

GUADALUPE-BLANCO RIVER AUTHORITY

Minutes of the Board of Directors

The Board of Directors of the Guadalupe-Blanco River Authority met in a regular monthly meeting on November 20, 2019, at the GBRA William E. West, Jr., Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Dennis L. Patillo, Don B. Meador, Robert “Rusty” Brockman, William R. Carbonara, Steven B. Ehrig, Oscar H. Fogle, and Ronald J. Hermes. Directors Kenneth Motl 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; Tommy Hill, Senior Advisor to the General Manager and Engineering Division; Alvin Schuerg, Senior Advisor to the General Manager; Darel Ball, Executive Manager of Operations; Tom Bohl, General Counsel; Vanessa Guerrero, Executive Manager of Administration; Charlie Hickman, Executive Manager of Engineering; Nathan Pence, Executive Manager of Environmental Science and Community Affairs; Randy Staats, Executive Manager of Finance/Chief Financial Officer; Courtney Kerr-Moore, Associate General Counsel; Earnie Granville, Associate General Counsel; Christina Chavez, Human Resources Manager; Michael Urrutia, Deputy Executive Manager of Operations; and Molly Cagle, Samia Broadaway, and Travis Sales with BakerBotts.

Chairman Patillo called the meeting to order at 10:00 a.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:

Director Carbonara led the Pledge of Allegiance to the United States flag and the Texas flag.

Upon motion by Chairman Patillo, seconded by Director Brockman the Board unanimously appointed Director Hermes to serve as Secretary-Treasurer Pro-Tem in the absence of Secretary-Treasurer Motl.

The Chairman called for **Public Comment Item 1 - Comments from the public.** There were no public comments at this time.

Next, the Board called for **Consent Item 2 - Consideration of and possible action approving the minutes of the October 23, 2019 Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for September 2019; Consent Item 4 - Consideration of and possible action approving the monthly operations report for October 2019; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.**

Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chairman then called for **General Manager/CEO Item 6 - Report and update on the Guadalupe Valley Hydroelectric System; report and update on actions taken by the General Manager/CEO relating to the management and operation of the GBRA Hydroelectric Lakes, including actions taken to mitigate risks posed by**

hydro spillgates. Jonathan Stinson briefed the Board on the Independent Expert Panel Reports One and Two relating to prohibited and restricted zones for the Guadalupe Valley Hydroelectric Lakes. GBRA staff is working on implementing the zones and is working with Guadalupe County and law enforcement to ensure safety in the various established zones. GBRA staff is also continuing to work with the lake owner associations.

The Chairman called for **General Manager/CEO Item 7 - The General Manager/CEO and staff may report on, and the Board may discuss, executive reports and/or issues relating to GBRA activities including without limitation, the following: GBRA water and sewer utility operations, hydroelectric operations, GBRA facilities management including plants and dams, safety, water resources planning and operation, construction management, economic and community development, project development, accounting and finance, records management, grants and financial assistance, human resources, information technology, communications, social media, education programs, resource protection, weather and climate, river flows and other scientific issues, non-profit entities partnering with GBRA, water quality services, community affairs, environmental programs, and stewardship.** Darel Ball briefed the Board on recent safety meetings and training.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action approving the Guadalupe-Blanco River Authority Board Policies.** Alvin Schuerg briefed the Board on updates and revisions to GBRA's Board Policies. Discussion included governance initiatives, the Texas Sunset recommendations and legislative changes, GBRA By-Law revisions, amendments to GBRA's Enabling Act,

current practices and procedures, and recommendations to abolish and establish policies. The Board will continue to review proposed revisions and this item will be presented at the December Board meeting. No action was taken on Action Item 8.

The Chairman then called for **Action Item 9 - Consideration of and possible action approving the funding policy for the Retirement Plan for Employees of the Guadalupe-Blanco River Authority (Defined Benefit Pension Plan) as required by Texas Government Code 802.2011.** Randy Staats briefed the Board on the funding policy. Texas Government Code 802.2011 created by Senate Bill 2224 during the 86th Legislative Session in 2019 requires the governing board of a Texas public retirement system to adopt a written funding policy by January 1, 2020. In order to meet Texas statute requirements, and ensure best practices in administering the Retirement Plan for Employees of the Guadalupe-Blanco River Authority, a funding policy was developed. The funding policy was reviewed by GBRA's Retirement and Benefit Committee on October 23, 2019. At that time, the policy was approved and recommended for adoption by the Board of Directors. Some highlights of the funding policy include outlining the purpose of the funding policy; describing potential risks of the plan and methods of mitigation; setting priority of plan contributions on the same level as other salaries and wages; describing actuarial methodologies, assumptions and amortization including establishing a 10-year closed amortization period; detailing the annual evaluation of a contribution amount and consideration of supplemental contribution; establishing a target funded ratio of 110%; and documenting historical contributions. Upon motion by Director Meador, seconded by Director Ehrig, the Board unanimously approved the funding policy

for the Retirement Plan for Employees of the Guadalupe-Blanco River Authority (Defined Benefit Pension Plan) as required by Texas Government Code 802.2011.

The Chairman called for **Action Item 10 - Consideration of and possible action approving the January 1, 2019 Actuarial Valuation for the Retirement Plan for Employees of the Guadalupe-Blanco River Authority, the recommended contribution of \$653,540 included therein, and a supplemental contribution of \$350,000.** Randy Staats briefed the Board on the Actuarial Valuation. The Defined Benefit Pension Plan was established and became effective January 1, 1966 for eligible employees. Effective December 31, 2010, the DB Plan was closed and on December 31, 2018, the Defined Benefit Plan was fully frozen. A supplemental benefit was authorized for participants in the Defined Benefit Plan as of the freeze date. The Defined Benefit Plan is funded annually by GBRA based on an Actuarial Valuation. An Actuarial Valuation has been prepared as of January 1, 2019 which includes the amount of the unfunded actuarial liability, the annual contribution, and other calculations. GBRA's Retirement and Benefit Committee met on October 23, 2019 to review the Actuarial Valuation. The report includes an unfunded actuarial liability of \$4,643,707 with a funded ratio of 86.9%. After review and discussion, the committee approved the Actuarial Valuation and the recommended contribution of \$653,540 for calendar year 2019. In addition, following discussion of the proposed Funding Policy and review of the Actuarial Valuation, the committee approved a supplemental contribution of \$350,000 to continue to reduce the Defined Benefit Plan's unfunded actuarial liability. The Fiscal Year 2020 budget includes sufficient allocations to make both the regular and supplemental contributions. Upon

motion by Director Brockman, seconded by Director Meador, the Board unanimously approved the January 1, 2019 Actuarial Valuation for the Retirement Plan for Employees of the Guadalupe-Blanco River Authority, the recommended contribution of \$653,540 included therein, and a supplemental contribution of \$350,000.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute employee benefit plans and services for calendar year 2020 including plans for health insurance, dental insurance, group term life insurance, long-term disability insurance, vision, and others.** Christina Chavez briefed the Board on the employee benefit plans and services. As part of the GBRA employee Benefit Package, GBRA provides health insurance, dental insurance, vision insurance, group life insurance, and long-term disability. The GBRA staff has worked closely with our employee benefit consultant, Catto & Catto, and United Health Care to offer no increase in the medical and dental premium rates. GBRA did request a Request for Proposals for a vision specific plan in place of our current Health Reimbursement Account for vision expenses as well as a consolidated Employee Assistance Program. The Request for Proposals yielded vision responses from Avesis offering two plan options and Employee Assistance Program responses from Deer Oaks and Alliance Work Partners. The results or responses to the Request for Proposals were provided to the GBRA Retirement and Benefit Committee during their October 23, 2019 committee meeting. Avesis presented an option that has a comparable if not lower cost than the current Health Reimbursement Account contributions allowing the plan to be offered at no cost to employees. Deer Oaks

presented an Employee Assistance Program that will consolidate and enrich the employee benefit with additional sessions and services. This Employee Assistance Program plan will present little to no increase in employer cost and alleviate the current two plan system. The remaining employee benefit programs will have no increases during 2020. Upon motion by Director Brockman, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute employee benefit plans and services for calendar year 2020 including plans for health insurance, dental insurance, group term life insurance, long-term disability insurance, vision, and others.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute amendments authorizing the temporary transfer of 350 acre-feet of raw water from Gonzales County Water Supply Corporation to Springs Hill Water Supply Corporation.** Courtney Kerr-Moore briefed the Board on the amendments authorizing the temporary transfer of raw water. GBRA, Springs Hill Water Supply Corporation and Gonzales County Water Supply Corporation have agreed to authorize a temporary transfer of 350 acre-feet of raw water from Gonzales County Water Supply Corporation to Springs Hill Water Supply Corporation. In December 2012, the Board also approved a temporary transfer of 350 acre-feet of raw water from Gonzales County Water Supply Corporation to Springs Hill Water Supply Corporation. GBRA and Gonzales County Water Supply Corporation originally executed an agreement on April 6, 1982, to divert a certain number of acre feet of raw water which has since been amended several times and

included 700 acre-feet per year. GBRA and Springs Hill originally executed an agreement on June 26, 1967, to divert a certain number of acre feet of raw water which has also been amended several times and included 1,500 acre-feet per year. The amendments based on the December 2012 Board approval specified that of the 700 acre-feet of raw water granted to Gonzales County Water Supply Corporation from GBRA, 350 acre-feet of raw water would be temporarily transferred to Springs Hill Water Supply Corporation through December 31, 2032 and then revert back to Gonzales County Water Supply Corporation on January 1, 2033. The current amendments requested authorizing the temporary transfer of the remaining 350 acre-feet of raw water under the Gonzales County Water Supply Corporation Contract to Springs Hill Water Supply Corporation for the same time frame and sets the maximum annual commitment for Springs Hill Water Supply Corporation to 2,200 (with a max diversion rate of 2,800 gpm) until December 31, 2032 and then on January 1, 2033, a maximum annual commitment of 1,500 acre-feet per year (with a max diversion rate of 1,900 gpm). Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute amendments authorizing the temporary transfer of 350 acre-feet of raw water from Gonzales County Water Supply Corporation to Springs Hill Water Supply Corporation.

The Chairman called for **Action Item 13 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract for the repair or replacement of high service pump number 2 at the San Marcos Water Treatment Plant.** Michael Urrutia briefed the Board on the San Marcos Water Treatment

Plant high service pump repairs. The Guadalupe-Blanco River Authority operates and manages the San Marcos Water Treatment plant that provides drinking water to the City of San Marcos, Kyle, Buda, Goforth Special Utility District, Monarch Utilities and Sunfield Municipal District. A vital part of the water treatment process includes the utilization of pumps to send drinking water to customers. During a recent inspection of high service pump number 2, it was discovered that the pump components are damaged and in need of repair/replacement. This work will include the repair/replacement of the pump assembly including bowls and impellers and the installation and startup of the pump. In order to meet peak water usage this summer, this pump is required to meet these demands. Upon motion by Director Fogle, seconded by Director Ehrig, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract for the repair or replacement of the High Service pump number 2 at the San Marcos Water Treatment Plant.

Next, the Chairman called for **Action Item 14 - Consideration of and possible action approving changes to the ordinances of the Guadalupe-Blanco River Authority relating to boating, swimming, fishing, and other water-related activities downstream of Lake Nolte (Meadow Lake) in Guadalupe and Gonzales Counties, Texas to conform to the November 2019 findings of the Independent Expert Panel appointed under court order in *Skonnord v. GBRA and Williams v. GBRA* (in the 25th District Court of Guadalupe County)**. Tom Bohl briefed the Board on changes to the ordinances previously adopted by the Board of Directors on June 19, 2019 and October 23, 2019. The proposed changes to the previously approved ordinances

provided for enforcement pursuant to the Court Order and the Independent Expert Panel Report One and Report Two relating to GBRA Hydroelectric Lakes to-wit: Lake Dunlap, Lake McQueeney, Lake Placid, Lake Nolte (Meadow), Lake Gonzales (H-4), and Lake Wood (H-5) located in Comal, Guadalupe, and Gonzales Counties, Texas. The Ordinances provide conditions of the Court Order and the Independent Expert Panel Report One and Two, has been reviewed by Guadalupe County Attorney, and the County will be able to enforce. Upon motion by Director Fogle, seconded by Director Hermes, the Board unanimously approved changes to the ordinances of the Guadalupe-Blanco River Authority relating to boating, swimming, fishing, and other water-related activities downstream of Lake Nolte (Meadow Lake) in Guadalupe and Gonzales Counties, Texas to conform to the November 2019 findings of the Independent Expert Panel appointed under court order in *Skonnord v. GBRA and Williams v. GBRA* (in the 25th District Court of Guadalupe County). A copy of the ordinances is attached and made a part of these minutes.

The Chairman then called for **Discussion Item 15 - Discussion regarding Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin**. Charlie Hickman briefed the Board on Basin hydrologic condition, the Base Flow Report, Water Quality Index, condition of the Guadalupe Basin including rainfall percentages, events and totals, the U. S. Drought Monitor Seasonal Outlook, Comal Springs level, San Marcos Springs level, Guadalupe River stream flows, Seadrift tidal levels, El Nino and La Nina modeled forecast, and elevation of Canyon Reservoir.

The Chairman recessed the open meeting at 10:48 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:00 a.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 11:58 a.m.

There being no further business to be brought before the Board, the meeting was adjourned at 11:58 a.m. subject to call by the Chairman.

Chairman

Secretary Pro-Tem