

## **GUADALUPE-BLANCO RIVER AUTHORITY**

### **Minutes of the Board of Directors**

The Board of Directors of the Guadalupe-Blanco River Authority met in a workshop meeting on September 19, 2018, at the GBRA William E. West, Jr., Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Robert “Rusty” Brockman, Dennis L. Patillo, Don B. Meador, William R. Carbonara, Kenneth Motl, Ronald J. Hermes, and Steven B. Ehrig. Directors Oscar H. Fogle and Tommy Mathews were absent. Also present were Kevin Patteson, General Manager/Chief Executive Officer; Darrell Nichols, Senior Deputy General Manager; Jonathan Stinson, Deputy General Manager; Alvin Schuerg, Senior Advisor to the General Manager; Darel Ball, Executive Manager of Operations and Water Quality; Tom Bohl, General Counsel; Vanessa Guerrero, Executive Manager of Administration; Tommy Hill, Executive Manager of Project Engineering and Development/Chief Engineer; Randy Staats, Executive Manager of Finance/Chief Financial Officer; Courtney Kerr-Moore, Associate General Counsel; Charlie Hickman, Manager of Project Engineering; Susan Hubbert, Deputy CFO Accounting and Purchasing; Mark Fenlaw with Rudd and Wisdom; and Kristina Cox with Texas County and District Retirement System.

Chairman Brockman called the workshop meeting to order at 12:52 p.m., and took note of the certifications presented that notice of the meeting had been properly posted in the office of the Secretary of State, in the Guadalupe County Courthouse, the GBRA

main office and the William E. West, Jr., Annex Building in Seguin, Texas, pursuant to Title 5, Chapter 551 of the Texas Government Code. A quorum being present, the following proceedings were had:

The Chairman called for **Agenda Item 3 - Presentation and discussion regarding options for future management of GBRA employee retirement plans and discussion related to future options.** Randy Staats provided an overview of the presentation to the Board on a proposal for improving GBRA Retirement Plans including an overview, effects on existing plans, financial impact to GBRA, financial impact to employees, specific plan recommendations, and timeline for possible implementation. Susan Hubbert briefed the Board on GBRA's Defined Benefit Pension Plan, the Section 401(a) Defined Contribution Plan, and the Section 457 Defined Contribution Plan. Discussion was had on the number of participants in each of the GBRA Retirement Plans and why a change in Pension Plans is being considered. Ms. Hubbert briefed the Board on meetings and discussions that GBRA's Retirement and Benefit Committee has had with outside consultants that began in February 2017. A summary of recommendations for GBRA's Retirement Plans was presented. The recommendations were to establish a new Defined Benefit Plan with Texas County and District Retirement System, freeze the closed Defined Benefit Pension Plan and amend to attempt to "make whole" the active participants, terminate the Section 401(a) Defined Contribution Plan, and continue the Section 457 Defined Contribution Plan, but discontinue GBRA matching contributions. Mark Fenlaw explained how participants in the Defined Benefit Pension Plan would be "made whole" if the Plan was frozen and how participants in the 401(a) Defined

Contribution Plan would be affected if the Plan was terminated. Kristina Fox briefed the Board on the Texas County and District Retirement System. The Texas County and District Retirement System partners with more than 760 employers in Texas, was created in 1967 by the Texas Legislature, receives no funding from the State of Texas, and is managed independently by a nine-member Board of Trustees appointed by the Governor. Ms. Fox discussed the Plan design, benefits, and options provided through the Texas County and District Retirement System and addressed questions from the Board. Mr. Staats discussed the financial impact the changes would have on GBRA funding the Retirement Plans, the historical costs of GBRA's current Plans, the financial impact and support for employees, and the estimated retirement benefits under each plan. GBRA's Retirement and Benefit Committee and GBRA staff recommended the following changes to GBRA's Retirement Plans:

- Freeze the GBRA Defined Benefit Pension Plan effective December 31, 2018
  - Recalculate frozen and supplemental accrued benefits as of the freeze date
  - For employees retiring within five years, provide for recalculation of frozen and supplemental accrued benefit at time of retirement
- Terminate the GBRA Section 401(a) Defined Contribution Plan effective December 31, 2018
  - Employees/participants are entitled to 100% of their account balance in the Plan, regardless of percentage vested
  - Employees/participants will have the opportunity to either receive a lump sum distribution upon Plan termination or "roll over" their distribution into an Individual Retirement Account (IRA), 457 Plan, or other eligible Plan
- Eliminate GBRA's matching contribution to the GBRA Section 457 Defined Contribution Plan effective December 31, 2018

- Implement a GBRA Retirement Plan with Texas County and District Retirement System effective January 1, 2019 with the following plan options
  - Employee contribution rate of five percent (5%), with one percent (1%) increases over the next two years to reach seven percent (7%)
  - Employer contribution rate of two hundred percent (200%) of the employee contribution rate
  - Retirement Eligibility (whichever option occurs first)
    - Age 60 with 8 years of service
    - Rule of 80 (age plus years of service)
    - At any age with 30 years of service

Mr. Staats discussed the time line for implementation of these recommendations if approved by the Board.

Next, the Chairman called for **Agenda Item 4 - Consideration of and possible action directing the Chairman of the Board of Directors, the General Manager/CEO, and/or the Executive Manager of Finance/CFO to negotiate and execute necessary contracts, including without limitation pension-retirement attorney and retirement benefit administration, for management of GBRA employee retirement plan changes.** Upon motion by Director Motl, seconded by Director Meador, the Board unanimously directed the Chairman of the Board of Directors, the General Manager/CEO, and/or the Executive Manager of Finance/CFO to negotiate and execute necessary contracts, including without limitation pension-retirement attorney and retirement benefit administration, for management of GBRA employee retirement plan changes. This action approves the recommendations outlined above with regard to freezing the Defined Benefit Pension Plan, terminating the Section 401(a) Defined Contribution Plan, eliminating the matching contribution to the 457 Defined Contribution Plan, and implementing the Texas County and District Retirement System plan for all employees.

There being no further business to be brought before the Board, the meeting was adjourned at 2:15 p.m. subject to call by the Chairman.

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Chairman

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Secretary