

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 January 17, 2018, at the GBRA William E. West, Jr., Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Robert “Rusty” Brockman, Dennis L. Patillo, Don B. Meador, William R. Carbonara, Oscar H. Fogle, Ronald J. Hermes, Tommy Mathews, and Kenneth Motl. 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; Cindy Demers, Executive Manager of Finance and Administration/Chief Financial Officer; Tommy Hill, Executive Manager of Project Engineering and Development/Chief Engineer; LaMarriol Smith, Executive Manager of Strategic Communications and Education; Courtney Kerr-Moore, Associate General Counsel; Charlie Hickman, Manager of Project Engineering; Susan Hubbert, Deputy Chief Financial Officer; Sandra Terry, Deputy Chief Financial Officer; Ashley Freidberg, Engineer; Oscar Ramirez, Accounting Manager; Lauren Willis, Water Quality and Permitting Project Coordinator; David Welsch, GBRA retiree; Carol Welsch; and Ian Taylor, Al Kaufmann, and Trino Pedraza with New Braunfels Utilities.

Chairman Brockman called the meeting to order at 12:30 p.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:

Chairman Brockman informed everyone the reason for delaying the start of the Board meeting was due to bad weather conditions and thanked all for attending. Director Hermes led the Pledge of Allegiance to the United States flag and Texas flag.

The Chairman called for **Chairman Item 1 - Report from the Nominating Committee and Election of Officers of the Board of Directors for calendar year 2018**. Director Mathews presented the following slate of officers for calendar year 2018: **Chairman – Robert “Rusty” Brockman; Vice-Chairman – Dennis L. Patillo; and Secretary-Treasurer – Don B. Meador**. Upon motion by Director Fogle, seconded by Director Hermes, the Board unanimously approved by acclamation the slate of officers for calendar year 2018 as recommended by the Nominating Committee. A copy of the Nominating Committee Report is attached and made a part of these minutes.

Next, the Chairman called for **Chairman Item 2 - Consideration of and possible action approving a Resolution honoring Guadalupe-Blanco River Authority 2018 retiree David M. Welsch**. Chairman Brockman recognized David Welsch for his 44 years of dedicated and meritorious service to the Guadalupe-Blanco River Authority. Chairman Brockman also recognized Carol Welsch. Chairman Brockman read a Resolution honoring David Welsch. Upon motion by Director Patillo, seconded by Director Motl, the Board unanimously approved a Resolution honoring

GBRA 2018 retiree David Welsch. A copy of the Resolution is attached and made a part of these minutes.

The Chairman then called for **Public Comment Item 3 - Comments from the public**. There were no public comments.

The Chairman called for **Consent Item 4 - Consideration of and possible action approving the minutes of the December 13, 2017, Board meeting; Consent Item 5 - Consideration of and possible action approving the monthly financial report for December 2017; Consent Item 6 - Consideration of and possible action approving the monthly operations report for December 2017; and Consent Item 7 - Consideration of and possible action approving Directors' expense vouchers**. Upon motion by Director Meador, seconded by Director Patillo, the Board unanimously approved Consent Items 4, 5, 6, and 7.

Next, the Chairman called for **General Manager/CEO Item 8 - 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: utility operations, GBRA Lab, water quality, safety, water resources planning and operation, construction management, economic and community development, project development, resource protection, weather and climate, river flows and other scientific issues, education programs, social media and community relations, media and public affairs, Board relations and events, publications, policy and stewardship, endangered species issues, information technology, human resources, accounting, finance, records management, grants**

and financial assistance. Jonathan Stinson briefed the Board on the implementation plan to support the GBRA-The Aransas Project shared vision for water and habitat in the Guadalupe River System and San Antonio Bay. General Manager Patteson briefed the Board on the Sunset Advisory Commission review. Discussion was also had regarding the possibility of moving November and December 2018 Board meeting date due to the proximity to the holidays. A formal action will be presented at the February Board meeting. Quarterly reports were not discussed this month.

The Chairman then called for **Action Item 9 - Consideration of and possible action approving Board Policy 403 - Investment Policy as written and the investment strategy contained therein.** Sandra Terry briefed the Board on GBRA Board Policy 403 – Investment Policy as well as the Texas Public Funds Investment Act which requires GBRA’s Board of Directors to annually approve the investment policy and the investment strategy contained therein. The GBRA staff did not recommend any changes to Board Policy 403 - Investment Policy and recommended that the Board of Directors continue to approve Policy 403 – Investment Policy as written. Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously approved Board Policy 403 - Investment Policy as written and the investment strategy contained therein. A copy of the Investment Policy is attached and made a part of these minutes.

The Chairman called for **Action Item 10 - Consideration of and possible action approving a list of security broker/dealers with whom GBRA may conduct security transactions in accordance with GBRA Board Policy 403 – Investment Policy.** Sandra Terry briefed the Board on GBRA Board Policy 403 – Investment Policy

as well as the Texas Public Funds Investment Act which requires GBRA's Board of Directors to at least annually approve the firms that GBRA may buy or sell investment securities through. GBRA currently utilizes the security broker/dealer firms to buy and sell investment securities through as approved by the GBRA Board of Directors on January 18, 2017. The staff recommended continuing using the following six security broker/dealers to buy and sell investment securities for future transactions: Bank of America Merrill Lynch, Dallas; Hilltop Securities (FirstSouthwest Asset Management); FTN Financial (First Tennessee Bank), Memphis; Raymond James Financial Inc., Dallas; Vining Sparks, Memphis; and Wells Fargo Securities LLC, Houston. Upon motion by Director Meador, seconded by Director Carbonara, the Board unanimously approved the list of security broker/dealers with whom GBRA may conduct security transactions in accordance with GBRA Board Policy 403 - Investment Policy.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action approving Oscar Ramirez as a GBRA Investment Officer pursuant to Board Policy 403 - Investment Policy, Board Policy 413 - Depository Accounts and the Texas Public Funds Investment Act.** Sandra Terry introduced Oscar Ramirez. Ms. Terry briefed the Board on the Texas Public Funds Investment Act which requires the Board of Directors to approve GBRA employees which are designated as "Investment Officers". GBRA's By-Laws, Board Policies, and numerous other internal practices and procedures place the primary responsibility for GBRA's treasury and investment management under the discretion of the Executive Manager of Finance and Administration/CFO position currently filled by Cindy Demers. As part of that

responsibility, GBRA currently has designated Cindy Demers and Sandra Terry as Investment Officers of GBRA. On July 10, 2017, Oscar Ramirez became GBRA's Accounting Manager. Managing GBRA's treasury and investment functions are a component of responsibilities being administered by this role. With these duties, it was recommended to add Oscar Ramirez as an Investment Officer on behalf of GBRA. Upon motion by Director Fogle, seconded by Director Meador, the Board unanimously approved Oscar Ramirez as a GBRA Investment Officer pursuant to Board Policy 403 - Investment Policy, Board Policy – 413 Depository Accounts and the Texas Public Funds Investment Act.

The Chairman then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to execute the renewal and extension of the inter-local agreement regarding the implementation of the Plum Creek Watershed Protection Plan.** Lauren Willis briefed the Board on the inter-local Agreement among Hays County, Caldwell County, City of Luling, City of Kyle, City of Buda, City of Lockhart, City of Umland, Guadalupe-Blanco River Authority, Plum Creek Conservation District, Polonia Water Supply Corporation, Caldwell-Travis Soil and Water Conservation District #304, and Hays County Soil and Water Conservation District #351 which supports the implementation of the Plum Creek Watershed Protection Plan. This agreement partially funds the salary and other costs of the Plum Creek Watershed Coordinator position with entities contributing either cash or in-kind services. The Guadalupe-Blanco River Authority contributes \$12,287 per year. Texas State Soil and Water Conservation Board (TSSWCB) and AgriLife Extension

established the Plum Creek Watershed Partnership (PCWP) in April 2006. The PCWP Steering Committee completed the “Plum Creek Watershed Protection Plan (WPP)” in February 2008. In 2011, GBRA along with eight (8) other funding entities located in the Plum Creek watershed, partnered with the TSSWCB and EPA to fund a local watershed coordinator. This extension will continue that partnership through Calendar Year 2018. The watershed coordinator will provide technical assistance to the Plum Creek Partnership, evaluate progress toward reducing bacterial contamination and nutrient loading described in the WPP, and increase the knowledge of citizens, landowners and agricultural producers in the watershed of management measures described in the plan. Upon motion by Director Mathews, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to execute the renewal and extension of the inter-local agreement regarding the implementation of the Plum Creek Watershed Protection Plan.

The Chairman called for **Action Item 13 - Consideration of and possible action approving a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain water pipeline easements and temporary construction easements engaging the use of eminent domain related to the construction, operation, and maintenance of a water pipeline for the public use of providing treated water to customers of Guadalupe-Blanco River Authority. The pipeline shall be located in portions of Kendall County, over, across, and upon private property and public property and beginning at a point near the Cordillera Trace/Cordillera Ridge intersection within the Cordillera Ranch**

Subdivision and extending to a water delivery point southeast of the intersection of State Highway 46 and Farm-to-Market 3351. Such easements are to be located over, across, upon and under certain parcels of real property located in parts of R H Wynn Survey 242 (Abstract 10525) and A Dodd Survey 247 (Abstract 10144) in Kendall County, Texas. The Guadalupe-Blanco River Authority shall designate the General Manager/CEO as the chief administrative official with authorization to initiate condemnation proceedings. This Resolution shall authorize any and all lawful, necessary, incidental and appropriate action by the General Manager/CEO, staff, agents, attorneys (retained and in-house), and engineering and technical consultants, in the institution, prosecution and conclusion of condemnation proceedings to acquire any such needed easements, temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation with the landowner which shall include surveying for archaeological, environmental and linear purposes to define, specify and secure such property interests and ratifying and affirming all acts and proceedings heretofore done or initiated by the chief administrative official, employees, agents and attorneys of GBRA to acquire such property interests. Courtney Kerr-Moore and Ashley Freidberg briefed the Board on the Resolution declaring a public necessity for the acquisition of certain water pipeline easements and temporary construction easements engaging the use of eminent domain related to the construction, operation, and maintenance of a water pipeline for the public use of providing treated water to customers of Guadalupe-Blanco River Authority. Upon motion by Director Mathews,

seconded by Director Meador the Board unanimously adopted a Resolution and authorized the General Manager/CEO the use of the power of eminent domain to acquire portions of Kendall County, in connection therewith, over, across, upon private property and public property and beginning at a point near the Cordillera Trace/Cordillera Ridge intersection within the Cordillera Ranch Subdivision and extend to a water delivery point southeast of the intersection of State Highway 46 and Farm-to-Market 3351 for the construction, operation, and maintenance of a treated water pipeline system and related facilities to provide water service to GBRA customers in portions of Kendall County. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chairman called for **Action Item 14 - 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, 2018 through December 31, 2018.** Tommy Hill briefed the Board on GBRA's contract with Texas A&M University at Corpus Christi since 2004 to provide monitoring of water quality parameters in the San Antonio Bay known as GBRA #1. Data capture includes salinity, conductivity, temperature, level and velocity. In 2006, a second water quality site was constructed in the area near Seadrift known as GBRA #2. The Seadrift site includes monitoring the same parameters except for water velocity. The proposed 2018 Texas Coastal Oceanic Observation Network (TCOON) Funding Agreement is to continue the operation and monitoring of the two water quality gauges in San Antonio Bay. The previous contract

was for 2017 at a cost of \$66,284 per year. The undivided proposal for 2018 is at a cost of \$68,237 per year. The San Antonio River Authority has funded one-half (1/2) of the cost since 2004 and has indicated they would like to continue that funding percent. Upon motion by Director Motl, seconded by Director Patillo, the Board unanimously authorized 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, 2018 through December 31, 2018.

The Chairman then called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Water Supply Agreement with Canyon Regional Water Authority, the City of Cibolo, the City of Marion, East Central Special Utility District, Green Valley Special Utility District, Springs Hill Water Supply Corporation and San Antonio Water System to update, modify, and replace the existing agreement.** Tom Bohl briefed the Board on the current Water Supply Agreement and the six amendments. Mr. Bohl discussed the proposed new Water Supply Agreement with the entities. Upon motion by Director Meador, seconded by Director Patillo, the Board unanimously authorized the General Manager/CEO to negotiate and execute a new Water Supply Agreement with Canyon Regional Water Authority, the City of Cibolo, the City of Marion, East Central Special Utility District, Green Valley Special Utility District, Springs Hill Water Supply Corporation and San Antonio Water System.

The Chairman called for **Action Item 16 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute Water**

Supply Agreements with New Braunfels Utilities, Goforth Special Utility District, and/or the City of Lockhart. Tom Bohl and Darrell Nichols briefed the Board on negotiations with the entities regarding a water supply agreement that relates to the 15,000 acre-feet available from the Gonzales Carrizo Groundwater Project. General Manager Patteson recognized Ian Taylor, Al Kaufmann, and Trino Pedraza with New Braunfels Utilities. Ian Taylor addressed the Board regarding the great working relationship between the entities and New Braunfels Utilities' water supply strategy goal. Upon motion by Director Fogle, seconded by Director Patillo, the Board unanimously authorized the General Manager/CEO to negotiate and execute Water Supply Agreements with New Braunfels Utilities, Goforth Special Utility District, and/or the City of Lockhart.

Next, the Chairman called for **Action Item 17 - Consideration of and possible authorization for the General Manager/CEO to negotiate and execute a settlement agreement with New Braunfels Utilities (NBU) in the matter of NBU's application to the Texas Commission on Environmental Quality (TCEQ) for a water use permit and bed and banks authorization, State Office of Administrative Hearings Docket No. 582-16-6164 / TCEQ Docket No. 2016-0162-WR.** No discussion or action was had on Action Item 17 at this time.

The Chairman then called for **Action Item 18 - Consideration of and possible action authorizing the General Manger/CEO to be the designated representative of GBRA for the purpose of furnishing information and executing documents as may be required in connection with the preparation and filing of an application for**

the Texas Water Development Board's State Water Implementation Fund for Texas (SWIFT) for financial assistance not to exceed \$220 million. Cindy Demers briefed the Board on the preparation and filing of an application for the Texas Water Development Board's State Water Implementation Fund for Texas (SWIFT) for financial assistance not to exceed \$220 million for the Gonzales Carrizo Groundwater Project. Upon motion by Director Fogle, seconded by Director Meador, the Board unanimously authorized the General Manger/CEO to be the designated representative of GBRA for the purpose of furnishing information and executing documents as may be required in connection with the preparation and filing of an application for the Texas Water Development Board's State Water Implementation Fund for Texas (SWIFT) for financial assistance not to exceed \$220 million for the Gonzales Carrizo Groundwater Project.

The Chairman called for **Action Item 19 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an agreement for owner's representative for building construction.** Charlie Hickman briefed the Board on an agreement for an owner's representative relating to construction of the office expansion project in New Braunfels. Upon motion by Director Mathews, seconded by Director Carbonara, the Board unanimously authorized the General Manager/CEO to negotiate and execute an agreement for an owner's representative for the construction of the office expansion project in New Braunfels.

Next, the Chairman called for **Discussion Item 20 - Discussion regarding the dissolution of the Guadalupe River Foundation.** General Manager Kevin Patteson briefed the Board on the history and potential dissolution of the Guadalupe River

Foundation. Courtney Kerr-Moore briefed the Board on the legal requirements and Board actions necessary for dissolving the Guadalupe River Foundation.

The Chairman then called for **Discussion Item 21 - 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 history of Canyon Reservoir. Canyon Reservoir was filled in 1968 and is a multi-purpose reservoir for flood control, water conservation, recreation, and hydroelectric generation. GBRA is responsible for the conservation pool and the U. S. Army Corps of Engineers is responsible for the flood pool. Mr. Hill continued the discussion on the Basin hydrologic condition, the Base Flow Report, Water Quality Index, and 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 1:39 p.m. The Chairman then closed the open meeting and convened the meeting in executive session at 1:53 p.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 2:25 p.m.

Next, the Chairman called for **Action Item 17 - Consideration of and possible authorization for the General Manager/CEO to negotiate and execute a settlement agreement with New Braunfels Utilities (NBU) in the matter of NBU's application to the Texas Commission on Environmental Quality (TCEQ) for a water use permit**

and bed and banks authorization, State Office of Administrative Hearings Docket No. 582-16-6164 / TCEQ Docket No. 2016-0162-WR. Tom Bohl briefed the Board on a settlement agreement with New Braunfels Utilities. Upon motion by Director Meador, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute a settlement agreement with New Braunfels Utilities (NBU) in the matter of NBU's application to the Texas Commission on Environmental Quality (TCEQ) for a water use permit and bed and banks authorization, State Office of Administrative Hearings Docket No. 582-16-6164 / TCEQ Docket No. 2016-0162-WR.

There being no further business to be brought before the Board, the meeting was adjourned at 2:27 p.m. subject to call by the Chairman.

Chairman

Secretary