

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 July 20, 2016, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Tommy Mathews, Robert “Rusty” Brockman, Oscar H. Fogle, Kenneth Motl, Grace G. Kunde, Don B. Meador, and William R. Carbonara. Directors Dennis L. Patillo and Darrel McLain were absent. Also present were W. E. West, Jr., General Manager (retiring); Kevin Patteson, General Manager/Chief Executive Officer; Darrell Nichols, Senior Deputy General Manager; Jonathan Stinson, Deputy General Manager; Tom Bohl, General Counsel; James Murphy, Executive Manager of Water Resources and Utility Operations; Alvin Schuerg, Executive Manager of Finance and Administration; LaMarriol Smith, Executive Manager for Strategic Communications and Public Affairs; Todd Votteler, Executive Manager of Science, Intergovernmental Relations and Policy; David Welsch, Executive Manager of Business Development and Resource Management; Barbara Gunn, Human Resources Manager; Charlie Hickman, Manager of Project Engineering; Tommy Hill, Chief Engineer; John Smith, Operations Manager-Upper Basin; Michael Urrutia, Director of Water Quality Services; Teresa Van Booven, Project and Community Representative; Cricket Dietert, Executive Assistant to the General Manager; Leigh Crettenden, IT Manager; Carl Westergard, Web Master; Jaynellen Kerr, Natural Resource Specialist; Mary Newman, Project Coordinator; Anna Daniels, Regional Representative; Tim Dusek, Grant Writer/Administrator; Sandra Terry, Investment Manager; Denise Lyssy,

Accounting Clerk; Kimberley Helmke, Customer Service Assistant; Jeannine Herrmann, Accounting Assistant; Lauren Willis, Administrative Assistant; Josie Longoria, Regional Laboratory Director; Clark Lupton, Intern from Sewanee The University of the South; Carrie Kasnicka, Conservation Director with the Guadalupe-Blanco River Trust; Dan Alonso, Executive Director with the San Antonio Bay Foundation; Roger Nevola, legal counsel; Jim Dublin with Dublin and Associates; David Engel with Engel and Associates; Tom Spurgeon with McCall, Parkhurst, and Horton; Steven Adams and Paul Jasin with Specialized Public Finance; Jeanne Schnuriger with Springs Hill Water Supply Corporation; Humberto Ramos with Canyon Regional Water Authority; Alan Thompson with LNV; Tom Turk with M&S Engineering; and Tim Merriweather with Banister.

Chair Mathews 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, and at the GBRA main office and river annex in Seguin, Texas, pursuant to Title 5, Chapter 551 of the Texas Government Code. A quorum being present, the following proceedings were had:

General Manager West led the Pledge of Allegiance to the United States flag and Texas flag.

The Chair called for comments from the public. There were no public comments. Todd Votteler introduced Clark Lupton, Intern from Swennee The University of the South.

In the absence of Secretary-Treasurer Patillo, Chair Mathews appointed Director Fogle to serve as Secretary Pro-Tem.

The Chair called for **Chair Item 1 - Consideration of and possible action confirming authorization of all authority as General Manager/Chief Executive Officer to Kevin Patteson as of July 20, 2016, and the retirement of W. E. West, Jr. as of September 30, 2016.** Chair Mathews thanked Bill West for his dedicated service as General Manager of the Guadalupe-Blanco River Authority and welcomed Kevin Patteson as the new General Manager/CEO. Upon motion by Director Meador, seconded by Director Kunde, the Board unanimously confirmed authorizing all authority as General Manager/Chief Executive Officer to Kevin Patteson as of July 20, 2016, and the retirement of W. E. West, Jr. as of September 30, 2016.

Next, the Chair called for **Consent Item 2 - Consideration of and possible action approving the minutes of the June 15, 2016, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for June 2016; Consent Item 4 - Consideration of and possible action approving the monthly operations report for June 2016; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Fogle, seconded by Director Brockman, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chair then called for **General Manager Item 6 - Discussion of the executive report addressing various matters relating to water resources planning, South Central Texas Regional Water Planning Group (Region L), water reuse**

policies, GBRA's Mid-Basin Project, Integrated Water Power Project, Lower Basin Storage Project and related regional planning and legislative issues, GBRA's Lower Basin Storage Project, Hydropower Regulatory Efficiency Act, water resources operation including engineering, construction management reports, utility operations, Water Quality Division and Regional Laboratory reports, economic and community development reports, project development reports relating to Johnson Ranch, Park Village-4-S Ranch, Singing Hills, Lerin Hills-Miralomas, Dunlap Area Utilities, and Canyon Park Wastewater Master Plan, Emergency Watershed Protection Program, lake management, property management, the Gorge Preservation Society, public affairs reports including media reports, publications, Geographic Information Systems projects, grants, Board relations, social media and community relations, education reports, the Environmental Learning Center, information technology reports, Human Resource reports, and accounting and finance reports. There was no discussion on General Manager Item 6.

The Chair called for **Action Item 7 - Consideration of and possible action approving a Resolution authorizing the issuance of up to \$6,250,000 in principal amount of Guadalupe-Blanco River Authority Contract Revenue Refunding Bonds, Series 2016 (San Marcos Water Treatment Plant Project); authorizing the sale thereof; authorizing the General Manager/CEO and the Executive Manager for Finance and Administration to approve all final terms of the Bonds; approving**

the preparation and distribution of an Official Statement; authorizing the execution of a Purchase Contract, a Paying Agent/Registrar Agreement, an Escrow Agreement, and Continuing Disclosure Agreements with the Cities of Buda and Kyle, the Goforth Special Utility District, and the Sunfield Municipal Utility District No. 4; requesting the City of San Marcos, Texas to call certain Bonds for redemption; and containing other provisions relating to the subject.

Alvin Schuerg addressed the Board regarding the Bond Resolution. The City of San Marcos issued \$10,595,000 of bonds in 2006 at GBRA's request in order to provide funding for an expansion of the City's water treatment plant so GBRA could provide treated water to the IH-35 Project and the project participants including the City of Kyle, the City of Buda, Goforth Special Utility District, Sunfield Municipal Utility District No. 4, and Monarch LP. A portion of these Bonds have previously been refunded by the City of San Marcos, however, \$4,910,000 of the 2006 Bonds are still outstanding and eligible to be refunded. The Regional Water Supply Agreement as amended between the City of San Marcos and GBRA provides that GBRA may request the City to refund any of its Water Treatment Plant Bonds which relate to Plant expansions requested by GBRA. In accordance with this provision and the current market conditions which are estimated to provide a debt service savings over the remaining life of the Bonds of \$1,000,000, GBRA has requested the City call the Bonds for refunding. To provide the necessary funds to complete the refunding, GBRA will issue its San Marcos Water Treatment Plant Contract Revenue Refunding Bonds in an amount not to exceed \$6,250,000. All debt service associated with this new GBRA bond issue will be repaid

pursuant to provisions of the Water Supply Agreements between GBRA and the IH-35 Project Participants. Upon motion by Director Kunde, seconded by Director Meador, the Board unanimously approved a Resolution authorizing the issuance of up to \$6,250,000 in principal amount of Guadalupe-Blanco River Authority Contract Revenue Refunding Bonds, Series 2016 (San Marcos Water Treatment Plant Project); authorized the sale thereof; authorized the General Manager/CEO and the Executive Manager for Finance and Administration to approve all final terms of the Bonds; approved the preparation and distribution of an Official Statement; authorized the execution of a Purchase Contract, a Paying Agent/Registrar Agreement, and Escrow Agreement, and Continuing Disclosure Agreements with the Cities of Buda and Kyle, the Goforth Special Utility District, and the Sunfield Municipal Utility District No. 4; and requested the City of San Marcos, Texas to call certain bonds for redemption, and containing other provisions relating to the subject. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Action Item 8 - Consideration of and possible action authorizing the General Manager to negotiate and execute a contract with the lowest responsible bidder for two Low Impact Development construction projects at the Seguin Outdoor Learning Center.** Michael Urrutia addressed the Board regarding the proposed project at the Seguin Outdoor Learning Center. GBRA water quality services are currently providing project administration for Texas Commission on Environmental Quality Nonpoint Source Grant Program: Geronimo and Alligator Creeks Watershed Protection Plan Implementation – Education and Outreach.

The funding for the two Low Impact Development construction projects is funded by this program. The two Low Impact Development structures being installed are a pervious parking lot and a rain garden. These structures will be used as educational demonstrations for teachers, students and community members. Low Impact Development workshops are planned to be hosted at the Outdoor Learning Center where these students would have an opportunity to view these projects first hand. Bid documents were prepared and sent to various Low Impact Development contractors. Upon motion by Director Brockman, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with the lowest qualified bidder for two Low Impact Development construction projects at the Seguin Outdoor Learning Center. A copy of the Contract is attached and made a part of these minutes.

The Chair then called for **Discussion Item 9 - Discussion regarding the Fiscal Year 2017 Work Plan and Budget.** Alvin Schuerg recognized Darel Ball, John Smith, Michael Urrutia, GBRA Managers, Sandra Terry, Denise Lyssy, Kimberley Helmke, and Jeannine Herrmann for their work on the Fiscal Year 2017 Work Plan and Budget. Mr. Schuerg informed the Board of GBRA's receipt of the Government Finance Officers Association Distinguished Budget Presentation Award for GBRA's Fiscal Year 2016 Work Plan and Budget. This award has been received for eighteen consecutive years. Mr. Schuerg continued discussion with the Board on the 2017 Work Plan and Budget including a Quick Reference Guide, customer meetings, GBRA's operations/systems, format of the Work Plan and Budget, consolidated budget summary, operating revenue,

operating expenses, a ten year consolidated budget summary, a ten year comparison of operating revenues and expenses, a ten year comparison of water sales and lake operations; a ten year comparison of population for GBRA's statutory district, and budgeted revenue by customer county. Discussion continued on revenues derived from power sales, wastewater services, and water sales and lake operations. Alvin Schuerg briefed the Board on expenses relating to personnel costs; operating supplies and services; maintenance and repairs; capital additions; and construction in progress. Discussion continued on the executive summary, financial reserve data, gross financial expenditures, and various projects. The 2017 Work Plan and Budget will be brought back to the Board in August for final review and approval. Discussion was had regarding the maintenance of the Guadalupe Valley Hydroelectric dams and the potential impact on GBRA's reserves. Alvin Schuerg discussed GBRA's financial reserve relating to questions from the Board.

The Chair recessed the open meeting at 11:23 a.m. and reconvened in open meeting at 11:34 a.m.

The Chair called for **Discussion Item 10 - Discussion and report on the Guadalupe-Blanco River Authority's social media activities.** Rebecca Wilson made a presentation on the Guadalupe-Blanco River Authority's social media activities including GBRA's Employee Social Media Policy; GBRA's Social Media Policy; primary messaging objectives on current platforms which are on Facebook and twitter; objectives for distributing emergency messages, fostering transparency and

partnerships, and sharing events and existing content; and moving forward with new platforms, developing a contents strategy and streamlining posting process.

Next, the Chair called for **Discussion Item 11 - Discussion regarding the activities and transactions of the Edwards Aquifer Authority, South Central Texas Water Advisory Committee, and the Guadalupe Basin Coalition.** Todd Votteler briefed the Board on activities of the Edwards Aquifer Authority, the Guadalupe Basin Coalition, and the South Central Texas Water Advisory Committee. The Guadalupe Basin Coalition will be hosting a Hill Country Water Summit scheduled for December 2016.

The Chair then called for **Discussion Item 12 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, the Gorge Preservation Society, and the Guadalupe River Foundation.** Todd Votteler briefed the Board on the activities of the Guadalupe-Blanco River Trust including the Plum Creek Wetlands Preserve draft Management Plan, purchase conservation easement for Dream Catcher Ranch, potential conservation easements in the Lower Basin, and preparation of the 15 year anniversary brochure. Dan Alonso briefed the Board on the activities of the San Antonio Bay Foundation including bay conditions, Whooping Crane nesting count in Canada, log jam Grant extension, water for wildlife well, and the upcoming Board meeting scheduled for July 28, 2016.

The Chair called for **Discussion Item 13 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** Tommy Hill

briefed the Board on the Base Flow Report and the U. S. Drought Monitor Seasonal Outlook.

Next, the Chair called for **Discussion Item 14 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on the recent Texas Water Conservation Association conference and legislative issues.

The Chair then called for **Discussion Item 15 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on the various federal water issues.

The Chair recessed the open meeting at 11:59 a.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:29 p.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 2:19 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 2:20 p.m. subject to call by the Chair.

Chair

Secretary Pro-Tem