

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 May 15, 2019, at the GBRA William E. West, Jr., Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Dennis L. Patillo, Don B. Meador, Kenneth Motl, Robert “Rusty” Brockman, William R. Carbonara, Oscar H. Fogle, Ronald J. Hermes, Tommy Mathews, 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; Earnie Granville, Associate General Counsel; Charlie Hickman, Manager of Project Engineering; David Harris, Deputy Executive Manager of Operations; Michael Urrutia, Deputy Executive Manager of Operations; Amy Uniacke, Engineer; Jen Crownover, Comal County Commissioner-Precinct 4; Ian Taylor with New Braunfels Utilities; and Joe F. Solansky from Gonzales.

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:

Director Ehrig led the Pledge of Allegiance to the United States flag and the Texas flag.

The Chairman 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: 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 informed the Board on the gate failure at Dunlap Dam and called upon Darel Ball to brief the Board on the Dunlap Dam failure. Mr. Ball briefed the Board on the Dunlap Dam failure that occurred on Tuesday, May 14, 2019 around 8:05 a.m. Water customers that divert Canyon water out of Lake Dunlap include the Canyon Regional Water Authority, Guadalupe Energy Center, and

GBRA's regional raw water delivery system that supplies water to Hays Energy, Canyon Regional Water Authority Hays/Caldwell Water Treatment Plant, and the San Marcos Water Treatment Plant. Canyon Regional Water Authority and Guadalupe Energy Center are still able to divert water at the lower lake level. Temporary pumps have been installed to pump water into the Dunlap Canal in order to continue delivering water to GBRA's regional raw water delivery system. The current primary focus is to continue supplying water to GBRA customers and when river flows decrease a detailed assessment of the failure will be investigated.

The Chairman called for **Public Comment Item 1 - Comments from the public.** Chairman Patillo recognized Joe Solansky. Mr. Solansky informed the Board that it has been three years since Lake Wood Dam gate failed and is hopeful that GBRA's new administration will find a positive resolution for the Hydroelectric Dam failures.

The Chairman recalled 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: 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. Darel Ball briefed the Board on the Canyon Hydroelectric operations including the terminal unit upgrade, the repair of a large water leak on the San Marcos Regional Raw Water Delivery System pipeline at Highway 123, the Luling Water Treatment Plant filter isolation valve replacement, the Western Canyon Water Treatment Plant raw water tank inspection and lagoon sludge removal, the Cordillera Ranch Wastewater Treatment Plant membrane cleaning, the Water Supply Division Hog Bayou levee repair, the Calhoun Canal Division raw water pipeline, training activities, new hires and promotions in operations, and safety. Tommy Hill briefed the Board on engineering activities including the Kendall Regional Wastewater Treatment Plant and the Region L Water Plan. Nathan Pence briefed the Board on Environmental Science and Community Affairs activities including the new Edwards Aquifer Refugia Facility, the Gonzales Chamber of Commerce banquet, the *Adopt-A-Spot River Clean-up*, the San Marcos and Geronimo Creek clean-ups, aquatic life monitoring, 2019 Basin Highlights Report, 5th grade field trips at the Canyon Lake Gorge, NEPRIS *World of Work Week* with GBRA's Lee Gudgell and Lauren Willis, water hyacinth surveys in the lower Guadalupe Basin, Zebra Mussel sampling, and the upcoming Texas Water Safari on June 8, 2019.

Next, the Chairman called for **Consent Item 2 - Consideration of and possible action approving the minutes of the April 17, 2019, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for April 2019; Consent Item 4 - Consideration of and possible action approving the monthly operations report for April 2019; and Consent Item 5 - Consideration of**

and possible action approving Directors' expense vouchers. Upon motion by Director Brockman, seconded by Director Motl, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chairman called for **Action Item 7 - Consideration of and possible action ratifying a Wastewater Treatment and Disposal Agreement between Guadalupe-Blanco River Authority and Boerne Independent School District dated March 18, 2019.** Tom Bohl, briefed the Board on the Wastewater Treatment and Disposal Agreement. This is a contract between Boerne Independent School District (BISD) and GBRA relating to GBRA's operation of a wastewater treatment system for BISD's new Voss Middle School campus, located near the intersection of State Highway 46 and Texas Ranch to Market Road 2253 (north of Fair Oaks Ranch and southwest of the Cordillera Development in Kendall County). In October 11, 2017, the GBRA Board of Directors approved an agreement to provide treated water service to the Voss Middle School Campus. At that time, GBRA and BISD staff were also discussing a contract for GBRA to operate a sewage treatment plant for the campus (the "Wastewater Contract"). Near the end of 2018, GBRA and BISD staffs resumed negotiations on the latter contract. Those negotiations were concluded in early 2019. A contract was approved by the BISD Board of Trustees and signed on behalf of both Parties on or about March 18, 2019. It was thought at the time that the Wastewater Contract had been presented to the GBRA Board. Under the Wastewater Contract, GBRA will be responsible for maintenance and operation of a wastewater treatment plant to serve the Voss campus. BISD has obtained a wastewater permit from the Texas Commission on Environmental Quality. GBRA will

develop a budget for the operation of the plant in advance of each contract year. BISD will be able to review and comment on the budget and will receive quarterly budget updates through the budget year. GBRA will bill BISD monthly and there is an annual adjustment or true-up following the close of each budget year. Operations are expected to commence at the beginning of the 2019-20 school year. GBRA staff will assist BISD in inspection of the wastewater system starting in July 2019. The plant and system will not be conveyed to GBRA. The contract expires by its terms on August 31, 2029. Upon motion by Director Motl, seconded by Director Meador, the Board unanimously ratified a Wastewater Treatment and Disposal Agreement between Guadalupe-Blanco River Authority and Boerne Independent School District dated March 18, 2019.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action approving an amendment to the GBRA Fiscal Year 2019 Work Plan and Budget to establish a budget for the Boerne Independent School District Wastewater Treatment Plant.** Randy Staats briefed the Board on the amendment to the Fiscal Year 2019 Work Plan and Budget. This proposed amendment is associated with establishing a budget for the operation of the Boerne Independent School District Wastewater Treatment Plant. The Boerne Independent School District Wastewater Treatment Plant is expected to be operational in July/August 2019 with the opening of Voss Middle School, the campus on which the plant is constructed. The operational contract has been established as budget to actual. Startup funds of \$10,250 are necessary during the current fiscal year for chemicals, tools, office supplies, lab and other equipment as well as personnel related costs. Upon motion by Director Meador,

seconded by Director Mathews, the Board unanimously approved an amendment to the GBRA Fiscal Year 2019 Work Plan and Budget to establish a budget for the Boerne Independent School District Wastewater Treatment Plant.

The Chairman then called for **Action Item 9 - Consideration of and possible action approving a connection fee of \$6,200 for the Dunlap Wastewater Reclamation System effective October 1, 2019.** Randy Staats and Amy Uniacke briefed the Board on the proposed connection fee for the Dunlap Wastewater Reclamation System. An increase in the connection fee associated with the Dunlap Wastewater Reclamation System is proposed due to improvements in the collection system to meet current and future demand. The area west of the Guadalupe River between New Braunfels and Seguin continues to grow with increased interest from the developer community, which has resulted in many new wastewater service agreements in the past 24 months. The Dunlap wastewater plant provides wastewater services to this area. A master plan, commissioned in 2018, developed a multi-year strategy to accommodate growth and upgrades needed in the existing collection system that will require infrastructure expansion and improvements. Engineering has already been initiated for these improvements and construction is planned to begin in early 2020. The Dunlap connection rate approved within the Fiscal Year 2019 Annual Work Plan and Budget is \$5,477. Staff proposes a rate increase to \$6,200 per connection. This rate would not take effect until October 1, 2019 in line with any other adjustments that may be made through the FY 2020 budget process. Early approval of the rate increase is requested in order to provide developers with sufficient time to plan. Upon motion by

Director Brockman, seconded by Director Hermes, the Board unanimously approved a connection fee of \$6,200 for the Dunlap Wastewater Reclamation System effective October 1, 2019.

The Chairman called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to engage the audit firm of Baker Tilly for the Fiscal Year 2019 financial audit.** Randy Staats briefed the Board on the audit firm engagement for the 2019 financial audit. An annual audit is required by Section 7 of GBRA's Enabling Act, Section 49.191 of the Texas Water Code, GBRA Board Policy 410-Audits, and the provisions of numerous bond resolutions. Current GBRA Board Policy 410.202 states that the initial term of the engagement of an independent auditor shall be three years subject to annual evaluation and reappointment for the second and third years. Subsequent reappointments may be approved, however the term may not exceed five consecutive years. The firm of Baker Tilly completed audit services for one year. Baker Tilly has submitted their proposal for auditing services for the Fiscal Year 2019 financial audit. The proposal was presented to the Audit Committee. The service proposal states that the fee for the firm's services will be based upon their quoted hourly rates, but not to exceed \$52,250. This amount is exclusive of any potential services related to the Single Audit Act for federal grant expenses that meet certain thresholds. Upon motion by Director Motl, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to engage the audit firm of Baker Tilly for the Fiscal Year 2019 financial audit.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action approving a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain wastewater pipeline easements and temporary construction easements and certain fee estates for the Dietz Wastewater Project or System 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 fee estates and easements and temporary construction easements and related rights of ingress and egress 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; authorizing 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 properties to be identified to wit: Tract NG04 LS & Sons Concrete, Inc., being approximately 0.84 acres or 36,590.40 square feet more or less of permanent easement and 0.77 acres of temporary easement and being a portion of Lot 1, Ric and Sonia Martinez Subdivision, an addition to Guadalupe County, Texas, according to the map or plat thereof recorded in Volume 8, Page 127, Map and Plat Records, Guadalupe County,**

Texas, also being the same as tract of land owned by LS & Sons Concrete, Inc., as shown in deed recorded in Volume 4141, Page 823, Official Public Records, Guadalupe County, Texas. CAD: 151616, and attached as Exhibit "A"; Tract NG09 Charles Aque, being approximately 0.82 acres of permanent easement or 35,719.20 square feet more or less of permanent easement and 0.48 acres of temporary easement and being a tract of land containing 58.4 acres out of the S.M. Esnaurizar Eleven League Grant Survey, Abstract No. 20, also being the same as tract of land owned by Charles Aque, as shown in deed recorded in Volume 2391, Page 512, Official Public Records, Guadalupe County, Texas, save and except that .486 acre tract to Guadalupe-Blanco River Authority, recorded in Volume 1642, Page 298, Official Public Records, Guadalupe County, Texas. CAD: 56237; 56238; 56240, and attached as Exhibit "B"; and Tract NG011 Maureen Elaine Dierks a/k/a Maureen Elaine Dierks Isbell and Eldor Herbert Dierks, as their interests may appear, being approximately 0.82 acres or 35,719.20 square feet more of less of permanent easement and 0.49 acres of temporary easement and being a tract of land containing a called 81.50 acres out of the A.M. Esnaurizar Survey, Abstract No. 20, and being the remainder of that previously called 134.06 acres in Deed recorded in Volume 205, Page 436 of the Deed Records, now owned by Maureen Elizabeth Dierks and Eldor Herbert Dierks, as shown in deeds recorded in Volume 2358, Page 648 and Volume 2358, Page 655, Deed Records, save and except those parcels conveyed by Deeds recorded In Volume 91, Page 602, Volume 385, Page 351, Volume 387, Page 160, Volume 416, Page 51, Volume 416, Page 306, Volume 417,

Page 547, Volume 420, Page 365, Volume 420, Page 483, Volume 420, Page 484, Volume 442, Page 289, as corrected by Volume 1728, Page 211, and Volume 2027, Page 313 of the Deed Records, Guadalupe County, Texas. CAD: 55120, and attached as Exhibit “C”. No discussion or action was taken on Action Item 11 at this time.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to provide a GBRA sponsorship, of up to \$30,000, for the reopening of the walkway across Canyon Dam.** Nathan Pence briefed the Board on the reopening of the walkway across Canyon Dam. Historically, the walkway across Canyon Dam has served as a community resource. Both residents and tourists alike, used the Dam as an exercise venue and location to enjoy/experience nature. The walkway provided these opportunities in a safe environment. It was recognized in spring 2018, that the Dam walkway had safety issues and therefore, the walkway was closed to the public. Community groups and stakeholders acknowledged the need to reopen the Dam walkway as a community resource and efforts began to organize, focused on the reopening of the walkway. Through a unique community, public private partnership, GBRA, U. S. Army Corp of Engineers, Water Oriented Recreation District, Comal County, Canyon Lake High School Welding Team, and Dam Community Alliance, a plan was devised to upgrade the Dam walkway to meet safety requirements and reopen the walkway for public use. GBRA is being requested to provide a \$30,000 sponsorship towards safety materials that will be used to upgrade the walkway to be compliant, specifically curbing along the walkway to facilitate wheelchairs and scooters.

Upon motion by Director Brockman, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to provide a GBRA sponsorship, of up to \$30,000, for the reopening of the walkway across Canyon Dam. Mr. Pence introduced Commissioner Jen Crownover who addressed the Board regarding the project and is looking forward to working with all of the entities.

The Chairman called for **Action Item 13 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an amendment to the 1975 Water Sales and Supply Contract with Vistra Energy Corporation (successor-in-interest to Central Power and Light Company and Coletto Creek Power, LLC) related to Coletto Creek Reservoir, to include provisions relating to termination and other matters relating to Coletto Creek Reservoir.** No discussion or action was taken on Action Item 13 at this time.

Next, the Chairman called for **Action Item 14 Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute two Raw Water Supply Agreements between Guadalupe-Blanco River Authority and New Braunfels Utilities.** No discussion or action was taken on Action Item 14 at this time.

The Chairman then called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute (1) an Agreement for the transfer of ownership of the Peninsula package wastewater treatment plant from Upper Trinity Regional Water District to GBRA and (2) one or more agreements for relocation, rehabilitation, installation and startup of the facility.** David Harris briefed the Board on the purchase and relocation of the Peninsula

Package wastewater treatment plant. The Crestview Wastewater Treatment Plant currently serves 68 customers. The steel structure of the plant has deteriorated to a point that repairs are not a viable option. Operations and Engineering Divisions have reviewed many scenarios including interconnection with neighboring wastewater plants, rehab of existing structures, replacement with a new treatment plant and finally the replacement with a used and rehabilitated unit. The existing plant has some employee safety issues that would need to be corrected with any of the options. A plant currently owned by Upper Trinity Regional Water District is available that would meet the needs of Crestview existing customers and some additional growth if needed in the future. The plant is an extended aeration plant with a 140% increase in treatment capacity above the current Crestview capacity. It is similar in design but would provide a safer working environment to the operators, better reliability, and a more resilient design for future operations and maintenance than the current plant. The plant, once rehabilitated would be easier to operate, and have a longer design life than the original plant. Estimated life expectancy could exceed 20 years with proper care and maintenance. If authorized, the next steps would be to acquire the facility and then to bid out relocation of the current facility, rehabilitation of plant to meet current standards and bring to "like new condition", and to install the plant and place into operation at the existing site in Calhoun County. Upon motion by Director Motl, seconded by Director Mathews, the Board unanimously authorized the General Manager/CEO to negotiate and execute (1) an Agreement for the transfer of ownership of the Peninsula package wastewater treatment plant from Upper

Trinity Regional Water District to GBRA and (2) one or more agreements for relocation, rehabilitation, installation and startup of the facility.

The Chairman called for **Action Item 16 - Consideration of and possible action authorizing the General Manager/CEO to solicit and procure a consultant to analyze and assist in the development and implementation of operational and mitigation strategies for GBRA facilities and operations impacted by Zebra Mussels.** Michael Urrutia briefed the Board on the GBRA facilities and operations impacted by Zebra Mussels. The Guadalupe-Blanco River Authority, Water Quality Division has been monitoring for Zebra mussels for several years. In 2017, Texas Parks and Wildlife Department officially declared Canyon Lake Reservoir as infested with zebra mussels. Recently, live adult zebra mussels were discovered in Lake Dunlap, Lake McQueeney and Lake Placid, on zebra mussel traps. Previously, only zebra mussel DNA and larvae had been identified in the Hydro lakes. Zebra mussels will impact GBRA operations including hydroelectric dam operations, drinking water intake structures, drinking water pump stations and pipelines, and water diversion system operations. Upon motion by Director Ehrig, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to solicit and procure a consultant to analyze and assist in the development and implementation of operational and mitigation strategies for GBRA facilities and operations impacted by Zebra Mussels.

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.** 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 11:00 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 12:27 p.m.

The Chairman called for **Action Item 11 - Consideration of and possible action approving a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain wastewater pipeline easements and temporary construction easements and certain fee estates for the Dietz Wastewater Project or System 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 fee estates and easements and temporary construction easements and related rights of ingress and egress 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; authorizing 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 properties to be identified to wit: Tract NG04 LS & Sons Concrete, Inc., being approximately 0.84 acres or 36,590.40 square feet more or less of permanent easement and 0.77 acres of temporary easement and being a portion of Lot 1, Ric and Sonia Martinez Subdivision, an addition to Guadalupe County, Texas, according to the map or plat thereof recorded in Volume 8, Page 127, Map and Plat Records, Guadalupe County, Texas, also being the same as tract of land owned by LS & Sons Concrete, Inc., as shown in deed recorded in Volume 4141, Page 823, Official Public Records, Guadalupe County, Texas. CAD: 151616, and attached as Exhibit "A"; Tract NG09 Charles Aque, being approximately 0.82 acres of permanent easement or 35,719.20 square feet more or less of permanent easement and 0.48 acres of temporary easement and being a tract of land containing 58.4 acres out of the S.M. Esnaurizar Eleven League Grant Survey, Abstract No. 20, also being the same as tract of land owned by Charles Aque, as shown in deed recorded in Volume 2391, Page 512, Official Public Records, Guadalupe County, Texas, save and except that .486 acre tract to Guadalupe-Blanco River Authority, recorded in Volume 1642, Page 298, Official Public Records, Guadalupe County, Texas. CAD: 56237; 56238; 56240, and attached as Exhibit "B"; and Tract NG011 Maureen Elaine Dierks a/k/a Maureen Elaine Dierks Isbell and Eldor Herbert Dierks, as their interests may appear, being

approximately 0.82 acres or 35,719.20 square feet more or less of permanent easement and 0.49 acres of temporary easement and being a tract of land containing a called 81.50 acres out of the A.M. Esnaurizar Survey, Abstract No. 20, and being the remainder of that previously called 134.06 acres in Deed recorded in Volume 205, Page 436 of the Deed Records, now owned by Maureen Elizabeth Dierks and Eldor Herbert Dierks, as shown in deeds recorded in Volume 2358, Page 648 and Volume 2358, Page 655, Deed Records, save and except those parcels conveyed by Deeds recorded In Volume 91, Page 602, Volume 385, Page 351, Volume 387, Page 160, Volume 416, Page 51, Volume 416, Page 306, Volume 417, Page 547, Volume 420, Page 365, Volume 420, Page 483, Volume 420, Page 484, Volume 442, Page 289, as corrected by Volume 1728, Page 211, and Volume 2027, Page 313 of the Deed Records, Guadalupe County, Texas. CAD: 55120, and attached as Exhibit "C". Tom Bohl and Courtney Kerr-Moore briefed the Board on the Dietz Wastewater Project. Wastewater service agreements are in negotiations for GBRA to provide wastewater services from the Dietz Wastewater Project. Proceedings in eminent domain are necessary to acquire certain properties for the Dietz Wastewater Project. Efforts to negotiate for the acquisition of these properties have been unsuccessful. Upon motion by Director Brockman, seconded by Director Meador, the Board of Directors of the Guadalupe-Blanco River Authority unanimously authorized the use of the power of eminent domain to acquire the following properties located in Guadalupe County, Texas: 0.84 acres of permanent easement and 0.77 acres of temporary easement located at 1100 Peiper Rd/Hwy 46 owned by LS & Sons; 0.82 acres

of permanent easement and 0.48 acres of temporary easement located at 2624 State Hwy. 46S owned by Charles Aque; and 0.82 acres of permanent easement and 0.49 acres of temporary easement out of a 81.5 acre tract located on the west side State Highway 46 between Ewald Road and Krause Lane owned by Maureen Elizabeth Dierks and Eldor Herbert Dierks for the construction, operation, and maintenance of certain wastewater diversion facilities and a wastewater pipeline system and wastewater treatment lift station and other system related improvements for the Dietz Wastewater Project or System located in portions of Guadalupe County. The motion and second also includes approval of the proposed Resolution and intends that the record vote on this matter applies to all units of property to be condemned. The unanimous vote on Action Item 11 is as follows:

- AYES: Directors Patillo, Meador, Motl, Brockman, Carbonara, Ehrig, Fogle, Hermes, and Mathews
- NOES: None
- ABSTENTIONS: None

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 an amendment to the 1975 Water Sales and Supply Contract with Vistra Energy Corporation (successor-in-interest to Central Power and Light Company and Coletto Creek Power, LLC) related to Coletto Creek Reservoir, to include provisions relating to termination and other matters relating to Coletto Creek Reservoir.** Tom Bohl briefed

the Board on the 1975 Water Sales and Supply Contract with Vistra Energy Corporation. Vistra Energy Corporation (Vistra) is the current holder of run-of-river water rights for Coletto Creek Reservoir. Pursuant to a 1975 take or pay water supply agreement between GBRA and Vistra's predecessor-in-interest, Vistra also holds contract rights for back-up water for Coletto Creek. The back-up water is to be released by GBRA from Canyon Reservoir. The initial term of the 1975 agreement is 50 years, and it will expire on September 1, 2025. Vistra has requested early termination of the 1975 Agreement. If GBRA consents to termination of the 1975 Agreement, it is recommended that it be done at a point in time at which GBRA could contract the water to another customer. New Braunfels Utilities (NBU) is interested in purchasing the water that Vistra might release under the 1975 Agreement. At present, it is proposed that the 1975 Vistra Agreement be terminated effective August 31, 2019 and that a new agreement for the water released by Vistra be executed with NBU. In the event that the run-of-river water rights associated with the Coletto Creek Reservoir would not be needed by Vistra, it is also proposed that GBRA seek agreement with Vistra for a right of first refusal for the Coletto Creek water rights as part of these negotiations. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute an amendment to the 1975 Water Sales and Supply Contract with Vistra Energy Corporation (successor-in-interest to Central Power and Light Company and Coletto Creek Power, LLC) related to Coletto Creek Reservoir, to include provisions relating to termination and other matters relating to Coletto Creek Reservoir.

Next, the Chairman called for **Action Item 14 Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute two Raw Water Supply Agreements between Guadalupe-Blanco River Authority and New Braunfels Utilities.** Tom Bohl briefed the Board on two Raw Water Supply Agreements with New Braunfels Utilities. Raw water contracts typically provide that the water supplied may be from any source available to GBRA, a specific source is identified before negotiations begin to insure sufficient water is available to meet regulatory and contract requirements. The first agreement proposed would be supported primarily under Certificate of Adjudication No. 18-3863 (the “Womack” water right). This water right was recently amended to allow for diversions upstream to Lake Dunlap. The second agreement proposed would be supported primarily under that portion of Certificate of Adjudication No. 18-2074E (the “Canyon Lake” water right) released by Vistra Energy Corporation as presented under Action Item 13. The Womack water right authorizes GBRA to divert and use not more than 3,000 acre-feet of water per annum. Current estimates indicate that in all but brief intervals during the period of record, the full amount would be available for diversion at Lake Dunlap. This availability accounts for environmental flows requirements and downstream water demands including amounts agreed upon with the City of Victoria in the recent settlement of GBRA’s application to amend the Womack right. Pursuant to Action Item 13, water held in storage in Canyon Lake would be available for use in the event Vistra Energy Corporation relinquished its back-up water under the 1975 Water Purchase Agreement with GBRA. Some amounts under one or both water rights may need to be reserved, but it is not anticipated that the

amounts would be large. Ian Taylor with New Braunfels Utilities addressed the Board regarding a potential contract with GBRA and New Braunfels Utilities need for the water. Upon motion by Director Meador seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute two Raw Water Supply Agreements between Guadalupe-Blanco River Authority and New Braunfels Utilities.

A committee of the Board of Directors was appointed to consider future executive compensation for the General Manager/CEO consisting of the following members: Rusty Brockman, Don B. Meador, and Steve Ehrig at the October 17, 2018 Board meeting. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously approved and authorized effective May 15, 2019, General Manager/CEO Kevin Patteson receive a fourteen percent (14%) merit increase based on performance metrics measured by the Board of Directors.

There being no further business to be brought before the Board, the meeting was adjourned at 12:38 p.m. subject to call by the Chairman.

Chairman

Secretary