget Amendments.

Mr. D. Morales made a motion to table the Fiscal Year 2025 Budget Amendments. Mr. Rodriguez seconded. The motion carried.

8. Water District Truth in Taxation Notices, Effective Tax Rate Calculation, and Meeting/Hearing Schedule.

Mr. Marez presented a proposed Truth in Taxation Meeting/Hearing Schedule for the Board's review in order to confirm that a quorum will be available for the necessary meetings and public hearing. In order to avoid the expense of Nueces County sending out separate tax statements for STWA, they must receive STWA's tax information by the County's September 11th deadline. The following schedule was provided to the Board:

Date	Event	Action
July 8, 2025	Board Meeting	Agree on calendar & confirm quorums
July 25, 2025	CADs deliver rolls	Staff calculates ETR
August 5, 2025	Board Meeting	Board votes on proposed rate & sets hearing date/time, approves sending proposed budget to wholesale customers
August 6, 2025	Staff prep	Proposed budget is sent to wholesale customers for 30-day written comment period
Aug 7 – Sep 8	30-day comment period	Wholesale customers review & provide written comments on proposed budget
Aug 28 and 31, 2025	Publish newspaper notices	Publication occurs 7 days before hearing
September 9, 2025	Public Hearing followed by Board Meeting	Board adopts tax rates, water rates and Handling Charge
September 11, 2025	Nueces County Tax Collector Deadline	Failure to submit tax rates could result in STWA paying for separate tax bill mail-out

No changes were requested by the Board.

9. Preliminary FY 2026 Budget.

Ms. Wagner presented a worksheet illustrating current salaries and fringe benefit breakdowns as well as salary increase options which included a 4% salary increase, an 8% increase which is about half of what was shown in the pay study and the last includes increases for specific positions recommended in the pay study. She stated that workshops will be scheduled for an in-depth review of the proposed budget and explained that several components such as insurance rates and the Corpus Christi water rate are not yet available.

10. Bids for purchase of pickup truck to replace damaged 2018 Chevrolet Silverado pickup truck.

Mr. Marez presented three bids for a truck to replace a 2018 Chevrolet Silverado that was totaled in an accident. He explained that TML reimbursed approximately \$12,000 and an estimated \$8,000 was recouped in a surplus sale of unused vehicles for a combined total of about \$20,000 to be used towards replacing the truck. Three bids were received. Auto Nation Ford bid \$39,074.25 for a 2025 Ford Ranger 4x4 Super Crew truck which is currently in stock. Champion Chevrolet bid \$42,865.05 for a 2025 Colorado 4WD. Sames Ford bid \$37,440 for a 2025 Ranger 4x4 Super Crew truck which will require an order being placed to build the vehicle for delivery in several weeks.

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

Mr. J. Morales made a motion to approve an amount of up to \$50,000 including applying proceeds from insurance reimbursement and surplus sales for purchase of a truck and to adopt Resolution 25-21 awarding the bid for the pickup truck to Auto Nation Ford. The motion was seconded by Mr. D. Morales and passed by unanimous vote.

12. Executive Session Agenda Items - In this executive session the board of Directors will deliberate or receive legal advice regarding (1) each of the following matters pursuant to the Section(s) of the Texas Government Code in parenthesis at the end of such matter, and (2) any other agenda items on today's agenda that the presiding officer of the meeting has announced will be considered in this executive session (collectively, the "Executive Session Agenda Items"). The Board of Directors may take action in open session after the executive session on any of the Executive Session Agenda items. The Board of Directors will deliberate the purchase, exchange, lease or value of real property in executive session only if deliberation in an open meeting would have a detrimental effect on South Texas Water Authority's position in negotiations with a third person.

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

Mr. Graveley announced that the Board would convene in Closed Session at 7:21 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.

13. Open Session Items for Post Executive Session Action – The Board of Directors will convene in Open Session and take action on (1) the agenda items listed below, (2) any other items on this agenda that were postponed or tabled until after Executive Session, and (3) any Executive Session Agenda Items

The Board reconvened in Open Session at 8:06 p.m. No action was taken during Closed Session.

14. Administration Report.
- Upcoming Board Meeting Dates

Mr. Marez reported that TXWARN distributed an email asking its members to consider what aid they might be able to provide to assist utilities impacted by the recent floods in Central Texas. He stated that he stands prepared to send staff if needed. He added that he will be working on scheduling budget workshop dates and will begin sending out emails tomorrow. The next Regular Meeting is scheduled for August 5th.

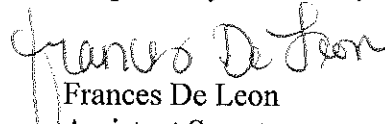
2. Citizen Comments.

Mr. Graveley re-opened the floor to citizen's comments. Mr. Kasy Stinson of Seven Seas thanked the Board for attending the groundbreaking ceremony earlier in the day. He stated that after the groundbreaking, the pump was turned on momentarily and water flowed. The full-size test well should be completed in about another week and will eventually provide answers on water quality and design.

15. Adjournment.

With no further business to discuss, Mr. Rodriguez moved to adjourn the meeting at 8:10 p.m. Ms. Garcia seconded. The motion carried.

Respectfully submitted,


Frances De Leon
Assistant Secretary


ATTACHMENT 2

Quarterly Report/Treasurer's Report/Payment of Bills

**SOUTH TEXAS WATER AUTHORITY
INVESTMENT REPORT
FOR QUARTER ENDED JUNE 30, 2025**

	BEGINNING BOOK VALUE 1-Apr-25	BEGINNING MARKET VALUE 1-Apr-25	TRANSFERS	REVENUES APRIL, MAY, & JUNE	EXPENSES	INTEREST	ENDING BOOK VALUE 30-Jun-25	ENDING MARKET VALUE 30-Jun-25
CASH ACCOUNTS								
GENERAL ACCT - PROSPERITY BANK	201,795.69	201,795.69	295,000.00	594,190.50	899,382.56	166.61	191,770.24	191,770.24
GENERAL ACCT MONEY MKT. - PROSPERITY	979.31	979.31	0.00	0.00	0.00	1.70	981.01	981.01
GENERAL ACCT TEXPOOL 1371300002	5,194,269.42	5,194,996.72	(675,000.00)	68,695.39	0.00	53,893.61	4,641,858.42	4,641,858.42
GENERAL ACCT TEXSTAR 1111-000	157,309.38	157,315.67	0.00	0.00	0.00	1,693.50	159,002.88	159,008.45
PAYROLL ACCT - PROSPERITY BANK	20,310.75	20,310.75	290,000.00	0.00	264,260.87	26.28	46,076.16	46,076.16
OPERATIONS ACCT - PROSPERITY BANK	45,935.87	45,935.87	90,000.00	0.00	73,312.34	23.64	62,647.17	62,647.17
DEBT SERVICE ACCT TEXPOOL 1371300008	440,196.76	440,258.39	0.00	14,529.92	0.00	4,840.93	459,567.61	459,567.61
TOTAL CASH ACCOUNTS	6,060,797.18	6,061,592.40	0.00	677,415.81	1,236,955.77	60,646.27	5,561,903.49	5,561,909.06
	AVG. MAT. 6/30/2025	APRIL RATE	APRIL EARNING	MAY RATE	MAY EARNING	JUNE RATE	JUNE EARNING	TOTALS
GENERAL ACCT - PROSPERITY BANK	immediate	0.3000%	\$48.02	0.3000%	\$48.29	0.3000%	\$70.30	\$166.61
GENERAL ACCT MONEY MKT. - PROSPERITY	immediate	0.7000%	\$0.56	0.7000%	\$0.58	0.7000%	\$0.56	\$1.70
GENERAL ACCT TEXPOOL 1371300002	41 days	4.3400%	\$18,566.49	4.3100%	\$18,497.26	4.3000%	\$16,829.86	\$53,893.61
GENERAL ACCT TEXSTAR 1111-000	41 days	4.3288%	\$559.72	4.2954%	\$575.92	4.2844%	\$557.86	\$1,693.50
PAYROLL ACCT - PROSPERITY BANK	immediate	0.3000%	\$7.81	0.3000%	\$6.56	0.3000%	\$11.91	\$26.28
OPERATIONS ACCT - PROSPERITY BANK	immediate	0.3000%	\$7.19	0.3000%	\$7.43	0.3000%	\$9.02	\$23.64
DEBT SERVICE ACCT TEXPOOL 1371300008	41 days	4.3400%	\$1,580.66	4.3100%	\$1,647.45	4.3000%	\$1,612.82	\$4,840.93
TOTALS			20,770.45		20,783.49		19,092.33	60,646.27

THIS REPORT IS IN COMPLIANCE WITH THE STRATEGIES AS APPROVED AND THE PUBLIC FUNDS INVESTMENT ACT.


CO-INVESTMENT OFFICER


CO-INVESTMENT OFFICER

SOUTH TEXAS WATER AUTHORITY
Treasurer's Report
For Period Ending June 30, 2025

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$3.280112 per 1000 g</u>	<u>Handling Charge @ \$0.50/1000g</u>	<u>Incremental Increase @ \$0.50/1000g</u>	<u>Out of District Surcharge and Pass- Thru Credit</u>	<u>Total Due</u>
Kingsville	11,924	\$39,110.74	\$5,961.80	\$0.00	\$0.00	\$45,072.54
Bishop	5,552	\$18,211.18	\$2,776.00	\$0.00	\$0.00	\$20,987.18
Agua Dulce	2,000	\$6,561.39	\$1,000.18	\$0.00	\$0.00	\$7,561.57
RWSC	10,353	\$33,959.00	\$5,176.50	\$0.00	\$0.00	\$39,135.50
Driscoll	2,466	\$8,088.76	\$1,233.00	\$0.00	\$0.00	\$9,321.76
NCWCID #5	1,424	\$4,671.35	\$712.07	\$712.07	\$1,020.39	\$7,115.88
NWSC	14,279	\$46,837.29	\$7,139.59	\$0.00	\$0.00	\$53,976.88
TOTAL	47,998	\$157,439.71	\$23,999.14	\$712.07	\$1,020.39	\$183,171.31

Water Cost and Usage for Period of:

	06/01/25	06/30/25
City of Corpus Christi Invoice for Cost of Water Purchased:		\$155,149.32
Gallons of Water Recorded by City of Corpus Christi:		47,300,000
Gallons of Water Recorded by STWA from Customer's Master Meters:		47,998,273
Water Loss Percentage:		-1.48%

Annual Usage for FY25

	Annual
Gallons of Water Recorded by City of Corpus Christi:	409,800,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	408,205,250
Water Loss Percentage: (year to date)	0.39%

**REVENUE FUND
INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2025**

75.00%

	MONTHLY	YEAR TO DATE WITH THIS MONTH	2025 ADOPTED BUDGET	% OF 2025 ADOPTED BUDGET	2024 YEAR TO DATE	2024 FINAL BUDGET
REVENUES						
Water Service Revenue	157,440	1,278,783	1,730,677	74%	1,047,251	1,377,118
Handling Charge Revenue	23,999	204,103	272,771	75%	196,768	298,250
Premium Incremental Increase	712	7,558	10,750	70%	7,257	10,900
Surcharge - Out of District	843	7,815	12,850	61%	7,958	9,972
Interest Income	16,922	166,381	182,000	91%	194,841	215,200
Interest - Note	0	165	0	0%	0	3,750
Other Revenue						
Operating & Maintenance Fees	691	6,118	8,250	74%	6,610	10,700
Miscellaneous Revenues	15,159	129,510	12,000	1079%	25,968	46,500
Industry Revenues	0	0	0	0%	0	625,710
TOTAL REVENUES	215,766	1,800,434	2,229,298	81%	1,486,653	2,598,100
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	155,149	1,282,479	1,730,677	74%	1,121,318	1,489,786
Payroll Costs						
Salaries & Wages - Perm. Employees	34,019	310,418	429,690	72%	279,043	406,135
Salaries & Wages - Vacation Buyback	0	5,832	5,500	106%	5,885	4,368
Overtime - NWSC	0	0	0	0%	1,429	0
Stand-by Pay - NWSC	0	0	0	0%	0	0
Overtime - RWSC	0	0	0	0%	(1,429)	0
Stand-by Pay - RWSC	0	0	0	0%	0	0
Overtime - STWA	1,044	21,251	22,500	94%	19,799	15,000
Stand-by Pay - STWA	120	1,220	1,560	78%	975	1,300
Employee Retirement Premiums	10,246	58,351	71,228	82%	56,255	68,713
Group Insurance Premium	19,472	200,827	229,340	88%	113,654	243,522
Unemployment Compensation	(470)	(2,184)	3,060	-71%	(2,087)	70
Workers' Compensation	(855)	10,893	7,675	142%	11,761	6,436
Medicare	411	4,702	6,247	75%	4,620	6,029
Supplies & Materials						
Repairs & Maintenance	10,837	73,138	125,000	59%	76,416	150,000
Meter Expense	0	0	5,000	0%	3,760	5,000
Tank Repairs	0	0	35,000	0%	7,000	30,000
Major Repairs	0	129,926	25,000	520%	0	25,000
Other Operating Expenditures:						
Professional Fees						
Legal	805	85,085	50,000	170%	12,453	40,000
Auditing	0	12,570	11,500	109%	10,390	10,500
Engineering	0	309,381	170,000	182%	13,616	50,000
Management & Consulting	0	40,643	25,000	163%	46,422	25,000
JMAR Management Consulting LLC	5,833	52,500	70,000	75%	52,500	70,000
Inspection/GIS Mapping	253	1,759	7,500	23%	913	7,500
Consum Supplies/Materials						
Postage	(62)	2,326	8,500	27%	1,803	8,500
Printing/Office Supplies	1,850	22,803	37,500	61%	20,826	37,500
Janitorial/Site Maintenance	1,394	18,392	20,000	92%	9,527	19,000

		YEAR TO	2025	% OF 2025	2024	2024
Fuel/Lubricants/Repairs	2,156	42,806	60,000	71%	43,811	85,000
Chemicals/Water Samples	1,755	19,861	60,000	33%	22,941	60,000
Safety Equipment	0	5,042	3,000	168%	1,245	2,000
Small Tools	31	1,285	3,000	43%	5,004	3,000
Recurring Operating Costs						
Telephone/Communications	3,783	21,774	40,000	54%	23,329	40,000
Utilities	8,997	71,068	122,500	58%	84,064	122,500
D & O Liability Insurance	100	3,332	4,500	74%	2,083	3,500
Property Insurance	0	61,492	55,000	112%	52,133	48,000
General Liability	0	4,446	6,000	74%	4,046	5,500
Auto Insurance	0	4,718	4,000	118%	4,770	3,100
Travel/Training/Meetings-Staff	1,141	14,130	20,000	71%	14,362	15,000
Travel/Training/Meetings-Board of Dir.	450	3,525	10,000	35%	2,656	10,000
Travel/Training/Meetings-Legislation	0	0	10,000	0%	0	0
Rental-Equipment/Uniforms	1,171	7,883	7,500	105%	15,766	6,000
Dues/Subscriptions/Publication	16	14,943	19,000	79%	15,783	17,500
Pass Through Cost	0	1	250	0%	3	400
Bad Debt Expense	0	(5,771)	0		0	0
Miscellaneous						
Miscellaneous Expenditures	267	6,090	15,000	41%	4,744	15,000
Total Administrative & Operations Exp.	259,916	2,918,938	3,537,227	83%	2,163,589	3,155,859
Capital Outlay						
Capital Acquisition	0	114,574	227,500	50%	263,575	230,500
Engineering	0	0	50,000	0%	0	50,000
TOTAL EXPENDITURES (w/o D.S. exp.)	0	114,574	3,814,727	3%	2,427,164	3,436,359
Excess (Deficiencies) of Revenue Over Expenditures	(44,150)	(1,233,079)	(1,585,429)	78%	(940,511)	(1,402,682)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	0	1,630,025	0%	1,549,017	1,650,724
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	0	3,500	0%	0	1,500
TOTAL OTHER FINANCING SOURCES (USES)	0	0	1,633,525	0%	1,549,017	1,652,224
SPECIAL SERVICES	(19,197)					
CATHODIC PROTECTION	(5,610)					
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)	(68,957)	(1,233,079)	48,096		608,506	813,965
NET INCOME	(68,957)	(1,233,079)	48,096		608,506	249,542

**TAX FUND
INCOME STATEMENT
FOR PERIOD ENDING June 30, 2025**

75.00%

	MONTHLY	YEAR TO DATE	2025 ADOPTED BUDGET	% OF 2025 ADOPTED BUDGET	2024 YEAR TO DATE	2024 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	9,631	1,642,702	1,665,196	99%	1,660,608	1,659,615
Delinquent Tax Revenue	2,114	33,118	38,115	87%	30,566	37,000
Penalty & Interest - Tax Accounts	2,249	20,908	27,345	76%	23,240	26,000
Miscellaneous	0	-25	0	0%	316	0
TOTAL TAXES & INTEREST	13,993	1,696,704	1,730,656	98%	1,714,730	1,722,615
EXPENDITURES						
Tax Collector Fees	0	52,396	68,980	76%	53,952	60,627.00
Appraisal Districts	4,783	22,075	31,651	70%	22,027	11,264.00
TOTAL EXPENDITURES	4,783	74,471	100,631	74%	75,979	71,891
 Transfer to General Fund	 0	 0	 1,630,025	 0%	 1,549,017	 1,650,724
 EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	 9,211	 1,622,233	 0		 89,734	 0

**SPECIAL SERVICES
INCOME STATEMENT
FOR PERIOD ENDING June 30, 2025**

						75.00%
	MONTHLY	YEAR TO DATE	2025 ADOPTED BUDGET	% OF 2025 ADOPTED BUDGET	2024 YEAR TO DATE	2024 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	24,685	243,679	449,088	54%	252,924	463,829
Nueces Water Supply Corporation	36,808	281,548	439,152	64%	287,417	457,150
TOTAL REVENUES	<u>61,493</u>	<u>525,228</u>	<u>888,240</u>	<u>59%</u>	<u>540,341</u>	<u>920,979</u>
EXPENDITURES						
Personnel	41,689	336,370	454,994	74%	315,236	460,842
Administrator	2,500	22,500	30,000	75%	22,500	30,000
Overhead	36,501	298,844	403,246	74%	269,782	408,138
TOTAL EXPENDITURES *	<u>80,690</u>	<u>657,715</u>	<u>888,240</u>	<u>74%</u>	<u>607,518</u>	<u>898,980</u>
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	<u>(19,197)</u>	<u>(132,487)</u>	<u>0</u>		<u>(67,177)</u>	<u>21,999</u>

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SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 6 / 25

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101 Water

		Opening Balance	Change	Closing Balance
Assets				
101. 10100	STWA - Operations	30,833.45	28,680.20	59,513.65
101. 10200	STWA - General	328,171.17 (	248,598.45)	79,572.72
101. 10210	STWA - General Money Market	980.45	0.56	981.01
101. 10400	STWA - Payroll	(9,865.10)	46,996.44	37,131.34
101. 10800	Petty Cash	150.00		150.00
101. 11300	TexPool	4,808,128.76 (	166,270.32)	4,641,858.44
101. 12100	Tax Accounts Receivable	211,473.78		211,473.78
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	5,112.08 (	2,906.75)	2,205.33
101. 12201	Agua Dulce-Water	13,555.07	172.50	13,727.57
101. 12202	Bishop - Water	42,283.57	20,987.18	63,270.75
101. 12203	Driscoll - Water	27,510.97	9,321.76	36,832.73
101. 12204	Kingsville - Water	109,156.60	1,259.91	110,416.51
101. 12205	NCWCID 5 - Water	42,717.83 (	1,385.54)	41,332.29
101. 12206	Ricardo WSC - Water	34,330.28	39,135.50	73,465.78
101. 12207	Nueces WSC - Water	47,238.20	53,976.88	101,215.08
101. 12208	Ricardo WSC - General & Admin	18,971.43	19,643.96	38,615.39
101. 12209	Nueces WSC - General & Admin	18,890.38	19,679.06	38,569.44
101. 12500	Interlocal Rec-Bishop	(0.03)		(0.03)
101. 12700	Interlocal Rec-Driscoll	3,431.89	691.22	4,123.11
101. 12900	Interlocal Rec-Ricardo	24,574.73 (	12,432.60)	12,142.13
101. 12901	RWSC-Credit Card	470.83	24.32	495.15
101. 13000	Interlocal Rec-Nueces	35,393.54	1,279.16	36,672.70
101. 13001	NWSC Credit Card	113.52	585.61	699.13
101. 13510	Due From Capital Projects Fund	336,723.64	5,943.87	342,667.51
101. 13520	Due from Debt Service Fund	1,614.35	1,007.06	2,621.41
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	42,053.92		42,053.92
101. 15500	Inventory	42,276.74		42,276.74
Total Assets		6,131,890.81 (	182,208.47)	5,949,682.34
Liabilities and Fund Equity				
101. 20300	Trade Accounts Payable	358,383.72 (	128,990.71)	229,393.01
101. 20310	Conversion Trade Accounts Payable	333.16		333.16
101. 20400	Salaries & Wages Payable	9,845.76	6,563.84	16,409.60

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SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 6 / 25

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101 Water

		Opening Balance	Change	Closing Balance
101. 21051	Federal WH Taxes Payable	150.77		150.77
101. 21052	Medicare Payable	665.32		665.32
101. 21062	Unemployment Ins Payable	8,505.29		8,505.29
101. 21063	Empl Loan WH Payble	(594.42)		(594.42)
101. 21064	Empl Insurance WH Payble	(18,586.61)	(635.16)	(19,221.77)
101. 21065	Empl AFLAC Ins WH Payble	730.65		730.65
101. 21067	Empl Nationwide WH Payble	200.00		200.00
101. 21068	Empl Advance WH Payble	(539.46)		(539.46)
101. 21069	Empl Other WH Payble	4,261.57	(192.14)	4,069.43
101. 21100	Miscellaneous Payables	30,320.12	613.19	30,933.31
101. 21500	Compensated Absences	13,824.65		13,824.65
101. 21700	Deferred Tax Revenue	122,898.43		122,898.43
101. 24100	Due to Debt Service Fund	3,670.07	177.49	3,847.56
101. 28400	Retained Earnings	5,203,157.19		5,203,157.19
101. 28410	Assigned Fund Bal. - Inventory	41,746.65		41,746.65
101. 28999	Net Income Current Year	352,917.95	(59,744.98)	293,172.97

Total Liabilities and Fund Equity **6,131,890.81** (**182,208.47)** **5,949,682.34**

Revenue

101. 41100	Tax Revenue	1,633,070.87	9,630.99	1,642,701.86
101. 41120	Delinquent Tax Revenue	31,004.58	2,113.58	33,118.16
101. 41150	Penalties & Interest - Tax	18,658.85	2,248.99	20,907.84
101. 41950	Miscellaneous - Taxes	(24.63)	(0.49)	(25.12)
101. 44100	Water Service Revenue	1,121,343.19	157,439.71	1,278,782.90
101. 44210	Handling Charge Revenue	180,103.94	23,999.14	204,103.08
101. 44230	Premium Incremental Increase	6,845.91	712.07	7,557.98
101. 44240	Surcharge - Out-of-District	6,972.29	842.90	7,815.19
101. 44600	Operations & Maint Fees	469,423.98	62,184.12	531,608.10
101. 46000	MISCELLANEOUS REVENUE	2,582.51		2,582.51
101. 46100	Miscellaneous Income	103,550.05	6,876.58	110,426.63
101. 47100	Interest income	149,459.89	16,921.65	166,381.54
101. 47110	Interest-Note	165.36		165.36
101. 48120	Sale of Assets	8,217.90	8,282.70	16,500.60

Total Revenue **3,731,374.69** **291,251.94** **4,022,626.63**

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SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 6 / 25

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101 Water

		Opening Balance	Change	Closing Balance
Expenditures				
101.601000.50200	Purchased water	1,127,329.34	155,149.32	1,282,478.66
101.601000.51100	Salaries/Wages	363,311.10	53,874.25	417,185.35
101.601000.51120	Overtime	20,207.76	1,043.72	21,251.48
101.601000.51130	Stand-by	1,100.00	120.00	1,220.00
101.601000.51160	Vacation Buyback	5,831.69		5,831.69
101.601000.51200	Employee Retirement	80,694.56	14,945.91	95,640.47
101.601000.51201	Group Ins - Health	328,982.49	45,948.91	374,931.40
101.601000.51202	Group Ins - Life	5,230.84	706.97	5,937.81
101.601000.51203	Group Ins - Dental	4,883.44	673.08	5,556.52
101.601000.51300	Unemployment Ins	(283.14)	(	283.14)
101.601000.51400	Workers Compensation	16,898.49	79.66)	16,818.83
101.601000.51700	Medicare	8,534.98	1,055.77	9,590.75
101.601000.52110	Postage	4,058.90		4,058.90
101.601000.52120	Printing/Office Supplies	24,072.21	2,731.53	26,803.74
101.601000.52130	Janitorial/Site Maint	16,997.39	1,394.32	18,391.71
101.601000.52160	Small Tools	1,254.10	31.33	1,285.43
101.601000.52380	Safety Equipment	5,042.09		5,042.09
101.601000.53110	Legal	84,279.75	805.00	85,084.75
101.601000.53120	Auditing	12,570.00		12,570.00
101.601000.53130	Engineering	309,381.22		309,381.22
101.601000.53140	Management & Consulting	107,309.14	8,333.33	115,642.47
101.601000.53210	Inspection Services	1,506.11	253.00	1,759.11
101.601000.53260	Tax Collector Fees	52,396.78		52,396.78
101.601000.53270	Appraisal District Fees	17,292.21	4,782.63	22,074.84
101.601000.54110	General Repairs & Maintenance	62,301.36	10,837.00	73,138.36
101.601000.54111	General R&M - Central Tank	129,925.67		129,925.67
101.601000.54140	Fuel/Lubricants/Repairs	72,144.62	5,265.64	77,410.26
101.601000.54150	Chemicals/Water Samples	18,105.66	1,755.40	19,861.06
101.601000.55110	Telephone/Communications	21,786.13	4,660.54	26,446.67
101.601000.55120	Utilities	62,071.55	8,996.80	71,068.35
101.601000.55130	D & O Liability Insurance	3,232.03	100.00	3,332.03
101.601000.55140	Property Insurance	61,492.06		61,492.06
101.601000.55150	General Liability Ins	4,446.05		4,446.05
101.601000.55160	Auto Insurance	4,717.72		4,717.72
101.601000.55180	Travel/Training/Meetings	16,065.49	1,591.25	17,656.74
101.601000.55610	Rental-Equip/Uniforms	6,712.03	1,171.24	7,883.27
101.601000.55620	Dues/Subscriptions/Advert	14,927.11	15.98	14,943.09
101.601000.55999	Bad Debt Expense	(5,771.27)	(	5,771.27)
101.601000.58130	Pass Through Costs	0.76		0.76
101.601000.58790	Misc Expenditures	5,822.33	267.33	6,089.66
101.601000.59600	Capital Acquisition	114,573.91		114,573.91
Total STWA		3,191,434.66	326,430.59	3,517,865.25
101.601200.51100	Salaries/Wages	83,279.24	11,545.10	94,824.34
101.601200.51120	Overtime	21,196.06	4,083.81	25,279.87

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SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
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101 Water

		Opening Balance	Change	Closing Balance
101.601200.51130	Stand-by	1,100.00	120.00	1,220.00
	Total NWSC	105,575.30	15,748.91	121,324.21
101.601300.51100	Salaries/Wages	65,759.89	7,465.94	73,225.83
101.601300.51120	Overtime	14,586.89	1,231.48	15,818.37
101.601300.51130	Stand-by	1,100.00	120.00	1,220.00
	Total RWSC	81,446.78	8,817.42	90,264.20
	Total Expenditures	3,378,456.74	350,996.92	3,729,453.66

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SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 6 / 25

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101 Water

Assets

Current Assets

STWA - Operations	59,513.65
STWA - General	79,572.72
STWA - General Money Market	981.01
STWA - Payroll	37,131.34
Petty Cash	150.00
TexPool	4,641,858.44
Tax Accounts Receivable	211,473.78
Allowance for Uncollect Taxes	(88,575.35)
Allowance for doubtful Accounts	(12,483.96)
Interlocal Rec - Tax Assessor	2,205.33
Agua Dulce-Water	13,727.57
Bishop - Water	63,270.75
Driscoll - Water	36,832.73
Kingsville - Water	110,416.51
NCWCID 5 - Water	41,332.29
Ricardo WSC - Water	73,465.78
Nueces WSC - Water	101,215.08
Ricardo WSC - General & Admin	38,615.39
Nueces WSC - General & Admin	38,569.44
Interlocal Rec-Bishop	(0.03)
Interlocal Rec-Driscoll	4,123.11
Interlocal Rec-Ricardo	12,142.13
RWSC-Credit Card	495.15
Interlocal Rec-Nueces	36,672.70
NWSC Credit Card	699.13
Due From Capital Projects Fund	342,667.51
Due from Debt Service Fund	2,621.41
Due from D.S .-Collect Service	16,505.60
Notes Receivable - Current	152.47
Prepaid Expenses	42,053.92
Inventory	42,276.74

Total Current Assets 5,949,682.34

Total Assets 5,949,682.34

Liabilities and Equity

Current Liabilities

Trade Accounts Payable	229,393.01
Conversion Trade Accounts Payable	333.16
Salaries & Wages Payable	16,409.60
Federal WH Taxes Payable	150.77

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SOUTH TEXAS WATER AUTHORITY
Balance Sheet
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101 Water

Medicare Payable	665.32
Unemployment Ins Payable	8,505.29
Empl Loan WH Payble	(594.42)
Empl Insurance WH Payble	(19,221.77)
Empl AFLAC Ins WH Payble	730.65
Empl Nationwide WH Payble	200.00
Empl Advance WH Payble	(539.46)
Empl Other WH Payble	4,069.43
Miscellaneous Payables	30,933.31
Compensated Absences	13,824.65
Deferred Tax Revenue	122,898.43

Total Current Liabilities

407,757.97

Other Liabilities

Due to Debt Service Fund	3,847.56
--------------------------	----------

Total Other Liabilities

3,847.56

Total Liabilities

411,605.53

Equity

Retained Earnings	5,203,157.19
Assigned Fund Bal. - Inventory	41,746.65
CURRENT YEAR INCOME/(LOSS)	293,172.97

Total Equity

5,538,076.81

Total Liabilities & Equity

5,949,682.34

**DEBT SERVICE FUND
INCOME STATEMENT
FOR PERIOD ENDING June 30, 2025**

75.00%

	MONTHLY	YEAR TO DATE	2025 ADOPTED BUDGET	% OF 2025 ADOPTED BUDGET	2024 YEAR TO DATE	2024 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	2,028	344,584	367,927	94%	352,736	369,941
Delinquent Tax Revenue	465	7,156	9,500	75%	6,793	9,000
Penalty & Interest - Tax Accounts	488	4,538	2,220	204%	4,991	5,000
Out-of-District Surcharge	177	1,242	5,500	23%	1,690	1,370
Interest on Temporary Investments	1,613	10,939	13,200	83%	12,419	9,000
Miscellaneous	0	1,285	0	0%	1	0
<i>TOTAL TAXES & INTEREST</i>	4,771	369,745	398,347	93%	378,630	394,311
OTHER FINANCING SOURCES						
Excess Bond Proceeds	0	0	0	0%	0	0
<i>TOTAL OTHER FINANCE SOURCES</i>	0	0	0	0%	0	0
TOTAL REVENUE AND OTHER FINANCE SOURCES	4,771	369,745	398,347	93%	378,630	394,311
EXPENDITURES						
Fiscal Agent Fees	0	100	200	50%	100	200
Bond Interest Expense	0	43,175	86,350	50%	47,000	94,000
Bond Principal Payments	0	0	260,000	0%	0	255,000
Tax Collector Fees	0	11,033	14,650	75%	5,781	14,927
Appraisal District Fees	1,007	4,648	6,723	69%	9,172	6,014
Miscellaneous	0	0	0	0%	0	0
<i>TOTAL EXPENDITURES</i>	1,007	58,956	367,923	16%	62,053	370,141
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	3,764	310,788	30,424		316,577	24,170

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SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
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310 Debt Service

		Opening Balance	Change	Closing Balance
Assets				
310. 11300	TexPool	454,354.34	5,213.28	459,567.62
310. 12100	Tax Accounts Receivable	55,352.98		55,352.98
310. 12101	Allowance for Uncollect Taxes	(11,370.61)		(11,370.61)
310. 12120	Interlocal Rec - Tax Assessor	1,090.19	619.41	470.78
310. 13511	Due from General Fund	3,492.58	177.49	3,670.07
Total Assets		502,919.48	4,771.36	507,690.84
Liabilities and Fund Equity				
310. 21700	Deferred Tax Revenue	43,982.37		43,982.37
310. 24300	Due to General Fund	18,119.95	1,007.06	19,127.01
310. 28300	Fund Balance	133,793.77		133,793.77
310. 28999	Net Income Current Year	307,023.39	3,764.30	310,787.69
Total Liabilities and Fund Equity		502,919.48	4,771.36	507,690.84
Revenue				
310. 41100	Tax Revenue	342,555.96	2,027.99	344,583.95
310. 41120	Delinquent Tax Revenue	6,690.59	464.59	7,155.18
310. 41150	Penalties & Interest - Tax	4,050.02	488.47	4,538.49
310. 44240	Surcharge - Out-of-District	1,064.94	177.49	1,242.43
310. 46100	Miscellaneous Income	1,284.43		1,284.43
310. 47100	Interest income	9,326.60	1,612.82	10,939.42
Total Revenue		364,972.54	4,771.36	369,743.90

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SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 6 / 25

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310 Debt Service

		Opening Balance	Change	Closing Balance
Expenditures				
310.603000.53260	Tax Collector Fees	11,032.98		11,032.98
310.603000.53270	Appraisal District Fees	3,641.17	1,007.06	4,648.23
310.603000.56120	Bond Interest Expense	43,175.00		43,175.00
310.603000.56130	Fiscal Agent's Fees	100.00		100.00
	Total Debt Services	57,949.15	1,007.06	58,956.21
Total Expenditures		57,949.15	1,007.06	58,956.21

07/29/25
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SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 6 / 25

Page: 1 of 1
Report ID: L150

310 Debt Service

Assets

Current Assets

TexPool	459,567.62
Tax Accounts Receivable	55,352.98
Allowance for Uncollect Taxes	(11,370.61)
Interlocal Rec - Tax Assessor	470.78
Due from General Fund	3,670.07

Total Current Assets	507,690.84
----------------------	------------

Total Assets	507,690.84
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Liabilities and Equity

Current Liabilities

Deferred Tax Revenue	43,982.37
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Total Current Liabilities	43,982.37
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Other Liabilities

Due to General Fund	19,127.01
---------------------	-----------

Total Other Liabilities	19,127.01
-------------------------	-----------

Total Liabilities	63,109.38
-------------------	-----------

Equity

Fund Balance	133,793.77
CURRENT YEAR INCOME/(LOSS)	310,787.69

Total Equity	444,581.46
--------------	------------

Total Liabilities & Equity	507,690.84
----------------------------	------------

**CAPITAL PROJECTS FUND
INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2025**

75.00%

	MONTHLY	YEAR TO DATE	2025 ADOPTED BUDGET	% OF 2025 ADOPTED BUDGET	2024 YEAR TO DATE	2024 FINAL BUDGET
REVENUES						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	558	5,209	6,000	87%	11,354	15,200
Other Income	0	0	0	0%	0	0
TOTAL REVENUE AND OTHER FINANCE SOURCES	558	5,209	6,000	87%	11,354	15,200
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	5,609	219,204	135,305	162%	103,281	180,000
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
Miscellaneous Fees	0	0	0	0%	0	0
TOTAL EXPENDITURES	5,609	219,204	135,305	162%	103,281	180,000
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	(5,051)	(213,995)	(129,305)		(91,927)	(164,800)

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08:41:08

SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 6 / 25

Page: 1 of 2
Report ID: LB200

410 Capital Projects

		Opening Balance	Change	Closing Balance
Assets				
410. 11400	TexStar	158,444.92	557.86	159,002.78
Total Assets		158,444.92	557.86	159,002.78
Liabilities and Fund Equity				
410. 24300	Due to General Fund	244,543.68	5,609.00	250,152.68
410. 28300	Fund Balance	122,845.53		122,845.53
410. 28999	Net Income Current Year	(208,944.29) (	5,051.14) (	213,995.43)
Total Liabilities and Fund Equity		158,444.92	557.86	159,002.78
Revenue				
410. 47100	Interest income	4,651.18	557.86	5,209.04
Total Revenue		4,651.18	557.86	5,209.04
Expenditures				
410.609010.51100	Salaries/Wages	50,793.41	5,609.00	56,402.41
410.609010.54720	Cathodic Protect Materials	162,802.06		162,802.06
Total Capital Projects		213,595.47	5,609.00	219,204.47

07/29/25
08:41:08

SOUTH TEXAS WATER AUTHORITY
Trial Balance with Revenues and Expenditures
For the Accounting Period: 6 / 25

Page: 2 of 2
Report ID: LB200

410 Capital Projects

	Opening Balance	Change	Closing Balance
Total Expenditures	213,595.47	5,609.00	219,204.47

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16:55:47

SOUTH TEXAS WATER AUTHORITY
Balance Sheet
For the Accounting Period: 6 / 25

Page: 1 of 1
Report ID: L150

410 Capital Projects

Assets

Current Assets
TexStar

159,002.78

Total Current Assets

159,002.78

Total Assets

159,002.78

Liabilities and Equity

Other Liabilities
Due to General Fund

250,152.68

Total Other Liabilities

250,152.68

Total Liabilities

250,152.68

Equity

Fund Balance
CURRENT YEAR INCOME/(LOSS)

122,845.53
(213,995.43)

Total Equity

(91,149.90)

Total Liabilities & Equity

159,002.78

ATTACHMENT 3

Field Reports

Memorandum

To: South Texas Water Authority Board of Directors and John Marez, Administrator

From: Patrick Sendejo, O&M Manager / Victor Gutierrez, Field Supervisor

Date: July 31st 2025

Re: O&M Technical Report

During the Week of July 7th 2025:

Admin:

Review GPS Records

Update Daily Water Loss

TRWA Apprenticeship Weekly Hours Update (Noe Moreno).

Basic Water Training/Locate Training/CSI Training/Standard Operation Procedure Training.

Schedule testing and courses for field staff. (Class D water license)

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

NWSC/RWSC Meter Readings

Locates – STWA, RWSC & NWSC

Completed service orders for NWSC & RWSC.

Completed Taps – (1)

Safety & Maintenance:

Safety Meeting: **(Open 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/Monthly 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.

During the Week of July 14th 2025:

Admin:

- Review GPS records
- Update Daily Water Loss
- TRWA Apprenticeship Weekly Hours Update (Noe Moreno)
- Noe Moreno attended the TRWA Conference in Galveston TX (Credit Hours)
- Basic Water Training/Locate Training/CSI Training/ Standard Operation Procedure 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 CL17 Verification
- Meter Readings – NWSC, RWSC
- Locates – STWA, RWSC, NWSC
- Completed Service Orders for NWSC and RWSC
- Completed Taps - (scheduled for week of 7/28/2025)

Safety & Maintenance:

Safety Meeting:

(Open 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.

During the Week of July 21st 2025:

Admin:

- Review GPS records
- Update Daily Water Loss
- TRWA Apprenticeship Hour Updates (Noe Moreno)
- Basic Water Training/Locate Training/CSI Training/Standard Operation Procedure 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
- Lockouts NWSC & RWSC
- Weekly CL 17 Verification.
- Locates – STWA, RWSC, NWSC
- Completed service orders for NWSC and RWSC
- Completed Taps – (Scheduled for week of 7/28/2025)

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.)
Training on Level one assessments with Foreman and Class D operators. This is useful for these techs to understand reports and procedures in the event of a sanitary defect in our water supply.
- 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.

During the Week of July 28th 2025

Admin:

- Review GPS records
- Update Daily Water Loss
- City Gallons Report
- TRWA Apprenticeship Hour Updates (Noe Moreno)
- Basic Water Training/Locate Training/CSI Training/Standard Operation Procedure 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
- BACT Samples STWA, NWSC, & RWSC
- Weekly CL 17 Verification
- Lockouts NWSC & RWSC
- Locates – STWA, RWSC, NWSC
- Completed service orders for NWSC and RWSC
- Completed Taps/Extensions – (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.)**
- How to grab a Nitrate and Nitrite sample for NAPS for all entry points.**
- TCEQ request this quarterly and maintain records for 5years.**
- Generators – Exercise Transfer Switch
- Weekly Preventative Maintenance – Heavy Equipment, Lawn care equipment, Leak equipment, Pump-station equipment.
- Daily Vehicle Maintenance Report - Interior, Exterior & Under the Hood Inspections

Cathodic Protection:

- Weekly Monitoring of Rectifiers
- Called in locates for Visual inspection of locations in question that need attention.
- 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 etc.

Current Projects:

- Working with ICE on Master plan surveys and preparations for repairs of Central Bishop East and Ricardo Pumps Stations.
- Continue to revise GIS Digital maps to improve coordinates of water lines, meter locations, valves, ARVs, Dead-end mains and pump stations.
- 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. ETA pending as of 8/1/2025
- Replace Meter run sensors for SCADA alert improvements as of 7/22/2025
- Replaced outdated SCADA computer with new computer. Completed as of 7/14/2025.
- Replacement of Master meter at Kingsville due to meter malfunction as of 7/22/2025.
- 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 8/1/2025).
- All field staff are pending water courses or testing for water licenses as of 8/1/2025
- Class B licenses are almost completed need a one or two courses to test for license for O&M and Field Supervisor. Currently scheduling courses to attend for credit hours as of 8/1/2025
- NWSC TCEQ Inspections evaluation. Completed as of 8/1/2025
- Scheduling service taps and extensions has been challenging due to weather and staff availability amongst many other tasks TCEQ has continued to add on top of our day-to-day operations. It would be suggestive to consider possibly hiring an additional employee to assist with handling the task that can get backed up or assist our operators in catching up on taps, leaks, and service orders.

Agenda Item: revised uniforms that would better suit our needs in reference to an entire uniform package that would cover seasonal uniforms and returns at no charge for replacing staff if needed. Without costing the authority any additional cost other than the current rate of rental fee.

O&M Budget Wishlist

Agenda Item: to add a work truck for O&M Manager **\$44,415**

Agenda Item: to replace 2013 F550 2 Ton Haul Truck for mini excavator **\$62,940**

Agenda Item: to add a Brush cutter for skid steer to maintain 42" easement access. **\$10,500**

Agenda Item: to replace all CL17 Analyzers at Pump stations for SCADA and to have a chlorine monitor at each pump station. **\$100,000** this includes company install and equipment. (local specialty company) Moody Bros.

Agenda Item: to add a Hydrovac to maintain valves and to locates lines without having to take heavy equipment to avoid heavy equipment not being available to work on service taps or leaks. **\$56,255.53**

Agenda Item: to replace 4" diesel transfer pump for use during water main breaks that valves don't isolate the water main or larger line size pipe leak repairs to transfer excessive water out of repair site. **\$62,718.00**

CP Wishlist Attached to Budget Report

ATTACHMENT 4

2025 Appraisal Rolls

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Admin
Date: July 30, 2025
Re: 2025 Final Certified Estimated Values for Kleberg and Nueces Counties

Background

The 2025 final certified estimated taxable values for the South Texas Water Authority (STWA) have been provided by both the Kleberg County Appraisal District and the Nueces County Appraisal District. These values are crucial for our budgeting and tax rate setting processes for the upcoming fiscal year.

Analysis

Kleberg County:

- The total certified estimated taxable value for 2025 is \$1,788,035,518.
- This value includes all taxable properties within the jurisdiction of Kleberg County as assessed by the Kleberg County Appraisal District.

Nueces County:

- The total net taxable value for properties not under protest is \$1,608,696,154.
- The estimated taxable value for properties under protest is \$41,965,429.
- Therefore, the total net taxable value for the STWA jurisdiction within Nueces County for 2025 is \$1,650,661,583.

Staff Recommendation

Staff recommends the Board review and incorporates these certified values into the STWA's financial planning and tax rate calculations for the fiscal year 2026. The detailed breakdown of taxable values from both Kleberg and Nueces Counties will help in making informed decisions regarding budget allocations and tax rates.

Board Action

The Board is requested to acknowledge the receipt of the 2025 final certified estimated taxable values from both Kleberg and Nueces Counties and proceed with the necessary actions to finalize the tax rates and budget for the upcoming fiscal year.

Summary

The certified estimated taxable values for 2025 from Kleberg and Nueces Counties are crucial for our financial planning. Kleberg County's total certified estimated taxable value is \$1,788,035,518, while Nueces County's total net taxable value, including properties under protest, is \$1,650,661,583. Staff recommends utilizing these values in our budget and tax rate planning to ensure accurate and effective financial management for the STWA.



Nueces County Appraisal District
201 N. Chaparral, Ste. 206
Corpus Christi, Texas 78401-2503

Debra Morin, RPA, RTA, CCA

Nueces County Interim Chief Appraiser

Office: (361) 881-9978
Fax: (361) 887-6721
info@nuecescad.net

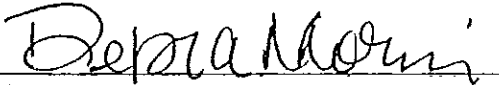
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CERTIFICATION OF 2025 APPRAISAL ROLL

Pursuant to Section 26.01(a) and (c) of the Texas Property Tax Code, I, Debra Morin, Interim Chief Appraiser for the Nueces County Appraisal District, Nueces County, Texas, do hereby CERTIFY the values listed below, as the net taxable value of all taxable property within your jurisdiction.

A. Value of all taxable property NOT Under Protest for 2025	\$ 1,608,696,154
B. Estimated taxable value of property Under Protest for 2025	\$ 41,965,429

2025 TOTAL NET TAXABLE VALUE FOR YOUR JURISDICTION \$ 1,650,661,583


Debra Morin
Interim Chief Appraiser

07/25/2025
Date

2025 FINAL CERTIFIED ESTIMATE OF VALUE INFORMATION

AS OF 7-25-25

**TAXING UNIT
SOUTH TEXAS WATER AUTHORITY**

23.231 CAP	(-)	12,027,546				
STILL UNDER ARB REVIEW						
LOSS TO AGRICULTURAL: VALUATION	(-)	24,218,500				
STILL UNDER ARB REVIEW						
NET TAXABLE VALUE	(=)	287,494,643		180,029,562		
STILL UNDER ARB REVIEW						
NET TAXABLE VALUE PROTEST: ADJUSTMENT FACTOR	(*)	0.8893888642				
ADJUSTED NET TAXABLE VALUE: (CERTIFIED ESTIMATE OF NET TAXABLE VALUE) (PART 2)	(=) (+)	255,694,634	(-)	180,029,562	(=) (+)	75,664,972
STILL UNDER ARB REVIEW						
2025 FINAL CERTIFIED ESTIMATE OF NET TAXABLE VALUE	(=)	1,788,035,518 (1,532,330,984 + 255,694,534)	(=) 2024 FINAL CERTIFIED ESTIMATE OF NET TAXABLE VALUE	1,708,852,185 (1,528,622,623 + 180,029,562)	(=) (INC)	79,183,333

2025 FINAL CERTIFIED ESTIMATE OF VALUE INFORMATION

AS OF 7-25-25

**TAXING UNIT
SOUTH TEXAS WATER AUTHORITY**

GROSS VALUES		2025 FINAL CERTIFIED ESTIMATE OF VALUE NOT UNDER REVIEW		2024 FINAL CERTIFIED ESTIMATE OF VALUE NOT UNDER REVIEW		DIFFERENCE
REAL:	(+)	2,239,620,331		1,984,936,136		254,684,195
PERSONAL:	(+)	97,463,950		158,102,040		(60,638,090)
MINERAL:	(+)	219,737,425		230,955,639		(11,218,214)
TOTAL GROSS VALUE: (CERTIFIED ESTIMATE OF MARKET VALUE) (PART 1)	(=)	2,556,821,706		2,373,993,815		182,827,891
TOTAL EXEMPTIONS:	(-)	473,161,553		428,776,364		44,385,189
HOMESTEAD CAP ADJ:	(-)	132,135,796		51,034,936		81,100,860
23.231 CAP:	(-)	65,148,944		28,558,248		36,590,696
LOSS TO AGRICULTURAL: VALUATION	(-)	354,034,429		336,801,644		17,232,785
NET TAXABLE VALUE: (CERTIFIED ESTIMATE OF NET TAXABLE VALUE) (PART 1)	(=) (+)	1,532,340,984	(-)	1,528,822,623	(=) (INC)	3,518,361
		CERTIFIED ESTIMATE OF VALUE UNDER ARB REVIEW 2025		CERTIFIED ESTIMATE OF VALUE UNDER ARB REVIEW 2024		
REAL AND MH: MARKET VALUE	(+)	320,305,598				
STILL UNDER ARB REVIEW						
PERSONAL: MARKET VALUE	(+)	9,064,720				
STILL UNDER ARB REVIEW						
MINERAL : MARKET VALUE	(+)					
STILL UNDER ARB REVIEW						
TOTAL GROSS VALUE: (TOTAL MARKET VALUE)	(=)	329,390,318				
STILL UNDER ARB REVIEW						
MARKET VALUE PROTEST: ADJUSTMENT FACTOR	(*)	0.867041046				
ADJUSTED GROSS VALUE: (CERTIFIED ESTIMATE OF MARKET VALUE) (PART 2)		265,694,926				
STILL UNDER ARB REVIEW						
TOTAL EXEMPTIONS:	(-)	1,560,242				
STILL UNDER ARB REVIEW						
HOMESTEAD CAP:	(-)	4,089,387				
STILL UNDER ARB REVIEW			1			

ATTACHMENT 5

Resolution 25-22 and 25-23

SOUTH TEXAS WATER AUTHORITY

Resolution 25-22

RESOLUTION ADOPTING THE APPRAISAL ROLL FOR THE SOUTH TEXAS
WATER AUTHORITY'S DISTRICT IN KLEBERG COUNTY FOR TAX YEAR 2025.

WHEREAS, the South Texas Water Authority is a taxing jurisdiction within Kleberg and Nueces Counties, and

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes for maintenance and operation and debt service, and

WHEREAS, the appraisal roll of the South Texas Water Authority has been compiled by the Kleberg County Appraisal District for the purpose of levying an established tax rate on said valuation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2025 appraisal roll compiled by the Kleberg County Appraisal District on behalf of the Authority.

Duly adopted this 5th day of August, 2025.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

SOUTH TEXAS WATER AUTHORITY

Resolution 25-23

RESOLUTION ADOPTING THE APPRAISAL ROLL FOR THE SOUTH TEXAS
WATER AUTHORITY'S DISTRICT IN NUECES COUNTY FOR TAX YEAR 2025.

WHEREAS, the South Texas Water Authority is a taxing jurisdiction within Kleberg and Nueces Counties, and

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes for maintenance and operation and debt service, and

WHEREAS, the appraisal roll of the South Texas Water Authority has been compiled by the Nueces County Appraisal District for the purpose of levying an established tax rate on said valuation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2025 appraisal roll compiled by the Nueces County Appraisal District on behalf of the Authority.

Duly adopted this 5th day of August, 2025.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 6

Preliminary FY 2026 Budget

Memorandum

To: South Texas Water Authority Board of Directors
From: Jo Ella Wagner – Assistant Executive Director
Date: August 1, 2025
Re: Proposed Fiscal Year 2026 Budgets

Background:

Enclosed please find the Proposed Fiscal Year 2026 Budget, including a General Fund Budget, Tax Fund Budget, Special Services Fund Budget, and Debt Service Fund Budget. The budgets are based on the following:

- Handling Charge of \$0.60 per 1000 gallons; an increase of 10¢ from last fiscal year,
- M&O Tax Rate of \$0.049557 per \$100 valuation - a decrease of \$0.004711,
- I&S Tax Rate of \$0.010142 per \$100 valuation, a decrease of \$0.001285 due to a lower debt service requirement and higher tax base,
- The Total Tax Rate (combined O&M and I&S) is a decrease of \$0.005996 or 9.07%,
- A proposed decrease in the Cost of Water from the City of Corpus Christi of 10¢ per 1000 gallons – a cost that is passed through to STWA's Wholesale Customers,
- An overall payroll adjustment if any will be determined by the Board of Directors. Four options; 0%, 3%, 4% & 6%; have been included in the preliminary budgets for Board review,
- Capital purchases of \$384,974 and Capital Projects – Cathodic Protection of \$590,500,

Analysis:

The budget results in a negative ending balance. Contributing to the negative balance is \$590,500 designated for additional Cathodic Protection and vault repairs on STWA's 42" transmission line. Reserve Funds in STWA's Fund Balance will be utilized to make the necessary upgrades.

The Interest and Sinking (I&S) tax rate is based on the debt service schedule and calculated to generate the required funds to pay the annual interest and principal on the bonds.

The proposed Special Services Fund Budget is the approximate cost to recoup the cost of providing turn-key management and operation services for the Nueces and Ricardo Water Supply Corporations.

Staff Recommendation:

Determine which presented proposed budget should be sent to the wholesale customers for their review.

Board Action:

Determine if one of the proposed budgets that staff presented should be sent to the wholesale customers.

Summarization:

Staff presented 4 different proposed budgets for the Board of Directors review. A decrease in the M & O and I & S tax rates, an increase in the Handling Charge, and using Reserve Funds to continue Cathodic Protection on the 42" transmission lines are presented for Board review in the proposed FY 2026 Budgets.

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2026 BUDGET
GENERAL FUND

CC Water Cost
\$3.20610
Handling Charge
\$0.600000
M&O Tax Rate
\$0.049557
I&S Tax Rate
\$0.010142

	PROPOSED FY 2026 BUDGET	PROPOSED FY 2026 BUDGET	PROPOSED FY 2026 BUDGET	PROPOSED FY 2026 BUDGET
	No pay increase	3% pay increase	4% pay increase	6% pay increase
REVENUES				
Water Service Revenues	\$1,764,065	\$1,764,065	\$1,764,065	\$1,764,065
Handling Charge Revenue	\$330,133	\$330,133	\$330,133	\$330,133
Premium Incremental Increase	\$13,030	\$13,030	\$13,030	\$13,030
Fee in Lieu of Taxes	\$12,264	\$12,264	\$12,264	\$12,264
Interest on Temp. Invest.	\$165,000	\$165,000	\$165,000	\$165,000
Other Revenue				
Operations & Maintenance Fees	\$7,850	\$7,850	\$7,850	\$7,850
Miscellaneous Revenues	\$15,000	\$15,000	\$15,000	\$15,000
TOTAL REVENUES	\$2,307,343	\$2,307,343	\$2,307,343	\$2,307,343
EXPENDITURES				
Water Service Expenditures:				
Bulk Water Purchases	\$1,764,065	\$1,764,065	\$1,764,065	\$1,764,065
Water Loss	\$0	\$0	\$0	\$0
TOTAL WATER SERVICE	\$1,764,065	\$1,764,065	\$1,764,065	\$1,764,065
Payroll Costs				
Salaries & Wages -				
Permanent Employees	\$421,647	\$ 433,906.62	\$ 437,993.09	\$ 446,166.03
Vacation Buy Back	\$6,000	\$6,000	\$6,000	\$6,000
Part-Time Employee	\$0	\$0	\$0	\$0
Overtime - NWSC	\$0	\$0	\$0	\$0
Stand-by Pay - NWSC	\$0	\$0	\$0	\$0
Overtime - RWSC	\$0	\$0	\$0	\$0
Stand-by Pay - RWSC	\$0	\$0	\$0	\$0
Overtime - STWA	\$24,000	\$24,000	\$24,000	\$24,000
Stand-by Pay - STWA	\$1,560	\$1,560	\$1,560	\$1,560
Employee Retirement Premiums	\$67,753	\$69,044	\$69,474	\$70,334
Group Insurance Premium	\$270,401	\$270,401	\$270,401	\$270,401
Unemployment Compensation	\$515	\$515	\$515	\$515
Workers' Compensation	\$9,895	\$10,189	\$10,287	\$10,483
Hospital Insurance Tax	\$5,829	\$5,994	\$6,049	\$6,159
TOTAL PERSONNEL	\$807,600	\$821,609	\$826,279	\$835,618
Supplies & Materials				
Repairs & Maintenance	\$125,000	\$125,000	\$125,000	\$125,000
Meter Expense	\$5,000	\$5,000	\$5,000	\$5,000
Tank Repairs	\$35,000	\$35,000	\$35,000	\$35,000
Major Repairs	\$25,000	\$25,000	\$25,000	\$25,000
TOTAL SUPPLIES & MATERIALS	\$190,000	\$190,000	\$190,000	\$190,000

Other Operating Expenditures:

Professional Fees

Legal	\$125,000	\$125,000	\$125,000	\$125,000
Auditing	\$12,200	\$12,200	\$12,200	\$12,200
Engineering	\$250,000	\$250,000	\$250,000	\$250,000
Management & Consulting	\$80,000	\$80,000	\$80,000	\$80,000
JMAR Management Consulting, LLC	\$70,000	\$70,000	\$70,000	\$70,000
Inspection	\$7,500	\$7,500	\$7,500	\$7,500

TOTAL PROFESSIONAL FEES	\$544,700	\$544,700	\$544,700	\$544,700
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Consum Supplies/Materials:

Postage	\$8,500	\$8,500	\$8,500	\$8,500
Printing/Office Supplies	\$37,500	\$37,500	\$37,500	\$37,500
Janitorial/Site Maintenance	\$22,500	\$22,500	\$22,500	\$22,500
Fuel/Lubricants/Repairs	\$70,000	\$70,000	\$70,000	\$70,000
Chemicals/Water Samples	\$45,000	\$45,000	\$45,000	\$45,000
Safety Equipment	\$5,000	\$5,000	\$5,000	\$5,000
Small Tools	\$3,000	\$3,000	\$3,000	\$3,000

TOTAL CONSUM SUPPLIES/MATERIALS	\$191,500	\$191,500	\$191,500	\$191,500
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Recurring Operating Costs:

Telephone/Communications	\$40,000	\$40,000	\$40,000	\$40,000
Utilities	\$112,500	\$112,500	\$112,500	\$112,500
D & O Liability Insurance	\$4,500	\$4,500	\$4,500	\$4,500
Property Insurance	\$63,000	\$63,000	\$63,000	\$63,000
General Liability	\$6,000	\$6,000	\$6,000	\$6,000
Auto Insurance	\$4,800	\$4,800	\$4,800	\$4,800
Travel/Training/Meetings - Staff	\$20,000	\$20,000	\$20,000	\$20,000
Travel/Training/Meetings - Board of Directors	\$10,000	\$10,000	\$10,000	\$10,000
Travel/Training/Meetings - Legislation	\$2,000	\$2,000	\$2,000	\$2,000
Rental-Equipment/Uniforms	\$9,500	\$9,500	\$9,500	\$9,500
Dues/Subscriptions/Publications	\$19,000	\$19,000	\$19,000	\$19,000
Pass Through Costs	\$250	\$250	\$250	\$250

TOTAL RECURRING OPER. COSTS	\$291,550	\$291,550	\$291,550	\$291,550
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Miscellaneous:

Miscellaneous Expenditures	\$15,000	\$15,000	\$15,000	\$15,000
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TOTAL MISCELLANEOUS	\$15,000	\$15,000	\$15,000	\$15,000
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Total Administrative & Operations Exp.	\$3,804,415	\$3,818,424	\$3,823,094	\$3,832,433
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Capital Outlay:

Capital Acquisition	\$384,974	\$384,974	\$384,974	\$384,974
Capital Projects - Cathodic Protection	\$590,500	\$590,500	\$590,500	\$590,500

TOTAL CAPITAL OUTLAY	\$975,474	\$975,474	\$975,474	\$975,474
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TOTAL EXPENDITURES (w/o D.S. exp.)	\$4,779,889	\$4,793,898	\$4,798,568	\$4,807,907
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Excess (Deficiencies) of

Revenue Over Expenditures	(\$2,472,547)	(\$2,486,556)	(\$2,491,225)	(\$2,500,565)
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OTHER FINANCE SOURCES (USES)

Other Financing Sources:

Disposition of Assets (Surplus Sale)	\$5,000	\$5,000	\$5,000	\$5,000
Transfer from Tax Fund	\$1,668,498	\$1,668,498	\$1,668,498	\$1,668,498

TOTAL OTHER FINANCING SOURCES (USES)	\$1,673,498	\$1,673,498	\$1,673,498	\$1,673,498
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EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USED)	(\$799,049)	(\$813,058)	(\$817,727)	(\$827,067)
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NET INCOME	(\$799,049)	(\$813,058)	(\$817,727)	(\$827,067)
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FY 2025

CAPITAL OUTLAY/ACQUISITION

\$50,000	1 New Truck
\$75,000	1 Haul Truck
\$110,000	Chlorine Analyzer Upgrades
\$62,718	4" pump
\$56,256	Hydro-Vac trailer mount
\$7,500	New Copier
\$6,000	Technology Upgrades
\$13,500	Zero Turn Mower
\$4,000	Mower Trailer
\$384,974	

Cathodic Protection	\$590,500
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\$975,474 TOTAL CAPITAL OUTLAY

SOUTH TEXAS WATER AUTHORITY
 PROPOSED FY 2026 BUDGET
 SPECIAL SERVICES

RWSC - 1148 customers - 50.26%
 NWSC - 1136 customers - 49.74%
 2284 total customers

CC Water Cost
 \$3.20610
 Handling Charge
 \$0.600000
 M&O Tax Rate
 \$0.049557
 I&S Tax Rate
 \$0.010142

	PROPOSED FY 2026 BUDGET No pay increase	PROPOSED FY 2026 BUDGET 3% pay increase	PROPOSED FY 2026 BUDGET 4% pay increase	PROPOSED FY 2026 BUDGET 6% pay increase
REVENUES				
Ricardo Water Supply Corporation	\$555,536	\$563,786	\$566,536	\$572,036
Nueces Water Supply Corporation	\$549,788	\$557,953	\$560,674	\$566,117
TOTAL SPECIAL SERVICES REVENUE	\$1,105,324	\$1,121,738	\$1,127,210	\$1,138,153
EXPENDITURES				
Personnel	\$513,167	\$527,392	\$532,134	\$541,617
Overhead	\$562,157	\$564,346	\$565,076	\$566,536
Administrator	\$30,000	\$30,000	\$30,000	\$30,000
TOTAL EXPENDITURES	\$1,105,324	\$1,121,738	\$1,127,210	\$1,138,153
REVENUES OVER EXPENDITURES	\$0	\$0	\$0	\$0

SOUTH TEXAS WATER AUTHORITY
PROPOSED FY 2026 BUDGET
M & O TAX FUND

CC Water Cost
\$3.20610
Handling Charge
\$0.600000
M&O Tax Rate
\$0.049557
I&S Tax Rate
\$0.010142

PROPOSED
FY 2026
BUDGET

REVENUES

Ad Valorem - Current (M&O)	\$1,704,070
Delinquent Taxes	\$40,000
Penalty & Interest - Tax Accounts (M&O)	\$29,200
TOTAL M&O TAX REVENUES	\$1,773,270

EXPENDITURES

Tax Collector Fees	\$71,042
Appraisal Districts	\$33,730
Refunds	\$0

TOTAL EXPENDITURES	\$104,772
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REVENUES OVER EXPENDITURES	\$1,668,498
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OTHER USES

Transfer to Revenue Fund (Tax)	\$1,668,498
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TOTAL EXPEND. & OTHER USES	\$1,773,270
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Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0
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SOUTH TEXAS WATER AUTHORITY
PROPOSED FY2026 BUDGET
DEBT SERVICE FUND

CC Water Cost
\$3.20610
Handling Charge
\$0.600000
M&O Tax Rate
\$0.049557
I&S Tax Rate
\$0.010142

PROPOSED
FY 2026
BUDGET

REVENUES

Ad Valorem - Current (M&O)	\$348,753
Delinquent Taxes	\$9,500
Out of District - Fee in Lieu of Taxes - NCWCID#5	\$1,800
Penalty & Interest - Tax Accounts (I & S)	\$5,500
Interest on Temporary Investments	\$10,000
 TOTAL M&O TAX REVENUES	 \$375,553

EXPENDITURES

Fiscal Agent Fees	\$200
Bond Interest Expense	\$78,550
Bond Principal Payments	\$270,000
Tax Collector Fees	\$14,550
Appraisal Districts	\$6,910
Refunds	\$0

TOTAL EXPENDITURES	\$370,210
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REVENUES OVER EXPENDITURES	\$5,343
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TOTAL EXPEND. & OTHER USES	\$370,210
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Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	 \$5,343
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ATTACHMENT 7

Proposed FY 2026/Tax Year 2025 Tax Rate

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director
Date: July 31, 2025
Re: Proposed Tax Rate Publication for FY 2025/26 - Tax Year 2025

Background:

Enclosed are the Worksheet and Notice provided by the Texas Comptroller. Information from the Worksheet is transferred to the Notice. The Tax Rate procedures for water districts require a comparison of the Average Home Value of Tax Year 2024 to Tax Year 2025. Both of those values are adjusted by subtracting the \$5,000 homestead exemption that is Board approved annually. The enclosed Notice has blanks left for the Board members recorded vote. The current tax rate is \$0.065695/\$100 valuation, which is comprised of the M&O Tax Rate of \$0.054268/\$100 and the I&S Tax Rate of \$0.011427/\$100. The FY 25/26 debt service requirements including the prorated cost of appraisals and collections payment is \$348,750. Since the overall tax base increased, the I&S tax component has once again decreased from the previous year. The proposed tax rate per the Comptroller's Form 50-860 is \$0.059699/\$100 valuation. This proposed rate is comprised of two (2) components -the M&O Tax Rate of \$0.049557/\$100 and the I&S Tax Rate of \$0.010142/\$100.

Analysis:

The state mandated forms and calculation were used in calculating the Tax Year 2025/ Fiscal Year 2026 tax rate. Water Districts calculate tax rates by using only the average home values within STWA's district. All other taxing entities use all values. After calculating the "No New Tax Rate" which would generate the same taxes as the previous year. The State of Texas allows water districts to multiply the rate by 1.035 allowing an increase to the calculated tax rate. As such, the calculated rate is 0.059699/100 valuation. Anything over the 1.035 increase can trigger a rollback petition and possibly an election. Staff deducts 0.000001 to ensure that the Authority stays under the rollback rate.

Staff Recommendation:

Authorize staff to publish the Notice with the highest rate possible without exceeding the 3.5% limit.

Board Action:

Determine whether to authorize staff to publish the Notice of the proposed rate.

Summary:

The recommended rate for publication allows for flexibility to adopt the slightly increased rate or a lower rate. This publication is a mandatory part of the property tax and budgetary process.

2025 Developed Water District Voter-Approval Tax Rate Worksheet

Form 50-860

South Texas Water Authority

361-592-9323

Water District Name

Phone (area code and number)

2302 E. Sage Rd., Kingsville, Texas 78363

stwa.org

Water District's Address, City, State, ZIP Code

Water District's Website Address

GENERAL INFORMATION: The Comptroller's office provides this worksheet to assist water districts in determining their voter-approval tax rate. The information provided in this worksheet is offered as technical assistance and not legal advice. Water districts should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: Voter-Approval Tax Rate

The voter-approval tax rate for developed water districts is the current year's debt service, contract and unused increment tax rates plus the maintenance and operation (M&O) tax rate that would impose no more than 1.035 times the amount of M&O tax imposed by the water district in the preceding year on the average appraised value of a residence homestead in the water district. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older.

The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

If any part of the developed water district is located in an area declared a disaster area during the current tax year by the governor or by the president, the board of the district may calculate the voter-approval tax rate in the manner provided in Water Code Section 49.23601(a) and determine whether an election is required to approve the adopted tax rate in the manner provided in Water Code Section 49.23601(c). In such cases, the developed water district may use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* to calculate its voter-approval tax rate.

Line	Worksheet	Amount/Rate
1.	Prior year average appraised value of residence homestead. ¹	\$ 143860
2.	Prior year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ²	\$ 5000
3.	Prior year average taxable value of residence homestead. Line 1 minus Line 2.	\$ 138860
4.	Prior year adopted M&O tax rate.	\$ 0.054268 /\$100
5.	Prior year M&O tax on average residence homestead. Multiply Line 3 by Line 4, divide by \$100.	\$ 75.36
6.	Highest M&O tax on average residence homestead with increase. Multiply Line 5 by 1.035. ³	\$ 77.99
7.	Current year average appraised value of residence homestead.	\$ 163153
8.	Current year general exemptions available for the average homestead. Excluding age 65 or older or disabled persons exemptions. ⁴	\$ 5000
9.	Current year average taxable value of residence homestead. Line 7 minus Line 8.	\$ 158153
10.	Highest current year M&O tax rate. Line 6 divided by Line 9, multiply by \$100. ⁵	\$ 0.049315 /\$100
11.	Current year debt tax rate.	\$ 0.010142 /\$100
12.	Current year contract tax rate.	\$ 0.00 /\$100
13.	Year 3 Foregone Revenue Amount. Subtract the 2024 unused increment rate and 2024 actual tax rate from the 2024 voter-approval tax rate. Multiply the result by the 2024 current total value. A. Voter-approval tax rate B. Unused increment rate C. Subtract B from A D. Adopted Tax Rate E. Subtract D from C F. 2024 Total Taxable Value G. Multiply E by F and divide the results by \$100	 \$ 0.00 /\$100 \$ 0.00 /\$100 \$ 0.00 /\$100 \$ 0.00 /\$100 \$ 0.00 /\$100 \$ 0.00 \$ 0.00

¹ Tex. Water Code § 49.236(a)(2)(C)

² Tex. Water Code § 49.236(a)(2)(D)

³ Tex. Water Code § 49.23602(a)(2)(A)

⁴ Tex. Water Code § 49.236(a)(2)(E)

⁵ Tex. Water Code § 49.236(a)(2)(F)

Line	Worksheet	Amount/Rate
14.	Year 2 Foregone Revenue Amount. Subtract the 2023 unused increment rate and 2023 actual tax rate from the 2023 voter-approval tax rate. Multiply the result by the 2023 current total value.	
	A. Voter-approval tax rate	\$ 0.00 /\$100
	B. Unused increment rate	\$ 0.00 /\$100
	C. Subtract B from A	\$ 0.00 /\$100
	D. Adopted Tax Rate	\$ 0.00 /\$100
	E. Subtract D from C	\$ 0.00 /\$100
	F. 2023 Total Taxable Value	\$ 0.00
	G. Multiply E by F and divide the results by \$100	\$ 0.00
15.	Year 1 Foregone Revenue Amount. Subtract the 2022 unused increment rate and 2022 actual tax rate from the 2022 voter-approval tax rate. Multiply the result by the 2022 current total value	
	A. Voter-approval tax rate	\$ 0.00 /\$100
	B. Unused increment rate	\$ 0.00 /\$100
	C. Subtract B from A	\$ 0.00 /\$100
	D. Adopted Tax Rate	\$ 0.00 /\$100
	E. Subtract D from C	\$ 0.00 /\$100
	F. 2022 Total Taxable Value	\$ 0.00
	G. Multiply E by F and divide the results by \$100	\$ 0.00
16.	Total Foregone Revenue Amount. Add Lines 13G, 14G and 15G.	\$ 0.00
17.	2025 Unused Increment Rate. Divide Line 16 by the current total value as defined in Tax Code Section 26.012(6). Multiply the result by 100. ⁶	\$ 0.00 /\$100
18.	Total 2025 voter-approval tax rate, including the unused increment rate.	\$ 0.059457 /\$100

SECTION 2: Mandatory Tax Election Rate

The mandatory tax election rate is the highest total tax rate a developed water district may adopt without holding an election. The mandatory tax election rate is the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on the average appraised value of a residence homestead in the water district plus the unused increment rate. The average appraised value disregards any homestead exemption available only to people with disabilities or those age 65 or older. ⁷

Line	Worksheet	Amount/Rate
19.	Prior year average taxable value of residence homestead. Enter the amount from Line 3.	\$ 138860
20.	Prior year adopted total tax rate.	\$ 0.065695 /\$100
21.	Prior year total tax on average residence homestead. Multiply Line 19 by Line 20 divide by \$100.	\$ 91.22
22.	Current year mandatory election amount of taxes per average residence homestead. Multiply Line 21 by 1.035.	\$ 94.42
23.	Current year mandatory election tax rate, before unused increment. Divide Line 22 by Line 9 and multiply by \$100.	\$ 0.059700 /\$100
24.	Current year mandatory tax election rate. Add Line 17 and Line 23.	\$ 0.059700 /\$100

SECTION 3: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the voter-approval tax rate and mandatory tax election rate as authorized by the governing body of the water district. By signing below, you certify that you are the designated officer or employee of the taxing unit and have calculated the tax rates in accordance with requirements in Water Code. ⁸

print
here

Jo Ella Wagner

Printed Name of Water District Representative

sign
here

Water District Representative

7/31/25

Date

⁶ Tex. Tax Code § 26.013

⁷ Tex. Water Code § 49.23602(a)(2)

⁸ Tex. Water Code § 49.23602

Water District

Notice of Public Hearing on Tax Rate

The SOUTH TEXAS WATER AUTHORITY will hold a public hearing on a proposed tax rate for the tax year 2025 on SEPTEMBER 9, 2025 at COURTHOUSE ANNEX LAW ENFORCEMENT CENTER, 1500 E. KING, KINGSVILLE, TEXAS 78363. Your individual

taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

FOR the proposal: _____

AGAINST the proposal: _____

PRESENT and not voting: _____

ABSENT: _____

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year	This Year
Total tax rate (per \$100 of value)	<u>\$0.065695</u> /\$100	<u>\$0.059699</u> /\$100
	Adopted	Proposed
Difference in rates per \$100 of value	\$ <u>-\$0.005996</u>	/ \$100
Percentage increase/decrease in rates(+/-)	<u>-9.13</u>	%
Average appraised residence homestead value	\$ <u>143,860</u>	\$ <u>163,153</u>
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$ <u>5,000</u>	\$ <u>5,000</u>
Average residence homestead taxable value	\$ <u>138,860</u>	\$ <u>158,153</u>
Tax on average residence homestead	\$ <u>91.22</u>	\$ <u>94.42</u>
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)	\$ <u>+3.19</u>	
and percentage of increase (+/-)	<u>3.50</u>	%

If the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate the _____ proposes to use the tax increase for the purpose of _____.

If the district is a district described by Section 49.23602:

NOTICE OF VOTE ON TAX RATE If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code. An election is not required if the adopted tax rate is less than or equal to the voter-approval tax rate.

Water District

Notice of Public Hearing on Tax Rate

The South Texas Water Authority Board of Directors will hold a public hearing on a proposed tax rate for the tax year 2025 on September 9, 2025 at 5:30 p.m. at the Courthouse Annex Law Enforcement Center located at 1500 E. King, Kingsville, Texas 78363. Your individual taxes may increase or decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

FOR the proposal: *Names will be filled in.*

AGAINST the proposal: *Names will be filled in.*

PRESENT and not voting: *Names will be filled in.*

ABSENT: *Names will be filled in.*

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year	This Year
Total tax rate (per \$100 of value)	\$0.065695 /\$100	\$0.059699 /\$100
	Adopted	Proposed
Difference in rates per \$100 of value		-\$0.005996 /\$100
Percentage increase/decrease in rates(+/-)		-9.13%
Average appraised residence homestead value	\$143,860	\$163,153
General exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$5,000	\$5,000
Average residence homestead taxable value	\$138,860	\$158,153
Tax on average residence homestead	\$91.22	\$94.42
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)	+ \$3.19	
and percentage of increase (+/-)	+ 3.50%	

NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

If taxes on the average residence homestead increase by more than eight percent, the qualified voters of the water district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the rollback tax rate under Section 49.236(d), Water Code.

THIS LOWER PORTION IS NOT PUBLISHED - FOR INTERNAL INFORMATION ONLY

Total of Debt Service Expenses at % collection below:	\$ 348,750.00	Kleberg
100%		\$ 1,788,035,518
Certified Taxable Value	\$ 3,438,697,101	Nueces
I&S Tax included in Proposed Rate Above	\$0.010142	\$ 1,650,661,583
Actual M&O Tax Rate Proposed	\$0.049557	Total
	\$0.059699	\$ 3,438,697,101
		DS Requirement
		\$ 348,750
	Percent Collection	100%

ATTACHMENT 8

Auditor Services Engagement Letter

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Exec Dir/Administrator
Date: July 31, 2025
Re: Engagement Letter-John Womack and Company-Fiscal Year 2025

Background:

Enclosed is a Letter of Engagement for Auditing Services with John Womack & Company, P.C. (Womack) for fiscal year ending September 30, 2025.

The engagement letter provides all communication that the AICPA (American Institute of Certified Public Accountants) designates as necessary for the auditor and client. The letter is practically matching last year's letter.

Analysis:

The engagement letter indicates the auditing services will be in the amount of \$11,950. Based on the attached letter from Womack and Company we should expect to have the audit begin by December 8, 2025 and reports should be issued no later than January 30, 2026. However, if additional time is required to complete this audit and equal increase in cost may be required.

Staff Recommendation:

Approve the Letter of Engagement for Auditing Services with John Womack & Company, P.C. for fiscal year ending September 30, 2025.

Board Action:

Determine whether to approve the engagement letter from John Womack & Company, P. C. for FY 2024/25 audit services not to exceed the amount of \$11,950. Review and acknowledge Womack's letter outlining the various factors of the external audit.

Summary:

An independent and external audit is necessary to ensure that fiscal accountability and proper responsibilities are maintained.

JOHN WOMACK & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

P.O. BOX 1147
KINGSVILLE, TEXAS 78364
(361) 592-2671
FAX (361) 592-1411

July 30, 2025

To the Board of Directors
South Texas Water Authority
2302 East Sage Road
Kingsville, Texas 78363

We are pleased to confirm our understanding of the services we are to provide South Texas Water Authority for the year ended September 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of South Texas Water Authority as of and for the year ended September 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement South Texas Water Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to South Texas Water Authority's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited.

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules -- General Fund



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

We have also been engaged to report on supplementary information other than RSI that accompanies South Texas Water Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Individual Nonmajor Fund Financial Statements
- 2) Supplementary Information Required by the Texas Commission on Environmental Quality (TCEQ)

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and

perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

As part of this communication, we have not identified any significant risks of material misstatement. However, planning has not concluded, and modifications may be made. If new significant risks are identified after the date of this initial communication, for example during the course of fieldwork, we will communicate them to those charged with governance in a timely manner, in writing.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of South Texas Water Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant

to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Other Services

We will also assist in preparing the financial statements, related notes and cash-to-accrual conversions (i.e. GASB 34 conversions) of South Texas Water Authority in conformity

with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services, related notes and cash-to-accrual conversions (i.e. GASB 34 conversions) and any other nonattest services we provide; oversee the services by designating an individual, JoElla Wagner, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Limitation on Liability

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the Water Authority agrees to participate in mediation, under the Commercial Mediation Rules of the American Arbitration Association, before any claim is asserted.

In the event that John Womack & Co., P.C. is found to be negligent in provision of any services covered by this agreement which result in damage to the Water Authority, John Womack & Co., P.C.'s liability to the Water Authority will be limited to actual damages or losses incurred by the Water Authority. John Womack & Co., P.C. will not be liable to the Water Authority for any punitive damages.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will not undertake any accounting services (including but not limited to reconciliation of accounts and preparation of requested schedules) without obtaining approval through a written change order or additional engagement letter for such additional work. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as

preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

The audit documentation for this engagement is the property of John Womack & Co., P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant agencies or their designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of John Womack & Co., P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the cognizant agency or its designee. The cognizant agency or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

John L. Womack is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. To ensure that John Womack & Co., P.C.'s independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We expect to begin our audit on approximately December 08, 2025 and to issue our reports no later than January 30, 2026.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Our fee for services will be approximately \$11,950 plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

As an attest client, John Womack & Co., P.C. cannot store your documents, data, or records on your behalf because doing so will impair John Womack & Co., P.C.'s independence. This is in accordance with the "Hosting Services" interpretation at ET 1.295.143 of the AICPA *Code of Professional Conduct*. South Texas Water Authority is solely responsible for maintaining its own data and records.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Reporting

We will issue a written report upon completion of our audit of South Texas Water Authority's financial statements which will also address other information in accordance with AU-C 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. Our report will be addressed to management and those charged with governance of South Texas Water Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

You have engaged us to include in our report a section that discusses key audit matters, if any, identified during our audit. Key audit matters are matters that are communicated or required to be communicated to those charged with governance that were, in the auditor's professional judgment, of most significance to the audit of the financial statements of the current period. Key audit matters may involve, among other things, areas of higher assessed risk of material misstatement or significant identified risks; areas that required significant auditor judgment, such as accounting estimates or other areas subject to a high degree of estimation uncertainty; or the effect of significant events or transactions in the current period. For each key audit matter identified in our report, our report will describe the primary reason(s) we designated it as a key audit matter, how it was addressed in the audit, and refer to the financial statement account(s) or disclosure(s) related to it. The communication of key audit matters does not alter in any way our opinion on the financial statements, taken as a whole. If our audit does not identify any key audit matters, our audit report will state that conclusion.

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We appreciate the opportunity to be of service to South Texas Water Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

John Womack & Co., P.C.

John Womack & Co., P.C.

RESPONSE:

This letter correctly sets forth the understanding of South Texas Water Authority.

Management signature: _____

Title: _____

Governance signature: _____

Title: _____

ATTACHMENT 9

Bids – Uniforms

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director
Date: July 31, 2025
Re: Field Staff Uniform Contract

Background:

Since July 2022, STWA field staff have worn standardized uniforms to ensure professional appearance and ease of identification. The original contract was procured through the BuyBoard purchasing cooperative, which simplifies public procurement by offering competitively procured contracts to governmental entities across Texas. That agreement has now expired, and we are operating on a month-to-month basis. Staff have solicited three bids, including our current vendor, and are now seeking board direction.

Analysis:

The previous uniform contract provided one specific style of shirt for all field staff, which helped establish consistency in appearance and improved public recognition of STWA personnel. The prior practice of letting employees choose their own style and color was discontinued in favor of uniformity and professionalism.

The original vendor was selected using BuyBoard, a Texas-based cooperative that streamlines procurement through pre-negotiated contracts vetted for compliance and value. That contract was valid for three years and expired in July 2025.

Our O&M Manager evaluated multiple local uniform providers to explore options that maintain our current appearance standard while also considering additional items such as safety wear and winter coats. One challenge with winter coats has been tracking inventory when employees leave, which can result in unrecoverable costs.

All uniform services are based on a monthly lease model. Three bids have been received, all of which offer a range of clothing choices and pricing within the approved budget. While staff feedback has shown a preference toward one particular vendor, all proposals meet the criteria of professionalism and consistency.

Staff Recommendation:

Staff recommend the board select the lowest responsible bidder that meets our operational and appearance needs. Although staff feedback shows support for one specific vendor, each proposal is viable and within budget.

Board Action:

Consider and approve the selection of a uniform vendor based on the lowest responsible bid among the three submitted proposals.

INSTALLATION DATE _____
MM/DD/YYYY

COMPANY NAME (Customer) South Texas Water Authority LOC. NO. 811
ADDRESS 2302 E. Sage Rd. ROUTE NO. _____
Kingsville, Texas DATE 6-24-22
PHONE 361-592-3952 SIC/NAICS _____

[illegible]

OTHER CHARGES	AMOUNT
Garment preparation per piece	\$1.00
Name emblem per piece	\$1.50
Company emblem per piece	\$3.50
Direct Embroidery: Wearer name per piece	
Company name per piece	

OTHER CHARGES	AMOUNT
Non-stock sizes per piece	\$1.50
Special cuts per piece	\$2.00
Restock/Exchange per piece	\$0.50 PC
Automatic Wiper Replacement	
Automatic Linen Replacement	
DEFE (See description on reverse side)	\$3.00

COMMENTS	
36 Month agreement Buyboard.	Waive all initial up front emblem and set up fees; any new employee added after 1st delivery will be subject to rates above.

ACCEPTED: John Marez DATE 11/15
 CUSTOMER (Print Name and Title) John Marez, Administrator
 CUSTOMER (Print Name and Title) John Marez, Administrator
 EMAIL jmarez@stwa.org

⁵ This Agreement is effective only upon acceptance by UniFirst Location Manager.

CUSTOMER SERVICE AGREEMENT TERMS

REQUIREMENTS SUPPLIED. Customer orders from UniFirst Corp. ("UniFirst") the rental garments and/or other items of the type specified in this Agreement ("Merchandise") and related pickup/delivery and maintenance services (collectively with Merchandise, "Services") for all of Customer's requirements therefor, at the prices and upon the terms and conditions set forth herein. Additional Services requested by Customer, verbally or in writing, will also be covered by this Agreement. All rental Merchandise supplied to Customer remains the property of UniFirst. Customer warrants that it is not subject to, and that this Agreement does not interfere or conflict with, any existing agreement for the supply of the Merchandise or Services covered.

PERFORMANCE GUARANTEE. UNIFIRST GUARANTEES TO DELIVER HIGH-QUALITY SERVICE AT ALL TIMES. All items of Merchandise cleaned, finished, inspected, repaired, and delivered by UniFirst will meet or exceed industry standards, or non-conforming items will be replaced by the next scheduled delivery day at no cost to Customer. Items of rental Merchandise requiring replacement due to normal wear and tear will be replaced at no cost to Customer, save for any applicable personalization and setup charges.

Customer expressly waives the right to terminate this Agreement during the initial term or any extension thereof for deficiencies in the quality of Services unless: (1) complaints are first made in writing to UniFirst which set forth the precise nature of any deficiencies; (2) UniFirst is afforded at least 60 days to correct any deficiencies complained of; and (3) UniFirst fails to correct those deficiencies complained of within 60 days. In the event Customer complies with the foregoing and UniFirst fails to correct such deficiencies, Customer may terminate this Agreement by written notice to UniFirst, providing that all previous balances due to UniFirst have been paid in full and that all other conditions to terminate have been satisfied. Any delay or interruption of the Services provided for in this Agreement by reason of acts of God, fires, explosions, strikes or other industrial disturbances, or any other cause not within the control of UniFirst, shall not be deemed a breach or violation of this Agreement.

TERM AND RENEWAL. This Agreement is effective when signed by both the Customer and UniFirst Location Manager and continues in effect for 60 months after installation of Merchandise (for new customers) or any renewal date. This Agreement will be renewed automatically and continuously for multiple successive 60-month periods unless Customer or UniFirst gives written notice of non-renewal to the other at least 90 days prior to the next expiration date.

PRICES AND PAYMENTS. Prices are based on 52 weeks of service per year. Any increase(s) to Service Frequency could result in additional charges. On an annual basis, the prices then in effect will be increased by the greater of the annual percent increase in the Consumer Price Index - All Urban Consumers, Series ID: CUUROOQOSAG, other goods and services, or by 5%. Additional price increases and other charges may be imposed by separate written notice or by notation on Customer's invoice. Customer may, however, decline such additional increases or charges by notifying UniFirst in writing within 10 days after receipt of such notice or notation. If Customer declines said additional price increases, UniFirst may terminate this Agreement. Customer also agrees to pay the other charges and minimum weekly charge herein specified. Charges relating to a wearer leaving Customer's employ can be terminated by (1) giving notice thereof to UniFirst and (2) returning or paying for any missing Merchandise issued to that individual. Any Merchandise payments required pursuant to this Agreement will be at the replacement price(s) then in effect hereunder. If an authorized Customer representative is not available to receive and acknowledge delivery of Merchandise, Customer authorizes UniFirst to make delivery and assumes responsibility for related charges/invoices.

If Customer fails to make timely payment, UniFirst may, at any time and in its sole discretion, terminate this Agreement by giving written notice to Customer, whether or not UniFirst has previously strictly enforced Customer's obligation to make timely payments. Customer agrees to pay, and will pay, all applicable sales, use, personal property, and other taxes and assessments enforced out of this Agreement.

DEFE CHARGE. Customer's invoices may also include a DEFE charge to cover all or portions of certain expenses including:

D = DELIVERY, or expenses associated with the actual delivery of Services and Merchandise to Customer's place of business, primarily Route Sales Representative commissions, management salaries, vehicle depreciation, equipment maintenance, insurance, road use charges and local access fees.

E = ENVIRONMENTAL, or expenses (past, present, and future) UniFirst absorbs related to wastewater testing, purification, effluent control, solids disposal, supplies and equipment for pollution controls and energy conservation, and overall regulatory compliance.

F = FUEL, or the gas, diesel fuel, oil, and lubricant expenses associated with keeping UniFirst's fleet vehicles on the road and servicing its customers.

E = ENERGY, primarily the natural gas UniFirst uses to run boilers and gas dryers, plus other local utility charges.

MERCHANDISE. Customer acknowledges and agrees to notify all employees that Merchandise supplied is for general occupational use and, except as expressly specified below, affords no special user protections. Customer further acknowledges that: (1) Customer has unilaterally and independently determined and selected the nature, style, performance characteristics, number of changes and scope of all Merchandise to be used and the appropriateness of such Merchandise for Customer's specific needs or intended uses; (2) UniFirst does not have any obligation to advise, and has not advised, Customer concerning the fitness or suitability of the Merchandise for Customer's intended use; (3) UniFirst makes no representation, warranty, or covenant regarding the performance of the Merchandise (including without limitation Flame Resistant and Visibility Merchandise); and (4) UniFirst shall in no way be responsible or liable for any injury or harm suffered by any Customer employees while wearing or using any Merchandise. Customer agrees to indemnify and hold harmless UniFirst and its employees and agents from and against all claims, injuries, or damages to any person or property resulting from Customer's or Customer's employee use of the Merchandise, whether or not such claims, injuries or damages arise from any alleged defects in the Merchandise.

Flame Resistant ("FR") Merchandise supplied hereunder is intended only to prevent the ignition and burning of fabric away from the point of high heat impingement and to be self-extinguishing upon removal of the ignition source. FR items will not provide significant protection from burns in the immediate area of high heat contact due to thermal transfer through the fabric and/or destruction of the fabric in the area of such exposure. FR items are designed for continuous wear as only a secondary level of protection. Primary protection is still required for work activities where direct or significant exposure to heat or open flame is likely to occur.

Visibility Merchandise is intended to provide improved conspicuity of the wearer under daylight conditions and when illuminated by a light source of sufficient candlepower at night. It is Customer's responsibility to determine the level of conspicuity needed by wearers under specific work conditions. Further, Customer agrees that Visibility Merchandise alone does not ensure conspicuity of the wearer and that additional safety precautions may be necessary. The Visibility Merchandise supplied satisfied particular ANSI/ISEA standards only when they were new and unused and only if so labeled. Customer acknowledges that usage and laundering of Visibility Merchandise may adversely affect its conspicuity.

Healthcare/Food-Related Customer acknowledges that: (1) UniFirst does not guarantee or warrant that the Merchandise selected by Customer or that processed garments delivered by UniFirst will be appropriate or sufficient to provide a hygienic level adequate for individual Customer's needs; and (2) optional poly-bagging* is recommended to reduce the risk of cross-contamination of Merchandise, and the failure to utilize such service may adversely affect the efficacy of UniFirst's hygienic cleaning process.

(* Poly-bag services incur additional charges.)

If any Merchandise supplied hereunder is Merchandise that: (1) UniFirst does not stock for whatever reason (including due to style, color, size or brand); (2) consists of non-UniFirst manufactured or customized FR Merchandise; or (3) consists of Merchandise that has been permanently personalized (in all cases known as "Non-Standard Merchandise"), then, upon the discontinuance of any Service hereunder at any time for any reason, including expiration, termination, or cancellation of this Agreement, with or without cause, deletion of any Non-Standard Merchandise from Customer's Service Program, or due to employee reductions (in each case a "Discontinuance of Service"), Customer will purchase at the time of such Discontinuance of Service all affected Non-Standard Merchandise items then in UniFirst's inventory (in-service, shelf, as well as any manufacturer's supplies ordered for Customer's use), paying for same the replacement charges then in effect.

Customer agrees not to contaminate any Merchandise with asbestos, heavy metals, solvents, inks, or other hazardous or toxic substances ("contaminants"). Customer agrees to pay UniFirst for all Merchandise that is lost, stolen, damaged or abused beyond repair. As a condition to the termination of this Agreement, for whatever reason, Customer will return to UniFirst all standard Merchandise in good and usable condition or pay for same at the replacement charges then in effect.

OBLIGATIONS AND REMEDIES. If Customer breaches or terminates this Agreement before the expiration date for any reason (other than for UniFirst's failure under the performance guarantee described above), Customer will pay UniFirst, as liquidated damages and not as a penalty (the parties acknowledging that actual damages would be difficult to calculate with reasonable certainty) an amount equal to 50 percent of the average weekly amounts invoiced in the preceding 26 weeks, multiplied by the number of weeks remaining in the current term. These damages will be in addition to all other obligations or amounts owed by Customer to UniFirst, including the return of Standard Merchandise or payment of replacement charges, and the purchase of any Non-Standard Merchandise items as set forth herein.

This Agreement shall be governed by Massachusetts law (exclusive of choice of law). If a dispute arises from or relates in any way to this Agreement or any alleged breach thereof at any time, the parties will first attempt to resolve the claim or dispute by negotiation at agreed time(s) and location(s). All negotiations are confidential and will be treated as settlement negotiations. Any matter not resolved through direct negotiations within 30 days shall be resolved exclusively by final and binding arbitration, conducted in the capital city of the state where Customer has its principal place of business (or some other location mutually agreed), pursuant to the Expedited Rules of the Commercial Arbitration Rules of the American Arbitration Association, and governed by the Federal Arbitration Act, to the exclusion of state law inconsistent therewith. The parties will agree upon one (1) Arbitrator to settle the controversy or claim. The successful or substantially prevailing party in any proceeding, including any appeals thereof (as determined by the Arbitrator/court) shall recover all of its costs and expenses including, without limitation, reasonable attorney fees, witness fees, and discovery costs, all of which shall be included in and as a part of the judgment or award rendered hereunder. This provision for Arbitration is specifically enforceable by the parties; the Arbitrator shall have no power to vary or ignore the provisions hereof; and, the decision of the Arbitrator in accordance herewith, may be entered in any court having jurisdiction thereof. Customer acknowledges that, with respect to all such disputes, it has voluntarily and knowingly waived any right it may have to a jury trial or to participate in a class action or class litigation as a representative of any other persons or as a member of any class of persons, or to consolidate its claims with those of any other persons or class of persons. If this prohibition against class litigation is ruled to be unenforceable for any reason in any proceeding, then the prohibition against class litigation shall be void and of no force and effect in that proceeding.

MISCELLANEOUS. The parties agree that this Agreement represents the entire agreement between them. In the event Customer issues a purchase order to UniFirst at any time, none of the standard pre-printed terms and conditions therein shall have any application to this Agreement or any transactions occurring pursuant hereto or thereto. UniFirst may, in its sole discretion, assign this Agreement. Customer may not assign this Agreement without the prior written consent of UniFirst. Customer agrees that in the event it sells or transfers its business, it will require the purchaser or transferee to assume all obligations and responsibilities under this Agreement, provided that such assumption shall not relieve Customer of its liabilities hereunder and provided further that any failure by a purchaser or transferee to assume this Agreement shall constitute a breach and early termination of this Agreement resulting in the obligation to pay all amounts on account thereof as set forth in this Agreement. Neither party will be liable for any incidental, consequential, special, or punitive damages. In no event shall UniFirst's aggregate liability to Customer for any and all claims exceed the sum of all amounts actually paid by Customer to UniFirst. In the event any portion of this Agreement is held by a court of competent jurisdiction or by a duly appointed arbitrator to be unenforceable, the balance will remain in effect. All written notices provided to UniFirst must be sent by certified mail to the attention of the Location Manager. In Texas and certain other locations, UniFirst's business is conducted by, and the term "UniFirst" as used herein means, UniFirst Holdings, Inc. d.b.a. UniFirst.

36 months
Buy Board
not 60 months

July 31, 2025

Uniform rental



SOUTH TEXAS WATER AUTHORITY

CUST# 1819028

FULL SERVICE RENTAL PROGRAM - WEEKLY FACILITY SERVICES

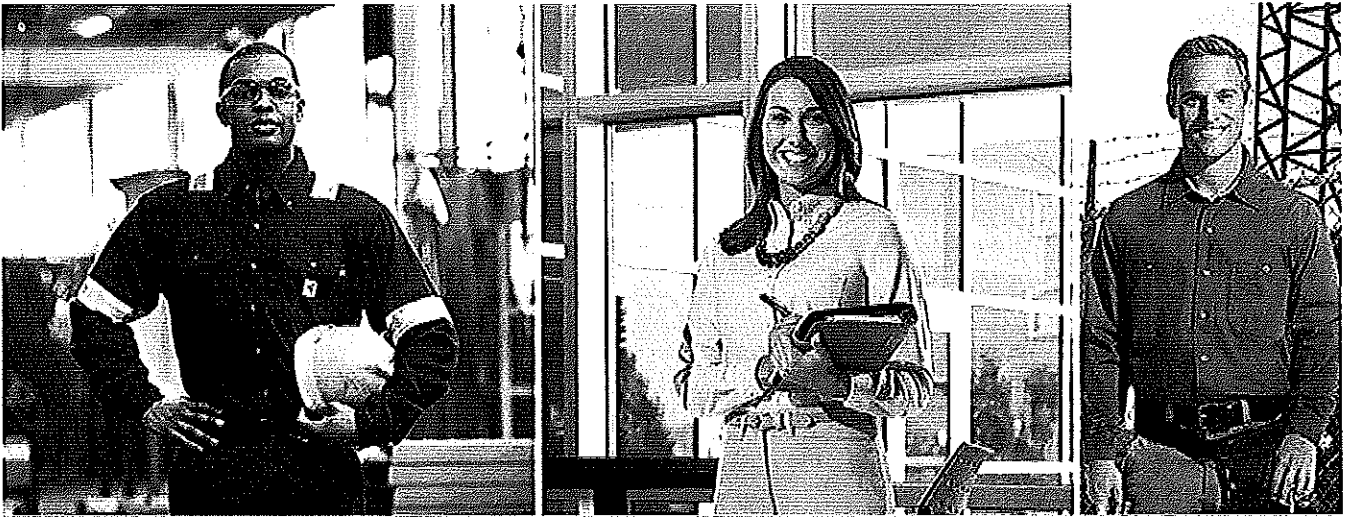
UniFirst Code	Item Description	Total Inventory	Weekly Qty	Unit Rate	Weekly Total
06mx	AIR FLOW SHIRTS long sleeve	95	44	\$ 0.35	\$ 33.25
08mx	AIR FLOW SHIRTS short sleeve	30	15	\$ 0.35	\$ 10.50
1091	denim jeans	121	60	\$ 0.35	\$ 42.35
	DELIVERY,ENVIROMENTAL,FUEL,& ENERGY				\$ 6.00
UNIFORM RENTAL Weekly Total					\$ 92.10

UniFirst Sales Representative

Robert Dunn

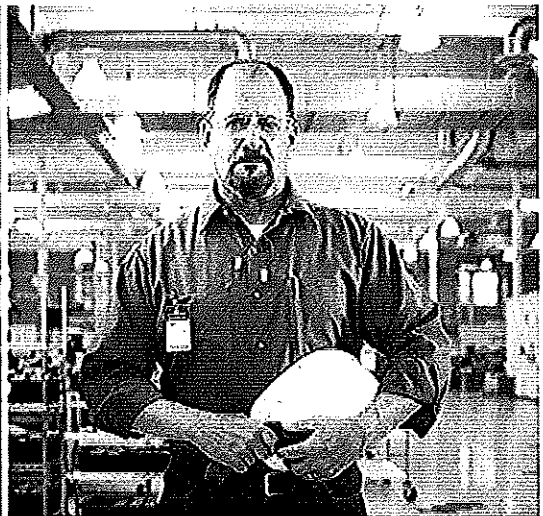
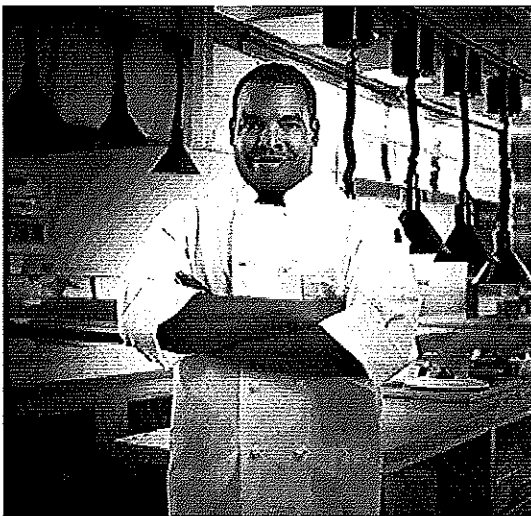
361-883-9275 office

Thank you for the opportunity to earn your business!



HARD-WORKING STYLE & COMFORT

READY™



UNIFORM DIFFERENTIATION

WHY IS THIS IMPORTANT?

- 81%** of Americans would be more likely to trust a home service professional wearing a uniform.
- 70%** of your customers feel that uniforms make your employees look neater and more professional.
- 60%** of your prospects feel that uniforms would make your workers look better trained and proud of their company.

HOW THE UNIFORM RENTAL PROGRAM WORKS



You will be assigned a Cintas Representative and a set number of garments when you start the program.



Each week, your dirty garments will be picked up by your Cintas Representative, then washed, dried and finished.



We will inspect, repair, replace and change size at no additional charge.



Each week, your Cintas Representative will return your cleaned garments from the previous week.

Notes: Eleven uniforms will be delivered the first week of your service. This is to provide clean uniforms for the second week while those from the first week are being laundered. The extra uniform is for use on delivery day.

WHAT MAKES US UNIQUE?

We're the largest manager of flame resistant clothing programs in North America.

We offer unique retail inspired garments through our exclusive partnerships with Carhart®, Zorrell Apparel and TAL Fabrics.

Cintas TruCount™

Accurate tracking of all of your uniforms throughout the service process.





Now, no missing garments in the uniform black hole. With our TruCount™ Inventory Control System, we know, and you know, exactly where your garments are at all times. It's communication, accountability and reliability delivered to you weekly by your Cintas Service Sales Representatives and powered by TruCount™.

Proposal Date: 05/19/2025



Expiration Date: 06/18/2025

Customer Name		Prepared For	
South Texas Water Authority		South Texas Water Authority	
Delivery Address		Delivery Address 2 :	
2302 East Sage Rd.			
City :	State / Province :	Zip / Postal Code :	Phone :
Kingsville	TX	78363	361-592-9323

Garment Group 1

Garment	Frequency	Inventory	Unit Price
 X381 CARHARTT 5 PKT JN	Weekly	1	\$ 0.600
 X23270 MENS CMFORTFLX PRO CARGO PANT	Weekly	1	\$ 0.600
 X59396 CARHARTT RUGGEDFLEX SHRT	Weekly	1	\$ 1.000
 X53641 TSHRT ANSI CLASS 2 W/ REFL	Weekly	1	\$ 1.000

Garment Group 2

Garment	Frequency	Inventory	Unit Price
 X396 CARHARTT RIPSTP SHRT	Weekly	1	\$ 0.900
 X50734 REFLECTIVE SHIRT	Weekly	1	\$ 1.600

Programs

Charge Description	Unit Price
Uniform Advantage	\$ 0.05
Premium Uniform Advantage	\$ 0.00
Prep Advantage	\$ 0.03

Emblem Advantage	\$	0.03
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Other Charge

Charge Description	Price Per Week
Service Charge	\$ 0.00

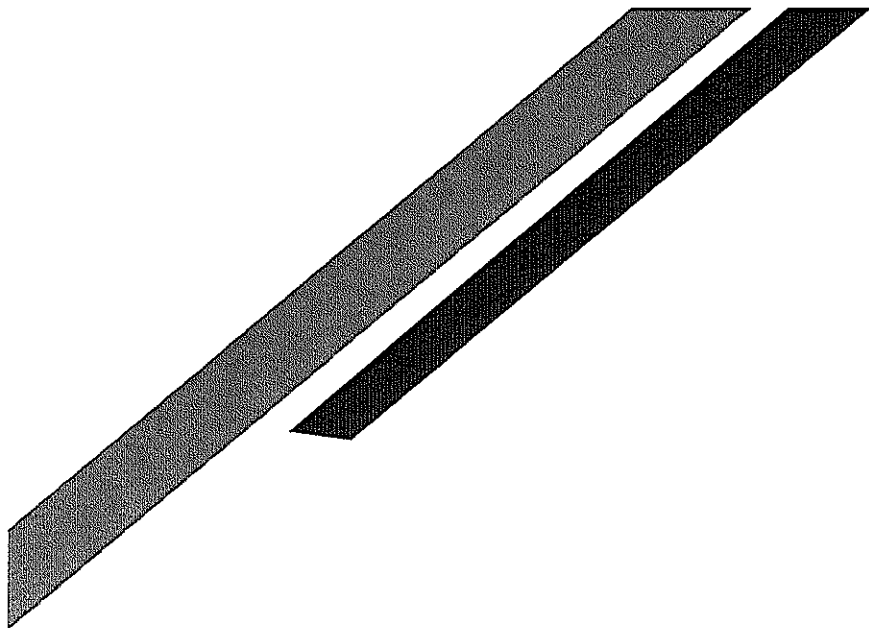
Uniform Charges

Charge Description	One Time Charges
Name Emblem	\$ 1.95
Company Emblem	\$ 2.95
Custom Emblem 1	\$ 3.95
Preparation Charge	\$ 2.25

#

Sales Partner
MEDINAF@CINTAS.COM
UR v2





Service Proposal

South Texas Water Authority

Prepared by:

Joe Grant

Account Executive

(210) 854-5455

joe.grant@vestis.com

May 21, 2025*

Vestis™ | vestis.com | 866-837-8471



This Service Proposal is subject to the terms and conditions in Vestis' standard Service Agreement. A Service Agreement must be executed prior to merchandise being supplied. Prices do not include any applicable taxes. Customer is responsible for lost or ruined leased and/or rented merchandise and other ancillary charges listed in your Service Agreement. For Restroom Supply Services, the initial price offered is based on estimated usage calculated from information about your restrooms, customers and business. Actual prices can fluctuate, up or down, once typical usage is confirmed after service starts or in connection with one-time events or other business changes that impact usage. *Proposal good through 06-04-2025



SERVICE PROPOSAL

5/21/2025*

South Texas Water Authority
2302 East Sage Road
Kingsville, TX 78363
(361) 592-9323

GARMENTS ORDERED:					
NUMBER OF WEARERS	MERCHANDISE	NUMBER OF ITEMS PER WEARER	RATE (PER ITEM)	FREQUENCY	EASYCARE® RATE (per item)
10	Coveralls, Cotton-Navy	1	\$0.490	Weekly	\$0.080
10	Pant, Denim Jeans-Blue Denim	11	\$0.250	Weekly	\$0.070
0	Shirt, FlexFit, Rip Stop-Light Blue	0	\$0.250	Weekly	\$0.060
10	Shirt, FlexFit, Rip Stop-Light Blue	11	\$0.250	Weekly	\$0.060
10	Jacket, Team Style-Navy	1	\$0.280	Weekly	\$0.050

This Service Proposal is subject to the terms and conditions in Vestis' standard Service Agreement. A Service Agreement must be executed prior to merchandise being supplied. Prices do not include any applicable taxes. Customer is responsible for lost or ruined leased and/or rented merchandise and other ancillary charges listed in your Service Agreement. For Restroom Supply Services, the initial price offered is based on estimated usage calculated from information about your restrooms, customers and business. Actual prices can fluctuate, up or down, once typical usage is confirmed after service starts or in connection with one-time events or other business changes that impact usage.

*Proposal good through 06-04-2025



SERVICE PROPOSAL

ESTIMATED WEEKLY PRICING SUMMARY	
Estimated Base Weekly Invoice Total	\$81.43

Presented by:

Joe Grant

Account Executive

(210) 854-5455

joe.grant@vestis.com

Thank you for considering Vestis™

We are committed to delivering uniforms and workplace supplies that empower people to do good work and good things for others while at work.
We appreciate the opportunity to provide you with solutions to help you get your job done.

This Service Proposal is subject to the terms and conditions in Vestis' standard Service Agreement. A Service Agreement must be executed prior to merchandise being supplied. Prices do not include any applicable taxes. Customer is responsible for lost or ruined leased and/or rented merchandise and other ancillary charges listed in your Service Agreement. For Restroom Supply Services, the initial price offered is based on estimated usage calculated from information about your restrooms, customers and business. Actual prices can fluctuate, up or down, once typical usage is confirmed after service starts or in connection with one-time events or other business changes that impact usage.

*Proposal good through 06-04-2025

SERVICE AGREEMENT

Customer's Service Location (for multiple locations, see attached list)

Customer #: _____ *Use only for current customers*
Customer's Billing Address (if different)

CUSTOMER NAME: South Texas Water Authority	CUSTOMER NAME: South Texas Water Authority
ADDRESS: 2302 East Sage Road	ADDRESS: 2302 East Sage Road
ADDRESS 2:	ADDRESS 2:
CITY / STATE / ZIP: Kingsville, TX 78363	CITY / STATE / ZIP: Kingsville, TX 78363

GARMENTS AND SERVICES ORDERED

No. of Wearers	MERCHANDISE	NUMBER OF ITEMS PER WEARER*	RATE (per item)**	EASYCARE® RATE (per item)	FREQUENCY	REPLACEMENT CHARGE (per item)
10	Jacket, Team Style-Navy	1	\$0.280	\$0.050	Weekly	\$38.02
10	Shirt, FlexFit, Rip Stop-Light Blue	11	\$0.250	\$0.060	Weekly	\$50.11
0	Shirt, FlexFit, Rip Stop-Light Blue	0	\$0.250	\$0.060	Weekly	\$50.11
10	Pant, Denim Jeans-Blue Denim	11	\$0.250	\$0.070	Weekly	\$30.91
10	Coveralls, Cotton-Navy	1	\$0.490	\$0.080	Weekly	\$49.34

*Represents total allocated units, including items at Customer's location(s) and items in the process of being laundered.

**There will be an extra charge reflected on your invoice for any non-standard sized garments.

ADDITIONAL CHARGES:

DESCRIPTION	RATE	DESCRIPTION	RATE
Garment Preparation	\$0.70 per Garment	Service Charge	4% per Week
Company Emblem	\$1.79 per Emblem		
Name Emblem	\$1.00 per Emblem	Multi-day Stop Charge	\$25.00 per Additional Stop
Embroidery	\$10.00 per Embroidery		
Additional Terms/Charges: One time 2 weeks of free rental charges on initial install; Waive Name Emblem, Company Emblem, and Prep charges on install			

Vestis™ will provide Customer with a uniform, apparel and/or non-garment workplace supplies (Merchandise) rental, lease and/or processing of customer-owned-goods program. Customer agrees to pay for all of Customer's requirements for rented and/or leased Merchandise according to the terms and conditions of this Agreement and any addendums (which constitute our entire agreement), including increases in inventories or additions in Merchandise. A rental program will be provided unless otherwise specified. Vestis will provide regularly scheduled deliveries of rented Merchandise, freshly processed, repaired and finished, and will replace rented and leased Merchandise that is worn out through normal wear at no additional charge. Customer may reduce standard Merchandise and services to accommodate normal turnover of employees. Customer must notify Vestis of an employee's termination and will promptly return Merchandise issued to that employee. All other Merchandise reductions may be made with the approval of Vestis. Customer agrees that Vestis is its exclusive provider of rented and/or leased Merchandise and related services.

This Agreement is effective on the date of the last signature to this Agreement, and will continue for 36 consecutive months following the later of such date or the date Merchandise is first installed. This Agreement will automatically renew for consecutive like terms unless either party gives the other party written notice of termination at least 90 days, but not more than 180 days, before the end of the then current term by certified mail, return receipt requested. All rented or leased Merchandise is the property of Vestis. Rented and leased Merchandise that is lost or ruined will be promptly paid for by Customer at the then current replacement charge. Merchandise ruined through normal wear and tear will be replaced without additional replacement charge.

Terms and Conditions Continued on Next Page

TERMS AND CONDITIONS (continued)

If an "EasyCare" charge is included, Vestis will replace the corresponding garment Merchandise that is ruined by Customer and non-garment Merchandise that is lost or ruined by Customer, in each case without any additional replacement charge. Merchandise that is lost or ruined as a result of willful misconduct or intentional abuse is not covered by EasyCare and Customer is still responsible for preparation, embroidery and emblem charges. Either party may discontinue EasyCare on garment Merchandise by providing written notice to the other party, in which case standard loss and ruin charges will apply.

Each year, on or after the beginning of the month in which the anniversary date of this Agreement occurs, Vestis may increase the charges then in effect by the greater of the percentage change in the Consumer Price Index over the previous 12 months or 5%. Charges may be additionally increased upon written notice (which may be by invoice or monthly statement). Customer may reject any such additional increase by notifying Vestis in writing within 15 days of receiving notice of such increase. If Customer rejects an additional increase, Vestis reserves the right to terminate this Agreement in whole or in part. Vestis may add surcharges or other ancillary charges upon written notice (which may be by invoice or monthly statement) at any time. In consideration of the sizeable investment Vestis is making in Merchandise, Customer agrees that Vestis may impose minimum per invoice recurring Merchandise charges equal to the greater of (a) \$25 or (b) 75% of the initial amount of such charges. Vestis will charge customer for every week during this Agreement even if Customer requests reduced or no service for a particular week or weeks.

For customers extended credit, payment terms are net 10 days after the end of the month of delivery. A late payment charge equal to the lesser of 1.5% per month (18% per year) or the maximum permitted by law will be charged by Vestis on all past due amounts. Vestis may elect at any time to revoke credit privileges. Customer acknowledges that a signed invoice is not required for payment. Customer may be assessed a returned check fee of \$25.00. Customer is responsible for all sales and use taxes.

Service Guaranty: Customer may terminate this Agreement at a location for material deficiencies in service at such location by informing Vestis in writing (by certified mail, return receipt requested) of the precise nature of the service deficiencies and allowing Vestis a reasonable period of time of at least 30 days to correct or begin to correct the deficiencies. If Vestis has not corrected or begun to correct the deficiencies at the location, Customer may then terminate this Agreement at the location by giving Vestis 30 days written notice (by certified mail, return receipt requested) containing an explanation of the material deficiencies that Vestis has not begun to correct. While Vestis will work in good faith to resolve orally communicated issues, Customer agrees that the above writings-based procedure must be followed to terminate this Agreement.

Customer agrees to pay all loss or ruin charges and all unpaid statements upon any termination or expiration of this Agreement. EasyCare does not cover lost or ruined Merchandise identified in connection with any reduction or elimination of Merchandise or any termination or expiration of this Agreement. If Customer breaches this Agreement or terminates this Agreement early (except in accordance with the above Service Guaranty), in whole or in part, Customer agrees to pay Vestis liquidated damages (intended as a good faith pre-estimate of the actual damages Vestis would incur and not as a penalty), equal to the greater of (a) 50% of the average weekly charges during the three months prior to termination multiplied by the number of weeks remaining in the current term, or (b) a buyback of all Merchandise in inventory at the then current replacement charge. Upon any expiration or termination of this Agreement, or any reduction or elimination of "Special Merchandise" under this Agreement, Customer will purchase, at the then current replacement charge, all Special Merchandise. "Special Merchandise" is Merchandise that is not part of Company's standard product line, is flame resistant or is embroidered, silkscreened, logoed or otherwise customized.

Unless specified in writing in this Agreement, the Merchandise supplied is not flame resistant or resistant to hazardous substances and is not designed for use in areas where it may catch fire or where contact with hazardous substances is possible. Customer will immediately notify Vestis of any toxic or hazardous substance introduced onto the Merchandise and agrees to be responsible for

any loss, damage or injury experienced by Vestis or its employees as a result of the existence of such substances. Vestis reserves the right not to handle or process any Merchandise soiled with toxic or hazardous substances. For any Merchandise designated as flame resistant or "FR" (FR Merchandise), Customer agrees to notify all employees of Customer who will be wearing the FR Merchandise that the FR Merchandise is designed for the prevention of clothing ignition during short term and emergency flame exposure only and is not designed for long term high heat exposure or for use around open flames, and that no representation is made by Vestis as to the ability of the FR Merchandise to protect users from injury or death. For reflective Merchandise, any garments supplied satisfy specific ANSI/ISEA standards only if so labeled. Customer acknowledges that Vestis makes no representation, warranty or covenant regarding the visibility performance of any reflective Merchandise and that reflective properties may be reduced or ultimately lost through laundering.

Customer agrees that Customer has selected the Merchandise and is responsible for determining its appropriateness and for the safe and proper use, placement and securing of the Merchandise. Except as set forth herein, the Merchandise and related services are provided "as is" without warranty of any kind, whether express or implied or statutory, and Vestis disclaims any and all implied warranties, including but not limited to any implied warranties of merchantability, fitness for a particular purpose, good and workmanlike manner and non-infringement of third party rights. Customer assumes all risk associated with the use of the Merchandise, releases Vestis from any and all liability of any kind or nature whatsoever related to the provision or use of the Merchandise and agrees to indemnify, defend and hold harmless Vestis from and against any loss, claim, expense, including attorney's fees, or liability incurred by Vestis as a result of the use or misuse of, or the inability to use, the Merchandise, or the degradation or loss of the reflectivity of any reflective Merchandise or the flame-resistant properties of any FR Merchandise. In no event will Vestis, its affiliates and their respective officers, directors or employees be liable to Customer for any indirect, special, incidental, consequential (including lost revenue or profits), punitive or extraordinary damages.

Any controversy or claim arising out of or relating to this Agreement will be settled by binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on an arbitration award may be entered in any court having jurisdiction. The parties agree to utilize a single arbitrator and the most expedited process available in the forum where the arbitration is held. In this business-to-business Agreement, the terms are tailored to your specific requirements. Based on the foregoing, you agree to waive any right to bring any class and/or representative action based on any business dispute(s) between us. In the event any action, lawsuit or arbitration is required to be brought for collection of any amount due under this Agreement, Customer agrees to pay all Vestis's fees and costs involved in collection, including reasonable attorney's fees.

The performance of Vestis's duties under this Agreement may be subject to circumstances beyond Vestis's control, including strikes, lockouts, product availability, government acts, wars, and acts of God. Vestis's failure to perform under this Agreement because of such events will not be considered a breach.

If Customer sells or transfers its business (whether by asset sale, stock sale or otherwise), Customer agrees to require the new owner or operator to assume and become bound by this Agreement.

Customer confirms that, by signing this Agreement, Customer will not breach any existing contract and the person signing this Agreement is duly authorized to do so. This Agreement, the pricing contained in this Agreement and all invoices and other related information provided by Vestis shall be considered confidential information of Vestis and Customer agrees to hold such information in confidence and not share it with any third party, without the prior written consent of Vestis. The parties agree that this Agreement may be signed electronically and in counterparts and that a signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. This Agreement is not binding on Vestis until executed by the General Manager of the Vestis facility that will provide service to Customer. This Agreement can only be amended in writing signed by a Vestis General Manager.

By signing below, Customer agrees to order the merchandise and services referenced herein and further agrees to the terms and conditions contained in this Agreement.

Vestis Services, LLC.

South Texas Water Authority
Name of Customer

(361) 592-9323
Customer Phone #

Joe Grant, Account Executive
Vestis Representative Name & Title

Name & Title of Customer Contact

Signature – Vestis Representative

Date

By
Signature of Authorized Customer Representative Date

Signature – Vestis General Manager

Date



2680 Palumbo Dr, Lexington, KY 40509
 Telephone: (866) 378-8471 Fax: (781) 423-9091
 Email: DNBI@vestis.com

To expedite account processing, please fill out all **required*** information on the cover page, as well as below, and **sign*** the application.

*Name of Business: South Texas Water Authority		*DUNS Number: 620241885	
*Trade Name / DBA Name:		*Date Business Started:	
*Street Address: 2302 East Sage Road	*City: Kingsville	*State: TX	*Zip Code: 78363
*Telephone: (361) 592-9323	Fax:	*Email Address:	
*Billing Street Address: 2302 East Sage Road	*City: Kingsville	*State: TX	*Zip Code: 78363

The Undersigned hereby makes this application for credit to Vestis Services, LLC and its subsidiaries, division, affiliates or any future successors or assigns ("Creditor") and agrees to the terms and conditions printed below. In making this application, the Undersigned agrees that all amounts payable on or before the due date on any written, quoted, or agreed terms will be paid in accordance with such terms and if not paid on or before such due date, are then delinquent. It is understood that Creditor may impose and charge a finance charge which is the lesser of one and one-half percent (1 1/2%) per month or the highest rate allowed by law on any amount which becomes past due and delinquent. Additionally, the Undersigned shall be responsible for all collection costs, court costs and reasonable attorney's fees (where allowed by law) in connection with the recovery of any delinquent amount.

The Undersigned agrees to provide updated financial information upon request. The Undersigned acknowledges and agrees that Creditor may utilize outside credit reporting services/financial institutions to obtain information on the Undersigned as a condition to the continued extension of credit. Should credit availability be granted by the Creditor, all decisions with respect to the extension or continuation of credit shall be at the sole discretion of the Creditor. Creditor may terminate any credit availability within its sole discretion.

TERMS AND CONDITIONS OF SALE: The Undersigned agrees to pay for all purchases according to the terms of the Creditor. All sales are made subject to Creditor's terms and conditions of sale and Creditor objects to any different or additional terms or conditions contained in the Undersigned's purchase order or any other document submitted by the Undersigned. No terms or conditions different from or in addition to the terms of Creditor will become part of any sales agreement, purchase order, or other document unless specifically approved in writing by Creditor. Conditions for freight shall be F.O.B. shipping point with the risk of loss or damage shifting to the Undersigned upon Creditor's delivery to the Undersigned or common carrier. Items returned without prior approval may not be accepted and all returns may be subject to a restocking charge at the sole discretion of the Creditor. Returned checks may be assessed a \$25 fee. All accounts shall be due and payable in the lockbox designated by the Creditor. Creditor reserves the right to cease extension of credit without notice or to change terms of payment pursuant to any disclosure by Undersigned according to section 409 of the Sarbanes Oxley Act. In event of litigation, sole jurisdiction and venue shall be at Creditor's discretion.

Authorized Signature (Must be signed by owner, officer, partner or other authorized individual)

Date

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against Credit Applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the Applicant has the capacity to enter into a binding contract); because all or part of the Applicant's income derives from any public assistance program; or because the Applicant has, in good faith, exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with the law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580

For Office Use Only:	
Market Center Number:	Customer ID(s):
Date Submitted:	

AUTO-CHARGE ENROLLMENT

Return completed form to FSS Credit

Email CustomerDesk-CCFCM@vestis.com

Question or Assistance: (800) 749-8674

MC# _____ (To be completed by Salesperson)

In order to help protect your credit card information and to adhere to Payment Card Industry standards, Vestis Services, LLC will not record your full credit card information on paper. As such, we have only requested the last four digits of your credit card number below (please do not provide the complete number). A representative of Financial Shared Services will contact you at the phone number you have provided to complete the enrollment and enter your complete credit card information into a secure processing system. Your signature page with account information will be returned as confirmation account set up.

I, _____ (Card Holder), agent for the company South Texas Water Authority (Contracted Customer Name) authorize Vestis Services, LLC to charge my credit card on a predetermined frequency for services provided per the signed Service Agreement.

For Current Customers: In the section below, please indicate the customer numbers that are to be charged on this card. The customer number is located at the top, right hand corner of your invoice shown as Customer followed by a 7 or 9 digit number.

Customer #s: _____ , _____ , _____ , _____ , _____

Card Holder Information

Name: _____

Address: _____

City, State and Zip: _____

Phone Number: (____) _____ - _____

Email: _____ @ _____

Fax: (____) _____ - _____

Credit Card Information

Card Number (Last 4 Digits Only): _____

Visa ☐ MasterCard ☐ American Express ☐

Charge Frequency: Weekly ☐ Monthly ☐

Please Note: Credit Card will be charged weekly for customers that are not approved for credit. If a Charge Frequency is not selected, the default is Weekly.

Receipt Required: Yes ☐ No ☐

Receipt Delivery: Email ☐ Fax ☐

By signing below, I certify I am the card holder, and I authorize Vestis Services, LLC to use the above stated credit card to pay for services and purchases made from time to time. Additionally, this authorizes Vestis Services, LLC to automatically process signed invoices for payment with the credit card listed above. This authorization will remain valid until such time as I provide written notice of cancellation to Vestis Services, LLC at the address above and Vestis Services, LLC shall have at least 10 days to implement such cancellation. I agree that it is my responsibility to notify Vestis Services, LLC of any new or updated account information if the credit card information changes (including updating the credit card expiration date). Should the above credit card be declined, this will be deemed a breach of the payment terms applicable to the related customer account(s) and it is agreed that Vestis Services, LLC will have the right to immediately suspend or terminate services to, or purchases by, the customer listed above. To the extent the credit card is declined, Vestis Services, LLC is also permitted to make additional attempts to re-process the impacted payment(s) using the credit card.

Signature

Print Name

South Texas Water Authority
Contracted Company Name

Date

For FSS Use Only:

Account #s: _____

Keyed By: _____ Date Keyed: _____

ATTACHMENT 10

Resolution 25-24

SOUTH TEXAS WATER AUTHORITY

RESOLUTION 25-24

RESOLUTION AWARDING THE BID FOR UNIFORM CONTRACT FOR FIELD PERSONNEL.

WHEREAS, the South Texas Water Authority solicited bids for uniforms for the Authority's field staff use, 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 field staff uniforms to _____.

Duly adopted this 5th day of August, 2025.

JOSE M. GRAVELEY, PRESIDENT

ATTEST:

IMELDA GARZA, SECRETARY/TREASURER

ATTACHMENT 11

STWA Master Plan

Memo

To: South Texas Water Authority Board of Directors
From: John Marez, Executive Director
Date: July 31, 2025
Re: Engineering Feasibility Report (EFR) Overview – TWDB Funded Pump Station Improvements

Background:

The South Texas Water Authority (STWA) serves as a wholesale water provider for several communities in central Kleberg and western Nueces Counties. STWA provides service to over 49,000 residents (within 7 wholesale customers, equaling approximately 14,761 connections), making it the third-largest wholesale water provider in the region. In October 2024, STWA secured \$7,737,207 in Drinking Water State Revolving Funds (DWSRF) from the Texas Water Development Board (TWDB) to rehabilitate five aging pump stations in our service area.

Analysis:

To support continued growth and ensure long-term system reliability, STWA initiated an Engineering Feasibility Report (EFR) that follows a seven-step methodology:

1. Asset Evaluation & Rehabilitation Planning
2. System Limitation Assessment
3. Future Demand & Growth Analysis (20-year horizon)
4. Proposed Engineering Solutions
5. Hydraulic & Hydrologic Modeling
6. Final Engineering Design
7. Alternative Analysis & Economic Feasibility

These steps were applied to assess and prioritize infrastructure needs in five pump stations:

- Central Pump Station/FM 2826 (Nueces County)
- Bishop East Pump Station (Nueces County)
- Ricardo Pump Stations #1, #2, and #3 (Kleberg County)

These locations were selected based on the 2023 STWA Master Plan and in consultation with International Consulting Engineers (ICE) and the Water Finance Exchange (WFX). Many of the targeted stations are over 40 years old and require significant upgrades to address regulatory concerns, meet increased demand, and modernize infrastructure for sustainability over the next 20 to 50 years.

STWA's system currently depends on a "true-up" agreement with Corpus Christi Water through the O.N. Stevens Water Treatment Plant for up to 1.43 million gallons per day (MGD), which includes end of year reconciliation of water payments versus actual cost to ensure STWA only pays what is necessary. To ensure future resilience, this project aligns with STWA's strategy to diversify water sources and reduce system vulnerabilities.

Staff Recommendation:

Staff recommends that the Board continue to support the execution of the rehabilitation plan outlined in the EFR. This includes addressing known shortages, increasing pump station capacity, modifying pipelines, and enhancing storage infrastructure. Staff will maintain regular updates to the Board as we progress through final design and bid phases for the five sites.

Board Action:

No formal action is required at this time. This update is informational and intended to confirm the Board's understanding of the EFR and the TWDB-funded infrastructure upgrades. Board members are encouraged to provide feedback or request additional clarification as needed.

Summary:

STWA is implementing a strategic infrastructure improvement plan supported by over \$7.7 million in TWDB funding. Targeting five aging pump stations, this initiative is part of a larger effort to enhance system reliability, accommodate projected growth, and improve regulatory compliance. The EFR provides a roadmap for these improvements, and the Board will be kept informed throughout each phase of the process.