

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 Dasmariñas 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 Willhite 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