

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 April 18, 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, 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; 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; Courtney Kerr-Moore, Associate General Counsel; Charlie Hickman, Manager of Project Engineering; Susan Hubbert, Deputy CFO-Accounting and Purchasing; Jim Wyatt, SCADA Administrator; Jaynellen Kerr, Natural Resource Specialist; Carrie Kasnicka with the Guadalupe-Blanco River Trust; Dan Alonso with the San Antonio Bay Foundation; and Sarah Slaughter and Aaron Worthman with Baker Tilly.

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:

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

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

Next, the Chairman called for **Consent Item 2 - Consideration of and possible action approving the minutes of the March 21, 2018, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for March 2018; Consent Item 4 - Consideration of and possible action approving the monthly operations report for March 2018; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Patillo, seconded by Director Carbonara, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chairman then called for **General Manager/CEO Item 6 - 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. Quarterly reports were not discussed this month. General Manager/CEO Patteson informed the Board this is National Volunteer week and GBRA employees have been participating in various projects. The Board was also briefed on the maintenance schedule for the Guadalupe Valley Hydroelectric System dams. A press release will be going out to inform the public with details on the individual lakes.

The Chairman called for **Action Item 7 - Consideration of and possible action authorizing the General Manager/CEO to engage the audit firm of Baker Tilly for the Fiscal Year 2018 financial audit.** Susan Hubbert briefed the Board on the engagement of an audit firm. An annual audit is required by Section 7 of GBRA's Enabling Act, Section 49.191 of the Texas Water Code, GBRA Board Policy 410-Audits, and the provisions of numerous bond resolutions. In addition, GBRA Board Policy requires the rotation of auditing firms every 5 years. Fiscal Year 2017 was the 5th and final year under the current audit engagement, therefore, a Request for Proposals was issued in February 2018 to engage a new external audit firm for the Fiscal Year 2018 audit. On March 2, 2018, GBRA received 5 responses to the Request for Proposals for independent auditing services. A staff evaluation committee comprised of Susan Hubbert, Sandra Terry, Oscar Ramirez and Cindy Demers reviewed all proposals based on pre-established evaluation criteria to develop a ranking of the firms. All members were in agreement on the top 3 firms and interviews were conducted with all three firms. The firm Baker Tilly was selected as the top firm by the evaluation committee. The evaluation committee then met with the Board's

Audit Committee in March to review the evaluation and discuss any additional follow up to this process. Per Board Policy, the initial term of the engagement shall be three years subject to annual evaluation. Each year Baker Tilly will submit an engagement letter for that year's annual audit. The estimated fee for Fiscal Year 2018 audit services is based on a total of 300 total hours for a sum of \$49,780. This estimate is exclusive of any potential Single Audit Act services required due to receipt of federal grants. Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to engage the audit firm of Baker Tilly for the Fiscal Year 2018 financial audit. Ms. Hubbert introduced Sarah Slaughter and Aaron Worthman and they thanked GBRA and look forward to working with staff.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action adopting a Resolution requesting financial assistance from the Texas Water Development Board for the Gonzales Carrizo Water Supply Project; authorizing the filing of an application for financial assistance; and making certain findings in connection therein.** Cindy Demers briefed the Board on the Resolution and Affidavit required for requesting and filing of an application for financial assistance from the Texas Water Development Board for the Gonzales Carrizo Water Supply Project. Upon motion by Director Fogle, seconded by Director Motl, the Board unanimously adopted a Resolution requesting financial assistance from the Texas Water Development Board for the Gonzales Carrizo Water Supply Project; authorized the filing of an application for financial assistance; and making certain findings in connection therein. A copy of the Resolution and Affidavit 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 contract with the lowest qualified bidder for the replacement of two Programmable Logic Controllers (PLCs) and replication of existing programs at the Canyon Hydroelectric Plant at Canyon Lake.** Jim Wyatt briefed the Board on the replacement of equipment at the Canyon Hydroelectric Plant. The two existing hydroelectric generators located at the Canyon Hydroelectric Plant are currently controlled by obsolete GE Fanuc 90-30 Series PLCs. The current method of remote communications to these controllers has been Serial Modbus. The proposed replacement controllers must provide Ethernet communications that will utilize an existing network for remote monitoring by GBRA. Upon motion by Director Motl, seconded by Director Mathews, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with the lowest qualified bidder for the replacement of two Programmable Logic Controllers (PLCs) and replication of existing programs at the Canyon Hydroelectric Plant at Canyon Lake.

The Chairman called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Wastewater Service Agreement between Guadalupe-Blanco River Authority and Milestone Crest Investments, Ltd for the Silos, Phase II.** Alvin Schuerg briefed the Board on the wastewater service agreement. Currently GBRA provides retail wastewater service to approximately 1,450 customers through the Dunlap Wastewater Reclamation System. The service area is wholly within Guadalupe County and lies just west of the Guadalupe

River and south of the City of New Braunfels. The pace of new housing development within the service area has increased over the last few years requiring the construction of new wastewater infrastructure to connect with GBRA's existing infrastructure. Within GBRA's existing service area, Milestone Crest Investments, LTD. (Milestone) plans to expand The Silos housing subdivision onto adjacent undeveloped land. The development expansion as currently platted will include 82 single family residences. Milestone has requested that GBRA provide wastewater service to the development. In order to provide the requested wastewater service, GBRA and Milestone will need to execute an Agreement principally requiring: (1) Milestone to provide all construction plans and specifications for GBRA review, (2) Milestone to construct the wastewater collection system within the development, (3) Milestone to construct the connecting infrastructure from the development to GBRA's existing gravity lines in the area, (if any) (4) Milestone to convey all wastewater infrastructure and rights-of-way to GBRA following construction, (5) Milestone to pay GBRA Connection Fees (currently \$5,477 per LUE plus a \$500/LUE reimbursement for the Legend Pond Lift Station interconnect), and, (6) GBRA to merge the expanded Milestone wastewater system into its Dunlap Wastewater Reclamation System as owner and operator. Upon motion by Director Carbonara, seconded by Director Motl, the Board unanimously authorized the General Manager/CEO to negotiate and execute a Wastewater Service Agreement between Guadalupe-Blanco River Authority and Milestone Crest Investments, LTD for the Silos, Phase II.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an Inter-**

local Agreement with Guadalupe County to allow their floodplain administrator to review and issue permits for structures on GBRA property. Courtney Kerr-Moore briefed the Board on an Inter-local Agreement with Guadalupe County. GBRA is in the process of making final modifications to the process by which landowners are allowed to build structures such as boathouses, docks, piers, etc. extending from their property into the water onto GBRA property. GBRA has met with officials from Guadalupe County, the City of Seguin and the City of New Braunfels in its effort to collaborate and provide a more robust permit process for such structures. The landowners will be required to submit an application and applicable fee to GBRA for preliminary approval as to the location only. The owner will then be required to comply with the technical specifications and other requirements established by the applicable local city or county entity. This will include an application and separate permit fee. After GBRA receives written confirmation that the partnering entity has approved the permit, GBRA will give the go ahead to begin construction. The Board approved the “temporary” permit in June 2017 and will be provided a final permit application for review and approval at the May Board meeting. This inter-local agreement was requested by the attorney for Guadalupe County. Upon motion by Director Mathews, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Inter-local Agreement with Guadalupe County to allow their floodplain administrator to review and issue permits for structures on GBRA property.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract**

for utility services with Kendall Bexar Development Coalition, LLC, and Kendall County Water Improvement District Number 3. No discussion was had on Action Item 12 at this time.

The Chairman called for **Action Item 13 - Consideration of and possible action authorizing the General Manager/CEO to engage a governmental relations firm to assist with federal water, energy, environmental, endangered species, and related issues.** General Manager/CEO Patteson briefed the Board on meetings with our Federal delegation in Washington, D.C. to discuss avenues for possible funding assistance for maintenance and repair of the Guadalupe Valley Hydroelectric System. Discussion was had regarding the engagement of a governmental relations firm to assist GBRA with potential funding opportunities. Upon motion by Director Carbonara, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to engage Farragut Partners, a governmental relations firm, to assist with federal water, energy, environmental, endangered species, and related issues.

Next, the Chairman called for **Discussion Item 14 - Quarterly status report on the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, and the Gorge Preservation Society.** Carrie Kasnicka briefed the Board on activities of the Guadalupe-Blanco River Trust including the quarterly Board meeting, the annual audit, and a single transaction audit. The Board was also briefed on the Trust's short and long term goals, education and community outreach, conservation efforts in the Basin, Whooping Crane habitat, Earth Day, and Land Trust collective efforts. Dan Alonso briefed the Board on activities of the San Antonio Bay Foundation including bay water conditions and new

Board members for the San Antonio Bay Foundation. The Board was briefed on a General Land Office Technical Advisory Committee meeting and proposed 2019 actions specific to the San Antonio Bay Foundation area. Discussion continued on the Whooping Crane update and the 2016-2017 Texas Winter survey totaling 431 birds. Dan Alonso briefed the Board on the National Fish and Wildlife Foundation Grant submitted for a Living Shoreline Project. The Board was briefed on the abandoned crab trap pickup held February 16-25, 2018 and collection of 996 traps. Jaynellen Kerr briefed the Board on activities of the Gorge Preservation Society including Docent Training class, tours, and outreach at Earth Day. The Board was briefed on the Trail Blazer's work on a Gorge self-guided walking trail. The Board was reminded of the upcoming Moonlight in the Gorge Gala.

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.** Tommy Hill briefed the Board on the 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, elevation of Canyon Reservoir and other Texas reservoirs, salinity levels in San Antonio and Aransas Bay, and latest El Niño and La Niña modeled forecast.

The Chairman recessed the open meeting at 11:24 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:34 a.m.

pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 11:55 a.m.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract for utility services with Kendall Bexar Development Coalition, LLC, and Kendall County Water Improvement District Number 3.** Tom Bohl briefed the Board on negotiations relating to a contract to provide utility services in the Kendall County area. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract to provide utility services with Kendall Bexar Development Coalition, LLC, and Kendall County Water Improvement District Number 3.

There being no further business to be brought before the Board, the meeting was adjourned at 11:56 a.m. subject to call by the Chairman.

Chairman

Secretary