

MINUTES OF A MEETING OF THE NUECES RIVER AUTHORITY BOARD OF DIRECTORS AT
THE CORPUS CHRISTI REGIONAL TRANSIT AUTHORITY BUILDING, 602 N. STAPLES
STREET, CORPUS CHRISTI, TEXAS ON APRIL 7, 2017

1. President Jones convened the meeting at 10:01 a.m. Mr. Reding gave the invocation.
2. Roll call was as follows:

Directors Present

Gary Jones, President
Roxana Proctor Tom, First Vice President
Dan Leyendecker, P.E., Second Vice President
Tomas Ramirez, Secretary-Treasurer
Alston Beinhorn
Allan Bloxsom
Dane Bruun
Eric Burnett
Amy Clark
Mary Beth Delano
Lindsey Koenig
Gary Moore
Travis Pruski
David Purser
Dina Ramirez

Directors Absent

Rebecca Bradford, Executive Committee
Trace Burton
John Galloway
Joe McMillian
Fidel Rul

Staff Present

Con Mims, Executive Director
Rocky Freund, Deputy Executive Director
Frankie Kruckemeyer, Asst. to Exec. Dir., Dir. Finance and Staff Services
Sky Lewey, Resource Protection and Education Director
Sam Sugarek, Director of Water Quality Programs
Shellie McCumber, Aquatic Resource Specialist
Mike Collard, Utility Director
Kevin Reese, Director of Information Systems and Technology

Consultants Present

Phil Haag, General Counsel, McGinnis, Lochridge & Kilgore, LLP, Austin
Adam Luke, P.E., Naismith-Hanson, Austin
Grant Jackson, P.E., Naismith-Hanson, Corpus Christi

Guests Present

Tom Reding, former NRA Director, Portland
 Scott Bledsoe, former NRA Director, Oakville
 Dan Grimsbo, Interim Executive Director of Water Utilities, City of Corpus Christi
 Clarence Wittwer, Water Director, City of Corpus Christi
 Steve Ramos, Water Resource Manager, City of Corpus Christi
 Judge Greg Perkes, Perkes Law Firm, Corpus Christi
 Lindsey Koenig, Jr., Alice

3. Director Introductions and Recognitions

President Jones introduced newly appointed Directors Allan Bloxsom, Amy Clark, Gary Moore, and Travis Pruski. He noted that Eric Burnett and Tomas Rodriquez have been reappointed. All Directors introduced themselves for the benefit of the new Directors.

President Jones presented plaques to former Directors Tom Reding and Scotty Bledsoe recognizing their 18 years of service as Directors and officers. Fernando Camarillo, who was unable to attend, also, was recognized.

4. Director Orientation – NRA history and programs

Mr. Mims gave a PowerPoint presentation.

5. Approve Minutes of December 9, 2016 Board of Directors meeting

Mr. Leyendecker moved to approve the Minutes of the December 9, 2016 Board of Directors meeting. Mr. Burnett seconded the motion. The motion carried, unanimously.

6. Discussion and appropriate action on the Leakey Regional Wastewater Project

Mr. Luke and Mr. Jackson presented a PowerPoint presentation covering the status of the project and showing photos of construction progress. There was no action requested or taken.

7. Discussion and appropriate action on creating an Administration Committee

Mr. Mims explained that none of the standing committees have the primary responsibility of handling administrative matters. He noted that he planned to present for Board approval at the August meeting an updated Employee Policies and Procedures manual, and it would be helpful to have an Administration Committee review the policies and recommend them to the full Board. He suggested that the Committee have five members and it's charge be:

“As directed by the President or the Board, work with staff and make recommendations to the Board on administrative matters including personnel, policies and procedures, information technology, accounting and asset management, office space, public relations, records management, consultants, auditing, and legal services, and other topics that may be delegated by the President or the Board”.

Mr. Koenig moved to create a five member Administration Committee with the charge suggested by Mr. Mims. Ms. Tom seconded the motion. The motion carried, unanimously. President Jones appointed Mr.

Bruun to serve as Chair and asked him to select the other four members.

8. Authorize advertising a Request for Proposals (RFP's) for a CPA firm to serve as NRA's auditor from year to year not to exceed five (5) years unless the Board determines it is in NRA's best interest, and direct the Finance/Audit Committee to select and employ the best qualified firm based on demonstrated competence, experience in river authority auditing, the firm's estimated schedule for performing the audit, and a negotiated reasonable and fair fee

Mr. Mims explained that RSM US LLP, formerly Padgett Stratemann, in San Antonio, has been NRA's auditor since 2004. Padgett Stratemann became part of RSM US LLP in August 2016. Their first NRA audit under this new ownership was the last audit, for FY 2016. Because they were almost two months late in beginning the audit, the Board only saw a draft report at its December meeting. And, the audit cost \$11,750 more than the previous, FY15, audit, and \$10,000 more than estimated in their engagement letter. He suggested that it is a good time to see what other firms may be interested in serving us. He suggested that the Finance/Audit Committee be authorized to interview and employ the auditor, since the next Board meeting will not be until August and the auditor needs to be in place by about mid-summer.

Ms. Tom moved to authorize advertising a Request for Proposals (RFP's) for a CPA firm to serve as NRA's auditor from year to year not to exceed five (5) years unless the Board determines it is in NRA's best interest, and direct the Finance/Audit Committee to select and employ the best qualified firm based on demonstrated competence, experience in river authority auditing, the firm's estimated schedule for performing the audit, and a negotiated reasonable and fair fee. Mr. Moore seconded the motion. The motion carried, unanimously.

9. Authorize advertising a Request for Proposals (RFP's) for upgrading NRA's accounting and asset management system, to include billing capabilities, and authorize a committee to select and employ the firm that is best qualified based on demonstrated competence, experience with utility based accounting, asset management, and billing needs, the estimated schedule for performing the study, an acceptable scope of work, and a negotiated reasonable and fair fee.

Mr. Mims explained that our auditors have suggested that our accounting system is inadequate to handle the accounting, asset management, and billing needs that we will experience with completion of the Leakey Regional Wastewater Project. He recommended purchasing and installing an enhanced accounting system. He noted that Texas Water Development Board has told us that the cost of this system will be reimbursable under our Leakey Regional Wastewater Project contracts if funds are available after completion of all construction.

Mr. Leyendecker moved to authorize advertising a Request for Proposals (RFP's) for upgrading NRA's accounting and asset management system, to include billing capabilities, and authorize the Administrative Committee to select and employ the firm that is best qualified based on demonstrated competence, experience with utility based accounting, asset management, and billing needs, the estimated schedule for performing the study, an acceptable scope of work, and a negotiated reasonable and fair fee. Ms. Ramirez seconded the motion. The motion carried, unanimously.

10. Authorize advertising a Request for Proposals (RFP's) for providing a rate study for the Leakey Regional Wastewater System and authorize a committee to select and employ the firm that is best qualified based on demonstrated competence, experience with utility based rate studies, the estimated schedule for performing the study, an acceptable scope of work, and a negotiated reasonable and fair fee

Mr. Mims explained that when the wastewater project is completed, we will have three wholesale customers, being the City of Leakey, Twin Forks, and Alto Frio Baptist Encampment, and a number of individual retail customers. Rather than developing rates to be charged, ourselves, it would be better to employ outside professional assistance to ensure the rates are established correctly and to avoid any appearance of bias or being self-serving. He noted that we need to start this study as soon as we can and involve our customers in the process. Texas Water Development Board has told us the cost of this study is fundable under our grants.

Mr. Burnett moved to authorize advertising a Request for Proposals (RFP's) for providing a rate study for the Leakey Regional Wastewater System and authorize the Administrative Committee to select and employ the firm that is best qualified based on demonstrated competence, experience with utility based rate studies, the estimated schedule for performing the study, an acceptable scope of work, and a negotiated reasonable and fair fee. Mr. Leyendecker seconded the motion. The motion carried, unanimously.

11. Discussion and appropriate action on Texas Parks and Wildlife Department's issuance of General Permits to Remove or Disturb Sedimentary Material

Mr. Mims explained that he has sent a letter to Texas Parks and Wildlife Department (TPWD) expressing our concern about what seems to be a proliferation of applications for general permits to remove or disturb gravel, particularly, in the Nueces Basin's headwater streams. He requested more evaluation of the impacts of these activities on rivers before permits are granted. The letter asked TPWD to give the welfare of the rivers priority when evaluating applications for permits for gravel removal or disturbance. He noted that most of these applications are for creating swimming holes or manipulating stream flows within the state-owned riverbeds to enhance river frontages for private and commercial purposes. He noted that TPWD was in general agreement with his letter, but they have very little science to support rejecting applications. However, since then, TPWD has refused to grant five applications on the upper Frio River and plans to conduct a study over the next 2-3 years to determine the effects of mechanical gravel manipulations. Mr. Mims stated that he would like the Board's affirmation of the actions staff has taken and of our position.

Mr. Bloxson moved to affirm the staff's action and position and to ask TPWD to notify riverside property owners within two miles downstream of a proposed gravel project of a permit application being filed. He, also, asked that someone look into the availability of federal or state money that could be used to replace county gravel road crossings because of the large amounts of gravel that are transported downstream from these crossings during floods. Ms. Clark seconded the motion. The motion carried, unanimously.

12. Discussion and appropriate action on issuance by Texas Commission on Environmental Quality of permits allowing wastewater treatment facilities to discharge treated effluent into streams within the Contributing Zone or the Recharge Zone of the Edwards Aquifer

Mr. Mims noted that HB 3036 by Representative Tracy King and SB 1796 by Senator Jose Menendez have been filed restricting the Texas Commission on Environmental Quality (TCEQ) from issuing permits for direct discharge of waste or pollutants into streams within the area that contributes flow into the Edwards Aquifer Recharge Zone, referred to as the Contributing Zone. Mr. Mims explained that these Hill Country streams, generally, are pristine and carry little or no nutrients, being nitrogen or phosphorus. Even treated wastewater carries some nitrogen and phosphorus and other elements that, when added to these clear waters, can cause significant, adverse, ecological changes in the streams, such as algal blooms. These blooms can kill aquatic life. He noted that treated wastewater can be applied to land, evaporated, and/or

reused with less damage to the rivers. The Leakey Regional Wastewater Project has a land application permit, and there are no wastewater treatment facilities anywhere in the Contributing Zone within the Nueces Basin discharging directly to the rivers. He explained the importance of protecting these Contributing Zone streams because they define the Texas Hill Country. He asked the Board to affirm support of HB 3036 and SB 1796 and the promotion of land application of treated effluent within the Edwards Aquifer Contributing Zone.

Mr. Koenig moved to affirm support of HB 3036 and SB 1796 and the promotion of land application of treated wastewater within the Edwards Aquifer Contributing Zone. Mr. Bloxson seconded the motion. The motion carried, unanimously.

13. Amend FY 2017 Budget

Mr. Mims explained that the most significant budget amendment is due to the auditors wanting us to show a Clean Rivers Program revenue, amounting to \$69,987 as being received in this fiscal year, rather than last fiscal year. He noted that the original FY17 budget showed a projected end-of-year deficit of \$27,442. The proposed amendments change that to a positive \$28,332. So, while the amended budget looks good, this is only because of a bookkeeping adjustment. We, now, are expecting an actual end-of-year deficit of around \$40,000. He noted that we need more contracts, and that he did not expect this deficit situation to change until the wastewater project is operational and we have personnel we can use to contract our services in operating and maintaining water and wastewater facilities owned by others. He noted that we have a healthy savings and this is not a dire situation.

Ms. Tom moved to approve the budget amendments, as presented. Ms. Ramirez seconded the motion. The motion carried, unanimously. The amended budget is attached to the original Minutes as Exhibit "A".

14. Staff reports

Ms. Lewey discussed a new contract with Texas Parks and Wildlife Department in which NRA will design a program to educate contractors and others on Arundo control. The program will be applied, state-wide.

15. Other business

President Jones said a meeting is needed in August to, among other things, adopt the FY18 Budget, and asked if August 25 at a location to be determined was convenient. There was no objection expressed.

16. Adjourn

There being no further business, Mr. Leyendecker moved to adjourn the meeting. Mr. Koenig seconded the motion. The motion carried, unanimously, and the meeting adjourned at 12:35 p.m.

Passed and approved this _____ day of _____, 2017

ATTEST:

President

Secretary/Treasurer