

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 September 20, 2017, 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, Oscar H. Fogle, Ronald J. Hermes, Tommy Mathews, and Kenneth Motl. 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; David Welsch, Advisor to the General Manager; Darel Ball, Executive Manager of Operations and Water Quality; Tom Bohl, General Counsel; Cindy Demers, Executive Manager of Finance and Administration/Chief Financial Officer; Tommy Hill, Executive Manager of Project Engineering and Development/Chief Engineer; LaMarriol Smith, Executive Manager of Strategic Communications and Education; Todd Votteler, Executive Manager of Resource Policy and Stewardship; Courtney Kerr-Moore, Associate General Counsel; Michael Urrutia, Deputy Executive Manager of Operations and Water Quality; Charlie Hickman, Manager of Project Engineering; Josie Gonzales, Part Time Office Assistant; Carrie Kasnicka with the Guadalupe-Blanco River Trust; Dan Alonso with the San Antonio Bay Foundation; Bob Spain, Jerry Cochran, Jay Daniel, and Allen Spelce with the Texas Water Safari; Steven Adams and Paul Jasin with Specialized Public Finance; and Tom Spurgeon and Jay Juarez with McCall, Parkhurst and Horton.

Chairman Brockman 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 Hermes led the Pledge of Allegiance to the United States flag and Texas flag.

The Chairman called for comments from the public. There were no comments from the public at this time.

The Chairman called for **Consent Item 1 - Consideration of and possible action approving the minutes of the August 16, 2017, Board meeting; Consent Item 2 - Consideration of and possible action approving the monthly financial report for August 2017; Consent Item 3 - Consideration of and possible action approving the monthly operations report for August 2017; and Consent Item 4 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously approved Consent Items 1, 2, 3, and 4.

Next, the Chairman called for **General Manager/CEO Item 5 - 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: utility operations, GBRA Lab, water quality, safety, water resources**

planning and operation, construction management, economic and community development, project development, resource protection, weather and climate, river flows and other scientific issues, education programs, social media and community relations, media and public affairs, Board relations and events, publications, policy and stewardship, endangered species issues, information technology, human resources, accounting, finance, records management, grants and financial assistance. Darel Ball briefed the Board on a lost time accident at the Lockhart Larremore Wastewater Treatment Plant. Mr. Ball also briefed the Board on Hurricane Harvey including preparations for, operations during, damages, and clean-up efforts. All operations are back to normal activities. LaMarriol Smith briefed the Board on social media analytics during Hurricane Harvey including Facebook, twitter, and Instagram views. A full quarterly report will be presented at the November Board meeting.

The Chairman then called for **Action Item 6 - Consideration of and possible action adopting a resolution authorizing the issuance of up to \$35,000,000 in aggregate principal amount of Guadalupe-Blanco River Authority General Improvement Subordinate Lien Revenue Bonds, Series 2017; authorizing certain designated officers to approve all final terms of the bonds; authorizing the execution of a purchase contract and a paying agent/registrars agreement; approving the preparation and distribution of an official statement, if applicable; authorizing all other instruments and procedures related thereto; and authorizing officers to take all actions necessary to convey and assign to the authority all**

leases and other assets indirectly acquired with proceeds of the bonds and to dissolve the entity which previously owned such assets. Cindy Demers and Steven Adams briefed the Board on the acquisition of short-term financing in the principal amount not to exceed \$35 million for the acquisition of groundwater in Gonzales County. The proceeds will be used to purchase the holding company that owns the groundwater assets. On February 22, 2016, GBRA and SJW Corp., a holding company which owns Texas Water Alliance Limited, entered into a Purchase and Sale Agreement whereby GBRA would acquire Texas Water Alliance. The agreement was subsequently amended to extend closing of the sale to occur on or before November 30, 2017. In order to facilitate long-term financing structures for potential customers of the groundwater, GBRA is acquiring the assets through short-term funding until long-term financing through the Texas Water Development Board's State Water Implementation Fund for Texas (SWIFT) or similar structure can be obtained. The current short-term options include private placement financing through a competitive procurement from banking institutions or open market financing. This item authorizes GBRA to move forward with either option. Staff is working with GBRA's financial advisors and designated underwriter to determine the recommended short term funding method. The credit will be a subordinate general improvement revenue bond and the interest rate is estimated between 1.25% and 1.50%. The current schedule includes pricing on October 25, 2017, closing of the loan proceeds on November 14, 2017 and closing the transaction with SJW on November 16, 2017. Upon motion by Director Fogle, seconded by Director Patillo, the Board unanimously adopted a Resolution

authorizing the issuance of up to \$35,000,000 in aggregate principal amount of Guadalupe-Blanco River Authority General Improvement Subordinate Lien Revenue Bonds, Series 2017; authorized certain designated officers to approve all final terms of the bonds; authorized the execution of a purchase contract and a paying agent/registrars agreement; approved the preparation and distribution of an official statement, if applicable; authorized all other instruments and procedures related thereto; and authorized officers to take all actions necessary to convey and assign to the authority all leases and other assets indirectly acquired with proceeds of the bonds and to dissolve the entity which previously owned such assets. A copy of the Resolution is attached and made a part of these minutes.

The Chairman called for **Action Item 8 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute contract(s) with the lowest responsible bidder for installation of spray aeration equipment at the Western Canyon Water Treatment Plant.** Charlie Hickman briefed the Board on the Request for Proposals (RFP) to procure a General Contractor to install spray aeration equipment in the clearwells at the Western Canyon Water Treatment Plant. The engineer's estimate for this project is \$2.6 million which includes a pre-negotiated aeration equipment price of \$1.3 million. Heavy rain events in 2015 resulted in elevated total organic carbon (TOC) levels in Canyon Lake, the source of water for the Western Canyon Water Treatment Plant. This in turn caused an increase in total trihalomethane (TTHM) concentrations at the Western Canyon Water Treatment Plant and in the GBRA distribution system. GBRA retained Hazen and Sawyer (Hazen) to design mitigation

measures to address total trihalomethane (TTHM) concentrations at the Western Canyon Water Treatment Plant and in the GBRA distribution system. Hazen recommended an approach with multiple control measures implemented in phases. The first phase involves the installation of a spray aeration system in the clear wells and the second phase involves a granular activated carbon (GAC) filtration system. GBRA previously issued an RFP to preselect the aeration equipment supplier and pre-negotiate a price for the aeration equipment. Since that time Hazen has completed the plans and specifications necessary to solicit bids from general contractors to install the Phase 1 aeration system. Upon motion by Director Mathews, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute contract(s) with the lowest responsible bidder for installation of spray aeration equipment at the Western Canyon Water Treatment Plant.

Next, the Chairman called for **Action Item 7 - Consideration of and possible action adopting a resolution authorizing the issuance of up to \$4,750,000 in aggregate principal amount of Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2017 (Western Canyon Regional Water Supply Project); authorizing certain designated officers to approve all final terms of the bonds; authorizing the execution of a purchase contract and a paying agent/registrars agreement; approving the preparation and distribution of an official statement; and authorizing all other instruments and procedures related thereto.** Cindy Demers briefed the Board on the issuance of tax-exempt contract revenue bonds in a principal amount not to exceed \$4.75 million for improvements at the Western Canyon

Water Treatment Plant. The proceeds will be used to fund engineering costs and Phase I (spray aeration system) to address trihalomethane (TTHM) concentrations and other operational improvements at the plant. The \$4.75 million not to exceed in principal amount for the bonds will be adjusted once the final bids are received for the aeration procurement. Depending on the market at the time of financing, GBRA anticipates this financing will have an estimated 5% impact on the capacity charge to all customers of the system. This estimate has been included in the FY 2018 budget however will not be charged to customers until the bonds are closed. Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously adopted a Resolution authorizing the issuance of up to \$4,750,000 in aggregate principal amount of Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2017 (Western Canyon Regional Water Supply Project); authorized certain designated officers to approve all final terms of the bonds; authorized the execution of a purchase contract and a paying agent/registrar agreement; approved the preparation and distribution of an official statement; and authorized all other instruments and procedures related thereto. A copy of the Resolution is attached and made a part of these minutes.

The Chairman then called for **Action Item 9 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Joint Funding Agreement between the United States Geological Survey and the Guadalupe-Blanco River Authority for the period October 2017 through September 2018 for stream gauge monitoring.** Tommy Hill briefed the Board on the Joint Funding Agreement. GBRA has contracted with the United States Geological

Survey (USGS) since the early 1960's to provide stage and stream flow gauging and water quality testing at various sites. GBRA's contract includes funding for fourteen gauges and testing for pesticides in the Calhoun Canal System. The Guadalupe River Basin contains a total of 52 river gauges with funding from various sources including the U. S. Army Corps of Engineers, the Edwards Aquifer Authority, the Upper Guadalupe River Authority, the Texas Water Development Board, and GBRA. It should be noted the Texas Water Development Board continues to add new gauges since the devastating flood events of 2015 in Wimberley. In fiscal year 2016 they added seven gauges and this last fiscal year 2017 the Texas Water Development Board funded gauges on the Guadalupe River at Bergheim, Peach Creek at Highway 90 near Waelder, and Sandy Fork at Hwy 97 near Waelder. The Texas Water Development Board is providing funding for both construction and annual O&M for these new gauges. The proposed 2018 USGS contract includes 14 gauges and includes continued participation in the Jacob's Well water quality site. Upon motion by Director Meador, seconded by Director Mathews, the Board unanimously authorized the General Manager/CEO to negotiate and execute a Joint Funding Agreement between the United States Geological Survey and GBRA for the period October 2017 through September 2018 for stream gauge monitoring. A copy of the Joint Funding Agreement is attached and made a part of these minutes.

The Chairman called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract with a qualified bidder for a pervious parking lot at the Irma Lewis Seguin**

Outdoor Learning Center. Michael Urrutia briefed the Board on GBRA water quality services currently providing project administration for Texas Commission on Environmental Quality Nonpoint Source Grant Program: Geronimo and Alligator Creeks Watershed Protection Plan Implementation – Education and Outreach. The funding for the Low Impact Development construction project is funded by this Texas Commission on Environmental Quality grant. The Lower Impact Development structure being installed is a pervious parking area using pervious pavers. This structure will be used as an educational demonstration for teachers, students and community members. Low Impact Development workshops are planned to be hosted at the Irma Lewis Seguin Outdoor Learning Center where students will have an opportunity to view the project first hand. Bid documents were prepared and sent to various Low Impact Development contractors. Upon motion by Director Mathews, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with a qualified bidder for a pervious parking area at the Irma Lewis Seguin Outdoor Learning Center.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action authorizing the Guadalupe-Blanco River Authority Board of Directors to create a Committee of the Board to review, evaluate, and make recommendations on the financial and administrative support to the Guadalupe-Blanco River Trust, Guadalupe River Foundation, San Antonio Bay Foundation, and Gorge Preservation Society by the GBRA.** Todd Votteler briefed the Board on the creation of a Committee of the GBRA Board of Directors to conduct a review of the four GBRA-

affiliated nonprofits; the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, the Gorge Preservation Society, and the Guadalupe River Foundation. The Committee would convene in October if possible, and report back to the full GBRA Board of Directors at a future Board meeting and make recommendations if warranted. In 2001, the GBRA Board of Directors created the Guadalupe-Blanco River Trust. In the years that followed three more nonprofits were created to assist GBRA in fulfilling specific elements of its mission. GBRA is now undertaking a comprehensive review of its affiliated nonprofits and evaluating the support provided by GBRA. Upon creation of the Committee up to four Members of the Board of Directors shall be appointed to serve on the Committee. Chairman Brockman presented the following slate of Board members to serve on the Committee: Directors Tommy Mathews, Oscar H. Fogle, Kenneth Motl, and William Carbonara. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the Guadalupe-Blanco River Authority Board of Directors to create a Committee of the Board to review, evaluate, and make recommendations on the financial and administrative support to the Guadalupe-Blanco River Trust, Guadalupe River Foundation, San Antonio Bay Foundation, and Gorge Preservation Society by the GBRA and approved the slate of Board members.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Memorandum of Understanding between the Guadalupe-Blanco River Authority and New Braunfels Utilities on water supply and water quality.** No discussion was had on Action Item 12 at this time.

The Chairman called for **Actin Item 13 - Consideration of and possible action adopting the 2018 Strategic Plan for the Guadalupe-Blanco River Authority.**

Jonathan Stinson briefed the Board on the 2018-2028 Strategic Plan including GBRA's vision, mission, values, goals, strategies, and outcomes/measures. Discussion continued on GBRA's values including service, stewardship, and commitment. Goals and strategies included operational excellence, asset investment, strategic communication and education, and resource stewardship and policy. Upon motion by Director Meador, seconded by Director Mathews, the Board unanimously adopted the 2018-2028 Strategic Plan for the Guadalupe-Blanco River Authority.

The Chairman recessed the meeting at 11:30 a.m. The Chairman reconvened the meeting in open session at 11:39 a.m.

Next, the Chairman called for **Discussion Item 14 - Presentation on the 2017 Texas Water Safari.** Teresa Van Booven introduced Bob Spain. Mr. Spain introduced Jerry Cochran, Jay Daniel, and Allen Spelce and thanked the GBRA and the Board for supporting the Texas Water Safari. Mr. Spain made a presentation on Texas Water Safari which began 55 years ago. The first race was held April 29, 1963, with 58 teams, and two teams finishing the race.

The Chairman then called for **Discussion Item 15 - Quarterly status report on the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, the Gorge Preservation Society, and the Guadalupe River Foundation.** Carrie Kasnicka briefed the Board on activities of the Guadalupe-Blanco River Trust including annual site visits, quarterly Board meetings, supplemental environmental programs, and the

Plum Creek Wetlands Preserve. Dan Alonso briefed the Board on activities of the San Antonio Bay Foundation including Goff Bayou water hyacinth treatment, damage sustained from Hurricane Harvey, the Whooping Crane 2016-17 winter survey results of 431 birds, the San Antonio Bay living shoreline project, the San Antonio Bay Rookery Survey, and changes to oyster regulations. Josie Gonzales briefed the Board on activities of the Gorge Preservation Society including educational tours, maintenance activities in the Gorge, plans for moving the Canyon Lake office to property next to the Gorge, the Trailblazers appreciation luncheon, participation in the Canyon Lake VFW 26th Annual 4th of July parade, participation with the South Texas Water Safety Coalition, Moonlight in the Gorge 2017 Gala event, and the annual volunteer appreciation dinner. No report was made related to the Guadalupe River Foundation.

The Chairman called for **Discussion Item 16 - Discussion regarding Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin.** Tommy Hill briefed the Board on Hurricane Harvey including the forecasted track by NOAA, tides, currents, wind gauges, the forecasted and actual rainfall, the National Weather Service river forecasts, damages in Texas, power outages, and flooding in various areas. Mr. Hill also briefed the Board on the latest El Niño and La Niña modeled forecast.

The Chairman recessed the open meeting at 12:52 p.m. The Chairman then closed the open meeting and convened the meeting in executive session at 1:12 p.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 1:55 p.m.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Memorandum of Understanding between the Guadalupe-Blanco River Authority and New Braunfels Utilities on water supply and water quality.** Darrell Nichols briefed the Board on the Memorandum of Understanding. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute a Memorandum of Understanding between the Guadalupe-Blanco River Authority and New Braunfels Utilities on water supply and water quality. A copy of the Memorandum of Understanding is attached and made a part of these minutes.

There being no further business to be brought before the Board, the meeting was adjourned at 1:56 p.m. subject to call by the Chairman.

Chairman

Secretary