

## **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 18, 2019, at the GBRA William E. West, Jr., Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Don B. Meador, Kenneth Motl, Robert “Rusty” Brockman, William R. Carbonara, Steven B. Ehrig, Oscar H. Fogle, Ronald J. Hermes, and Tommy Mathews. Director Dennis L. Patillo was absent, Also present were Kevin Patteson, General Manager/Chief Executive Officer; Darrell Nichols, Senior Deputy General Manager; Tommy Hill, Senior Advisor to the General Manager and Engineering Division; Alvin Schuerg, Senior Advisor to the General Manager; Darel Ball, Executive Manager of Operations; Tom Bohl, General Counsel; Vanessa Guerrero, Executive Manager of Administration; Charlie Hickman, Executive Manager of Engineering; Nathan Pence, Executive Manager of Environmental Science and Community Affairs; Randy Staats, Executive Manager of Finance/Chief Financial Officer; Earnie Granville, Associate General Counsel; Teresa VanBooven, Project and Community Representative; Michael Urrutia, Deputy Executive Manager of Operations; Brian Perkins, Senior Engineer; Molly Cagle, Samia Broadaway, and Kevin Jacobs with BakerBotts; and Aaron Worthman with Baker Tilley.

In the absence of Chairman Patillo, Vice Chairman Meador assumed the Chairship of the meeting.

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

The Chairman called for **Chairman Item 1 - Appointment of a Nominating Committee for Officers of the Board of Directors for calendar year 2020**. Chairman Meador appointed Directors Dennis L. Patillo and Rusty Brockman to the Nominating Committee. The Nominating Committee will report back to the Board at the January 15, 2020 Board meeting with proposed Directors to serve in the offices of Vice Chairman and Secretary-Treasurer for calendar year 2020. Pursuant to legislative changes in GBRA's Enabling Act, the Governor will appoint the office of Chairman to service on the Board of Directors.

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

The Chairman then called for **Consent Item 3 - Consideration of and possible action approving the minutes of the November 20, 2019 Board meeting; Consent Item 4 - Consideration of and possible action approving the monthly financial report for October and November 2019; Consent Item 5 - Consideration of and possible action approving the monthly operations report for November 2019; and Consent Item 6 - Consideration of and possible action approving Directors'**

**expense vouchers.** Upon motion by Director Brockman, seconded by Director Ehrig, the Board unanimously approved Consent Items 3, 4, 5, and 6.

The Chairman called for **General Manager/CEO Item 7 - Report and update on the Guadalupe Valley Hydroelectric System; report and update on actions taken by the General Manager/CEO relating to the management and operation of the GBRA Hydroelectric Lakes, including actions taken to mitigate risks posed by hydro spillgates.** General Manager Patteson informed the Board there are no updates 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 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, public and private entities partnering with GBRA, water quality services, community affairs, environmental programs, and stewardship.** Darel Ball briefed the Board on operations and safety including new hires and promotions, the Coletto Creek Recreation rental cabins and road maintenance, the Guadalupe Valley Hydroelectric Division installation of signs and buoys,

the Regional Raw Water Delivery System canal pump station installation, the Guadalupe Panda Power (GPP) pump station intake inspection, the Sunfield Wastewater Treatment Plant rehabilitation project, the Shadow Creek Wastewater Treatment Plant construction project, the Northcliffe Wastewater Treatment Plant closure, wastewater discharge and land application permit renewals, employee training, and safety. Charlie Hickman briefed the Board on engineering activities including the Carrizo Groundwater Supply Project, the Western Canyon Disinfection By-Products Project, Zebra Mussel Mitigation Project, the Asset Management Program, and new wastewater projects. Vanessa Guerrero briefed the Board on employment openings. Ms. Guerrero introduced Ramiro Mendoza, GBRA's new IT Help Desk Technician.

The Chairman then called for **Action Item 9 - Consideration of and possible action approving the Fiscal Year 2019 annual financial audit and distribution of the Comprehensive Annual Financial Report.** Randy Staats introduced Aaron Worthman with Baker Tilley. Mr. Workman briefed the Board on an audit overview, auditor communication to those charged with governance, internal control communication, and an audit summary. Randy Staats briefed the Board on the Fiscal Year 2019 annual financial 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. Baker Tilly conducted the annual audit in accordance with generally accepted auditing standards. The audit process and

results were discussed with the GBRA Audit Committee during their November 20, 2019 meeting. Baker Tilly has issued their unmodified opinion related to the presentation of GBRA's financial position as of August 31, 2019. The Comprehensive Annual Financial Report (CAFR) is prepared by GBRA accounting staff. Upon motion by Director Brockman, seconded by Director Motl, the Board unanimously approved the Fiscal Year 2019 annual financial audit and distribution of the Comprehensive Annual Financial Report.

The Chairman called for **Action Item 10 - Consideration of and possible action adopting a Resolution Expressing Official Intent to reimburse costs incurred to construct improvements and expansions to the Stein Falls Wastewater Treatment System.** Randy Staats briefed the Board Resolution for the Stein Falls Wastewater Treatment System which would allow reimbursement from bond funds for amounts expended related to this project. The area west of the Guadalupe River between New Braunfels and Seguin continues to see rapid growth in existing subdivisions and increased interest from the developer community resulting in many new wastewater service agreements and others forthcoming. The Stein Falls (formerly Dunlap) Wastewater Treatment System provides wastewater collection and treatment services to this area. A master plan was commissioned in 2018 to develop a plan to accommodate the growth and upgrades needed in the existing collection system that will require infrastructure expansion and improvements. The master plan outlines the needs over the next 25 years. Obtaining the necessary easements for the project is currently in process. In order to protect GBRA's ability to finance construction and related project costs

incurred for the project prior to the issuance of tax-exempt debt, IRS rules require GBRA to declare its official intent to reimburse costs. Upon motion by Director Motl, seconded by Director Carbonara, the Board unanimously adopted a Resolution Expressing Official Intent to reimburse costs incurred to construct improvements and expansions to the Stein Falls Wastewater Treatment System. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action approving the Guadalupe-Blanco River Authority Board Policies.** Alvin Schuerg briefed the Board on the revisions to the Board Policies related to the Sunset Commission review, Legislative amendments, and management recommendations. Upon motion by Director Brockman, seconded by Director Hermes, the Board unanimously approved the Board Policies. A copies of the Policies are attached and made a part of these minutes.

The Chairman then called for **Action Item 12 - Consideration of and possible action approving a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain buffer zone easement(s) engaging the use of eminent domain related to the construction, operation, and maintenance of a wastewater system for the public use of providing wastewater services to customers of Guadalupe-Blanco River Authority. The buffer zone shall be located in portions of Calhoun County, over, across, and upon private property and public property and beginning at a point west of Bayou Drive, and Park Lane, and north of Bayou Drive. Such easements are to be located over, across, upon and under**

**certain parcels of real property located in parts of the Y. Benavides Survey, and the Crestview subdivision, all in Calhoun County, Texas. The Guadalupe-Blanco River Authority shall designate the General Manager/CEO as the chief administrative official with authorization to initiate condemnation proceedings. This Resolution shall authorize any and all lawful, necessary, incidental and appropriate action by the General Manager/CEO, staff, agents, attorneys (retained and in-house), and engineering and technical consultants, in the institution, prosecution and conclusion of condemnation proceedings to acquire any such needed buffer zone easement(s) that cannot be acquired through negotiation with the landowner which shall include surveying for archaeological, environmental and linear purposes to define, specify and secure such property interests and ratifying and affirming all acts and proceedings heretofore done or initiated by the chief administrative official, employees, agents and attorneys of GBRA to acquire such property interests.** Teresa VanBooven briefed the Board on the potential eminent domain proceedings for the Crestview buffer zone. GBRA is planning for replacement of the Crestview Wastewater Treatment Facility that will require an extension of the buffer zone in, over, under, through, across, certain real property located in Calhoun County, Texas, for the public use of the construction, operation, and maintenance of the rehabilitation of the Crestview Wastewater Treatment Facility. The proposed action will allow GBRA to provide wastewater service to customers in the Crestview subdivision through the Crestview Wastewater Treatment Facility in Calhoun County, Texas. Upon motion by Director Fogle, seconded by Director Ehrig, the Board unanimously approved a

Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain buffer zone easement(s) engaging the use of eminent domain related to the construction, operation, and maintenance of a wastewater system for the public use of providing wastewater services to customers of Guadalupe-Blanco River Authority. The buffer zone shall be located in portions of Calhoun County, over, across, and upon private property and public property and beginning at a point west of Bayou Drive, and Park Lane, and north of Bayou Drive. Such easements are to be located over, across, upon and under certain parcels of real property located in parts of the Y. Benavides Survey, and the Crestview subdivision, all in Calhoun County, Texas. The Guadalupe-Blanco River Authority shall designate the General Manager/CEO as the chief administrative official with authorization to initiate condemnation proceedings. This Resolution shall authorize any and all lawful, necessary, incidental and appropriate action by the General Manager/CEO, staff, agents, attorneys (retained and in-house), and engineering and technical consultants, in the institution, prosecution and conclusion of condemnation proceedings to acquire any such needed buffer zone easement(s) that cannot be acquired through negotiation with the landowner which shall include surveying for archaeological, environmental and linear purposes to define, specify and secure such property interests and ratifying and affirming all acts and proceedings heretofore done or initiated by the chief administrative official, employees, agents and attorneys of GBRA to acquire such property interests. A copy of the Resolution is attached and made a part of these minutes.



The Chairman called for **Action Item 13 - 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, 2020 through December 31, 2020.** Tommy Hill briefed the Board on the 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 2020 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 2019 at a cost of \$73,678 per year. The undivided proposal for 2020 is at a cost of \$74,611 per year. Please note the San Antonio River Authority has committed to funding one-half (1/2) of the cost until 2026 per the interlocal agreement executed on November 30, 2016. Upon motion by Director Mathews, seconded by Director Motl, 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, 2020 through December 31, 2020.

Next, the Chairman called for **Action Item 14 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract for the replacement of the Filter Control System at the San Marcos Water Treatment Plant.** Michael Urrutia briefed the Board on the replacement of the filter control system at the San Marcos Water Treatment Plant. The Guadalupe-Blanco River Authority operates and manages the San Marcos Water Treatment plant that provides drinking water to the City of San Marcos, Kyle, Buda, Goforth Special Utility District, Monarch Utilities and Sunfield Municipal Utility District. A vital part of the water treatment process includes the utilization of multi-media filters to remove particulate matter from the water. The filter control components and programming that control the operation of the filters are obsolete and in need of replacement. This work will include the replacement of the filter computer controllers and programming with up-to-date components. In order to meet peak water usage this summer, these controllers and programming are required to meet these demands. Upon motion by Director Brockman, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract for the replacement of the filter control system at the San Marcos Water Treatment Plant.

The Chairman then called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an agreement with Windy Hill Utility Company, LLC (“Windy Hill”) to resolve issues arising from CCN applications and Wastewater permit applications in the Sunfield-Buda area of Hays County.** Tom Bohl briefed the Board on the agreement with Windy

Hill Utility Company. The proposed agreement will resolve protests that GBRA filed with Public Utility Commission and the Texas Commission on Environmental Quality regarding permit and/or CCN applications that Windy Hill had on file. It will also address future service in areas south of Sunfield and east of I-35, which were the subject of protests. Earlier in 2019, the Texas Commission on Environmental Quality approved an amendment to Texas Pollutant Discharge Elimination System Permit (“TPDES”) No. WQ0015478001, which will allow GBRA and its co-permittee to increase its capacity to treat and discharge wastewater effluent from the A&M Heep Waste Water Treatment Plant. The Plant serves the Sunfield Development on the east side of I-35 adjacent to the City of Buda (“Sunfield”). This change will allow GBRA to expand services to areas outside of Sunfield. In August, 2019, GBRA received notice that Windy Hill was seeking to amend its Certificate of Convenience and Necessity (“CCN”) No. 21101 to expand its service area into territory south and east of FM 2001 adjacent to Sunfield. Windy Hill had also filed an application with the Texas Commission on Environmental Quality to amend Windy Hill’s TPDES Permit No. WQ0015478001. Windy Hill sought to increase its discharge from a very small wastewater treatment plant it owns in the same area. GBRA protested Windy Hill’s various applications. Windy Hill commenced negotiations with GBRA to resolve the issues. This proposed agreement will address those issues. Upon motion by Director Hermes, seconded by Director Mathews, the Board unanimously authorized the General Manager/CEO to negotiate and execute an agreement with Windy Hill Utility Company, LLC (“Windy Hill”) to resolve issues arising from CCN applications and Wastewater permit applications in the Sunfield-Buda area of Hays County.

The Chairman recessed the open meeting at 11:47 a.m. The Chairman reconvened the open meeting at 11:59 a.m.

The Chairman called for **Discussion Item 16. Update and progress related to the 2021 Regional Water Planning Process, the Region L Planning Group, and GBRA's Water Management Strategies for the 2022 Texas State Water Plan.** Brian Perkins briefed the Board on the 2021 South Central Texas Regional Water Planning Group report including projected water demands and supplies, water management strategies, potential reservoir sizes and subsequent firm yield, and a summary of potential water needs.

Next, the Chairman called for **Discussion Item 17 - Discussion regarding Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin.** Charlie Hickman briefed the Board on 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, Seadrift tidal levels, El Nino and La Nina modeled forecast, and elevation of Canyon Reservoir.

The Chairman recessed the open meeting at 12:38 p.m. The Chairman reconvened the open meeting at 12:55 p.m. The Chairman then closed the open meeting and convened the meeting in executive session at 12:55 p.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 2:03 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 2:03 p.m. subject to call by the Chairman.

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Chairman

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Secretary