

## **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 January 16, 2019, 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; Ernie Granville, Associate General Counsel; Charlie Hickman, Manager of Project Engineering; Susan Hubbert, Deputy CFO Accounting and Purchasing; and Victor Castillo, Purchasing Manager.

Chairman Brockman called the meeting to order at 10:02 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:

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

A moment of silence was had for the loss of Teresa VanBooven's husband, David VanBooven.

The Chairman called for **Chairman Item 1 - Report from the Nominating Committee and Election of Officers of the Board of Directors for calendar year 2019.**

Director Mathews presented the following slate of officers for calendar year 2019:

**Chairman – Dennis L. Patillo; Vice-Chairman – Don B. Meador; and Secretary-**

**Treasurer – Kenneth Motl.** Upon motion by Director Mathews, seconded by Director

Ehrig, the Board unanimously approved by acclamation the slate of officers for calendar

year 2019 as recommended by the Nominating Committee. A copy of the Nominating

Committee Report is attached and made a part of these minutes.

Newly elected Chairman Patillo assumed the Chairmanship of the meeting.

Next, the Chairman called for **Chairman Item 2 - Consideration of and possible action accepting Board of Directors' Committee assignments.** Jonathan Stinson

briefed the Board on previous Board Committees, historical information, and possible

revisions to Board Policies. Upon motion by Director Brockman, seconded by Director

Motl, the Board unanimously accepted the Board of Director's Committee assignments.

A copy of the Committee assignments is attached and made a part of these minutes.

The Chairman then called for **Chairman Item 3 - Recognition and presentation to Rusty Brockman for his dedication and service as Chairman of the Board of Directors of the Guadalupe-Blanco River Authority.** Chairman Patillo presented Director Brockman a gavel and thanked him for his dedicated service as Chairman of the Board of Directors. Director Brockman addressed the Board and thanked everyone for giving him the opportunity to serve as the Chairman of the Board of Directors for two years.

The Chairman called for **Public Comment Item 4 - Comments from the public.** There were no public comments.

Next, the Chairman called for **Consent Item 5 - Consideration of and possible action approving the minutes of the December 9, 2018, Board meeting; Consent Item 6 - Consideration of and possible action approving the monthly financial report for November and December 2018; Consent Item 7 - Consideration of and possible action approving the monthly operations report for December 2018; and Consent Item 8 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Meador, seconded by Director Motl, the Board unanimously approved Consent Item 5, 6, 7, and 8.

The Chairman then called for **General Manager/CEO Item 9 - 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 water and sewer utility operations, hydroelectric operations, GBRA facilities management including plants and dams, safety, water resources**

planning and operation, construction management, economic and community development, project development, accounting and finance, records management, grants and financial assistance, human resources, information technology, communications, social media, education programs, resource protection, weather and climate, river flows and other scientific issues, non-profit entities partnering with GBRA, water quality services, community affairs, environmental programs, and stewardship. General Manager/CEO Patteson recognized Susan Hubbert. Ms. Hubbert introduced Victor Castillo, GBRA's new Purchasing Manager. Mr. Castillo addressed the Board and is looking forward working at GBRA. Charlie Hickman briefed the Board on GBRA's Guadalupe Valley Hydroelectric System spillgate repair project including replacement of locking bars, tie bars, structural steel, timber removal, and timber replacement. There have been delays on the project due to weather events. Change Order No. 7 has been issued for \$723,018 bringing the revised contract amount to \$2,766,599 for the project. The Board was informed on the revised schedule for completion of the project.

The Chairman called for **Action Item 10 - Consideration of and possible action approving the use of financial reserves to payoff installment notes associated with the Abner Ussery and Luling Foundation Water Rights purchased in 2006.** Randy Staats briefed the Board on the Ussery and Luling Foundation water purchase rights. Water Right Purchase Agreements between GBRA and both Abner Ussery and the Luling Foundation provide an option for GBRA to payoff early the outstanding balances associated with the purchases. In September 2006, GBRA entered into two water right

purchase agreements, taking advantage of option agreements entered into the previous year. The Abner Ussery water right purchase provides 600 acre-feet per year from the San Marcos River for irrigation, municipal, and industrial use. The purchase included an original principal amount of \$343,495.77, with required annual payments of \$22,500 over a twenty-five year period beginning in 2007 and ending in 2031. The Luling Foundation water right purchase provides 1,022 acre-feet per year from the San Marcos River for irrigation, municipal, and industrial use. The purchase included an original principal amount of \$584,706.22, with required annual payments of \$38,300 over a twenty-five year period beginning in 2007 and ending in 2031. Both installment notes include an interest rate of 4.5% and include provisions for an early payoff. Based on current and foreseeable market conditions, it would be financially beneficial to payoff the purchase of both water rights using financial reserves. The payoff amount for the Abner Ussery right is \$205,421.01, which would create savings of \$64,578.99. The payoff amount for the Luling Foundation right is \$349,672.22, creating savings of \$109,927.78. In total, the payoff represents \$555,093.23 with total savings of \$174,506.77. Both parties have been notified of the potential for an early payoff. Upon motion by Director Fogle, seconded by Director Hermes, the Board unanimously approved the use of financial reserves to payoff installment notes associated with the Abner Ussery and Luling Foundation Water Rights purchased in 2006.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute the San Antonio Bay System Monitoring Agreement between Texas A&M University-**

**Corpus Christi and GBRA for the period January 1, 2019 through December 31, 2019.** Tommy Hill briefed the Board on the proposed Monitoring Agreement. GBRA has contracted with Texas A&M University at Corpus Christi since 2004 to provide monitoring of water quality parameters in the San Antonio Bay at a site 3,000 feet east of the Aransas National Wildlife Refuge Area known as GBRA #1. Data capture includes salinity, conductivity, temperature, level and velocity. The data is transmitted from the field and logged in the TCOON computer located at the Corpus Christi campus. In 2006, a second water quality site was constructed in the area near Seadrift known as GBRA #2. The Seadrift site includes monitoring the same parameters except for water velocity. The proposed 2019 Texas Coastal Oceanic Observation Network (TCOON) Funding Agreement is to continue the operation and monitoring on the two water quality gauges in San Antonio Bay. The previous contract was for 2018 at a cost of \$68,237 per year. The undivided proposal for 2019 is at a cost of \$73,678 per year. The San Antonio River Authority has funded one-half (1/2) of the cost since 2004 and have indicated they will continue funding. Upon motion by Director Mathews, seconded by Director Carbonara, the Board unanimously authorized the General Manager/CEO to negotiate and execute the San Antonio Bay System Monitoring Agreement between Texas A&M University-Corpus Christi and GBRA for the period January 1, 2019 through December 31, 2019. A copy of the Agreement is attached and made a part of these minutes.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an amendment to contracts with the City of San Marcos to provide for cost sharing for**

**improvements to the Pump Station at the San Marcos Water Treatment Plant and operation of those facilities.** Darrell Nichols briefed the Board on the San Marcos Water Treatment Plant pump station improvements. Improvements will be needed at the San Marcos Water Treatment Plant site to receive the new water supply from GBRA's and Alliance Regional Water Authority's (ARWA) combined groundwater project. The improvements are anticipated to consist of storage, yard piping, and pump station expansion to receive, blend, and distribute the new water supply to the City of San Marcos and GBRA's customer Goforth Special Utility District. The City of San Marcos is taking the lead for implementing the design and construction of the improvements which will be cost shared by the City and GBRA. Upon motion by Director Ehrig, seconded by Director Motl, the Board unanimously authorized the General Manager/CEO to negotiate and execute an amendment to contracts with the City of San Marcos to provide for cost sharing of improvements to the Pump Station at the San Marcos Water Treatment Plant and operation of those facilities.

The Chairman called for **Action Item 13 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute amendments to GBRA's Wastewater Service Agreement with Southern Central Holdings, d/b/a/ Cypress Grove Mobile Home Park.** Tom Bohl briefed the Board on proposed amendments to the Wastewater Service Agreement. In August, 2018, the Board of Directors authorized the General Manager/CEO to negotiate and execute a contract with Southern Central to supply sewage treatment services to Cypress Grove Mobile Home Park through GBRA's Dunlap Wastewater Treatment Facility. The contract allowed for

68 Living Unit Equivalents (LUEs) to be served. The developer has requested authorization for additional LUEs. It is proposed that the contract be amended to allow the number of LUEs to be reduced or increased up to a specified number not to exceed an increase or decrease of 7, upon written consent by GBRA. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute amendments to GBRA's Wastewater Service Agreement with Southern Central Holdings, d/b/a/ Cypress Grove Mobile Home Park.

Next, the Chairman called for **Action Item 14 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute amendments to GBRA's Park Village Area Water Supply Contract with SJWTX, Inc. (d/b/a Canyon Lake Water Service Company).** Tom Bohl briefed the Board on amendments to the Water Supply Contract. On March 24, 2009, GBRA executed a water supply contract with SJWTX, Inc. to supply 322 acre-feet of treated water per year from the Western Canyon Project to SJWTX, Inc. at a defined delivery point for use in a defined area in and around the Park Village Subdivision in Comal County. SJWTX has approached GBRA staff with a request to allow for additional points of delivery for the contract water. SJWTX has also requested that it be allowed to use the contract water anywhere within its service area as needed. It is proposed that the contract be amended to allow for other points of delivery, subject to GBRA approval, to be constructed at SJWTX, Inc.'s expense, with GBRA having a right to inspect construction of interconnections and to install backflow protection as needed. In addition, the place of use authorized under the contract would be changed from the smaller portion of SJWTX,



Inc.'s certificated service area to the entire service area so that water can be used as needed. All other provisions in the existing contract would remain the same. Upon motion by Director Fogle, seconded by Director Motl, the Board unanimously authorized the General Manager/CEO to negotiate and execute amendments to GBRA's Park Village Area Water Supply Contract with SJWTX, Inc. (d/b/a Canyon Lake Water Service Company).

The Chairman then called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute amendments to GBRA's Bulverde Area Water Supply Contract with SJWTX, Inc. (d/b/a Canyon Lake Water Service Company).** Tom Bohl briefed the Board on the amendments to the Water Supply Contract. On February 6, 2009, GBRA executed a water supply contract with SJWTX to supply 400 acre-feet of treated water per year from the Western Canyon Project to SJWTX, Inc. at a defined delivery point for use in a defined area in and around the City of Bulverde. SJWTX has approached GBRA staff with a request to allow for additional points of delivery for the contract water. SJWTX has also requested that it be allowed to use the contract water anywhere within its service area as needed. It is proposed that the contract be amended to allow for other points of delivery, subject to GBRA approval, to be constructed at SJWTX, Inc.'s expense, with GBRA having a right to inspect construction of interconnections and to install backflow protection as needed. In addition, the place of use authorized under the contract would be changed from the smaller portion of SJWTX, Inc.'s service area to the entire certificated service area so that water can be used as needed. All other provisions in the existing contract

would remain the same. Upon motion by Director Motl, seconded by Director Brockman, the Board unanimously authorized the General Manager/CEO to negotiate and execute amendments to GBRA's Bulverde Area Water Supply Contract with SJWTX, Inc. (d/b/a Canyon Lake Water Service Company).

The Chairman called for **Discussion Item 16 - 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 10:59 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:15 a.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 11:36 a.m.

There being no further business to be brought before the Board, the meeting was adjourned at 11:37 a.m. subject to call by the Chairman.

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Chairman

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Secretary