

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 November 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, 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; Shalynn Sprague, Sample Custodian/Lab Technician; Steven Adams with Specialized Public Finance; and Dale Schellenberg and Joe Solansky with Friends of Lake Wood.

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

The Chairman called for **Chairman Item 1 - Appointment of a Nominating Committee for Officers of the Board of Directors for calendar year 2018**. Chairman Brockman appointed Directors Tommy Mathews and himself (Rusty Brockman) to serve as members on the Nominating Committee. The Committee was instructed to present a slate of officers for calendar year 2018 at the December 2017 Board meeting. Upon motion by Director Motl, seconded by Director Meador, the Board unanimously accepted the members of the Nominating Committee.

Next, the Chairman called for **Public Comment Item 2 - Comments from the public**. There were no public comments.

The Chairman then called for **Consent Item 3 - Consideration of and possible action approving the minutes of the October 18, 2017, Board meeting; Consent Item 4 - Consideration of and possible action approving the monthly financial report for September and October 2017; Consent Item 5 - Consideration of and possible action approving the monthly operations report for October 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 Meador, seconded by Director Patillo, the Board unanimously approved Consent Items 3, 4, 5, 6, and 7. A copy of the equipment approved for disposal is attached and made a part of these minutes.

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: 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 introduced Shalynn Sprague, GBRA's new Sample Custodian/Lab Technician. Mr. Ball briefed the Board on operations, water quality and safety including participation in the "Keep Lockhart Beautiful Annual Cleanup", sponsorship of the Buda Citizens Academy Tour, and an update on the removal of personal property from the Lake Wood Island lots. Discussion continued on the Western Canyon Water Treatment Plant intake inspection for zebra mussels including a mitigation strategy for removal of the zebra mussels. Charlie Hickman briefed the Board on the Guadalupe Valley Hydroelectric System spillgate rehabilitation project. Repairs have begun on the spillgates at Nolte Dam and TP-4 Dam. This project is very challenging because of the age of the System and the unforeseen modifications that are being discovered. Cindy Demers briefed the Board on the annual financial audit, financing for the Western Canyon Water Treatment Plant Aeration

Project, short-term financing for the Gonzales Carrizo Groundwater Project, the financial and human resources information system software, the benefit management system, open enrollment, and IT support desk software and improvements. The next quarter report will focus on updating the format of the monthly financial reports, the Financial Reserve Policy, incorporating the Gonzales Carrizo Groundwater Project into GBRA's processes, the implementation of the Human Resources Information System, implementation of financial software, a comprehensive update of Purchasing Policies and Procedures, employee pay policies and benefits review, the deploying of Office 365, and the Disaster Recovery backup site project.

Next, the Chairman 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 installation of the Martindale flood sirens in Caldwell County.** Tommy Hill briefed the Board on the Martindale flood sirens. The Guadalupe-Blanco River Authority obtained a grant from the Texas Water Development Board for the installation of sixteen (16) automated rainfall gauges for Hays and Caldwell Counties. The real time rainfall data will help the National Weather Service River Forecast Center with improved river forecasts. The project includes the installation of two automated sirens for the Martindale area. GBRA has been working with the Martindale Water Supply Corporation to allow the two (2) sirens to be located on their property. The next phase of the project is to request bids for the installation of the sirens. The two (2) sirens will be mounted on top of a fifty (50) foot pole and will be activated by a radio control panel to be located in Martindale. Upon motion by Director

Fogle, seconded by Director Carbonara, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with the lowest responsible bidder for installation of the Martindale flood sirens in Caldwell County.

The Chairman then called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract with an engineering firm for the design of a replacement gate at the Guadalupe Valley Hydroelectric System H-5 (Lake Wood) Dam in Gonzales County.** Charlie Hickman briefed the Board on the gate replacement at the H-5 Dam. The H-5 (Lake Wood) spillgate sustained major damage during a flood event in March 2016. Freese and Nichols were immediately engaged to evaluate the failure points and to develop several possible options to replace the failed gate. Phase I is complete with design and hydraulic modeling considerations. The next phase is to hire an engineering firm to develop a detailed design. GBRA will post a Request for Qualifications for an engineering firm to develop plans and specifications for the replacement gate. Chairman Brockman called Dale Schellenberg and Joe Solansky to address the Board. Mr. Schellenberg expressed concerns regarding repair/replacement to the H-5 spillgate, the condition of GBRA's other hydroelectric dam spillgates, and a recent lake association meeting. Mr. Schellenberg also commented about GBRA's mission statement, stewardship, operational, recreational, economic values, and due to the passing of Director McLain, there is no Board member representing Gonzales County. Joe Solansky thanked GBRA representatives for coming to their monthly lake owners meeting. Mr. Solansky is very supportive and dedicated to assisting with getting Lake

Wood back in operation. Mr. Solansky requested that more importance be put on this project and to move more quickly. Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with an engineering firm for the design of a replacement gate at the Guadalupe Valley Hydroelectric System H-5 (Lake Wood) Dam in Gonzales County.

The Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract with the City of Buda for operation of the Buda Wastewater Treatment Plant.** Darrell Nichols briefed the Board on negotiations with the City of Buda for operation of the Buda Wastewater Treatment Plant. The City of Buda has approved the Contract. Upon motion by Director Mathews, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with the City of Buda for operation of the Buda Wastewater Treatment Plant.

Next, the Chairman called for **Action Item 12 - Consideration of and possible action on a Resolution confirming authority to negotiate and execute the Purchase Sale Agreement with San Jose Water for the purchase of Texas Water Alliance (TWA) and all related documents, and authorizing the General Manager/CEO to execute all documents needed to complete the sale of Texas Water Alliance to GBRA, the assumption of all TWA assets and obligations, and the dissolution of TWA.** Tom Bohl briefed the Board on the Purchase Sale Agreement with San Jose Water and the assumption of all of the Texas Water Alliance assets,

obligations, and the dissolution of Texas Water Alliance. Upon motion by Director Mathews, seconded by Director Meador, the Board unanimously approved a Resolution confirming authority to negotiate and execute the Purchase Sale Agreement with San Jose Water for the purchase of Texas Water Alliance (TWA) and all related documents, and authorized the General Manager/CEO to execute all documents needed to complete the sale of Texas Water Alliance to GBRA, the assumption of all TWA assets and obligations, and the dissolution of TWA. A copy of the Resolution is attached and made a part of these minutes.

The Chairman then called for **Action Item 13 - Consideration of and possible action to approve a Resolution appointing officers for Texas Water Alliance to act on behalf of Texas Water Alliance and the Guadalupe-Blanco River Authority relating to the winding down and termination of Texas Water Alliance, adoption of a Plan of Winding Up and Termination for Texas Water Alliance, and the transfer and assumption of Texas Water Alliance assets and obligations to the Guadalupe-Blanco River Authority.** Tom Bohl briefed the Board on appointment of officers to the Texas Water Alliance and the winding down and termination of Texas Water Alliance. Upon motion by Director Fogle, seconded by Director Mathews, the Board unanimously approved a Resolution appointing officers for Texas Water Alliance to act on behalf of Texas Water Alliance and the Guadalupe-Blanco River Authority relating to the winding down and termination of Texas Water Alliance, adopted of a Plan of Winding Up and Termination for Texas Water Alliance, and the transfer and assumption of Texas Water Alliance assets and obligations to the Guadalupe-Blanco

River Authority. Kevin Patteson was appointed to be the Chief Executive Officer and President and Alvin Schuerg was appointed to be the Treasurer and Secretary as officers of the Texas Water Alliance Limited, LLC immediately following the closing. A copy of the Resolution is attached and made a part of these minutes.

The Chairman recessed the open meeting at 11:37 a.m. The Chairman reconvened the meeting in open session at 11:46 a.m.

The Chairman called for **Discussion Item 14 - Presentation and discussion regarding recent financing activity for the Western Canyon Water Treatment Plant Aeration Project and Gonzales Carrizo Groundwater Project.** Cindy Demers introduced Steven Adams. Mr. Adams briefed the Board on the long-term financing for the Western Canyon Water Treatment Plant Aeration Project. Steven Adams gave a transaction overview on the bonds sold for the Western Canyon Project including a debt service schedule and uses of the funds. Mr. Adams gave an overview on the Plan of Finance for short-term financing for the Gonzales Carrizo Groundwater Project including interest rate bids, results of the sale, and sources and uses of funds

Next, the Chairman 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, 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 Niño and La Niña modeled forecast.

The Chairman recessed the open meeting at 11:59 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 12:22 p.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 1:15 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:16 p.m. subject to call by the Chairman.

Chairman

Secretary