

## **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 August 15, 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, Tommy Mathews, Kenneth Motl, Ronald J. Hermes, and Steven B. Ehrig. 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; Vanessa Guerrero, Executive Manager of Administration; Tommy Hill, Executive Manager of Project Engineering and Development/Chief Engineer; 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; Charlie Hickman, Manager of Project Engineering; Michael Urrutia, Deputy Executive Manager of Operations and Water Quality; and Eduardo Montana, Division Manager-Hays/Caldwell Operations.

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 Ehrig 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 public comments.

Next, the Chairman called for **Consent Item 2 - Consideration of and possible action approving the minutes of the July 18, 2018, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for July 2018; Consent Item 4 - Consideration of and possible action approving the monthly operations report for July 2018, and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Patillo, seconded by Director Fogle, 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.** Darel Ball briefed the Board on safety incidents at Coletto Creek operations, the San Marcos Water Treatment Plant, and the Buda Wastewater Treatment Plant. Discussion continued on the Water Quality Department's plankton net sampling, replacement of valves at the Shadow Creek Wastewater Division, and the Guadalupe Valley Hydroelectric crew working with contractors and washing out spillgates related to spillgate repairs. Mr. Ball briefed the Board on pump maintenance and repairs at the Port Lavaca Water Treatment Plant, the annual spillgate inspection at the Coletto Creek Reservoir, and the replacement of a hydropneumatic tank and installation of a monitoring system on the entrance gates at the Coletto Creek Park. The Board was also informed of the July 4<sup>th</sup> fireworks event held at Coletto Creek Park. Charlie Hickman briefed the Board on project engineering activities including the Guadalupe Valley Hydroelectric System spillgate repairs; the Carrizo Groundwater Supply Project; the Lower Basin Storage Project; the Calhoun Canal diversion and canal system repairs; the Western Canyon Water Treatment Plant disinfection by-products aeration project installation; the State Highway 46 Western Canyon Water Treatment Plant pipeline relocation; the Dietz Wastewater System right-of-entry and project design; the Dunlap Wastewater System master plan for future growth; the Calhoun County Rural Water System master plan for future growth; the Guadalupe Valley Hydroelectric System spillgate replacement for H-5 Dam (Lake Wood); the Port Lavaca Water Treatment Plant relocation project; and the New Braunfels office expansion project. Randy Staats briefed

the Board on GBRA's customer service, compliance, and financial stability. Discussion continued on submission of Investment Returns and Assumptions Report and the financial audit report to the Pension Review Board for GBRA's Defined Benefit Retirement Plan. Mr. Staats discussed the Fiscal Year 2019 budget, review of employee benefits, rate change notification letters to wholesale/retail customers, and operations review and internal controls evaluation. The Board was briefed on project and planning activities including the continued implementation of the financial system upgrade; payroll software implementation; work with the Retirement and Benefit Committee to evaluate retirement plans; and a Request for Proposal for depository, treasury management and procurement card services. The Board was informed that a vendor has been selected and a contract executed for the contract management software and that the position for a Purchasing Manager has been reposted. Vanessa Guerrero updated the Board on implementation of the comprehensive annual performance management, supervisory training, implementation of AV upgrades in the River Annex, the Ignition software upgrade at Western Canyon Water Treatment Plant, GBRA's Scholarship Program, and the Texas Parks and Wildlife Co-Op grant summer program. The Board was briefed on the launch of an employee newsletter "INSIDE GBRA", participation in National Safe Boating Week and the Texas Parks and Wildlife Department Zebra Mussels Campaign. Ms. Guerrero informed the Board that the next quarter focus will be on calendar year 2019 employee benefits renewal and open enrollment, employee's wellness fair, and employee recognition week. Discussion continued on the implementation of HRIS software, the Texas Commission on Environmental Quality/Irma Lewis Seguin Outdoor Learning

Center grant, the installation of security cameras at the Lockhart FM 20 Wastewater Treatment Plant, and modification of Seguin Ignition software to collect additional hydroelectric data. The Board was briefed on the upcoming GBRA “River Run” publication which will include information related to GBRA’s 85<sup>th</sup> Anniversary, the 2018 Pecan Fest scheduled for October 5, 2018, and an upgrade of GBRA’s webpage. General Manager/CEO Patteson introduced Nathan Pence, GBRA’s new Executive Manager of Environmental Science and Community Affairs. Mr. Pence briefed the Board on the teams in his group consisting of GBRA’s non-profits, water quality services, community affairs, and environmental programs and stewardship. General Manager/CEO Patteson informed the Board that GBRA has received final approval of funds from the Texas Water Development Board for the Carrizo Groundwater Supply Project and provided details about the next phases of the Texas Sunset Advisory Commission process.

The Chairman recessed the open meeting at 10:54 a.m. The Chairman reconvened the meeting in open session at 11:06 a.m.

The Chairman called for **Action Item 7 - Consideration of and possible action approving the Fiscal Year 2019 Work Plan and Budget including rates and compensation tables for the Guadalupe Valley Hydroelectric Division, Shadow Creek Wastewater Reclamation System, Canyon Park Estates Wastewater Reclamation System, Dunlap Wastewater Reclamation System, Northcliffe Wastewater Reclamation System, Sunfield Wastewater Treatment Plant, Water Sales System, Calhoun Canal System, San Marcos Water Treatment Plant System,**

**Buda Wastewater Treatment Plant System, Western Canyon Treated Water System, Cordillera Water Distribution System, Cordillera Wastewater Treatment Plant, Comal Trace Water Delivery System, Johnson Ranch Water Distribution System, Johnson Ranch Wastewater Treatment System, Singing Hills Wastewater Treatment System, Park Village Wastewater Reclamation System, 4S Ranch Wastewater Reclamation System, Port Lavaca Water Treatment Plant Division, Calhoun County Rural Water Supply Division, Coletto Creek Reservoir System, Coletto Creek Recreation System, Luling Water Treatment Plant Division, Canyon Hydroelectric Division, Lockhart Wastewater Reclamation System, Lockhart Water Treatment Plant System, Dietz Wastewater System, and General Division.** Randy Staats briefed the Board on the proposed Fiscal Year 2019 Work Plan and Budget including the consolidated budget summary comparison, the consolidated revenue sources, revenue highlights, consolidated expenses, expenses highlights, staffing additions/changes, 2019 Capital Improvement Program, financial reserves, and budget schedule. Upon motion by Director Meador, seconded by Director Motl, the Board unanimously approved the Fiscal Year 2019 Work Plan and Budget including rates and compensation tables.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Wastewater Service Agreement between the Guadalupe-Blanco River Authority and Southern Central Holdings, LLC, dba Cypress Grove Mobile Home Park.** Alvin Schuerg briefed the Board on the Wastewater Service Agreement with Southern Central

Holdings. GBRA currently 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 interconnect with GBRA's existing infrastructure. Within GBRA's existing service area, Southern Central Holdings LLC dba Cypress Grove Mobile Home Park, intends to expand its operation to include an additional 68 mobile home pads and homes. While the existing mobile homes utilize septic tanks for onsite wastewater disposal, Cypress Grove has requested that GBRA provide wastewater service to its expansion in order to maximize the use of the remaining land available. In order to provide the requested wastewater service, GBRA and Cypress Grove will need to execute an Agreement principally requiring: (1) Cypress Grove to provide all interconnection construction plans and specifications for GBRA review, (2) Cypress Grove to construct the wastewater collection system within the development, (3) Cypress Grove to construct the connecting infrastructure from the development to GBRA's existing gravity lines in the area, and (4) Cypress Grove to pay GBRA Connection Fees for each new mobile home (currently \$5,477 per home or LUE). Upon motion by Director Patillo, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute a Wastewater Service Agreement between Guadalupe-Blanco River Authority and Southern Central Holdings, LLC, dba Cypress Grove Mobile Home Park.

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 responsible bidder for the repair and rehabilitation of the Lockhart Water Well Number 9A.** Michael Urrutia introduced Eduardo Montana. Mr. Urrutia briefed the Board on the inter-workings of Lockhart Water Well Number 9A. The Lockhart Water Well Number 9A is in need of rehabilitation to maximize well production and the cost estimate for this project is \$100,000. A multistage approach is recommended including jetting, mechanical scrubbing, video inspection, acid treatment, chlorine disinfection and pump testing. Upon motion by Director Fogle, seconded by Director Ehrig, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with the lowest responsible bidder for the repair and rehabilitation of the Lockhart Water Well Number 9A.

The Chairman called for **Action Item 10 - Consideration of and possible action approving a Resolution to execute financing agreements with the Texas Water Development Board to close on a portion of the \$165,855,000 commitment for the Carrizo Groundwater Supply Project.** Darrell Nichols briefed the Board on the financing agreements with the Texas Water Development Board. This action will authorize the execution of two or more financing agreements between GBRA and the Texas Water Development Board that will provide funds for closing on a portion of the \$165,855,000 total funding commitment from the Texas Water Development Board. Earlier this year, GBRA executed contracts with New Braunfels Utilities, City of Lockhart and Goforth Special Utility District to provide up to 15,000 acre-feet of treated



groundwater from the first phase of GBRA's Mid-Basin project. In June 2018, GBRA executed a contract with Alliance Regional Water Authority (Alliance) to jointly develop water treatment and transmission facilities which results in significant savings for both GBRA and Alliance. GBRA's application for \$165,855,000 in funding through the SWIRFT program was approved by the Texas Water Development Board on July 26, 2018. The funding commitment from the Texas Water Development Board includes multiple repayment structures that allow for principal deferment and low interest financing to meet the needs of GBRA's participants. Funding for the project will be received in increments beginning in the fall of 2018 and concluding in the fall of 2021. The initial transaction involves a total of approximately \$60 million of the total \$165 million commitment from the Texas Water Development Board with an anticipated closing date of November 2018. The Texas Water Development Board requires financing agreements with GBRA prior to the Texas Water Development Board obtaining proceeds through their bond sale. Upon motion by Director Fogle, seconded by Director Hermes, the Board unanimously approved a Resolution to execute financing agreements with the Texas Water Development Board to close on a portion of the \$165,855,000 commitment for the Carrizo Groundwater Supply Project. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chairman called for **Discussion Item 11 - 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 11:45 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:45 a.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 12:30 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 12:30 p.m. subject to call by the Chairman.

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Chairman

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Secretary