

## **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 18, 2017, 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 Water Resources and Utility Operations; Tom Bohl, General Counsel; Cindy Demers, Executive Manager of Finance and Administration/CFO; 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; Charlie Hickman, Manager of Project Engineering; Tim Dusek, Grant Writer/Administrator; Cinde Thomas-Jimenez, Environmental Education Administrator; Dr. Robert E. Mace with the Texas Water Development Board; and Dale Schellenberg and Joe F. Solansley from Gonzales.

Chairman Brockman 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 Motl led the Pledge of Allegiance to the United States flag and Texas flag.

The Chairman called for comments from the public. Dale Schellenberg addressed the Board regarding the status of repairs to Guadalupe Valley Hydroelectric System H-5 Dam in Gonzales, Texas, and asked when they would get the lake back. Mr. Schellenberg also asked if any funds received from selling electricity for the past fifty plus years had been put aside for making repairs to the Lake Wood H-5 Dam in Gonzales. Joe Solansley addressed the Board regarding the status of repairs to the Lake Wood H-5 Dam. Mr. Solansley addressed recreational and financial economic impacts the community is facing due to the lake not being usable. Mr. Solansley also asked "why GBRA was created and when will the Board act on repairs to the Lake Wood H-5 Dam". Chairman Brockman thanked the speakers for their comments and GBRA staff will make note of their comments.

The Chairman called for **Chair 1 - Recognition and presentation to Tommy Mathews for his dedication and service as Chair of the Board of Directors of the Guadalupe-Blanco River Authority.** Chairman Brockman presented Director Mathews a gavel and thanked him for his dedicated service as Chairman of the Board of Directors. Director Mathews addressed the Board and thanked everyone for giving him the opportunity to serve as the Chairman of the Board of Directors for two years.

Next, the Chairman called for **Chair 2 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the Texas Water Development Board Water for Texas 2017 Conference in Austin, Texas on January 23–25, 2017.** Upon motion by Director Patillo, seconded by Director Motl, the Board unanimously authorized the expenditure of funds for Directors and staff to attend the Texas Water Development Board Water for Texas 2017 Conference in Austin, Texas.

The Chairman then called for **Chair Item 3 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the 2017 Texas Water Conservation Association Texas Water Day in Washington, D.C. on February 8-10, 2017.** Upon motion by Director Carbonara, seconded by Director Meador, the Board unanimously authorized the expenditure of funds for Directors and staff to attend the 2017 Texas Water Conservation Association Texas Water Day in Washington, D.C.

The Chairman called for **Chair Item 4 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the Texas Water Conservation Association Annual Convention March 1-3, 2017, at the Sheraton Austin Hotel in downtown Austin, Texas.** Upon motion by Director Motl, seconded by Director Meador, the Board unanimously authorized the expenditure of funds for Directors and staff to attend the Texas Water Conservation Association Annual Convention in Austin, Texas.

Next, the Chairman called for **Consent Item 5 - Consideration of and possible action approving the minutes of the December 14, 2016, Board meeting; Consent Item 6 - Consideration of and possible action approving the monthly financial report for December 2016; Consent Item 7 - Consideration of and possible action approving the monthly operations report for December 2016; and Consent Item 8 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Fogle, seconded by Director Meador, the Board unanimously approved Consent Items 5, 6, 7, and 8.

The Chairman then called for **General Manager/CEO Item 9 - 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 Strategic Planning; Water Resources and other Project Planning; Water Resources Operations activities; Water Quality Division and GBRA Laboratory activities; Community and Economic Development activities; Communications and Public Affairs activities; Finance and Administrative Services activities (including Information Technology, Human Resources, and Accounting and Finance); weather and climate; river flows and other scientific issues; endangered species issues; and activities of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, the Gorge Preservation Society, the Guadalupe River Foundation, and the Guadalupe Basin Coalition.** No discussion was had on General Manager/CEO Item 9. Quarterly reports will be presented in February.

The Chairman called for **Action Item 10 - Consideration of and possible action approving Board Policy – 403 Investment Policy as written and the investment strategy contained therein.** Cindy Demers briefed the Board on GBRA Board Policy 403 – Investment Policy as well as the Texas Public Funds Investment Act which requires annual approval by GBRA’s Board of Directors. The GBRA staff recommended no 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 Carbonara, 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.

Next, the Chairman called for **Action Item 11 - 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.** Cindy Demers 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 firms that GBRA may buy or sell investment securities through. GBRA currently utilizes security broker/dealer firms to buy and sell investment securities as approved by the GBRA Board of Directors on December 16, 2015. GBRA 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 Fogle, seconded by Director Mathews, the Board unanimously approved the above list of security broker/dealers with whom GBRA may conduct security transactions in accordance with GBRA Board Policy 403 - Investment Policy.

The Chairman then called for **Action Item 12 - Consideration of and possible action approving a Resolution of the Board of Directors of the Guadalupe-Blanco River Authority authorizing the General Manager/CEO or his designee to be the representative(s) of GBRA for the purpose of furnishing information and executing documents as may be required in connection with the preparation and submission of an application to the Texas Parks and Wildlife Department in regards to the Community Outdoor Outreach Program (CO-OP) funding opportunity for Fiscal Year 2017.** Tim Dusek and Cinde Thomas-Jimenez briefed the Board on filing an application with the Texas Parks and Wildlife Department to secure financial assistance for aquatic science education opportunities. The Texas Parks and Wildlife Department has established grant funding opportunities for organizations that introduce underserved populations to outdoor recreation, conservation, and environmental education programs. GBRA proposes to partner with the Victoria Independent School District to provide aquatics science education opportunities to 250 students at various sites in the Guadalupe River Basin. The program will be September 1, 2017, to August 31, 2018, and will include activities during the 2017-2018 academic year and the summer of 2018. GBRA has prepared an application to the Texas Parks

and Wildlife Department for Community Outdoor Outreach Program (CO-OP) funding for Fiscal Year 2017. The total requested funds are \$44,044.47. Matching funds are not required; however, points are awarded based on documented applicant contributions to the project. The total local in-kind contributions from GBRA and its project partners are \$27,762.63. Upon motion by Director Patillo, seconded by Director Meador, the Board unanimously approved a Resolution of the Board of Directors of the Guadalupe-Blanco River Authority authorizing the General Manager/CEO or his designee to be the representative(s) of GBRA for the purpose of furnishing information and executing documents as may be required in connection with the preparation and submission of an application to the Texas Parks and Wildlife Department in regards to the Community Outdoor Outreach Program (CO-OP) funding opportunity for Fiscal Year 2017. 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 the San Antonio Bay System Monitoring Agreement between Texas A&M University-Corpus Christi and GBRA for the period January 1, 2017 through December 31, 2017.** Darel Ball briefed the Board on the Monitoring Agreement. GBRA has contracted with Texas A&M University at Corpus Christi since 2004 to provide monitoring of water quality parameters in the San Antonio Bay at a site 3,000 feet east of the Aransas National Wildlife Refuge Area known as GBRA #1. Data capture includes salinity, conductivity, temperature, level, and velocity. The data is transmitted from the field and logged in the Texas Coastal Oceanic Observation Network computer

located at the Corpus Christi campus. 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 2017 Texas Coastal Oceanic Observation Network Monitoring Agreement is to continue the operation and monitoring on the two water quality gauges in San Antonio Bay. The previous contract was for 2016 at a cost of \$55,350 per year. The San Antonio River Authority has funded one-half (1/2) of the cost since 2004 and has indicated they would continue that funding ratio. Upon motion by Director Meador, seconded by Director Hermes, 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, 2017 through December 31, 2017. A copy of the Monitoring Agreement 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 transfer/conveyance of the Lockhart FM 20 Wastewater Treatment Plant to the City of Lockhart pursuant to Section 11.1 of the Regional Wastewater Treatment Contract between Guadalupe-Blanco River Authority and City of Lockhart, Texas dated June 15, 1994.** Tom Bohl briefed the Board on the transfer/conveyance of the Lockhart FM 20 Wastewater Treatment Plant to the City of Lockhart. On June 15, 1994, the Regional Wastewater Treatment Contract between Guadalupe-Blanco River Authority and the City of Lockhart, Texas was executed. One of the principal provisions



of that agreement was the assumption by GBRA of the operation of the City's existing Larremore Street Wastewater Treatment Plant. A second principal provision of that agreement was the obligation of GBRA to finance, construct, own, and operate a new wastewater treatment plant which is now known as the FM 20 Plant. Pursuant to Section 11.1 of the 1994 Agreement, the Agreement will terminate by its own terms on February 1, 2017 coincident with the final payoff of the bonds that were issued to finance the construction of the FM 20 Plant. In addition to terminating the Agreement, Section 11.1 also requires that "after the Bonds shall have been fully paid, redeemed or defeased, GBRA shall convey title to the System to the City". On November 22, 2016, GBRA and the City of Lockhart executed a new Regional Wastewater Treatment Contract between Guadalupe-Blanco River Authority and City of Lockhart, Texas. The effective date of this new contract is February 1, 2017 coincident with the termination of the 1994 Agreement. The term of this new contract is for ten years with the option to renew for multiple, successive ten year terms. In order to facilitate GBRA's wastewater treatment operations on behalf of the City, GBRA will continue to lease (\$1/Year) from the City the Larremore Street Plant consistent with the provisions of the original 1994 Agreement. GBRA will also commence a lease of the FM 20 Plant consistent with the conveyance of that Plant to the City as required by Section 11.1 of the 1994 Agreement. Upon motion by Director Mathews, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute the transfer/conveyance of the Lockhart FM 20 Wastewater Treatment Plant to the City of Lockhart pursuant to Section 11.1 of the Regional Wastewater Treatment Contract

between Guadalupe-Blanco River Authority and City of Lockhart, Texas dated June 15, 1994.

The Chairman then called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate terms and approve Texas Water Alliance's execution of the Joint Monitor Well Agreement between transportation permit holders and Gonzales County Underground Water Conservation District.** No discussion was had on Action Item 15 at this time.

The Chairman called for **Discussion Item 16 - Quarterly status report on grant activities.** Tim Dusek briefed the Board on grant activities including the Texas Parks and Wildlife grant for aquatic science education opportunities, the Texas Parks and Wildlife grant for a trail system at the Plum Creek Wetland Preserve, the Environmental Protection Agency grant for the Walnut and Geronimo Creeks, and the U. S. Endowment for Forestry grant for a watershed consortium program. The Board was also briefed on a comprehensive list of all grants that have been applied for and awarded. There have been twenty-three (23) grants submitted and ten (10) grants awarded totaling \$3,164,539 during the period January 1, 2016 through December 31, 2016. GBRA is currently administering twenty-two (22) grants.

Next, the Chairman called for **Discussion Item 17 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin and presentation of El Nino/La Nina conditions and impacts on hydrologic conditions in Texas by Dr. Robert E. Mace, Deputy Executive Administrator-Water Science and Conservation with the Texas Water Development Board.** Charlie Hickman

briefed the Board on the Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin including rainfall percentages and totals for 2016, the U. S. Drought Monitor Seasonal Outlook, Comal Springs level, San Marcos Springs level, Guadalupe River stream flows, elevation of Canyon Reservoir and other reservoirs, and salinity levels in San Antonio and Aransas Bay. The Board was also briefed on the rainfall events and the effect and delay on the EWP San Antonio River Debris Removal Project. A video of the debris removal project was shown to the Board. Dr. Robert Mace gave a presentation on El Nino and La Nina entitled “everybody talks about the oscillations (but nobody does anything about ‘em!)”. The presentation included discussion on the water cycle; the El Nino Southern Oscillation, warm episode relationships, and composite precipitation anomalies; the La Nina cold episode relationships and composite precipitation anomalies; the El Nino sea temperature anomaly; the Pacific Decadal Oscillation and monthly values for the index from 1900 through 2013; the Atlantic Multidecadal Oscillation and monthly values for the index from 1856 through 2009; the Palmer Drought Severity Index; lake levels for the Elephant Butte Reservoir, Lake Meredith, O.H. Ivie Reservoir, Lake Travis, and Canyon Reservoir; and the Arctic Oscillation. General Manager/CEO Patteson briefed the Board on the current EWP San Antonio River Debris Removal Project in Refugio and Victoria Counties and additional debris in the river from the recent high water events. Negotiations are being had with the current contractor for removal of the additional logs/debris that has built up in the river.

The Chairman recessed the open meeting at 11:14 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:30 a.m. pursuant to Chapter 551, Texas Government Code.

The Chairman reconvened the meeting in open session at 12:15 p.m.

The Chairman then called for **Action Item 15 - Consideration of and possible action authorizing the General Manager/CEO to negotiate terms and approve Texas Water Alliance's execution of the Joint Monitor Well Agreement between transportation permit holders and Gonzales County Underground Water Conservation District.** Tom Bohl briefed the Board on the Joint Monitor Well Agreement. Holders of export (transportation) permits issued by Gonzales County Underground Water Conservation District, including Texas Water Alliance, are required to install and maintain monitor wells as part of their permit requirements. Texas Water Alliance has joined with several other transportation permit holders and Gonzales County Underground Water Conservation District to develop a joint monitor well agreement which involves financial contributions from each party to the agreement. Under the proposed agreement, the participants will pay for the Groundwater District to install the wells and the District will maintain the monitoring wells. Pursuant to GBRA's Purchase Sales Agreement with San Jose Water and Texas Water Alliance, GBRA must approve agreements involving expenditures that GBRA will assume after closing. The proposed agreement will site the monitor wells in more critical areas, establish installment payments, and is expected to decrease the total costs for the permittees who are party to the agreement. Upon motion by Director Patillo, seconded by Director

Meador, the Board unanimously authorized the General Manager/CEO to negotiate terms and approve Texas Water Alliance's execution of the Joint Monitor Well Agreement between transportation permit holders and Gonzales County Underground Water Conservation District.

The Chairman recessed the open meeting at 12:16 p.m. The Chairman then closed the open meeting and convened the meeting in executive session at 12:55 p.m. pursuant to Chapter 551, Texas Government Code.

The Chairman reconvened the meeting in open session at 1:59 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:59 p.m. subject to call by the Chairman.

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Chairman

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Secretary