

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 19, 2017, at the GBRA William E. West, Jr., Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Robert “Rusty” Brockman, William R. Carbonara, Oscar H. Fogle, Ronald J. Hermes, and Tommy Mathews. Directors Dennis L. Patillo, Don B. Meador, and Kenneth Motl were 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; 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; Courtney Kerr-Moore, Associate General Counsel; Michael Urrutia, Deputy Executive Manager of Operations and Water Quality; Ray Casteline, Division Manager/Regional Lab Director; Tim Dusek, Grant Writer/Administrator; Oscar Ramirez, Accounting Manager; Wilfred Korth, Chief Ranger-Coleto Creek Recreation and 2017 GBRA Retiree; Claire Korth; Mike Del Toro and Janet Pitman with ABIP; and Steven Adams and Paul Jasin with Specialized Public Finance.

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:

In the absence of Secretary-Treasurer Meador, Chairman Brockman appointed Director Mathews to serve as Secretary Pro-Tem.

Director Carbonara 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.

The Chairman called for **Chairman Item 1 - Consideration of and possible action approving a Resolution honoring Guadalupe-Blanco River Authority 2017 retiree Wilfred Korth.** Chairman Brockman recognized Wilfred Korth for his 37 years of dedicated and meritorious service to the Guadalupe-Blanco River Authority. Chairman Brockman also welcomed Claire Korth. Chairman Brockman read a Resolution honoring Wilfred Korth. Upon motion by Director Fogle, seconded by Director Mathews, the Board unanimously approved a Resolution honoring GBRA 2017 retiree Wilfred Korth. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chairman called for **Consent Item 2 - Consideration of and possible action approving the minutes of the June 21, 2017, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for June 2017; Consent Item 4 - Consideration of and possible action approving the monthly operations report for June 2017; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Carbonara, seconded by Director Mathews, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chairman then called for **General Manager/CEO Item 6 - 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.** No discussion was had on General Manager/CEO Item 6. A full quarterly report will be presented at the August Board meeting.

The Chairman called for **Action Item 7 - Consideration of and possible action accepting the Management Audit dated July 19, 2017, and performed as defined**

by the Texas Commission on Environmental Quality and as mandated by Title 30 Part 1 Chapter 292 Subchapter B Rule 292.13 of the Texas Administrative Code.

Cindy Demers introduced Oscar Ramirez, GBRA's new Accounting Manager. Cindy Demers briefed the Board on the Management Audit which is required every five years and introduced Mike Del Toro and Janet Pitman. Mr. Del Toro continued briefing the Board on the review of GBRA's management processes and internal controls. ABIP had two recommendations. The recommendations were to continue the review and update of GBRA's current Strategic Plan and prepare a more comprehensive written disaster recovery procedure plan. Upon motion by Director Hermes, seconded by Director Mathews, the Board unanimously approved and accepted the Management Audit dated July 19, 2017.

Next, the Chairman called for **Action Item 8 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an Agreement for fiber communication services at the Port Lavaca Water Treatment Plant.** Cindy Demers briefed the Board on communication services at the Port Lavaca Water Treatment Plant. AT&T has been providing a T1 circuit for communications with the Port Lavaca Water Treatment Plant since 2004. In addition to providing low bandwidth, this circuit has experienced numerous outages over the years which have impacted the work processes at the plant creating service issues. Network communications are a vital component of GBRA's operations. In a continued effort to improve communications throughout its operations, GBRA has been seeking to replace T1 services with more reliable, higher bandwidth fiber services where possible. With

the expansion of fiber service in the Port Lavaca area, the local provider is proposing to provide fiber service to the Port Lavaca Water Treatment Plant for a total cost (including installation) of \$1,450.00 per month for a term of five (5) years. Upon motion by Director Mathews, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Agreement for fiber communication services at the Port Lavaca Water Treatment Plant.

The Chairman then called for **Action Item 9 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an Agreement with Thermo-Fisher Scientific for the lease of two Integrion Ion-chromatographs for GBRA's laboratory.** Ray Casteline briefed the Board on the lease of equipment for GBRA's laboratory. The GBRA Laboratory currently has two Ion-chromatographs which are an essential part of our testing in accordance with the Texas Commission on Environmental Quality and NELAP. The equipment assists with the determination of the common anions such as bromide, chloride, fluoride, nitrate, nitrite, phosphate, and sulfate often is desirable to characterize water and/or to assess the need for specific treatment. More recently, the need to measure the concentration of the disinfection by-products chlorite, chlorate, and bromate has arisen. Ion chromatography eliminates the need to use hazardous reagents and it effectively distinguishes among the halides, oxyhalides and the oxy-ions. However, both pieces of equipment are outdated and require very expensive service contracts. One of the instruments will not be supported by the current service provider after August 2017. Leasing laboratory equipment is an excellent way to reduce the laboratory budget and it

provides the laboratory with new equipment every four (4) years. This approach will ensure that the laboratory has equipment that is up to date. Upon motion by Director Mathews, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Agreement with Thermo-Fisher Scientific for the lease of two Integrion Ion-chromatographs for GBRA's laboratory.

The Chairman called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Memorandum of Understanding with Alliance Regional Water Authority (formerly Hays-Caldwell Public Utility Agency) expressing support of the two agencies for cooperation on future projects.** No discussion or action was taken on Action Item 10 at this time.

Next, the Chairman called for **Discussion Item 11 - Discussion and presentation of the Fiscal Year 2018 proposed Guadalupe-Blanco River Authority Work Plan and Budget.** Cindy Demers briefed the Board on the Fiscal Year 2018 proposed Work Plan and Budget. Discussion included a consolidated budget summary, consolidated revenues and expenses, water sales and lake operations, wastewater services, power sales, grant income, miscellaneous and rental income, personnel costs, operating costs, maintenance and repairs, capital outlay, project development, and transfers to project funds. Discussion continued on the capital improvement program, financial reserves, the Board's Working Capital Reserve Policy, and the Budget meeting schedule with customers. Ms. Demers briefed the Board on the financial summary plan

and a list of capital improvement projects. Staff was thanked for their work on preparation of the draft budget.

The Chairman then called for **Discussion Item 12 - Presentation regarding the results of the 2007A contract revenue refunding bonds for the Regional Raw Water Delivery System.** Cindy Demers briefed the Board on the 2007A contract revenue refunding bonds for the Regional Raw Water Delivery System. Ms. Demers introduced Steven Adams. Mr. Adams presented an overview of the refunding transaction. There were three bids received from a competitive bid process and Hilltop Securities was lowest with a 2.98 percent effective interest rate and with a total debt service savings of \$2,049,534 (18% of the principal). A summary of the annual level of savings, projected annual savings, sources and uses of funds, and an annual debt service schedule by fiscal year was also presented.

The Chairman called for **Discussion Item 13 - Quarterly status report on grant activities.** Tim Dusek briefed the Board on grant activities including a Federal Emergency Management Agency (FEMA) grant for flood risk management, receipt of a Land Trust Alliance grant for the Guadalupe-Blanco River Trust for assistance with a strategic planning activities for Board and staff, a Bureau of Reclamation grant for repair of leaks in the Calhoun Canal System, a Texas Parks and Wildlife grant for rookery island enhancements, and an Ed Rachel Foundation grant for a stream table trailer for the education department.

Next, the Chairman called for **Discussion Item 14 - Briefing and discussion regarding the Strategic Plan for the Guadalupe-Blanco River Authority.** Jonathan

Stinson briefed the Board on the review and up-dating of GBRA's June 2002 Strategic Plan. The Strategic Plan is a living document used as a guide for the Board and Staff to carry out the vision, mission and values of GBRA. The Board was briefed on the planning and responsibility of the Board. Mr. Stinson briefed the Board on goals, strategic issues, and priorities being reviewed in order to meet the growth in GBRA's statutory District including public communication and education, human resources, financial resources, project and program development, and management audit. GBRA's 2018-2028 Strategic Plan will be brought to the Board for consideration and approval in the next few months.

The Chairman then called for **Discussion Item 15 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.**

Tommy Hill briefed the Board 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 Nino and La Nina modeled forecast.

Chairman Brockman briefed the Board on the Texas Lineman's Rodeo recently held at GBRA Nolte Island Park.

The Chairman recessed the open meeting at 11:36 a.m. The Chairman then closed the open meeting and convened the meeting in executive session at 11:45 a.m.

pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 12:11 p.m.

The Chairman called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Memorandum of Understanding with Alliance Regional Water Authority (formerly Hays-Caldwell Public Utility Agency) expressing support of the two agencies for cooperation on future projects.** Tom Bohl briefed the Board on the Memorandum of Understanding with Alliance Regional Water Authority. Upon motion by Director Fogle, seconded by Director Hermes, the Board unanimously approved a Memorandum of Understanding with Alliance Regional Water Authority. A copy of the Memorandum of Understanding is attached and made a part of these minutes.

There being no further business to be brought before the Board, the meeting was adjourned at 12:13 p.m. subject to call by the Chairman.

Chairman

Secretary Pro-Tem