

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 17, 2019, 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, Kenneth Motl, Robert “Rusty” Brockman, William R. Carbonara, Oscar H. Fogle, Ronald J. Hermes, Tommy Mathews, and Steven B. Ehrig. Also present were Kevin Patteson, General Manager/Chief Executive Officer; Darrell Nichols, Senior Deputy General Manager; Jonathan Stinson, Deputy General Manager; Tommy Hill, Senior Advisor to the General Manager and Engineering Division; Alvin Schuerg, Senior Advisor to the General Manager; Darel Ball, Executive Manager of Operations and Water Quality; Tom Bohl, General Counsel; Vanessa Guerrero, Executive Manager of Administration; Charlie Hickman, Executive Manager of Engineering; Nathan Pence, Executive Manager of Environmental Science and Community Affairs; Randy Staats, Executive Manager of Finance/Chief Financial Officer; Courtney Kerr-Moore, Associate General Counsel; Earnie Granville, Associate General Counsel; Teresa VanBooven, Project and Community Representative; Val Perkins with Foley and Lardner; Texas State Representative John Kuempel; Kelly Follis with Senator Donna Campbell’s office; Guadalupe County Judge Kyle Kutscher; Don Keil, Mayor-City of Seguin; and Guadalupe County Commissioner Precinct 2 Drew Engelke.

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

Chairman Patillo welcomed all in attendance and informed everyone that the Sheriff's department informed GBRA the river annex building capacity is full and Dairy Queen called to announce that non-customer vehicles may be towed.

Next, the Chairman called for **Public Comment Item 2 - Comments from the public**. Chairman Patillo informed guests that following a presentation on Agenda Item 8, individuals will be called to address the Board. There were no public comments at this time.

The Chairman then called for **Consent Item 3 - Consideration of and possible action approving the minutes of the June 19, 2019, Board meeting; Consent Item 4 - Consideration of and possible action approving the monthly financial report for June 2019; Consent Item 5 - Consideration of and possible action approving the monthly operations report for June 2019; Consent Item 6 - Consideration of and possible action approving Directors' expense vouchers; and Consent Item 7 - Consideration of and possible action approving the disposal of equipment in accordance with GBRA Board Policy 411-Capital Assets**. Upon motion by Director

Meador, seconded by Director Motl, the Board unanimously approved Consent Items 3, 4, 5, 6, and 7.

The Chairman called for **General Manager/CEO Item 8 - Report and update on the Guadalupe Valley Hydroelectric System.** Chairman Patillo again welcomed guests. Chairman Patillo recognized Texas State Representative John Kuempel; Kelly Follis with Senator Donna Campbell's office; Guadalupe County Judge Kyle Kutscher; and Don Keil, Mayor-City of Seguin. General Manager/CEO Patteson updated the Board on the current situation, public safety concerns if another gate fails, funding challenges, past repairs, and the possibility of lowering all spillgates for safety. The Board was informed that these are some of the challenges GBRA is facing related to the 90 year old Guadalupe Valley Hydroelectric System. Charlie Hickman briefed the Board on a dam breach analyses from McQueeney Dam to Nolte Dam, including the significant rises that could affect lake front improvements, spillgate failure assumptions, average flow in the Guadalupe River, instantaneous spillgate failure, dam breach hydrographs, gate failure modeling results summary, and an animation of a spillgate failure induced by flooding. Jonathan Stinson briefed the Board on animation and assessment the potential failure of one, two, and three spillgates and the mitigation of risk to recreation activities and lives. The Board was informed that numerous meetings have been held since the spillgate failure at Dunlap Dam. Mr. Stinson continued that the lake associations are taking affirmative steps toward a solution to assist with replacing the Guadalupe Valley Hydroelectric System dam spillgates. Mr. Stinson informed the Board that timelines are not fast, strategies are limited, and GBRA staff is continuing to work with State officials,

local officials, lake associations, and property owners to mitigate safety risk and facilitate replacement of the spillgates. Chairman Patillo called for Comments from the Public. There were approximately 260 individuals in attendance and approximately 20 individuals that addressed the Board with questions and concerns relating to the repairs and replacement of spillgates on all of GBRA's Guadalupe Valley Hydroelectric System dams. Texas State Representative John Kuempel; Guadalupe County Judge Kyle Kutscher; and Don Keil, Mayor-City of Seguin were among the individuals that addressed the Board. Chairman Patillo informed the public this situation is a process that will not be resolved today, GBRA takes this very seriously, and has dedicated enormous resources toward solving the problem. The GBRA Board recognized that with the failure at Lake Wood (H-5) and Dunlap Dam that another failure could happen at other dams and GBRA is committed to meeting with all to find a solution.

The Chairman recessed the open meeting at 11:38 a.m. The Chairman reconvened the meeting in open session at 11:55 a.m.

Next, the Chairman 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 water and sewer utility operations, hydroelectric operations, GBRA facilities management including plants and dams, safety, water resources planning and operation, construction management, economic and community development, project development, accounting and finance, records management, grants and financial assistance, human resources, information technology,**

communications, social media, education programs, resource protection, weather and climate, river flows and other scientific issues, non-profit entities partnering with GBRA, water quality services, community affairs, environmental programs, and stewardship. No discussion was had on General Manager/CEO Item 9.

The Chairman then called for **Action Item 10 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a revised Memorandum of Understanding between the Guadalupe-Blanco River Authority and the Gorge Preservation Society.** Nathan Pence briefed the Board on the Memorandum of Understanding with the Gorge Preservation Society. GBRA and the Gorge Preservation Society entered into a Memorandum of Understanding in 2011, which outlined the roles of each entity in managing the Gorge. Since 2011, roles and duties of each entity have changed some, as the Gorge matured into a developed educational and recreational destination. Additionally, due to the Sunset Report, specific duties and logistics have been re-evaluated, and in some cases, reassigned. Therefore, it is now necessary to update the existing Memorandum of Understanding, to more accurately reflect the on the ground operations and changes made due to the recommendations provided by the Sunset Commission. The revised Memorandum of Understanding for consideration reflects recommendations made by the Sunset Commission and actual operations at the Gorge. The Memorandum of Understanding assigns to GBRA collection of revenues, maintenance of the facility, oversight of grants and funding, approval authority over all infrastructure and improvements, insurance for GBRA property and liabilities, educational curriculum development, scheduling of tours and volunteers,

access approval and security measures, communication with the U. S. Army Corp of Engineers, merchandise sales, plus many other day to day responsibilities. The Memorandum of Understanding assigns to the Gorge Preservation Society operation of their shuttle bus, Board member insurance, planning and hosting of the Gorge Gala, Gorge Preservation Society membership website and collaboration and input to GBRA led initiatives. The Gorge Preservation Society Board was presented the terms of this Memorandum of Understanding at their Board meeting on May 9, 2019, and unanimously voted to approve. Upon motion by Director Brockman, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute a revised Memorandum of Understanding between the Guadalupe-Blanco River Authority and the Gorge Preservation Society.

Next, the Chairman called for **Action Item 11 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a revised Memorandum of Understanding between the Guadalupe-Blanco River Authority and the Guadalupe-Blanco River Trust.** Nathan Pence briefed the Board on the Memorandum of Understanding with the Guadalupe-Blanco River Trust. GBRA and the Guadalupe-Blanco River Trust (Trust) entered into a Memorandum of Understanding in 2014 (amended 2016), which outlined the roles of each entity in supporting and managing the Trust. Since 2014, roles and duties of each entity have evolved, as GBRA and the Trust refined its collaboration and relationship. Additionally, due to the Sunset Review, specific logistics and funding roles have been re-evaluated, and in some cases, modified. Therefore, it is now necessary to update the existing Memorandum of Understanding, to

more accurately reflect the current relationship and changes made due to the recommendations provided by the Sunset Commission. The revised Memorandum of Understanding for consideration reflects and implements recommendations directed by the Sunset Commission, and developed in collaboration with the Trust and the GBRA non-profit committee. Generally, the revised Memorandum of Understanding provides for the transition toward administrative, operational, and fiscal independence and sustainability for the Trust. The Memorandum of Understanding sustains GBRA's funding through 2023 to support staff salary and benefits, discretionary spending allotment, and initiation of a development program. In-kind support and resources will continue to be provided through 2023, including office space, fleet use, and accounting and financial assistance. In-kind services will be tracked and quantified by GBRA and information provided to the Trust for development of future operational plans and budgets. After 2023, GBRA will consider annual block grants to support designated conservation efforts. Additionally, the Trust may request additional support through grants from GBRA, as available, for specific conservation initiatives. The Trust will be responsible for their own staff, fundraising, strategic direction and accreditation. The Trust will make bi-annual presentations to GBRA, in addition to providing management with quarterly reports defining and quantifying progress towards fiscal and operational independence. The Trust will be responsible for having an independent external auditor to perform the financial audits. The Trust Board is anticipated to consider this Memorandum of Understanding for approval at the next called meeting. Upon motion by Director Ehrig, seconded by Director Hermes, the Board unanimously authorized the General

Manager/CEO to execute a revised Memorandum of Understanding between the Guadalupe-Blanco River Authority and the Guadalupe-Blanco River Trust.

The Chairman then called for **Action Item 12 - Consideration of and possible action approving the updates to the Guadalupe-Blanco River Authority Wholesale Water Conservation Plan and Drought Contingency Plan, and directs the General Manager/CEO to submit a copy to the Texas Commission on Environmental Quality, provide a copy to the Texas Water Development Board, and to make improvements to the Plan on a regular basis as consistent with sound water conservation management, and to administer and enforce the Plans as approved and amended.** Teresa VanBooven briefed the Board on GBRA's Wholesale Water Conservation Plan and Drought Contingency Plan. Under Texas Water Code Chapter 11 and Title 30 Texas Administrative Code Chapter 288, entities with surface water rights of 1,000 acre-feet or more for municipal, industrial, and other non-irrigation uses are required to develop, implement, and submit updated Water Conservation and Drought Contingency Plans, and submit the Water Conservation Implementation Report Form to the Texas Commission on Environmental Quality every five (5) years. In addition, the Texas Commission on Environmental Quality rules also require that a copy of the Water Conservation Plan is provided to the Texas Water Development Board. The Guadalupe-Blanco River Authority Water Conservation and Drought Contingency Plans were last updated and adopted in 2014. Upon motion by Director Motl, seconded by Director Carbonara, the Board unanimously approved the updates to the Guadalupe-Blanco River Authority Wholesale Water Conservation Plan and Drought Contingency Plan, and

directed the General Manager/CEO to submit a copy to the Texas Commission on Environmental Quality, provide a copy to the Texas Water Development Board, and to make improvements to the Plan on a regular basis as consistent with sound water conservation management, and to administer and enforce the Plans as approved and amended. 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 accepting the Board of Directors' appointment of a current GBRA employee to serve on the Guadalupe-Blanco River Authority Retirement and Benefit Committee.**

Christina Chavez briefed the Board on the appointment of a current GBRA employee to serve on the GBRA Retirement and Benefit Committee. In accordance with the Retirement Plan for Employees of Guadalupe-Blanco River Authority, the Board is to appoint an individual who is either a current Director or a current Employee to become a member of the Committee. A nomination was submitted and the General Manager/CEO recommended the appointment of proposed Committee Member, Anna Daniels, Lower Basin Regional Representative. If appointed, Ms. Daniels will serve for an indefinite term of office by filing such consent with the records of the Committee. Upon motion by Director Motl, seconded by Director Ehrig, the Board unanimously accepted the appointment of Anna Daniels, a current GBRA employee, to serve on the Guadalupe-Blanco River Authority Retirement and Benefit Committee.

The Chairman then called for **Discussion Item 15 - Discussion and presentation of the Fiscal Year 2020 proposed Guadalupe-Blanco River Authority Work Plan and Budget.** Randy Staats briefed the Board on the proposed Fiscal Year

2020 GBRA Work Plan and Budget. Mr. Staats briefed the Board on Board Policy 409-Budgets, Board adopted financial reserve, net cash flow, budget summary comparison, revenue and expense comparisons, revenue and expense highlights, new initiatives, ongoing major projects, operating systems/divisions, and budget schedule. Mr. Staats acknowledged Sandra Terry, Denise Lyssy, Darel Ball, and GBRA staff for their dedicated work on preparing the draft budget. The Board was informed that Budget Workshops will be held in the next few weeks and the 2020 Work Plan and Budget will be presented at the August Board meeting for approval and adoption.

The Chairman called for **Discussion Item 16 - Discussion regarding Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin.** Charlie Hickman briefed the Board on the Basin hydrologic condition, the Base Flow Report, Water Quality Index, 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 12:25 p.m. The Chairman then closed the open meeting and convened the meeting in executive session at 12:56 p.m. pursuant to Chapter 551, Texas Government Code. The Chairman reconvened the meeting in open session at 1:34 p.m.

Next, the Chairman called for **Action Item 14 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute an**

Amendment or additional Work Order to the Engineering Master Services Agreement with Black and Veatch Corporation to provide for additional inspection of the GBRA Guadalupe Valley Hydroelectric System dams. Charlie Hickman briefed the Board on recommended additional inspections of the GBRA Guadalupe Valley Hydroelectric System dams. GBRA has an existing Agreement with Black and Veatch Corporation to provide engineering services in connection with the GBRA Guadalupe Valley Hydroelectric System dams. It is requested that authorization be given to add additional inspection duties relating to the hydroelectric dams to the Agreement. In the aftermath of the gate failure at Dunlap Dam and anticipating lower water levels in the hydroelectric lakes for a period of time, an opportunity presents itself to perform additional inspection tasks on the hydroelectric dams. Chairman Patillo called for a motion on Action Item 14. Director Meador amended the motion adding “and provide funding to study the feasibility of providing for public safety in the event of a gate failure at any of the lakes”. Upon motion by Director Hermes, seconded by Director Meador, the Board unanimously authorized the General Manager/CEO to negotiate and execute an Amendment or additional Work Order to the Engineering Master Services Agreement with Black and Veatch Corporation to provide for additional inspection of the GBRA Guadalupe Valley Hydroelectric System dams and provide funding to study the feasibility of providing for public safety in the event of a gate failure at any of the lakes. Chairman Patillo and the Board recognize the economic loss to all in GBRA’s statutory district, and instructed GBRA to take all measures to ensure all safety concerns are exhausted to insure no loss

of life. General Manager/CEO Patteson informed the Board that Dunlap Dam will be the first dam inspected.

There being no further business to be brought before the Board, the meeting was adjourned at 1:38 p.m. subject to call by the Chairman.

Chairman

Secretary