

## **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 February 15, 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, Oscar H. Fogle, Ronald J. Hermes, Tommy Mathews, and Kenneth Motl. Director William R. Carbonara was absent. 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 Water Resources and Utility Operations; Tom Bohl, General Counsel; Cindy Demers, Executive Manager of Finance and Administration/CFO; LaMarriol Smith, Executive Manager for Strategic Communications and Public Affairs; Todd Votteler, Executive Manager of Science, Intergovernmental Relations and Policy; David Welsch, Executive Manager of Business Development and Resource Management; Tommy Hill, Chief Engineer; Teresa Van Booven, Project and Community Representative; Jaynellen Kerr, Natural Resource Specialist; Carrie Kasnicka, Executive Director of the Guadalupe-Blanco River Trust; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Kathaleen McLain, Gina St. John, and Lori Wuensch, family of the late Director Darrell McLain; Garry Montgomery, Barbara Lackey, and Patrick Lackey with River City Engineering; David Geaslin with the

Gonzales Cannon; Mary Putnam-Lee, Dale Schellenberg, Joe Solansky, and Landra Solansky from Gonzales.

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

The Chairman called for comments from the public. David Geaslin, Mary Putnam-Lee, Dale Schellenberg, Joe Solansky, and Landra Solansky all addressed the Board regarding the status of repairs to the Guadalupe Valley Hydroelectric System H-5 Dam in Gonzales, Texas, and their concerns related to the loss of Lake Wood during the period until repairs will be made. Chairman Brockman thanked the speakers for their comments and GBRA staff will make note of their comments.

The Chairman called for a moment of silence in memory of GBRA Director Darrell McLain from Gonzales County.

The Chairman called for **Chairman Item 1 - Consideration of and possible action approving a Resolution honoring Darrell McLain for his meritorious leadership and faithful service as a Director of the Board of Directors of the Guadalupe-Blanco River Authority.** Chairman Brockman welcomed Kathaleen

McLain, Gina St. John, and Lori Wuensch, family of the late Director Darrell McLain. Chairman Brockman read a Resolution honoring Darrell McLain for his leadership and service on the Board of Directors of GBRA. Upon motion by Director Fogle, seconded by Director Motl, the Board unanimously approved a Resolution honoring Darrell McLain. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chairman called for **Chairman Item 2 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the National Water Resources Association Federal Water Issues Conference in Washington, D.C., on March 20-22, 2017.** Upon motion by Director Meador, seconded by Director Mathews, the Board unanimously authorized the expenditure of funds for Directors and staff to attend the National Water Resources Association Federal Water Issues Conference in Washington, D.C.

The Chairman then called for **Consent Item 3 - Consideration of and possible action approving the minutes of the January 18, 2017, Board meeting; Consent Item 4 - Consideration of and possible action approving the monthly financial report for January 2017; Consent Item 5 - Consideration of and possible action approving the monthly operations report for January 2017; Consent Item 6 - Consideration of and possible action approving Directors' expense vouchers; and Consent Item 7 - Consideration of and possible action approving the disposal of equipment in accordance with GBRA Board Policy 411-Capital Assets.** Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously approved Consent Items 3, 4, 5, 6, and 7.

The Chairman called for **General Manager/CEO Item 8 - 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: GBRA Strategic Planning; Water Resources and other Project Planning; Water Resources Operations activities; Water Quality Division and GBRA Laboratory activities; Community and Economic Development activities; Communications and Public Affairs activities; Finance and Administrative Services activities (including Information Technology, Human Resources, and Accounting and Finance); weather and climate; river flows and other scientific issues; endangered species issues; and activities of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, the Gorge Preservation Society, the Guadalupe River Foundation, and the Guadalupe Basin Coalition.** Darel Ball briefed the Board on Water Resources and Utility Operations including the Western Canyon Water Treatment Plant Disinfection Byproducts Mitigation Project, construction management in the Western Canyon area, utility operations and spill gate inspections throughout the Guadalupe Valley Hydroelectric System, the Coletto Creek resource management public hunt program and controlled burn, repairs at the Port Lavaca Water Treatment Plant, the lower basin log jam removal project, and a recent tour for Directors of the lower basin operations and the Lake Wood dam gate damage. Michael Urrutia briefed the Board on the Seguin Outdoor Learning Center landscape demonstration plot using grasses and plants and the Plum Creek Watershed Partnership Steering Committee meeting which included a presentation on the wastewater treatment

process. LaMarriol Smith briefed the Board on publication of the upcoming River Run magazine, activities of the education staff's work on the trail system at the Environmental Learning Center, completion of four grant applications, and the 2017 scholarship program application which has been sent to various school districts. Cindy Demers briefed the Board on the Finance and Administration department strategic planning session; the immediate priorities for human resources, purchasing, cash management, financial system, internal controls, information technology, and customer service; the Fiscal Year 2018 Work Plan and Budget; long-term financial planning; and the management audit. General Manager/CEO Patteson briefed the Board on the recent Texas Water Day event in Washington, D.C. and meetings with various Congressional members.

Next, the Chairman called for **Action Item 9 - Consideration of and possible action appointing two new members to serve on the Guadalupe-Blanco River Authority Retirement and Benefit Committee.** Darel Ball briefed the Board on appointing two new members to the Retirement and Benefit Committee. In accordance with the Retirement Plan for Employees of Guadalupe-Blanco River Authority, Section 11.2 (Defined Benefit Plan), and the Employees Defined Contribution Retirement Plan and Trust, Section 3.2, Appointment of Committee, the Board is to appoint one or more individuals who are either a current Director or a current employee to become a member of the Committee. Currently there are no Committee members that are participants in the Defined Contribution 401(a) Plan. Human Resources solicited employees and received four applications from employees interested in serving on the

Committee. The General Manager/CEO recommended the Board appoint Charles Hickman, Manager of Project Engineering and Lauren Willis, Administrative Assistant II to the Committee. Both nominees are members of the Defined Contribution Plan. If appointed, the members will serve for an indefinite term of office by filing such consent with the records of the Committee. Upon motion by Director Motl, seconded by Director Fogle, the Board unanimously approved the appointment of two new members, Charles Hickman and Lauren Willis, to serve on the Guadalupe-Blanco River Authority Retirement and Benefit Committee.

The Chairman then called for **Action Item 10 - Consideration of and possible action adopting a Resolution Expressing Official Intent to reimburse GBRA for costs incurred for the Mid-Basin Project from debt issued for the project.** Cindy Demers briefed the Board on costs incurred for the Mid-Basin Project. On February 22, 2016, GBRA and SJW Corp., a holding company which owns Texas Water Alliance Limited, entered into a Purchase and Sale Agreement. The acquisition will facilitate GBRA's development of groundwater in Gonzales County, Texas, as part of a new water supply project for public purposes known as the Mid-Basin Project. In that agreement terms are that the acquisition is to be completed by June 30, 2017. In order to protect GBRA's ability to tax-exempt finance project costs that are incurred prior to the issuance of debt, IRS rules require GBRA to declare its official intent to reimburse project costs with tax-exempt debt. Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously adopted a Resolution Expressing Official

Intent to reimburse GBRA for costs incurred for the Mid-Basin Project from debt issued for the project. A copy of the Resolution is attached and made a part of these minutes.

The Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to select underwriting firm(s) to conduct a negotiated bond sale to finance costs for the Mid-Basin Project and authorizing the General Manager/CEO to take any and all further actions that the General Manager/CEO determines to be necessary or desirable in connection with such financing.** Cindy Demers briefed the Board on the selection of underwriting firm(s) to conduct a negotiated bond sale to finance costs for the Mid-Basin Project. On February 22, 2016, GBRA and SJW Corp., a holding company which owns Texas Water Alliance Limited, entered into a Purchase and Sale Agreement. The acquisition will facilitate GBRA's development of groundwater in Gonzales County, Texas, as part of a new water supply project for public purposes known as the Mid-Basin Project. In that agreement terms are that the acquisition is to be completed by June 30, 2017. GBRA is evaluating and pursuing various options to finance the approximate \$31 million dollar purchase including considering an open market transaction through the issuance of tax-exempt revenue bonds secured by the credit of GBRA. In order to begin that process, it is necessary to identify the senior managing underwriter so they can participate as part of the Finance Team along with GBRA's Financial Advisor. Additional underwriters for the sale will also be identified at a later time. Prior to any long-term financing of the Mid-Basin Project utilizing tax-exempt revenue bonds, a bond resolution must be approved by the GBRA Board of Directors currently scheduled for the May 2017 Board

meeting. An important component of the bond resolution is the determination of whether GBRA will utilize a competitive or negotiated bond sale process. The staff recommends that GBRA utilize a negotiated sale in issuing bonds for this project. This recommendation is due to the complex nature of the transaction and the inherent flexibility provided by a negotiated sale to quickly take advantage of market changes. The staff recommended that the General Manager/CEO be authorized to select the Senior Managing Underwriter as well as additional underwriters necessary to complete the transaction. Upon motion by Director Mathews, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to select underwriting firm(s) to conduct a negotiated bond sale to finance costs for the Mid-Basin Project and authorized the General Manager/CEO to take any and all further actions that the General Manager/CEO determines to be necessary or desirable in connection with such financing.

Next, the Chairman called for **Discussion Item 13 - Presentation regarding and discussion of a Wastewater Master Plan for areas in the State Highway 46 Corridor between Seguin and New Braunfels.** Teresa Van Booven introduced Barbara Lackey, Patrick Lackey and Garry Montgomery with River City Engineering. Mr. Montgomery made a presentation on the Northern Guadalupe County Wastewater Master Plan including the study area of 7,330 acres of land, the study objective exploring service options, the eight (8) planning basins, the service options that have been identified, and a status update on the Master Plan. GBRA Staff and River City

Engineer recommended moving forward with a Certificate of Convenience and Necessity application with the Public Utility Commission.

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 services relating to the preparation and filing of an application for a sewer Certificate of Convenience and Necessity in the State Highway 46 corridor between Seguin and New Braunfels.** Teresa Van Booven briefed the Board on the application for a sewer Certificate of Convenience and Necessity. GBRA has developed a Northern Guadalupe County Wastewater Master Plan for areas that are not currently served by other sewer providers. The focus of the Study was to eliminate the need for onsite sewage facilities and small package wastewater treatment plants to protect water quality in the high growth area of State Highway 46 between New Braunfels and Seguin. GBRA has coordinated with stakeholders in the area including the two cities and New Braunfels Utilities. Springs Hill Water Supply Corporation provides retail water service to the study area. GBRA has received interest from developers in the study area to provide wastewater service. GBRA is currently in discussions with New Braunfels Utilities and Seguin to develop costs and terms for an interim and/or permanent agreement for each entity to provide wholesale wastewater treatment services to GBRA depending on the location of the customers/development. Staff recommended moving forward with securing a sewer CCN for the area identified in the Master Plan. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute a

contract for services relating to the preparation and filing of an application for a sewer Certificate of Convenience and Necessity in the State Highway 46 corridor between Seguin and New Braunfels.

The Chairman called for **Discussion 14 - 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 an acreage survey of land with conservation easements; the Texas Land Trust Council's top three conservation priorities-wildlife habitat, water quality, and wetlands; outreach efforts; the Plum Creek Wetlands Preserve project, the Dreamcatcher Ranch, and the Pagel Wetlands Easement. Ms. Kasnicka also informed the Board of a new Trustee on the Trust Board - Wayne Musgrove with the Upper Guadalupe River Authority and her promotion to Executive Director of the Guadalupe-Blanco River Trust. Ms. Kasnicka thanked Todd Votteler for his dedication and support to the Trust as the former Executive Director. Dan Alonso briefed the Board on activities of the San Antonio Bay Foundation including the crab trap removal project, bay conditions, Whooping Crane activities, a recent Board meeting, submittal of grant applications, the Christmas bird count, current meter study, and the shoreline stabilization project. Jaynellen Kerr briefed the Board on activities at the Canyon Lake Gorge and the Gorge Preservation Society including the volunteer appreciation dinner, Gorge education tours, up-coming *Moonlight in the Gorge Gala*, and a video and 3D mapping of the Gorge.

Next, the Chairman called for **Discussion 15 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** Tommy Hill briefed the Board on the Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin including rainfall percentages 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 reservoirs, salinity levels in San Antonio and Aransas Bay, and latest El Nino and La Nina modeled forecast. The Board was also briefed on the EWP San Antonio River Debris Removal Project.

The Chairman recessed the open meeting at 11:31 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 12:31 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 12:31 p.m. subject to call by the Chairman.

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Chairman

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Secretary