

GUADALUPE-BLANCO RIVER AUTHORITY

Minutes of the Board of Directors

The Board of Directors of the Guadalupe-Blanco River Authority met in a regular meeting on December 16, 2020, by teleconference and at the GBRA, Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. 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. Present in the Annex Building at 905 Nolan Street, Seguin, Texas were Kevin Patteson, General Manager/Chief Executive Officer; Darrell Nichols, Senior Deputy General Manager; Jonathan Stinson, Deputy General Manager; Tommy Hill, 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; 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; Earnie Granville, Associate General Counsel; Amanda Reichle, Safety and Risk Manager; and Brian Perkins, Senior 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 10:04 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, at the GBRA main office and at the GBRA 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 Appointment of a Nominating Committee for Officers of the Board of Directors for calendar year 2021.** Director Matthews was appointed to chair the Nominating Committee and he was charged

with selecting additional Board members to serve with him. No other action was taken on Chairman Item 1.

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

The Chairman then called for **Chairman Item 3 - Consideration of and possible action approving the minutes of the November 18, 2020 Board meeting;**

Consent Item 4 - Consideration of and possible action approving the monthly financial report for November 2020; Consent Item 5 - Consideration of and possible action approving the monthly operations report for November 2020; and Consent Item 6 - Consideration of and possible action approving Directors' expense vouchers.

Upon motion by Director Fogle, seconded by Director Meador, 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. Amanda Reichle, Safety and Risk Manager, gave a report indicating that there were no lost time accidents or reportable incidents in the previous month and that two positive Covid-19 cases were reported bringing the total to nineteen 19 cases since March. Ms. Reichle reported that updates were made to GBRA's privacy evacuation plan for Seguin to include routes, personal safety checklists and muster locations. She reported that the Safety Committee will have a last final review and approval before staff starts circulating the evacuation plan. She indicated staff would begin practicing safety drills early next year. Ms. Reichle reported that staff is currently reviewing and providing updates for sections in the GBRA Safety Manual which will be submitted to the Safety Committee. She reported that a new safety risk management web-based program was purchased, which would help streamline recording capabilities, tracking and trending, making new reports on accident investigations, auditing and changes to the GBRA training catalog. Staff continues to monitor Covid-19 cases by county.

Next, Charlie Hickman, Executive Manager of Engineering and Development, reported on projects completed and in progress since the November Board Meeting. Mr. Hickman reported that of the date of the Board meeting, just considering engineering projects alone, GBRA had approximately \$18 million of current construction in progress. He reported that GBRA had \$41 million of projects out to bid right now. Mr. Hickman anticipated that staff workload is going to increase quite a bit as there are several other

projects coming in 2021. He noted that some board members and staff members attended the groundbreaking ceremony in November for the Carrizo Groundwater Supply Project. The drilling of the first pilot hole has been completed. Overall, GBRA has spent about 20% spent of the total cost of the project. Regarding the Stein Falls Project, GBRA has one phase of the project currently out to bid and the other wrapping up in January. GBRA has had four potential developments in the area, so as the project information has gotten out, staff is seeing an uptick in development interest in the area, which was already happening pretty rapidly. Mr. Hickman noted that the City of New Braunfels is installing a sports complex and GBRA has entered into an agreement to serve the facility. The City is paying to install the extensions to upsize the line to serve some additional developments near the sports complex. Mr. Hickman pointed out that there has been a lot of development interest in areas mostly in Green Valley SUD service area which GBRA, by agreement, will be serving as well. Regarding the Dunlap Spillgate Replacement project, GBRA is at the end of the permitting process. GBRA has coordinated efforts to come under United States Army Corps of Engineer Nationwide Permit 43. GBRA has provided everything that the Corps requested, and they gave GBRA indication that they have no additional comments, that they are waiting on the final architectural components. GBRA received three (3) bids on this project. He reported that staff anticipated closing on a Clean Water State Revolving Fund loan for the project at the end of January and that the project involves a 24-month scope of work minus any flood events. Mr. Hickman indicated that consultants have already started the design of the McQueeney and Placid Dams, which should be in mid-2021. When the design

process is complete, Mr. Hickman expects to bid these projects by the end of November 2021.

Next, Vanessa Guerrero, Executive Manager of Administration virtually introduced five new GBRA employees. The Board was briefed on the education department, communication department, regulatory and customer affairs, information technology, and human resources activities.

The Chairman called for **Action Item 8 - Consideration of and possible action approving a Resolution authorizing the Issuance of \$40,000,000 in Aggregate Principal Amount of Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021 (Lake Dunlap Dam and Hydroelectric Facilities Project); authorizing the sale thereof to the Texas Water Development Board (TWDB) through its Clean Water State Revolving Fund Program; approving and authorizing the execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; approving and authorizing all other instruments and procedures related thereto; and providing for an immediate effective date.** Randy Staats, Executive Manager of Finance/Chief Financial Officer, briefed the Board on the funding approval on December 3, 2020 by the TWDB. This schedule will be a 30 year event schedule. It does have reduced interest rates that are provided that will be a great benefit for the Lake Dunlap Water Control and Improvement District No. 1 (LDWCID #1), who also approved this bond resolution earlier this month. Mr. Staats reported that the bond will be sold as contract revenue bonds and the taxes that are applied by the LDWCID to property owners within the district. Receipt of the bond proceeds is expected in January.

Upon Motion by Director Fogle and seconded by Director Matthews the Board unanimously approved the Issuance of \$40,000,000 in Aggregate Principal Amount of Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021 (Lake Dunlap Dam and Hydroelectric Facilities Project); authorizing the sale thereof to the Texas Water Development Board (TWDB) through its Clean Water State Revolving Fund Program; approving and authorizing the execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; approving and authorizing all other instruments and procedures related thereto; and providing for an immediate effective date. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chairman called for **Action Item 9 - Consideration of and possible action authorizing Guadalupe-Blanco River Authority staff to open accounts as indicated.**

Randy Staats, Executive Manager of Finance/Chief Financial Officer, briefed the Board on the need to set up new bank and investment accounts for the upcoming receipt of bonds proceeds for the Lake Dunlap Dam construction project. He noted that one bank account and two investment pool accounts were requested in order to maintain separation from other funds to assist in complying with Internal Revenue Service arbitrage calculations. Upon Motion by Director Motl and seconded by Director Hermes the Board unanimously approved authorizing Guadalupe-Blanco River Authority staff to open accounts as indicated.

The Chairman then called for **Action Item 10 - Consideration of and possible action approving the January 1, 2020 Actuarial Valuation for the Retirement Plan**

for Employees of the Guadalupe-Blanco River Authority, the recommended contribution of \$897,338 included therein, and a supplemental contribution of \$102,662.

Randy Staats, Executive Manager of Finance/Chief Financial Officer, noted that an Actuarial Valuation had been completed as of January 1, 2020 which includes the amount of the unfunded actuarial liability, the annual contribution, and other calculations. The report indicates a funded ratio of 84.2%, which is slightly lower than the previous year, and is based on the actuarial value of assets including the smoothing of gains and losses over a five year period. He noted that when the actuarial liability is compared to the market value of assets, the funded ratio reaches 88.4%. The report includes a recommended contribution of \$897,338. Mr. Staats noted that members of the Retirement and Benefits Committee had previously recommended a supplemental contribution of \$102,662, representing a total contribution of \$1,000,000 for calendar year 2020. Upon Motion by Director Motl and seconded by Director Ehrig, the Board unanimously approved the January 1, 2020 Actuarial Valuation for the Retirement Plan for Employees of the Guadalupe-Blanco River Authority, the recommended contribution of \$897,338 included therein, and a supplemental contribution of \$102,662.

The Chairman called **for Action Item 11 – Consideration of and possible action approving the Fiscal Year 2020 annual financial audit and distribution of the Comprehensive Annual Financial Report.**

Randy Staats, Executive Manager of Finance/Chief Financial Officer, introduced Aaron Worthman with the accounting firm Baker Tilly. Mr. Worthman updated the Board

on the audit performed for the FY 2020 financial statements. Their audit was performed in accordance with Generally Accepted Auditing Standards and Government Auditing Standards. Mr. Worthman noted that they have issued an unmodified audit opinion, often referred to a clean opinion, for the FY 2020 financial statements. He also noted that there were no material weaknesses or significant deficiencies related to internal controls. Upon Motion by Director Ehrig and seconded by Director Fogle, the Board unanimously approved the Fiscal Year 2020 Annual Financial Audit and distribution of the Comprehensive Annual Financial Report.

Next, the Chairman called for **Discussion Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a letter of agreement and Easement Release and Electric Line Easement and Right-Of-Way with Pulte Homes of Texas.**

Courtney Kerr-Moore, Associate General Counsel, briefed the Board regarding the relocation of a portion of the overhead electric lines. She reported that GBRA was approached by Pulte Homes to move the easement to the perimeter. Pulte Homes will pay for any costs associated with this matter. Upon Motion by Director Motl and seconded by Director Ehrig, the Board unanimously approved the execution of a letter of agreement and Easement Release and Electric Line Easement and Right-Of-Way with Pulte Homes of Texas for the B&B Road Electric Line Relocation in Guadalupe County, Texas.

The Chairman called for **Action Item 13 - Authorization for the General Manager/CEO to negotiate and execute a Wholesale Wastewater Treatment Service Agreement with the City of Buda.**

Tom Bohl, General Counsel, briefed the Board on a proposal for GBRA to provide Wholesale Wastewater Treatment to the City of Buda. The City of Buda approved a proposal agreement in City Council on December 15, 2020. Upon Motion by Director Hermes and seconded by Director Fogle, the Board unanimously approved the negotiation and execution of a Wholesale Wastewater Treatment Service Agreement with the City of Buda.

The Chairman called for **Action Item 14 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an interruptible water supply contract for up to 1,000 acre-feet for one year with Select Energy Services, LLC, with the option to renew said contract for two additional one year terms.**

Earnie Granville, Associate General Counsel, briefed the Board on a proposed one-year interruptible water supply contract in the mid and lower Guadalupe basin for mining activities by Select Energy. Upon Motion by Director Meador and seconded by Director Fogle, the Board authorized the General Manager/CEO to negotiate and execute a one year water supply contract with Select Energy Services, LLC on the following record vote:

AYES:	Directors Patillo, Motl, Meador, Matthews, Hermes, Fogle and Carbonara
NOES:	Director Ehrig
ABSTENTIONS:	None

The Chairman called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Contract with the lowest qualified bidder for construction of the SH123 Pipeline Crossing Replacement.**

Charlie Hickman, Executive Manager of Engineering, briefed the Board on the SH123 Pipeline Crossing Replacement contract. He noted that the curved section of the pipes would have required more time than could be allowed given customer supply needs. He said the pipes will be removed from under the highway and replaced within 90 days of the execution of the contract. Work time requirement would be a 48-hour period. He said staff seeks approval to award the project once the bids come in early January, 2021. Upon Motion by Director Hermes and seconded by Director Meador, the Board unanimously approved the SH123 Pipeline Crossing Replacement contract.

The Chairman called for **Action Item 16 - 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, 2021 through December 31, 2021.**

Tommy Hill, Senior Advisor to the General Manager, briefed the Board on the annual Bay System Monitoring Agreement to maintain the water quality stations. GBRA's partner on this project is the San Antonio River Authority. Upon Motion by Director Motl and seconded by Director Meador, the Board unanimously approved the annual Bay System Monitoring Agreement between Texas A&M University-Corpus Christi and GBRA for the period January 1, 2021 through December 31, 2021.

The Chairman called for **Action Item 17 - Discussion regarding Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin.**

Charlie Hickman, Executive Manager of Engineering and Development, briefed the Board on the condition of Guadalupe Basin. He reported that Comal Springs is close to average conditions. He said Spring Branch is fairly dry. Dry conditions exist across the basin. Canyon elevation is below 909 feet above mean sea level. He reported there is a 95% chance of remaining in La Nina for the next couple of months, trending to neutral conditions for the summer.

There being no further business to be brought before the Board, the open meeting was recessed at 11:26 a.m. subject to call by the Chairman and convened the meeting in executive session at 11:40 a.m. pursuant to Chapter 551, Texas.

The Board reconvened in open session at 12:00 p.m. There being no further business to be brought before the Board, the meeting was adjourned at 12:05 p.m. subject to call by the Chairman.

Chairman

Secretary