

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 August 19, 2020, by teleconference and at the GBRA William E. West, Jr., 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. 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, 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; and Amanda Reichle, Safety and Risk Manager.

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/4618153754521391629>; 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: 587-754-843; 3. by telephone (for listening purposes only) - Call In Number: 415-655-0060- Audio Access Code: 751-682-411; 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, 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 August 19, 2020 Board of Directors meeting; and (b) the procedures, conduct, and date of the September**

2020 Board of Directors meeting. Chairman Patillo and General Manager/CEO Patteson discussed procedures and conduct for the meeting with Board members. There will be no change to the regularly scheduled September Board meeting date. No action was taken on Chairman Item 1.

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

The Chairman then called for **Consent Item 3 - Consideration of and possible action approving the minutes of the July 15, 2020 Board meeting; Consent Item 4 - Consideration of and possible action approving the monthly financial report for June and July 2020; Consent Item 5 - Consideration of and possible action approving the monthly operations report for July 2020; and Consent Item 6 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Meador, seconded by Director Motl, the Board unanimously approved Consent Items 3, 4, 5, and 6.

The Chairman 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 briefed the Board on the COVID-19 pandemic including a total of 13 positive COVID cases at GBRA, implementation of contingency plans to maintain operations, cleaning and disinfecting, monitoring data of COVID cases throughout GBRA's Basin, and continued efforts to prepare for Phase III of reopening closed GBRA facilities. The Board was also informed that to date there have been no lost time accidents in Fiscal Year 2020 at GBRA. Randy Staats briefed the Board on Finance activities including a fully staffed Finance team, responses to the pandemic, modifications to billing procedures, the Defined Benefit Pension Plan, implementation of a new timeline for the Fiscal Year 2021 Work Plan and Budget, upcoming financial audit, debt planning and management, general business operations, purchasing card program, contract management software implementation by Records Management, and grants.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action approving the Fiscal Year 2021 Work Plan and Budget including rates and compensation tables for the following divisions and giving authority to the General Manager/CEO to expend funds pursuant to the budget as well as execute contracts consistent with those expenditures within limitations allowed under policy for the Guadalupe Valley Hydroelectric Division, Shadow Creek Wastewater Reclamation System, Canyon Park Estates Wastewater Reclamation System, Stein Falls**

Wastewater Reclamation System, Sunfield Wastewater Treatment Plant, Water Sales System, Calhoun Canal System, San Marcos Water Treatment Plant System, Buda Wastewater Treatment Plant System, Carrizo Groundwater System, Western Canyon Treated Water System, 4S Ranch Wastewater Reclamation System, Cordillera Water Distribution System, Cordillera Wastewater Treatment Plant, Comal Trace Water Delivery System, Johnson Ranch Water Distribution System, Johnson Ranch Wastewater Treatment System, Bulverde Singing Hills Wastewater Treatment System, Park Village Wastewater Reclamation System, Boerne Independent School District Wastewater System, Port Lavaca Water Treatment Plant Division, Calhoun County Rural Water Supply Division, Coletto Creek Reservoir System, Coletto Creek Recreation System, Luling Water Treatment Plant Division, Canyon Hydroelectric Division, Lockhart Wastewater Reclamation System, Lockhart Water Treatment Plant System, Dietz Wastewater System, and General Division. Randy Staats briefed the Board on the 2021 Work Plan and Budget including budgetary impact on customers, no change in firm water rate and retail water/wastewater rates, budget summary, revenue comparison, expense comparison, and capital improvement program. Upon motion by Director Meador, seconded by Director Mathews, the Board unanimously approved the Fiscal Year 2021 Work Plan and Budget including rates and compensation tables for the following divisions and gave authority to the General Manager/CEO to expend funds pursuant to the budget as well as execute contracts consistent with those expenditures within limitations allowed under policy for the Guadalupe Valley Hydroelectric Division, Shadow Creek Wastewater

Reclamation System, Canyon Park Estates Wastewater Reclamation System, Stein Falls Wastewater Reclamation System, Sunfield Wastewater Treatment Plant, Water Sales System, Calhoun Canal System, San Marcos Water Treatment Plant System, Buda Wastewater Treatment Plant System, Carrizo Groundwater System, Western Canyon Treated Water System, 4S Ranch Wastewater Reclamation System, Cordillera Water Distribution System, Cordillera Wastewater Treatment Plant, Comal Trace Water Delivery System, Johnson Ranch Water Distribution System, Johnson Ranch Wastewater Treatment System, Bulverde Singing Hills Wastewater Treatment System, Park Village Wastewater Reclamation System, Boerne Independent School District Wastewater System, Port Lavaca Water Treatment Plant Division, Calhoun County Rural Water Supply Division, Coletto Creek Reservoir System, Coletto Creek Recreation System, Luling Water Treatment Plant Division, Canyon Hydroelectric Division, Lockhart Wastewater Reclamation System, Lockhart Water Treatment Plant System, Dietz Wastewater System, and General Division.

The Chairman then called for **Action Item 9 - Consideration of and possible action approving a Resolution of the Board of Directors of Guadalupe-Blanco River Authority adopting Board Policy – 403 Investment Policy and the investment strategy contained therein.** Randy Staats briefed the Board on the Investment Policy. GBRA Board Policy 403 – Investment Policy as well as the Texas Public Funds Investment Act requires GBRA's Board of Directors to annually approve the investment policy and the investment strategy contained therein. Texas Government Code requires that the Board adopt by Resolution a written investment policy regarding the investment

of its funds and funds under its control. An annual review of the Investment Policy and strategies is required. GBRA's Investment Policy was last approved in August 2019. The proposed Investment Policy includes two minor changes outlined within the Resolution that were provided as feedback last year when submitting the Policy to the Government Treasurer's Organization of Texas and being awarded with their Certificate of Distinction. Upon motion by Director Meador, seconded by Director Motl, the Board unanimously approved a Resolution of the Board of Directors of Guadalupe-Blanco River Authority adopting Board Policy – 403 Investment Policy and the investment strategy contained therein. A copy of the Resolution and Investment Policy are attached and made a part of these minutes.

The Chairman called for **Action Item 10 - Consideration of and possible action approving a Resolution to execute financing agreements with the Texas Water Development Board to close on a portion of the \$212,955,000 commitment for the Carrizo Groundwater Supply Project.** Randy Staats briefed the Board on the financing agreements for the Carrizo Groundwater Supply Project. This action will authorize the execution of two or more financing agreements between GBRA and the Texas Water Development Board that will provide funds for closing on a portion of the \$212,955,000 total funding commitment from the Texas Water Development Board. The Carrizo Groundwater Supply Project will provide up to 15,000 acre-feet of treated groundwater to the three customers of the project: New Braunfels Utilities, City of Lockhart and Goforth Special Utility District. It is a joint development with Alliance Regional Water Authority that will provide savings in the construction of facilities, transmission lines, and other

equipment. In 2018, GBRA obtained a funding commitment from the Texas Water Development Board for \$165,855,000. On July 23, 2020, the Texas Water Development Board approved GBRA's request for an increase in total funding to \$212,955,000. GBRA requested the additional funds due to additional need for planning and design for integration of the project, increased construction costs due to the escalation of costs for similar large scale infrastructure costs in the region, and additional treatment infrastructure. Over the last two years, GBRA has closed on two rounds of funding in the amount of \$98,210,000 through the Texas Water Development Board's SWIRFT program. This third tranche of funding totals \$42,495,000 in low interest financing and Board participation, taking advantage of the lower bond rates currently in the market. The closing and receipt of funds are expected in November of this year. The fourth and final round of funding will occur in 2021. The Texas Water Development Board requires financing agreements with GBRA prior to the Texas Water Development Board obtaining proceeds through their bond sale. Upon motion by Director Meador, seconded by Director Fogle, the Board unanimously approved a Resolution to execute financing agreements with the Texas Water Development Board to close on a portion of the \$212,955,000 commitment for the Carrizo Groundwater Supply Project. 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 adopting three Resolutions requesting financial assistance from the Texas Water Development Board for the Lake Dunlap, Lake McQueeney, and Lake Placid dam facilities; authorizing the filing of an application for financial assistance, and**

making certain findings in connection therewith. Darrell Nichols briefed the Board on the financial assistance from the Texas Water Development Board and adoption of Resolutions to provide authority to submit an application for funding for the Lake Dunlap, Lake McQueeney and Lake Placid dam facilities. GBRA has finalized a financing and operation contract with the Lake Dunlap Water Control and Improvement District. GBRA is currently finalizing similar agreements with Lake McQueeney and Lake Placid Water Control and Improvement Districts. These contracts address the specifics of the spillgate replacement, dam hardening, financing the improvements, and operation of the facilities. Management is seeking authorization to request financial assistance from the Texas Water Development Board for the construction and replacement projects through its Clean Water State Revolving Fund in the amount of \$40 million for each of the dam/spillgate facilities at Lake Dunlap, Lake McQueeney, and Lake Placid. The bonds will be issued by GBRA for the project. Debt service for the individual projects on each lake will be paid for by a pledge from each Water Control and Improvement District of tax revenues. Upon motion by Director Hermes, seconded by Director Fogle, the Board unanimously authorized adoption of three Resolutions requesting financial assistance from the Texas Water Development Board for the Lake Dunlap, Lake McQueeney, and Lake Placid dam facilities; authorizing the filing of an application for financial assistance, and making certain findings in connection therewith. A copy of each Resolution is attached and made a part of these minutes.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract**

for purchase and delivery of gas Chlorine and Sulphur Dioxide for all water and wastewater operations. David Harris briefed the Board of purchase of gas Chlorine and Sulphur Dioxide for GBRA operations. Periodically GBRA requests competitive bids for the procurement of Chlorine and Sulphur Dioxide to ensure that GBRA obtains the best pricing. Current budget includes funds in the individual operational budgets for the purchase as needed. In previous years GBRA has piggy backed with other utilities in the area. Those utilities are not going out for bids at this time, but we are confident GBRA will obtain good pricing. An annual expenditure of \$250,000 to \$275,000 is anticipated based on previous years. These chemicals are delivered in one ton or 150 pound cylinders based on location need. Upon motion by Director Motl, seconded by Director Carbonara, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract for purchase and delivery of gas Chlorine and Sulphur Dioxide for all water and wastewater operations.

The Chairman called for **Action Item 13. - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute Wastewater Service Agreement with Lennar Homes of Texas Land and Construction for the Parkside Development in the GBRA Dietz Wastewater Collection System.** Tom Bohl briefed the Board on the wastewater service agreement. This proposed agreement is between the Guadalupe-Blanco River Authority and Lennar Homes of Texas Land and Construction (Lennar), for construction of a wastewater collection system that will tie into GBRA's Dietz Wastewater Collection System on the north/east (Highway 46) side of the Guadalupe River in Guadalupe County. The proposed agreement will provide that Lennar

construct the system in accordance with state, local, and GBRA standards and that upon acceptance, the system and certain easements will be conveyed to GBRA. GBRA will take responsibility for operating and maintaining the system as part of GBRA's greater Dietz Wastewater Collection System. Lennar is constructing a subdivision off of State Highway 46 to be called the Parkside Subdivision. The proposed collection system will serve that area and tie into GBRA's Dietz collection system. Wastewater flow through the Dietz System is conveyed to New Braunfels Utilities' McKenzie Wastewater Treatment Plant on the north/east side of the Guadalupe River This arrangement was made possible under a previous agreement between GBRA and New Braunfels Utilities entered into in the last few years. GBRA connection fees for each living unit equivalent will apply as well as capacity fees charged by New Braunfels Utilities for treatment capacity at its McKenzie Plant. It is anticipated that Lennar will want between 882 and 923 living unit equivalents from the system. These will be released to Lennar in phases as fees are paid. Upon motion be Director Meador, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute Wastewater Service Agreement with Lennar Homes of Texas Land and Construction for the Parkside Development in the GBRA Dietz Wastewater Collection System.

Next, the Chairman called for **Action Item 14 - Consideration of and possible action adopting a Resolution to include the Port Lavaca Water Plant Improvements Project and the Port Lavaca Water Treatment Plant Storage and Berm Improvements Project in the existing GBRA Hazard Mitigation Plan and recognizing these projects are necessary capital improvements to mitigate the harmful effects**

of loss of water service in Calhoun County, Texas. Charlie Hickman briefed the Board on improvement at the Port Lavaca Water Treatment Plant. GBRA staff are preparing applications to be submitted to the General Land Office for funding under the Community Development Block Grant Mitigation (CDBG-MIT) program for mitigation activities at the Port Lavaca Water Treatment Plant. The CDBG Mitigation (CDBG-MIT) Program is a unique and significant opportunity for eligible grantees to use this assistance in areas impacted by recent disasters to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses. This Resolution will align the projects listed in the applications with GBRA's existing Hazard Mitigation Plan. Several projects related to the Port Lavaca Water Treatment Plant were listed in GBRA's Hazard Mitigation Plan adopted in 2018. Since that time, engineers from Plummer have worked under contract with GBRA to prepare preliminary engineering analysis for improvements at the water treatment plant needed to provide reliable water service. These improvements incorporate measures to mitigate potential damages to the facility related to storm events, and the projects that were identified are the Port Lavaca Water Plant Improvements Project and the Port Lavaca Water Treatment Plant Storage and Berm Improvements Project. This Resolution will formally adopt the improvements identified by Plummer into GBRA's existing Hazard Mitigation Plan. Upon motion by Director Motl, seconded by Director Fogle, the Board unanimously adopted a Resolution to include the Port Lavaca Water Plant Improvements Project and the Port Lavaca Water Treatment Plant Storage and Berm Improvements Project in the existing GBRA Hazard Mitigation Plan and recognizing these projects are necessary capital improvements to mitigate the harmful

effects of loss of water service in Calhoun County, Texas. A copy of the Resolution is attached and made a part of these minutes.

The Chairman then called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute one or more agreements with Guadalupe Valley Electric Cooperative (GVEC) for sale of electricity generated in GBRA's Guadalupe Valley Hydroelectric System.** Tom Bohl briefed the Board on the proposed agreements. GVEC currently has a contract with GBRA to purchase electricity that GBRA generates in its Guadalupe Valley Hydroelectric System. That contract will terminate in 2025. GBRA and GVEC have begun discussions regarding new agreements that would need to establish rates and other terms. Upon motion by Director Mathews, seconded by Director Carbonara, the Board unanimously authorized the General Manager/CEO to negotiate and execute one or more agreements with GVEC for sale of electricity generated in GBRA's Guadalupe Valley Hydroelectric System.

The Chairman called for **Discussion Item 16 - Discussion regarding Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin.** Charlie Hickman briefed the Board on Basin hydrologic condition, 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 11:11 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:22 a.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened in open session at 12:28 p.m. and General Counsel Bohl called roll of Board members. All members were present.

There being no further business to be brought before the Board, the meeting was adjourned at 12:28 p.m. subject to call by the Chairman.

Chairman

Secretary