

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 May 17, 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; Sandra Terry, Deputy Chief Financial Officer; Courtney Kerr-Moore, Associate General Counsel; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Jesus Alvarez graduate from San Marcos High School; Alexa Beard graduate from Smithson Valley High School; Melanie Olguin graduate from Canyon High School; Laurel Eeds graduate from Lockhart High School; Kaleigh Lawson graduate from Smithson Valley High School; and Kolin Ploetz graduate from Navarro High School.

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 Mathews 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 **Chairman Item 1 - Presentation of Guadalupe-Blanco River Authority 2017 annual scholarships.** Chairman Brockman and General Manager/CEO Patteson introduced the 2017 GBRA Scholarship recipients: Jesus Alvarez graduate from San Marcos High School; Alexa Beard graduate from Smithson Valley High School; Melanie Olguin graduate from Canyon High School; Laurel Eeds graduate from Lockhart High School; Kaleigh Lawson graduate from Smithson Valley High School; and Kolin Ploetz graduate from Navarro High School.

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 Texas Water Conservation Association 2017 Mid-Year Conference June 14-16, 2017, at Moody Gardens Hotel in Galveston, Texas.** Upon motion by Director Motl, seconded by Director Patillo, the Board unanimously authorized the expenditure of

funds for Directors and staff to attend the Texas Water Conservation Association Mid-Year Conference in Galveston, Texas.

The Chairman then called for **Chairman Item 3 - Consideration of and possible action appointing Directors Seats 1 and 2 to serve on the San Antonio Bay Foundation to complete the term of January 1, 2017 through December 31, 2017 in accordance with the By-Laws Article Three, Section 3.2.** Dan Alonso briefed the Board of the replacement of Director Seats 1 and 2. The San Antonio Bay Foundation is a nonprofit organization established in July 2008, by GBRA to serve as a vehicle for the protection and preservation of the bay and estuary system at the end of the Guadalupe River Basin. The By-Laws of the San Antonio Bay Foundation provide that the appointment of the Directors for Seats 1 and 2 of the Foundation are to be made by the Guadalupe-Blanco River Authority. It was noted that Darel Ball and Mike Urrutia have taken on additional responsibilities as the result of the recent staff reorganization and will be unable to serve on the San Antonio Bay Foundation Board of Directors. Upon motion by Director Meador, seconded by Director Patillo, the Board unanimously appointed Jonathan Stinson and Todd Votteler to Seats 1 and 2 to serve on the San Antonio Bay Foundation to complete the term of January 1, 2017 through December 31, 2017 in accordance with the San Antonio Bay Foundation By-Laws Article Three, Section 3.2.

The Chairman called for **Consent Item 4 - Consideration of and possible action approving the minutes of the April 19, 2017, Board meeting; Consent Item 5 - Consideration of and possible action approving the monthly financial report**

for April 2017; Consent Item 6 - Consideration of and possible action approving the monthly operations report for April 2017; and Consent Item 7 - Consideration of and possible action approving Directors' expense vouchers. Upon motion by Director Fogle, seconded by Director Hermes, the Board unanimously approved Consent Items 4, 5, 6, and 7.

Director William R. Carbonara joined the meeting at this time.

Next, 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 policy stewardship.** Tom Bohl introduced GBRA's new Associate General Counsel Courtney Kerr-Moore. Darel Ball briefed the Board on GBRA's utility operations in Hays, Kendall, Comal, and Guadalupe Counties. Mr. Ball discussed operations at the Buda Wastewater Treatment Plant, the Sunfield Wastewater Treatment Plant, the Shadow Creek Wastewater Treatment Plant, the Western Canyon Surface Water Treatment Plant, the Cordillera Wastewater Treatment Plant, the Singing Hills Wastewater Treatment Plant, the Johnson Ranch Wastewater

Treatment Plant, and the Dunlap Wastewater Treatment Plant. The Board was briefed on a safety incident at the Cordillera Ranch Wastewater Treatment Plant. Tommy Hill briefed the Board on the Guadalupe Valley Hydroelectric dam rehabilitation project, the Guadalupe County CCN wastewater project; a log jam meeting held in Victoria; and the upcoming Texas Water Safari. Darrell Nichols, team captain, introduced GBRA's first Texas Water Safari team – IT Manager Leigh Crettenden; General Manager/CEO Kevin Patteson; and Manager of Project Engineering Charlie Hickman. LaMarriol Smith briefed the Board on education program activities and GBRA's Better Basin Volunteer Day which was held April 27-28, 2017 in Caldwell, Comal, DeWitt, and Victoria Counties. Todd Votteler briefed the Board on activities of the San Antonio Bay Foundation, the Guadalupe-Blanco River Trust, and the Gorge Preservation Society. The Board was briefed on an Edwards Aquifer Habitat Conservation Plan meeting, meetings relating to The Aransas Project, and an environmental flow meeting. Dr. Votteler briefed the Board on a potential endangered species listing of fresh water mussels and the potential impact on GBRA and the State of Texas. Cindy Demers briefed the Board on the Fiscal Year 2017 budget status report for the past six months including the Guadalupe Valley Hydroelectric Division, the Rural Utilities Division, the Western Canyon water and wastewater operations, the Coletto Creek Reservoir and Recreation, the Port Lavaca Water Treatment Plant, the Calhoun County Rural Water Supply System, the Luling Water Treatment Plant, the Lockhart Water Treatment Plant, the Lockhart Wastewater Treatment Plant, the Buda Wastewater Treatment Plant, the San Marcos Water Treatment Plant, the Water Sales Division, and the General Division

operations. The Board was also briefed on the draft Fiscal Year 2018 Work Plan and Budget, the management audit, receipt of the Government Finance Officers Association (GFOA) Distinguished Budget award, and receipt of a Co-op Grant.

The Chairman then called for **Action Item 9 - Consideration of and possible action adopting a Resolution Expressing Official Intent to reimburse GBRA for costs incurred for improvements to the Port Lavaca Water Treatment Plant.**

Sandra Terry briefed the Board on the Resolution for improvements to the Port Lavaca Water Treatment Plant. The Port Lavaca Water Treatment Plant was put into service in 1970 and was expanded in 1992. It was noted that certain elements of the facility have reached the end of their useful life. On March 15, 2017, the GBRA Board authorized the engagement for professional services to develop a preliminary engineering report outlining the necessary capital improvements to the GBRA Port Lavaca Water Treatment Plant, which may involve improvements to the current facility or replacement with a new facility. It was also noted that 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 Motl, the Board unanimously adopted a Resolution Expressing Official Intent to reimburse GBRA for costs incurred for improvements to the Port Lavaca Water Treatment Plant. A copy of the Resolution 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 the lowest qualified bidder for construction of a building at the Dunlap Wastewater Treatment Plant. Darel Ball briefed the Board on the bids for construction of a building at the Dunlap Wastewater Treatment Plant. A building is necessary to provide secure storage for supplies and equipment in a location convenient to the Rural Utility Operations. The Dunlap Wastewater Treatment Plant has become the central location for rural utilities operations. To effectively maintain the various plants, the operators maintain an inventory of supplies, spare parts, and equipment. The Springs Hill Wastewater Treatment Plant served as the central location prior to that plant being transferred to the City of Seguin. The Dunlap wastewater treatment facility has become the most logical site for storing equipment and inventory needed for Guadalupe and Comal County operations. The building proposed will provide 2,600 square feet of enclosed space including a 20 foot x 20 foot room suitable for running laboratory and process control tests. There will also be a 1,625 square foot lean-to shed for equipment. Funds in the amount of \$110,000 are allocated in the Fiscal Year 2017 Operation Budget. However, the amount proposed by the lowest qualified bidder is \$128,000. The shortfall will be made up through savings in plant operating efficiencies, revenues exceeding expectations, or proceeds from the sale of the Springs Hill Wastewater Treatment Plant. Upon motion by Director Meador, seconded by Director Mathews, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with the lowest qualified bidder for construction of a building at the Dunlap Wastewater Treatment Plant.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute amendments to the Purchase Sales Agreement with SJW Group (San Jose Water Company) and Texas Water Alliance, including, without limitation, provisions relating to the Closing Date and other changes as needed to reach agreement on a new Closing Date.** No discussion was had on Action Item 11 at this time.

The Chairman then called for **Discussion Item 12 - 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, 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 Nino and La Nina modeled forecast.

The Chairman recessed the open meeting at 11:36 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:46 a.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 12:23 p.m.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute amendments to the Purchase Sales Agreement with SJW Group (San Jose Water Company) and Texas Water Alliance, including, without limitation, provisions**

relating to the Closing Date and other changes as needed to reach agreement on a new Closing Date. Tom Bohl briefed the Board on the amendments to the Purchase Sale Agreement with SJW Group and Texas Water Alliance. Upon motion by Director Meador, seconded by Director Patillo, the Board unanimously authorized the General Manager/CEO to negotiate and execute amendments to the Purchase Sales Agreement with SJW Group (San Jose Water Company) and Texas Water Alliance, including, without limitation, provisions relating to the Closing Date and other changes as needed to reach agreement on a new Closing Date.

There being no further business to be brought before the Board, the meeting was adjourned at 12:24 p.m. subject to call by the Chairman.

Chairman

Secretary