

**SAN PATRICIO MUNICIPAL WATER DISTRICT
MEETING MINUTES
September 10, 2019**

President Billie Jo Tennill called the meeting of the Board of Directors of San Patricio Municipal Water District to order at 2:00 p.m. with the following members and officers present:

Billie Jo Tennill, President
Troy Mircovich, Vice-President
Ed Rainwater, Director
Danny Cox, Director
Alan Miller, Director
Doil Kellar, Director
Larry Kalich, Director
Thomas Bridges, Director
Brian Williams, Manager
Rebecca Klaevemann, Secretary/Treasurer
Karen Ivey, Assistant Secretary

Also present are Robert Edwards (IT Manager), Teresa Mayorga (Chemist), Jake Krumnow (O&M Manager), Cliff Ezell (Interim HR/Safety Manager), and Mallory Gabro-Lightsey (District Engineer), and attorney Bryan Stone.

Pledge of Allegiance was led by Director Danny Cox.

Motion was made and seconded to approve the minutes of the August 13, 2019 meeting. Motion carried unanimously.

Manager Brian Williams stated the District was concerned with cyber security. CBS "60 Minutes" aired a show a couple of weeks ago highlighting how some municipal entities were infected with viruses that caused their files to be encrypted. Ransoms were demanded and some paid the ransom to retrieve their files. Several years ago, the City of Atlanta, Georgia refused to pay the ransom and worked with their technical experts to restore the files at a cost of approximately \$20,000,000, far more than the money demanded by the hackers. Manager Brian Williams stated the District has an excellent Technical Services staff and they do an excellent job of keeping ahead of any trouble. District Technical Services manager Robert Edwards reported being in charge of the District's communications, radio, business technology, phones, and security cameras. The SCADA system operates completely separate from the District's business system. It does not have a link to the internet. The Technical Services department focuses on keeping the third party software and systems updated. The District has recently upgraded the passwords to make them more robust against any hacker's attempts. Robert Edwards also reported his staff is working on how to respond and restore the backup system as well as closing the "gates" with District vendors that support software. The District experiences approximately 3-30 penetration attempts per day so limiting access and having a three tiered backup is essential for protecting the District.

Manager Brian Williams introduced the District's chemist Teresa Mayorga to the Directors to discuss chemical contaminants in water and fluoride in drinking water. Teresa Mayorga gave the Board a brief overview of PFAS in drinking water. PFAS is the group of chemicals and PFOA and PFOS are the two most common chemicals that are studied. These chemicals have non-stick properties and have many applications such as water resistant clothing, food wrappers, carpets, plastic, rubber and wiring insulation to name a few. Current regulations do not require chemical manufacturers to prove chemical safety. Typically EPA determines safety/health levels after a concern is raised. These chemicals have been manufactured and used around the globe since the 1940's. These chemicals are nicknamed the "forever chemicals" as it does not break down. It is found in the soil, water and people as well. Despite the everyday use, the science to fully understand and regulate these chemicals is not yet complete. The Safe Drinking Water Act requires the EPA to monitor and establish criteria for unregulated contaminants in drinking water. The EPA states removal of these contaminants can be accomplished with carbon, ion exchange, or nanofiltration and reverse osmosis. Chemist Teresa Mayorga also reported fluoride is an inorganic ion found in varying levels of water because of its presence in the earth's crust. Many water systems add fluoride to potable water to protect against tooth decay if their source water is low in fluoride. The addition of fluoride is the most cost effective way to deliver fluoride to all people regardless of age, education level and income level. It is recommended by all public health medical and dental organizations as oral health is a key to overall health. The CDC labeled the public water fluoridation one on the 10 greatest public health achievements of the 20th century.

Teresa Mayorga left the meeting at 2:42 pm.

Secretary/Treasurer Rebecca Klaevemann stated the Billing and Late Charge Policy has not been revised since 2014. Staff recently reviewed the policy and feels that the fee for reconnection and charge for returned checks should be increased. A motion was made and seconded to approve the amended Billing and Late Charge Policy subject to attorney Bryan Stone's updating. Motion carried unanimously. The finalized wording will be presented in the October board meeting.

Manager Brian Williams stated the District is required to update its Water Conservation Plan every five years according to the Texas Commission of Environmental Quality rules. Additionally, the District is required by the water contracts with the City of Corpus Christi to have a water conservation plan consistent with the City of Corpus Christi's plan. The City of Corpus Christi recently revised their plan. The District has updated its conservation plan to be consistent with the City of Corpus Christi's updated plan. A public meeting for comment on the updated Water Conservation Plan was held on Thursday, August 29, 2019 at 10:00 am in the San Patricio Municipal Water District's boardroom. A motion was made and seconded to approve the 2019 Water Conservation Plan. Motion carried unanimously.

District engineer Mallory Gabro-Lightsey stated the District has acquired an easement from the Coastal Bend Bays & Estuaries for the 24" treated waterline. The remaining easement for Temple has a court dated scheduled for September 18, 2019 for a commissioners hearing. Attorney Bryan Stone reported an offer had been made and the attorneys are waiting on a response from the Temple attorney.

Manager Brian Williams reported the 48" Treated Water Transmission Line will begin at the O N Stevens Water Treatment Plant to the District's West Portland pump station and on the proposed GCGV site. Mallory Gabro-Lightsey reported Contract 3 is 35,000' and the contractor S J Louis Construction Company of Texas, LTD has completed 26% of the contract. The pipe laying has slowed as the pipeline has some sharp turns. Contract 3 also has an aerial crossing at Gum Hollow that will need to be bridged. Contract 2 is 57,000' and the contractor BRH Garver Construction, LP has done some small surface work prepping for the bore under the railroad. The pipe has been delivered and is being strung out in the Odem area. Contract 2 is 2.2% complete. Contract 1 with Cash Construction Company, Inc. is expecting the pipe delivery on October 30, 2019. This portion of the project has the bores under IH 37 and the Nueces River and Rincon Bayou. Contract 1 is at 0% completion. The 48" Treated Water Transmission Line is scheduled to be completed by April 2020.

Manager Brian Williams stated the District has been working with the City of Corpus Christi, and local industries to move forward with an alternative water supply. On August 27, 2019, the Corpus Christi City Council made a motion to approve a land acquisition for La Quinta and the inner harbor for a desalination project. The City of Corpus Christi is filing a SWIFT application for funding to finance the project. The application is due by March 2020 and the funding would be available in the fall of 2020. Freese and Nichols are working on the permits needed for the desalination project, as well as the intake and discharge, scientific studies and location. Manager Brian Williams gave an overview of a power point the City of Corpus Christi staff presented to the City Council on August 27, 2019 regarding Water Supply Trigger Points with Factors and Recommendations. The City of Corpus Christi staff has found that the region needs a drought proof water supply to meet future needs of the Coastal Bend Region. A recent survey of Lake Corpus Christi and Choke Canyon Reservoir have found a reduced storage capacity due to sedimentation. The water contracted to the City of Corpus Christi from Lake Texana has 10,400 ac/ft that is callable. The 10,400 ac/ft amount has been withdrawn from the City of Corpus Christi's contracted quantity of water from Lake Texana. The regional water demand has been increasing due to economic growth and with the change in water supply model due to the new drought of record, the desalination project is needed to help drought proof our regional water supply. The desalination project will be permitted for 30 MGD at the Inner Harbor and 40 MGD at La Quinta Channel. The desalination plants will be designed to be expandable so that the lead time for design and expansion will be only 12 months or less. Large increases in water demand are projected to occur in 2022, 2023 and 2028. Gulf Coast Growth Ventures (GCGV) will need 25 MGD and Steel Dynamics Southwest, LLC will need 5 MGD. The supply-demand projection is 70% of supply (firm yield) is a trigger point to increase the water supply. The demand will reach 70% of firm yield by 2022-2023. The desalination plant will take 24 months for design, build and start up for a cost of approximately \$140,000,000. The State Water Implementation Fund for Texas (SWIFT) should be available for financing with a 30 year loan at an estimated 2% interest. The drought surcharge exemption fee the industrial large volume customers are contributing has a projected 2019 revenue of \$3,500,000 which will be available to make a portion of the loan payments for the desalination plant. The future large volume industrial customers will raise the annual revenue to \$5,800,000 in 2022 and potentially \$8,100,000 in 2028. Alternate water supply options also include water reuse projects, aquifer storage and recovery projects, groundwater projects and the seawater desalination

project which is the number one priority. The siting and permitting phase is already underway for the seawater desalination project which will provide an unlimited drought-proof supply of water for the region.

Mallory Gabro-Lightsey left the meeting at 3:30 p.m.

President Billie Jo Tennill called a brief recess at 3:45 p.m. The meeting was reconvened at 3:51 p.m.

President Billie Jo Tennill called the meeting into executive session pursuant to Texas Government Code, Section 551.087 for Item 8 economic development at 3:51 p.m.

President Billie Jo Tennill called the meeting back into regular session at 4:32 p.m. No action was taken on item 8 economic development.

Director Danny Cox left the meeting at 4:32 p.m.

Under manager's report, Manager Brian Williams reported under water supply and demand that Lake Corpus Christi is at 87.4% capacity and Choke Canyon is at 49.2% capacity with the Nueces River Basin at 59.8% combined capacity. Lake Texana is at 80.8% capacity, Lake Travis is at 90.4% capacity, and the Lower Colorado Basin is at 74.4% capacity. The State of Texas is at 83.5% capacity overall.

Under infrastructure and facilities, Manager Brian Williams stated Occidental Chemical needs an easement from the District for a gas skid pipeline. The details will be brought to the Board in the coming months. Mallory Gabro-Lightsey is currently negotiating with TXDOT on the location of the pilings for the new highway flyover in Gregory to avoid the District's raw and treated water lines that are located in the construction zone.

Under municipal and industrial development, Manager Brian Williams reported the District is working on upgrades in Plant B to prepare for the replacement of the Tridents.

Under personnel, Manager Brian Williams stated the HR Manager Marcia Keener is retiring from the District.

Under financial reports, Secretary/Treasurer Rebecca Klaevemann reported the District is at 71% with the last two months having \$2.2 million dollars in sales. Secretary/Treasurer Rebecca Klaevemann reported Senate Bill 944 has amended Chapter 552 of the Government Code to require current or former employees of a governmental body who perform public business on privately owned communication device's to forward the public information to the District's archival system if it qualifies as a record of the District.

The meeting was adjourned at 4:42 p.m.



Karen Ivey, Assistant Secretary



Billie Jo Tennill, President