

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 December 13, 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; LaMarriol Smith, Executive Manager of Strategic Communications and Education; Courtney Kerr-Moore, Associate General Counsel; Carrie Kasnicka, Executive Director of the Guadalupe-Blanco River Trust; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Jaynellen Kerr, Natural Resource Specialist; Charlie Hickman, Manager of Project Engineering; Susan Hubbert, Deputy Chief Financial Officer; Sandra Terry, Deputy Chief Financial Officer; Cindy Thomas-Jimenez, Environmental Education Administrator; Emily Johnson, Danielle Nasr, and Taj Sheikh with the Texas Sunset Advisory Commission; Trino Pedraza and Al Kaufmann with New Braunfels Utilities; and Mike Del Toro and Janet Pittman with AIBP.

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 **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 November 15, 2017, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for November 2017; Consent Item 4 - Consideration of and possible action approving the monthly operations report for November 2017; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.**

Upon motion by Director Meador, seconded by Director Patillo, 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. Charlie Hickman briefed the Board on the Guadalupe Valley Hydroelectric System spillgate rehabilitation project including full replacement of timbers and replacement of underlying steel at the Nolte Dam; and work being done at the TP-4 Dam. General Manager Patteson recognized Emily Johnson, Danielle Nasr, and Taj Sheikh with the Texas Sunset Advisory Commission.

The Chairman called for **Action Item 7 - Consideration of and possible action approving the Fiscal Year 2017 Annual Financial Audit and distribution of the Comprehensive Annual Financial Report.** Cindy Demers briefed the Board on the annual audit. Section 7 of the GBRA Enabling Act and Section 7.02 of the GBRA Bylaws requires that GBRA complete an annual audit of the Authority's financial records. In addition the GBRA is required to submit the annual audit report to the Texas Commission on Environmental Quality within 135 days of fiscal year end and post required annual disclosure information according to bond indentures. For the fifth year, ABIP conducted the annual audit and said the audit was in accordance with generally accepted auditing standards. The audit process and results were discussed with the GBRA Audit Committee during their November 15, 2017 meeting. ABIP has issued

their unqualified opinion related to the presentation of GBRA's financial position as of August 31, 2017. The Comprehensive Annual Financial Report (CAFR) is prepared by the GBRA accounting staff. Ms. Demers recognized Susan Hubbert and Sandra Terry for their work in preparing the Comprehensive Annual Financial Report. Mike Del Toro addressed the Board regarding the annual audit and review of internal controls. Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously approved the Fiscal Year 2017 annual financial audit. The Comprehensive Annual Financial Report was distributed to the Board.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action approving the January 1, 2017, Actuarial Valuation for the Retirement Plan for Employees of the Guadalupe-Blanco River Authority and the recommended plan contribution included therein.** Cindy Demers briefed the Board on the Actuarial Valuation. One of two basic retirement programs for employees of GBRA hired prior to 2011 is a defined benefit pension plan. It is funded by GBRA each year utilizing the annual actuarial valuation. An Actuarial Valuation is prepared each year and among other calculations, the amount of the annual Plan contribution is determined. The Retirement and Benefit Committee of GBRA met on November 15, 2017 to review the Actuarial Valuation and the annual contribution determined therein. For calendar year 2017, the Actuarial Valuation recommends a Plan contribution of \$1,067,716. The funds are allocated in the Fiscal Year 2018 Work Plan and Budget. Upon motion by Director Mathews, seconded by Director Motl, the Board unanimously approved the January 1, 2017, Actuarial Valuation for the Retirement Plan for Employees of the

Guadalupe-Blanco River Authority and the recommended Plan contribution of \$1,067,716 included therein.

The Chairman then called for **Action Item 9 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an Agreement with Finley and Cook for Serenic Navigator Software and Implementation.** Cindy Demers briefed the Board on the Serenic Navigator software and implementation. GBRA has been utilizing Microsoft Dynamics Navision financial software since 2001 and has incorporated various upgrades over the years, the latest being an upgrade to Navision 2009. With technological limitations and annual support expiring for the 2009 version, implementing an updated and improved financial software system is required to continue to meet existing and future business demands. After analysis and review of various options, staff recommended implementing the governmental version of the Microsoft Dynamics Navision product Serenic Navigator, utilizing the consulting firm of Finley and Cook. This software provides advanced technology and functional improvements while keeping the same basic maneuverability for users of the software. Finley and Cook are industry experts in implementing Serenic products for governmental entities. The software cost of implementing Serenic is \$119,000; however, since GBRA is an existing Microsoft Dynamics Navision customer, GBRA will receive credits of \$54,000 toward the cost of the Serenic software upgrade resulting in a net initial software cost of \$65,000. This amount includes one (1) year of annual maintenance and support. One time consulting implementation services such as software setup, data conversion, customization and user training is based on an hourly

rate and estimated as a not to exceed of \$70,300. A detailed implementation plan will ensure the upgrade will remain within the estimated scope based on expected functionality of the new software. All initial software and implementation costs are within the approved Fiscal Year 2018 Work Plan and Budget. Ongoing annual software and support maintenance including future software upgrades is estimated at \$30,000. Upon motion by Director Fogle, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Agreement with Finley and Cook for Serenic Navigator Software and Implementation. A copy of the Agreement 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 New Braunfels Utilities (NBU) to provide wholesale sewage treatment services for certain portions of GBRA's service area near the NBU McKenzie Wastewater Treatment Plant.** Darrell Nichols briefed the Board on negotiations with New Braunfels Utilities relating to providing wholesale sewage treatment services for certain portions of GBRA's service area near the NBU McKenzie Wastewater Treatment Plant. The Board was briefed on a summary of terms including the availability of 25 percent (25%) capacity in New Braunfels Utilities' existing plant, GBRA's capital participation fee, and the thirty (30) year term with a three (3) successive automatic ten (10) year renewals. New Braunfels Utilities will be considering this Contract at their next Board meeting. Mr. Nichols introduced Trino Pedraza and Al Kaufmann. Upon motion by Director Mathews, seconded by Director Hermes, the Board unanimously authorized

the General Manager/CEO to negotiate and execute a Contract with New Braunfels Utilities (NBU) to provide wholesale sewage treatment services for certain portions of GBRA's service area near the NBU McKenzie 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 a Letter of Engagement with a law firm relating to the case of *NBL-300 v. GBRA***. No discussion or action was had on Action Item 11 at this time.

The Chairman called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Contract to purchase land for GBRA expansion in Comal County, Texas**. No discussion or action was had on Action Item 12 at this time.

Next, the Chairman called for **Discussion Item 13 - 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 the activities of the Guadalupe-Blanco River Trust including new Trustee Wilfred Korth, a conservation easement for Dreamcatcher Ranch in Hays County, a list of conservation easements by County, grant awards received, the 2017 outreach efforts in the Basin, and the Plum Creek Wetlands Preserve. Ms. Kasnicka thanked everyone from GBRA who have assisted the Guadalupe-Blanco River Trust. Dan Alonso briefed the Board on the activities of the San Antonio Bay Foundation including the San Antonio Bay Rookery Island archeological survey funds, Hurricane Harvey damage, BP oil spill funding projects, serving on the Coastal Conservation Management Advisory Committee, the

DOW Rookery-Wetland Project, and the Guadalupe River Delta Christmas Bird Count. The Board was also briefed on the Whooping Crane count, the Gulf of Mexico Shellfish initiative, the San Antonio Bay Living Shoreline Project, and the abandoned crab trap collection project. Jaynellen Kerr briefed the Board on the educational tours conducted at the Gorge. Cindy Thomas-Jimenez briefed the Board on the Fifth Grade Outdoor Classroom "*The Power of Water*" journal being used by the Comal Independent School District. Comal Independent School District students participated in the educational program that included learning stations in the Canyon Gorge and Canyon Hydroelectric Power Plant. Ms. Kerr continued discussion including the Gorge Trailblazer volunteers, eighth annual Moonlight in the Gorge, and the tenth annual volunteer appreciation awards and dinner.

The Chairman then called for **Discussion Item 14 - 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 11:20 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:30 p.m.

pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 12:04 p.m.

The Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Letter of Engagement with a law firm relating to the case of *NBL-300 v. GBRA***. Tom Bohl briefed the Board on the *NBL-300 v. GBRA* case and the need for engagement of outside counsel. Upon motion by Director Patillo, seconded by Director Motl, the Board unanimously authorized the General Manager/CEO to negotiate and execute a Letter of Engagement with one or more law firms relating to the case of *NBL-300 v. GBRA*.

Next, the Chairman called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Contract to purchase land for GBRA expansion in Comal County, Texas**. Chairman Brockman recused himself from all discussion and vote. Chairman Brockman turned the Chairmanship of the meeting over to Vice Chairman Patillo. Tom Bohl briefed the Board on the purchase of land in Comal County for GBRA's expansion of operations. Upon motion by Director Mathews, seconded by Director Fogle, the Board authorized the General Manager/CEO to negotiate and execute a Contract to purchase land for GBRA expansion in Comal County, Texas, not to exceed two (2) million dollars for the purchase of a parcel currently owned by Patton and Patton by the following vote:

AYES: Directors Carbonara, Fogle, Hermes, Mathews, Meador, Motl, and Patillo

NOES: None

ABSTENSION: Director Brockman

There being no further business to be brought before the Board, the meeting was adjourned at 12:09 p.m. subject to call by the Chairman.

Chairman

Secretary