

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 June 21, 2017, 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, William R. Carbonara, Oscar H. Fogle, Ronald J. Hermes, Tommy Mathews, and Kenneth Motl. Director Robert “Rusty” Brockman was absent. 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; David Welsch, 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; Todd Votteler, Executive Manager of Resource Policy and Stewardship; Dan Thompson, Human Resources Director; Michael Urrutia, Deputy Executive Manager of Operations and Water Quality; Charlie Hickman, Manager of Project Engineering; Courtney Kerr-Moore, Associate General Counsel; Jeff McKee, Deputy Division Manager; Ray Casteline, Division Manager/Regional Lab Director; Jaynellen Kerr, Natural Resource Specialist; Celeste Hernandez, Laboratory Technician; Carrie Kasnicka, Executive Director of the Guadalupe-River Trust; and Dan Alonso, Executive Director of the San Antonio Bay

Foundation; Bethany Hamson, Intern from Sewanee-The University of the South; and Van Green, President of the Gorge Preservation Society.

In the absence of Chairman Brockman, Vice Chairman Patillo assumed the Chairmanship of the meeting.

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

The Chairman called for comments from the public. There were no comments from the public at this time. Darrell Nichols briefed the Board on the 2017 Texas Water Safari race. GBRA's first Texas Water Safari team consisting of IT Manager Leigh Crettenden; General Manager/CEO Kevin Patteson; and Manager of Project Engineering Charlie Hickman along with Darrell Nichols, team captain; and Michael Urrutia and Tricia Ramirez, co-team captains, competed with 150 teams in the 260 mile race. GBRA's team finished in 57th place and under 68 hours. The Team was congratulated by all for a great job.

The Chairman called for **Consent Item 1 - Consideration of and possible action approving the minutes of the May 17, 2017, Board meeting.** Upon motion by

Director Meador, seconded by Director Carbonara, the Board unanimously approved Consent Item 1.

Next, the Chairman called for **Consent Item 2 - Consideration of and possible action approving the monthly financial report for May 2017; Consent Item 3 - Consideration of and possible action approving the monthly operations report for May 2017; and Consent Item 4 Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Fogle, seconded by Director Mathews, the Board unanimously approved Consent Items 2, 3, and 4.

The Chairman then called for **General Manager/CEO Item 5 - 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.** A full quarterly report will be presented at the August Board meeting. General Manager/CEO Patteson informed the Board that Directors Patillo, Mathews, and Hermes reappointment to the Board have been confirmed. Michael Urrutia briefed the Board on Zebra Mussels that have been found in Canyon Reservoir.

Zebra Mussels are an aquatic invasive species from Eastern Europe. The Mussels were found in United States waters in 1986, in Texas waters in 2009, and in Canyon Reservoir on June 2017. One adult female can release 1,000,000 eggs per year. This invasive species is a threat to the water ecosystem, native aquatic species, water supply structures, and hydroelectric dam structures. Methods for prevention are early detection and pro-active control methods of anti-fouling coatings, chemical treatment at water plant intakes, manual scraping, and electric currents. The Texas Parks and Wildlife Department and GBRA have partnered since 2014 on a public education campaign. There is a potential impact to GBRA's Western Canyon Regional Water Supply intake structure in Canyon Reservoir and inspections will be made. Darel Ball introduced GBRA's new Division Manager/Regional Lab Director Ray Casteline and Laboratory Technician Celeste Hernandez. Mr. Ball briefed the Board on a recent lightning strike on June 5, 2017, at the GBRA's General Office in Seguin and damage sustained to various equipment. GBRA employees worked through the night to restore a majority of the damaged equipment. The estimated cost for repairs ranges from between \$75,000 to \$100,000 and staff is working with insurance company. Darel Ball briefed the Board on a meeting with the Guadalupe Valley Electric Cooperative relating to an action plan for the Guadalupe Valley Hydroelectric System to help manage GBRA's resources and produce a more productive value to the Guadalupe Valley Electric Cooperative through an ERCOT program. Cindy Demers introduced GBRA's new Human Resources Director Dan Thompson. The Board was also briefed on the status of the draft Fiscal Year 2018 Work Plan and Budget. The draft budget will be

presented to the July 2017 Board meeting for review with approval at the August 2017 Board meeting.

The Chairman called for **Action Item 6 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an Agreement for uniform and linen services.** Darel Ball briefed the Board on the uniform and linen services agreement. The Guadalupe-Blanco River Authority provides work uniforms to employees involved in the operations of the various utilities. In addition floor mats, towels, and janitorial products for cleaning are provided at fifteen (15) locations. The annual cost of the service is in excess of \$50,000. A uniform and linen services provider was selected through the Local Government Purchasing Cooperative. Under the terms of the Local Government Purchasing Cooperative, a service contract has been negotiated by GBRA staff for a three (3) year period. In the continued effort to control costs of uniform and linen services a basin wide contract was initiated. The cost of administering the bid process is such that Staff investigated other means of procurement and elected to join the Local Government Purchasing Cooperative (“Buy Board”). Members of the Buy Board can secure goods and services without the expense of advertising and are guaranteed a pre-negotiated price when using vendors qualified by the Buy Board. Guadalupe-Blanco River Authority has been a member of the Buy Board since September 2012 and has used the membership to obtain goods and services in excess of \$1.3 million. Uniforms and linens are one example of the goods and services available through the Buy Board. This Agreement for uniforms and linen services will allow Guadalupe-Blanco River Authority to continue to provide this

benefit to its employees in a cost effective manner. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Agreement for uniform and linen services.

Next, the Chairman called for **Action Item 7 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract with one or more financial advisors chosen from the Request for Qualifications.**

Cindy Demers briefed the Board on the Request for Qualifications for selection of financial advisors. Financial Advisors serve as key members of GBRA's team related to long-term financing of projects and are required for issuance of bonds. Financial advisory firms provide a variety of services including financial planning, debt structuring, recommending debt sale methodology, counseling on debt pricing reasonableness, preparation of some debt offering documents, bond ratings, bond underwritings, and coordination with bond counsel. With the continued complexity of financing multiple future projects it is important that GBRA has one or more financial advisory firms available to assist with project financing. GBRA issued a Request for Qualifications for Financial Advisory Services on June 9, 2017 with responses from interested firms due on June 30, 2017. Staff will review proposals, schedule interviews as necessary and identify qualified firms for the General Manager/CEO to negotiate and execute contracts. Upon motion by Director Fogle, seconded by Director Mathews, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with one or more financial advisors chosen from the Request for Qualifications.

The Chairman then called for **Action Item 8 - Consideration of and possible action authorizing the General Manager/CEO to select, negotiate with, and execute contracts with one or more law firms to provide outside legal services for pending water projects.** Tom Bohl briefed the Board on interviews held with various outside legal services to assist GBRA with various water projects. The Board was informed that some of the areas that may require outside legal assistance are the Mid-Basin Project, various real estate transactions, easements, eminent domain, Interlocal agreements for water transmission systems, wholesale agreements for raw and treated water, agreements for retail water and sewer services, the sale or purchase of wastewater treatment/collection systems, water and wastewater Certificate of Convenience and Necessity, groundwater permitting, surface water rights permitting and regulation, wastewater permitting and regulation, Endangered Species Act issues, applications to the Texas Water Development Board, and revenue bond issuance. The selected list of laws firms will be filed with the Texas Commission on Environmental Quality. Upon motion by Director Meador, seconded by Director Mathews, the Board unanimously authorized the General Manager/CEO to select, negotiate with, and execute contracts with one or more law firms to provide outside legal services for pending water projects.

The Chairman called for **Action Item 9 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a contract with one or more site acquisition companies and/or other land professionals chosen from the Request for Qualifications.** Tom Bohl briefed the Board on the Request for

Qualifications for site acquisition companies and/or other land professionals. The Board was briefed on various projects that may require assistance from land professionals. The list of land professionals will be filed with the Texas Commission on Environmental Quality. Upon motion by Director Mathews, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute a contract with one or more site acquisition companies and/or other land professionals chosen from the Request for Qualifications.

Next, the Chairman called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an Interlocal Agreement with Boerne Independent School District to provide water services, and a related agreement with Cordillera Ranch, LLC for interconnection and land access to the Cordillera Water System.** Tom Bohl briefed the Board on an Interlocal Agreement with Boerne Independent School District to providing water services and a related agreement with Cordillera Ranch, LLC. Boerne ISD is constructing a new school and water to the new school will be required to be wheeled through the Cordillera Water System. Upon motion by Director Mathews, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Interlocal Agreement with Boerne Independent School District to provide water services, and a related agreement with Cordillera Ranch, LLC for interconnection and land access to the Cordillera Water System.

The Chairman then called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an**

Engineering Services Agreement related to a proposed pipeline serving a customer of the Cordillera Water System. Charlie Hickman briefed the Board on an Engineering Services Agreement related to a proposed pipeline serving a customer of the Cordillera Water System. GBRA staff is requesting professional services from a consulting engineering firm to assist with the route selection, design, and construction of a new pipeline. The project is expected to be complete by January 2019. GBRA has posted a Request for Qualifications (RFQ) and responses are due from interested firms by Friday, June 23, 2017. GBRA staff will review the responses and will begin contract negotiations with the top-ranked firm. Upon motion by Director Motl, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Engineering Services Agreement related to a proposed pipeline serving a customer of the Cordillera Water System.

The Chairman called **Action Item 12 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an Engineering Services Agreement with one or more firms to provide on-call services for utility projects.** Charlie Hickman briefed the Board on the Engineering Services Agreement to provide on-call services for utility projects. GBRA staff requested professional services from consulting engineering firms for the rehabilitation, replacement, adjustment and installation of water, wastewater facilities for utility projects. This will allow for more efficient execution of projects related to growth in GBRA's service area. GBRA will issue a Request for Qualifications and will negotiate an on-call services contract with the selected firm(s) to allow staff to request professional services as

required. The on-call services contract will have a period of two years with an option to renew for two years. GBRA anticipates the selection of multiple firms under this solicitation. Upon motion by Director Fogle, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Engineering Services Agreement with one or more firms to provide on-call services for utility projects.

Next, the Chairman called for **Action Item 13 - Consideration of and possible action authorizing the General Manager/CEO to implement an interim, revised process and fee structure related to GBRA's permitting of the construction and modification of docks and other structures on GBRA's hydroelectric lakes.** No discussion or action was had on Action Item 13 at this time.

The Chairman called for **Discussion Item 14 - Quarterly status report on the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, the Gorge Preservation Society, and the Guadalupe River Foundation.** Carrie Kasnicka introduced Bethany Hamson, Intern from Sewanee-The University of the South. The Board was briefed on activities of the Guadalupe-Blanco River Trust including completion of a conservation easement on the Dreamcatcher Ranch. The Dreamcatcher Ranch is the eighteenth (18th) conservation easement for the Trust. Carrie Kasnicka discussed community education activities, outreach efforts, grant submittals for the Plum Creek Wetlands Preserve, and annual site inspections of current conservation easements. Dan Alonso briefed the Board on activities of the San Antonio Bay Foundation including the sea turtle patrol, the Texas Bays and Estuaries meeting,

shoreline restoration, monitoring the population of oysters, rockery island surveys, the collection of 570 abandoned crap traps, and the current meter study with the Texas Water Development Board. Discussion continued on the bay salinity, and update on the Whooping Crane population, the Coletto Creek Nature Fest, an oyster reef project near Falcon Point Lodge, the removal and treatment of water hyacinth in Goff Bayou, and marsh management at the Palmetto Ranch. Jaynellen Kerr introduced Van Green, President of the Gorge Preservation Society. Ms. Kerr briefed the Board on activities of the Gorge Preservation Society including the quarterly volunteer meeting, hosting the Chamber mixer, participation in The Big Give 2017 donation program, a Gorge tour for new GBRA employees, other group tours of the Gorge, launch of a new website, work on the north rim trail, the Gorge Preservation Society membership drive, and research for a modular building/office to possibly be located on the Gorge property.

The Chairman called for **Discussion Item 15 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** Charlie Hickman briefed the Board on 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 Nino and La Nina modeled forecast.

The Chairman recessed the open meeting at 11:28 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:40 a.m.

pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 12:16 p.m.

The Chairman called for **Action Item 13 - Consideration of and possible action authorizing the General Manager/CEO to implement an interim, revised process and fee structure related to GBRA's permitting of the construction and modification of docks and other structures on GBRA's hydroelectric lakes.** Tom Bohl, Courtney Kerr-Moore, and Jeff McKee briefed the Board on the history of GBRA's Hydro Modification Permit Program, a proposed Temporary Application and Construction Permit, proposed permit fee, and the procedure for construction and/or modification, engineering standards, and inspection of structures on GBRA's hydroelectric lakes. Mr. McKee briefed the Board on the history for removal of damaged structures and the proposed provisions in the Temporary Application and Construction Permit for removal of damaged structures. Discussion was had regarding insurance and liability to GBRA for accidents involving a structure on the lake. Upon motion by Director Meador, seconded by Director Hermes, the Board unanimously authorized the General Manager/CEO to implement an interim, revised process and fee structure related to GBRA's permitting of the construction and modification of docks and other structures on GBRA's hydroelectric lakes.

There being no further business to be brought before the Board, the meeting was adjourned at 12:24 p.m. subject to call by the Chairman.

Chairman

Secretary