

NUECES WATER SUPPLY CORPORATION
Minutes – Regular Meeting
December 18, 2024

Board Members Present:

Kathleen Lowman
Sherry Zimmerman
Samuel Arciniega

Board Members Absent:

None

Staff Present:

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

Guests Present:

Myra B. Alaniz
Holly Bockholt
Gabriel Sustaita
Logan Nix
James Pool
Rogelio Rodriguez, Water Finance Exchange
Greg Szuman, Willatt & Flickinger (Zoom)
Kailey Massey

1. Call to Order.

Ms. Sherry Zimmerman, President, called the Regular Meeting to order at 2:44 p.m. at the South Texas Water Authority Boardroom, 2302 East Sage Road, Kingsville, Texas. A quorum was present.

2. Citizen comments.

No comments from the public were made.

3. Approval of Minutes.

Ms. Lowman made a motion to approve the minutes of the November 6, 2024 Regular Meeting as presented. Mr. Arciniega seconded. All voted in favor.

4. Treasurer's Report/Payment of Bills.

No financial reports were presented. The following bills were presented for payment:

STWA Invoice S24-173	\$39,401.34
October 2024 Water Usage, Water Cost and Handling Charge	

STWA Invoice S24-174	\$19,069.61
October 2024 General and Administration	

STWA Invoice S24-177	\$13,869.62
October 2024 Taps and Repairs	

STWA Invoice S24-180	\$ 47.50
Reimbursement to STWA for Supplies and Materials	

Ms. Lowman made a motion to approve payment of the bills as presented. Mr. Arciniega seconded and all voted in favor.

11. Water Finance Exchange Presentation on Texas Water Development Board Funding.

Mr. Rogelio Rodriguez of Water Finance Exchange provided an update on the Texas Water Development Board funding. He stated that the application was submitted in March of 2023. In October 2024, the TWDB committed funding in the form of 70% loan forgiveness and 30% loan funds. The next step is STWA, Ricardo Water Supply Corporation and Nueces Water Supply Corporation Board approval of all documents required for closing. He added that the Boards will need to decide on the length of the term. As of December 6th, interest rates are 2.33% on 20-year bonds and 2.74% on 30-year bonds. The boards will meet on January 7, 2025 to take action on approving and executing the required documents. The closing date is February 13, 2025. After that, a paying agent will receive the money and then bidding, purchasing of supplies and work can begin soon after that. He added that work continues on searching for other funding opportunities.

5. Fiscal Year 2024 Budget Amendments.

Ms. Wagner reviewed the proposed Fiscal Year 2024 Amended Budget which reflected a decrease in Revenues of \$165,725 and a \$171,153 decrease in Total Expenses for a Net Loss of \$331,775. Mr. Arciniega made a motion to approve the amendments as presented. Ms. Lowman seconded. All voted in favor.

6. Proposed Fiscal Year 2025 Budget and retail water rates

Ms. Wagner presented the proposed Fiscal Year 2025 Budgets based on a 20-year note and a 30-year note using the current rates as well as three additional scenarios based on various monthly minimums and tier rates. After reviewing the options for the Board, she recommended a 20-year loan.

7. Resolution 24-03. Resolution adopting the recommended Fiscal Year 2025 Budget.

Ms. Lowman made a motion to accept the 20-year note Option A which increases the monthly minimum on a 5/8" meter from \$32.00 to \$33.00 and increases the water rate for all tiers by 50 cents. Mr. Arciniega seconded the motion and all were in favor.

8. John Womack & Co., P.C. Letter of Engagement for Auditor Services.

Mr. Marez presented the John Womack & Co., P.C. Letter of Engagement for auditor services for the fiscal year ending December 31, 2024 with a cost of \$7,500. Ms. Lowman made a motion to accept the engagement letter for FY 2024 audit services with John Womack & Co., P.C. in the amount of \$7,500. Mr. Arciniega seconded and all voted in favor.

9. Annual Meeting Schedule and Election Procedures.

Mr. Marez stated that per State requirements, the Board must review Election Procedures for the Annual Membership meeting. There are four positions up for election in 2025. Two positions are currently vacant and the other positions are held by Ms. Lowman and Mr. Arciniega. He also presented the timeline and schedule for the 2025 Annual Membership Meeting and asked for approval to proceed with the schedule. Mr. Arciniega made a motion to approve the recommended timeline and mailing of the presented documents for the 2025 Annual Membership Meeting. Ms. Lowman seconded and all voted in favor.

10. NWSC Water Conservation and Drought Contingency Plan – Implementation of Stage 3 Drought Restrictions.

Mr. Marez reported that Corpus Christi Water gave a brief presentation on the City of Corpus Christi's decision to implement the Drought Contingency Plan Stage 3 during the last STWA meeting. He added that CCW has provided notice of impending activation of Stage 3 which restricts all outdoor watering with the exception of use for watering foundations and swimming pool maintenance. In light of the severe drought conditions and Corpus Christi Water's and by default STWA's pending implementation of Stage 3 water restrictions, Mr. Marez recommended that the Board enact Stage 3 of the Corporation's Drought Contingency Plan. Mr. Arciniega made a motion to approve the enactment of Stage 3 of the NWSC Drought Contingency Plan. Ms. Lowman seconded. All voted in favor.

12. Non-Standard Water System Extension Agreement with Tesla, Inc.

Greg Szuman of Willatt & Flickinger reported that they are very close to finalizing the agreement with Tesla but he is waiting for some information from Tesla before moving forward. He recommended that the Board adopt Resolution 24-04 to authorize the Board President and General Manager to take action on behalf of the Board to finalize the Non-Standard Water System Extension Agreement. Mr. Arciniega made a motion to adopt Resolution 24-04 authorizing the Board President and General Manager to take any and all actions necessary or convenient to finalize and execute a Non-Standard Water System Extension Agreement with Tesla, Inc. Ms. Lowman seconded the motion which passed by unanimous vote.

13. Temporary Limited Non-Standard Water System Extension Agreement with Tesla, Inc.

Mr. Szuman stated that he is waiting on some numbers for the temporary Limited Non-Standard Water System Extension Agreement and asked that the Board consider adopting Resolution 24-

05 to authorize the Board President and General Manager to take action on behalf of the Board to finalize the Temporary Limited Non-Standard Water System Extension Agreement. Mr. Arciniega made a motion to adopt Resolution 24-05 authorizing the Board President and General Manager to take any and all actions necessary or convenient to finalize and execute a Temporary Limited Non-Standard Water System Extension Agreement with Tesla, Inc. Ms. Lowman seconded the motion which passed by unanimous vote. The motion carried.

14. Non-Standard Service Agreement (Including Water System Extension) with Vaquero Driscoll Partners, LP; Easements related thereto.

Mr. Szuman explained that a Non-Standard Service Agreement is required to establish water service for the Vaquero development. The agreement includes provisions for a water system extension and related easements. He added that the fees in section 6 need to be finalized and confirmed. He recommended approval of the draft easement documents and adoption of Resolution 24-06 authorizing the Board President and General Manager to finalize and execute an Escrow Agreement, easements and releases of easements. Mr. Arciniega made a motion to adopt Resolution 24-06. Ms. Lowman seconded. The motion carried.

15. Design/Build Contract with International Consulting Engineers, Inc. for Vaquero Ventures Utility Project (Contingent upon full execution of Item 14 above).


Mr. James Pool of Vaquero stated they have been working on a Stripes convenience store/gas station to be built at FM 665 and Highway 77. Mr. Szuman explained that approval of Resolution 24-07 is recommended to approve the Design/Build Contract with I.C.E for the Vaquero project. Ms. Lowman made a motion to approve Resolution 24-07 approving the Design/Build Contract with International Consulting Engineers, Inc. for Vaquero Ventures Utility Project with Contingency. Mr. Arciniega seconded. All voted in favor.

16. General Manager's Report.

Mr. Marez gave a brief update on ongoing matters. He said Water Finance Exchange continues searching for other funding options. He added that at the December 10th STWA Board Meeting, I.C.E. presented a final report on the tank collapse at the Central Pump Station. Seven Seas continues work for a pilot well in Driscoll. I.C.E. is working on a groundwater feasibility study for the Kleberg County area. Ms. Wagner added that the new generator for the Sablatura Park Pump Station has been delivered.

17. Adjournment.

With no further business to conduct, Ms. Lowman made a motion to adjourn the meeting at 3:54 p.m. Mr. Arciniega seconded the motion. All voted in favor.

Respectfully submitted,

Frances De Leon, Assistant Secretary