

GUADALUPE-BLANCO RIVER AUTHORITY

Minutes of the Board of Directors

The Board of Directors of the Guadalupe-Blanco River Authority met in a meeting on October 21, 2020. Due to health and safety concerns related to the COVID-19 coronavirus, and in keeping with the Governor's March 13, 2020 disaster declaration and extensions, this meeting was conducted by teleconference in accordance with provisions in Sections 551.125 of the Texas Government Code that have not been suspended by order of the Governor under Chapter 418 of the Government Code. Directors present were Dennis L. Patillo, Don B. Meador, Kenneth Motl, William R. Carbonara, Steven B. Ehrig, Oscar H. Fogle, Ronald J. Hermes, and Tommy Mathews. Also present were Kevin Patteson, General Manager/Chief Executive Officer; Darrell Nichols, Senior Deputy General Manager; Jonathan Stinson, Deputy General Manager; Darel Ball, Senior Advisor to the General Manager; Alvin Schuerg, Senior Advisor to the General Manager; Tom Bohl, General Counsel; Vanessa Guerrero, Executive Manager of Administration; David Harris, Executive Manager of Operations; Charlie Hickman, Executive Manager of Engineering and Development; Darel Ball, Senior Advisor to the General Manager; Randy Staats, Executive Manager of Finance/Chief Financial Officer; Courtney Kerr-Moore, Associate General Counsel; Earnie Granville, Associate General Counsel; Amanda Reichle, Safety and Risk Manager; and Brian Perkins, Senior Water Resource Engineer.

General Manager/CEO Patteson addressed all regarding the conducting of the meeting. The Public had access to the proceedings through the following means: 1. by webinar link on computer or smart phone; Webinar Link: <https://attendee.gotowebinar.com/register/1915222121602648846>; 2. by using the

GoToWebinar App on computer or smartphone (access will be available for public comments during the designated portion of the meeting) - use the webinar ID: 448-308-027; 3. by telephone (for listening purposes only) - Call In Number: 562-247-8422; Audio Access Code: 668-480-548; and 4. by appearing at GBRA Seguin Offices to make comments. The public was also able to view presentations.

Tom Bohl, General Counsel, addressed the Board with the procedures for discussion and/or taking action on agenda items and that the meeting is being recorded. Mr. Bohl called roll for the members of the Board of Directors and stated names of people present in the room.

Chairman Patillo 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:

The Chairman called for **Chairman Item 1 - Consideration of and possible action on: (a) the procedures and conduct of the October 21, 2020 Board of Directors meeting; and (b) the procedures, conduct, and date of the November 2020 Board of Directors meeting.** No discussion or action was taken on Chairman Item 1.

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

Next, the Chairman called for **Consent Items 3-6 - Consideration of and possible action approving the minutes of the September 16, 2020 Board meeting; Consent Item 4 - Consideration of and possible action approving the monthly financial report for August 2020; Consent Item 5 - Consideration of and possible action approving the monthly operations report for September 2020; and Consent Item 6 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Fogle, seconded by Director Motl, the Board unanimously approved Consent Items 3, 4, 5 and 6.

The Chairman then called for **General Manager/CEO Item 7 - 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, stewardship, and update on GBRA Safety Work Plan.** David Harris, Executive Manager of Operations briefed the Board on two National Association of Clean Water Agencies (NACWA) "Peak Performance" Gold awards presented to GBRA related

to the Shadow Creek and City of Buda Wastewater Treatment facilities for operational excellence and outstanding history of compliance; he reviewed all operations training courses that staff have participated in online and at outside facilities such as hurricane training, workplace sanitation and core classes for staff to maintain and upgrade licensing; slides were shown on a leak repair at the Guadalupe Power Plant pipeline near the Stein Falls Wastewater facilities with GBRA staff making the repair, using rented equipment and contract welders; the Lockhart Water Treatment Plant SCADA project has been completed, Jim Wyatt, SCADA Administrator, is working with staff on monitoring report production; a new emergency backup generator at the Luling Water Treatment Plant has been installed and came in under budget reducing the final year payments by Lockhart and Luling accordingly, State Compliance virtual inspections were held on the San Marcos, Luling, and Port Lavaca Water Treatment Plants; compliance letters have been received on the San Marcos and Luling plants, and GBRA is expecting the Port Lavaca compliance letter within the next few weeks; Mr. Harris closed his report congratulating Jesi Mann, Chief Operator at the Buda-Sunfield and Shadow Creek Plant on passing his "A" operator TCEQ wastewater exam and Angie Kincaid, Operator II in the same division on passing her "B" operator TCEQ wastewater exam. Next Amanda Reichle, Safety and Risk Manager, gave a report on having no lost time accidents or reportable incidents in the previous month; we had been operating at 10 weeks with no COVID-19 cases reported however, we currently have 3 positive COVID-19 cases reported in one location; all employees utilized the reporting method we have in place and the facility is being professionally disinfected; we remain current with all policies in place and have reopened

our offices to the public; all safety awards have been presented across the 10 county basin; Ms. Reichle is currently working with chief operators and third party consultants to assess our current risk management plan; currently collaborating with departments involved in the Fleet Vehicle Safety Program and recommending updates to the safety component wherein each vehicle will be equipped with an Emergency Contact Wallet Card and Pre-Vehicle Inspection Checklist as a proactive safety measure prior to taking out a vehicle; an overview of the monitoring of active COVID-19 cases over our 10 county district was given; Ms. Reichle noted half of the counties have shown a slight increase in cases, a spike in the Guadalupe County area was due to a backlog of cases that were not processed in time, while Hays County still remains the county with the highest number of cases in our reporting area.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action approving a Resolution authorizing the Issuance of \$34,900,000 in Aggregate Principal Amount of Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2020 (Low-Interest Financing) (Carrizo Groundwater Supply Project); authorizing the sale thereof to the Texas Water Development Board (TWDB) through its State Water Implementation Fund for Texas (SWIFT) Program; approving and authorizing the execution of a Paying Agent/Registrar Agreement and an Escrow Agreement related to such bonds; Authorizing the Authority to obtain \$7,595,000 of additional funds for the project pursuant to a previously approved Master Agreement between the Authority and the TWDB relating to the TWDB (a) providing up to \$107,755,000 of financial assistance**

through the TWDB's Board Participation Loan Program under the SWIFT Program, and (b) receiving an Ownership Interest in GBRA's interest in the Carrizo Groundwater Supply Project for a period of time; approving an amendment to the Master Agreement; approving and authorizing all other instruments and procedures related thereto; and providing for an immediate effective date. Randy Staats briefed the Board on the final action necessary for the funding for the Carrizo Groundwater Supply Project. Previous funding happened in 2018 and 2019, the three customers associated with this project are New Braunfels Utilities, City of Lockhart and Goforth Special Utility District. In August 2020 the Board authorized financing agreements to provide the commitment to the Texas Water Development Board to move forward with this project. This Resolution is to issue the bonds and is the final action necessary, wherein proceeds will be available as of November of this year. Upon motion by Director Meador, seconded by Director Fogle, the Board unanimously approved a Resolution to execute financing agreements with the amendment to the Master Agreement approving and authorizing all other instruments and procedures related thereto for an effective date of November 2020.

Next, the Chairman then called for **Chairman Item 9 - 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 easements for the Crestview Wastewater Treatment Facility Project in connection therewith, over, across, upon and under certain privately owned real properties; authorizing all appropriate action by the General Manager/CEO, staff, retained attorneys and**

engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed buffer zone easements that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of GBRA to acquire such property interests including necessary acts for any applicable lienholders for such properties; authoring all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the Resolution to be severable one from the other in the event any section of the Resolution is determined to be invalid; said property to be identified to wit: Parcel 1 - being approximately 0.57 acre for in the Ysidro Benavides Survey, Abstract No. 38 of Calhoun County, Texas and being a part of the same property description as 5.64 acres in Correction Warranty Deed with Vendor's Lien dated May 14, 1997 from Kenneth Moehnke and May Jane Moehnke to Aucencio Chavez recorded in Volume 183, Page 61 of the Official Records of Calhoun County, Texas attached as Exhibit A; Parcel 2 - being approximately 0.05 acre situated in the Ysidro Benavides Survey, Abstract No. 38 of Calhoun County, Texas and being a part of Lot 32, Block B of Crestview Subdivision relative to the plat recorded in Volume Z, Page 366 of the Calhoun County Plat Records and also a part of the same property described in Special Warranty Deed dated August 18, 1989 from Eula Sari Chavez to Aucencio S. Chavez recorded in Volume 35, Page 973 of the Official Records of Calhoun County, Texas

attached as Exhibit B; and Parcel 3 - being approximately 0.004 acre situated in the Ysidro Benavides Survey, Abstract No. 38 of Calhoun County, Texas and being a part of Lot 31 in Block B of Crestview Subdivision relative to the plat recorded in Volume Z, Page 366 of the Calhoun County Plat Records, attached as Exhibit C. No discussion or action was had on Action Item 9 at this time.

Next, the Chairman called for **Consent Item 10 - Consideration of and possible action approving a Resolution of the Board of Directors of the Guadalupe-Blanco River Authority authorizing the General Manager/CEO or his designee to be the representative(s) of GBRA for the purpose of furnishing information and executing documents as may be required in connection with the preparation and submission of an application to the Texas Parks and Wildlife Department in regards to the Community Outdoor Outreach Program (CO-OP) funding opportunity for Fiscal Year 2021.** Tim Dusek briefed the board requesting approval of a resolution authorizing submittal of an application to the Texas Parks and Wildlife Department for the Community Outdoor Outreach Program (CO-OP). CO-OP grants are for organizations that introduce underserved populations to outdoor recreation, conservation and environmental education programs. The underserved populations include females, minorities, low income individuals and students with physical or mental impairments. We are proposing aquatic science explorations for 100 high school students in the Lockhart ISD. In 2017 GBRA was awarded a CO-OP grant to serve two high schools in the Victoria ISD. GBRA is requesting a \$19,000 grant and will provide a \$35,000 in-kind match comprised of GBRA staff time and volunteer services. Grant applications are due November 6, 2020

with awards being announced March 1, 2021. Upon motion by Director Fogle, seconded by Director Motl, the Board unanimously authorized the General Manager/CEO or his designee to be the representative(s) of GBRA for the purpose of furnishing information and executing documents as may be required in connection with the preparation and submission of an application to the Texas Parks and Wildlife Department in regards to the Community Outdoor Outreach Program (CO-OP) funding opportunity for Fiscal Year 2021.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action approving a Resolution to amend Guadalupe-Blanco River Authority Board Policy 102.203 relating to the commencement of litigation by the General Manager/Chief Executive Officer on behalf of the Authority.** Tom Bohl briefed the board on an amendment to Board Policy 102.203 explaining that the section delegates broad authority to the General Manager/CEO to act in furtherance of an issue of the GBRA, supervised by the board. Under current policy, certain things are reserved to the board, to include selection of officers, establishing bylaws, authorization to borrow funds and a number of other major items. In addition, the board policy reserves to the board the initiation of litigation on behalf of GBRA. Traditionally, that has been viewed and interpreted as dealing with court litigation and that has been the practice in the past. The applicability of the policy is less clear to contested case hearings in front of regulatory agencies such as the TCEQ or the Public Utility Commission (PUC). These situations come up in shorter order generally than court litigation type situations, so the staff requests a clarification of the existing policy. The staff is recommending that the policy

be amended to make it clear that it applies to court litigation. The implication would be that in situations where we need to request a contested case hearing in front of a regulatory agency, that the General Manager/CEO would have the authority to act on that and all actions would be reported to the board. In addition, management recognizes there are some situations necessary for GBRA to file an application with the court to ask for a Temporary Restraining Order (TRO) or Temporary Injunction in between scheduled board meetings. The proposal is that the policy be amended, that it be clear that the reservation applies to court litigation and would allow the General Manager/CEO to request contested case hearings with regulatory agencies and to also set up a process to go to court to get a temporary restraining order if needed and to allow the General Manager/CEO the opportunity to take that action and come back to the board before taking any further action without obtaining the board's consent for continuing the litigation. Upon motion by Director Meador, seconded by Director Fogle, the Board approved a Resolution authorizing the amendment of the Guadalupe-Blanco River Authority Board Policy 102.203 relating to the commencement of litigation by the General Manager/Chief Executive Officer on behalf of the Authority by the following vote:

AYES: Director Patillo, Carbonara, Ehrig, Fogle, and Meador

NOES: Director Motl, Hermes, and Matthews

ABSTENSTIONS: None.

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

Next, the Chairman called for **Discussion Item 12 - Discussion regarding the planning for and implementation of the Mid-Basin Surface Water Project.** Brian

Perkins gave a presentation on steps for a 7-year plan to develop a Mid-Basin Phase II Project. He informed the board that construction has recently started on the Carrizo Groundwater Supply Project which is typically referred to as Mid-Basin Phase I. In August, the TCEQ approved GBRA's permit for diversion from the Guadalupe River for 75,000 acre feet of water per year with a maximum diversion of 500 cfs and storage in an off channel reservoir at 125,000 acre feet of water. With construction commencing, it triggered a look at what Phase II should look like and get it to a point where discussions can be started with other entities in the next couple of years. The goal is to develop a plan to get to point where GBRA can have discussions with customers, look to where the project might deliver water, what is feasible, what is the most economical, and most environmental friendly. Phase II contemplates Aquifer Storage and Recovery (ASR) and working closely with the TWDB to compile analysis of data. The data would be for a wide range of areas to give GBRA information to determine where favorable ASR areas are in Gonzales and Caldwell Counties. With information gathered ahead of time, GBRA will be able to provide any technical consultants hired with this information, eliminating the need for further investigation by consultants. Information on water quality, total dissolved solids and metal mobilization will also be passed along and helpful to both organizations. Along with analysis reports, GBRA will be receiving Geo-Databases and Mapping deliverables from the TWDB at no cost to GBRA with a final product around July, 2021. Step 2 involves a Habitat Conservation Plan in the basin to help GBRA understand more about the freshwater mussels in the diversion reach, to help in sighting the intake structure, to avoid potential conflicts with aquatic species, classification as a covered

activity in the HCP and development of mitigation strategies. Mapping and siting for the intake structure is the focus in this step with a time frame of three to five years. Step 3 involves an update of the 2010-2013 Mid-Basin Water Supply Project study. Through the updated feasibility study this would identify where GBRA can focus our efforts through feasibility reports with recommendations on siting, sizing and routing around 2023 depending on the size of the scope of work. Step 4 may be the development of a Pilot ASR Program with up to three test wells near existing sources of water, with a look at ASR well injection capabilities, recovery rates, the storability of the aquifer, and aquifer water quality data. Through this program, GBRA will end up with considerable report and mapping data; while looking at a 2-1/2 to 3 year time frame for this step. Step 5 would involve integrating all information, adjust sites, infrastructure costs, and receive a preliminary engineering report leading to a full design and construction with a time frame of 2026 through 2028.

Next, the Chairman called for **Discussion Item 13 - Discussion regarding the Guadalupe Valley Hydroelectric System design and construction activities.** Charlie Hickman briefed the board on the three Water Control and Improvement Districts (WCID) formed on the upper three hydroelectric reservoirs - Dunlap, McQueeney and Placid. Mr. Hickman presented a rendering of a completed design for the Dunlap Dam and stated that a request for proposals has been issued to contractors for bids on the replacement of the three spillgates, stoplog dewatering system to allow for maintenance activities, and hardening of the emergency spillway. GBRA received a letter of eligibility from the TWDB regarding a zero percent loan for the construction of Dunlap Dam along with a \$500,000

in loan forgiveness. Mr. Hickman touched on some of the project's permitting and procurement activities such as a nationwide permit with the US Army Corp of Engineers, the Texas Historical Commission, Texas Parks and Wildlife, Texas Commission on Environmental Quality Dam Safety Division and an application for a Floodplain Development Permit with Guadalupe County. A mandatory procurement meeting held earlier in the month in New Braunfels hosted a full house. GBRA had a significant amount of participation with a strong representation by contractors and sub-contractors alike. A site visit was given with quite a few questions being fielded. Bid opening is scheduled for Tuesday, October 27, 2020. Since reaching an agreement with the McQueeney and Placid WCIDs, GBRA has started the process of designing those structures. The first step is to go out and collect specific data. The geotechnical data has been completed at both dams and GBRA received preliminary data from those findings. Conditions at McQueeney and Placid closely match what was found at Dunlap. The basic design concept that GBRA is using for the Dunlap Dam will be valid for both the McQueeney and Placid sites. GBRA should have preliminary design reports in by January, 30% design in March 2021, 60% design in May and getting to a final design in September 2021 with the projects ready to bid in November 2021. We do have the Clean Water State Revolving Fund Applications at the TWDB for both structures for design and construction.

Next the Chairman called for **Discussion Item 14 - Discussion regarding the Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin.** Charlie Hickman briefed the Board on Basin hydrologic conditions the Base Flow Report, condition of the Guadalupe Basin including rainfall

percentages, events and totals, the U. S. Drought Monitor Seasonal Outlook, Edwards Aquifer levels, Comal Springs level, Guadalupe River stream flows, El Nino and La Nina modeled forecast, and elevation of Canyon Reservoir.

The Chairman recessed the open meeting at 11:25 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:40 a.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened in open session at 12:50 p.m. Chairman Patillo called the meeting back to order at 12:50 p.m. and General Counsel Bohl called roll of Board members. All members were present.

The Chairman called for **Action Item 9 - 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 easements for the Crestview Wastewater Treatment Facility Project in connection therewith, over, across, upon and under certain privately owned real properties; authorizing all appropriate action by the General Manager/CEO, staff, retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed buffer zone easements that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of GBRA to acquire such property interests including necessary acts for any applicable lienholders for such properties; authoring all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary**

interests in real property; declaring the sections of the Resolution to be severable one from the other in the event any section of the Resolution is determined to be invalid; said property to be identified to wit: Parcel 1 - being approximately 0.57 acre for in the Ysidro Benavides Survey, Abstract No. 38 of Calhoun County, Texas and being a part of the same property description as 5.64 acres in Correction Warranty Deed with Vendor's Lien dated May 14, 1997 from Kenneth Moehnke and May Jane Moehnke to Aucencio Chavez recorded in Volume 183, Page 61 of the Official Records of Calhoun County, Texas attached as Exhibit A; Parcel 2 - being approximately 0.05 acre situated in the Ysidro Benavides Survey, Abstract No. 38 of Calhoun County, Texas and being a part of Lot 32, Block B of Crestview Subdivision relative to the plat recorded in Volume Z, Page 366 of the Calhoun County Plat Records and also a part of the same property described in Special Warranty Deed dated August 18, 1989 from Eula Sari Chavez to Aucencio S. Chavez recorded in Volume 35, Page 973 of the Official Records of Calhoun County, Texas attached as Exhibit B; and Parcel 3 - being approximately 0.004 acre situated in the Ysidro Benavides Survey, Abstract No. 38 of Calhoun County, Texas and being a part of Lot 31 in Block B of Crestview Subdivision relative to the plat recorded in Volume Z, Page 366 of the Calhoun County Plat Records, attached as Exhibit C. Courtney Kerr-Moore briefed the Board on the condemnation proceedings. The Guadalupe-Blanco River Authority has declared a public necessity for the acquisition of certain buffer zone easements for the Crestview Wastewater Treatment Facility Project in Calhoun County, Texas. Buffer zone easements are necessary over, across, upon and

under certain privately owned real properties to accommodate the growth in the area. Proceedings in eminent domain are necessary to acquire certain properties for the Crestview Wastewater Treatment Facility Project. Efforts to negotiate for the acquisition of these properties have so far been unsuccessful. Approval of a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain property rights from the property owner listed below and any applicable lienholders for the Crestview Wastewater Treatment Facility Project, including by condemnation if necessary, of the following property: approximately 0.57 acre of permanent buffer zone easement on property owned by Aucencio Chavez as shown in Warranty Deed with Vendor's Lien recorded in Volume 183, Page 61 of the Official Records of Calhoun County, Texas; 0.005 acre for a permanent buffer zone easement on property owned by Aucencio S. Chavez as shown on plat recorded in Volume Z, Page 366 of the Calhoun County Plat Records and being the same property described in Special Warranty Deed recorded in Volume 35, Page 973 of the Official Records of Calhoun County, Texas, and 0.004 acre for permanent buffer zone easement on property owned by Aucencio S. Chavez as shown on plat recorded in Volume Z, Page 366 of the Calhoun County Plat Records was presented to the Board for consideration. Upon motion by Director Meador, seconded by Director Fogle, the Board of Directors of the Guadalupe-Blanco River Authority failed to authorize the use of the power of eminent domain to acquire from the property owner listed below and any applicable lienholders, the following property located in Calhoun County, Texas: Parcel 1, Parcel 2, and Parcel 3, consisting of 0.57 acre, 0.05 acre and 0.004 acre for buffer zone permanent easements for the Crestview Wastewater

Treatment Facility Project located on land owned by Aucencio S. Chavez for the construction, operation, and maintenance of certain wastewater treatment facilities and a wastewater pipeline system and other system related improvements for the Crestview Wastewater Treatment Facility Project located in portions of Calhoun County. The motion requested approval of the proposed Resolution and intends that the record vote on this matter applies to all units of property to be condemned by the following vote:

AYES: Director Patillo, Meador, Fogle, and Mathews

NOES: Director Carbonara, Ehrig, Hermes, and Motl

ABSTENSTIONS: None.

The motion failed with a four to four vote.

The Chairman called for any other business to come before the board. Tom Bohl requested a motion on the issue of potential litigation and protection of rights on the treated water pipeline. Mr. Bohl proposed a motion to authorize the General Manager/CEO to take such legal action including court action which the General Manager/CEO deems necessary in the event that he needs to protect the interests of GBRA in the treated water pipeline and its easement in the area of Sunset Oaks Subdivision in Hays County. Upon motion by Director Meador and a second by Director Fogle, the Board unanimously approved the motion.

There being no further business to be brought before the Board, the meeting was adjourned at 12:59 p.m. subject to call by the Chairman.

Chairman

Secretary