

GUADALUPE-BLANCO RIVER AUTHORITY

Minutes of the Board of Directors

The Board of Directors of the Guadalupe-Blanco River Authority met in a meeting on September 16, 2020, by teleconference and at the GBRA William E. West, Jr., Annex Building Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Due to health and safety concerns related to the COVID-19 coronavirus, and in keeping with the Governor's March 13, 2020 disaster declaration and extensions, this meeting was conducted by teleconference in accordance with provisions in Sections 551.125 of the Texas Government Code that have not been suspended by order of the Governor under Chapter 418 of the Government Code. Directors present were Dennis L. Patillo, Don B. Meador, Kenneth Motl, William R. Carbonara, Steven B. Ehrig, Oscar H. Fogle, Ronald J. Hermes, and Tommy Mathews. 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; Alvin Schuerg, Senior Advisor to the General Manager; Tom Bohl, General Counsel; Vanessa Guerrero, Executive Manager of Administration; David Harris, Executive Manager of Operations; Charlie Hickman, Executive Manager of Engineering and Development; 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; Michael Urrutia, Deputy Executive Manager of Operations; Amanda Reichle, Safety and Risk Manager; and Brian Perkins, Senior Engineer.

General Manager/CEO Patteson addressed all regarding the conducting of the meeting. The Public had access to the proceedings through the following means: 1. by webinar link on computer or smart phone; Webinar Link: <https://attendee.gotowebinar.com/register/1915222121602648846>; 2. by using the GoToWebinar App on computer or smartphone (access will be available for public comments during the designated portion of the meeting) - use the webinar ID: 448-308-027; 3. by telephone (for listening purposes only) - Call In Number: 562-247-8422; Audio Access Code: 668-480-548; and 4. by appearing at GBRA Seguin Offices to make comments. The public was also able to view presentations.

Tom Bohl, General Counsel, addressed the Board with the procedures for discussion and/or taking action on agenda items and that the meeting is being recorded. Mr. Bohl called roll for the members of the Board of Directors and stated names of people present in the room.

Chairman Patillo called the meeting to order at 10:05 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:

The Chairman called for **Chairman Item 1 - Consideration of and possible action on: (a) the procedures and conduct of the September 16, 2020 Board of**

Directors meeting; and (b) the procedures, conduct, and date of the October 2020 Board of Directors meeting. No discussion or action was taken on Chairman Item 1.

Next, the Chairman called for **Chairman Item 2 - Consideration of and possible action nominating and appointing one member from the Guadalupe-Blanco River Authority Board of Directors, to serve as the Guadalupe Blanco River Authority representative on the Golden Crescent Regional Planning Commission General Assembly for a one-year term beginning September 1, 2020.** Nathan Pence briefed the Board on the Golden Crescent Regional Planning Commission. The Golden Crescent Regional Planning Commission, a regional voluntary association of local governments and other agencies, is one of twenty-four regional associations in Texas and one of 670 in the United States. The Planning Commission serves a seven-county region, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, and Victoria Counties. Created in response to the regional Planning Act of 1965, as amended and codified, the Golden Crescent Regional Planning Commission is defined as a political subdivision of the State. In part the law provides that "any two or more general purpose governmental units may join in the exercise, performance, and cooperation of planning, powers, duties and functions as provided by law for any or all such governmental units (Tex. Rev. Civ. Stat. Ann. Art. 1011m)". The basic responsibility of the Planning Commission involves planning for the development of the region and assisting local governments in carrying out regional plans and recommendations. Since its inception in 1968, the Planning Commission has grown to include comprehensive planning and service delivery in program areas such as aging, economic development, E9-1-1, solid waste management and rural transportation. The

policy-making bodies of the Golden Crescent Regional Planning Commission include a Board of Directors and the General Assembly. A system of policy advisory committees composed of elected officials and appointed local government officials and citizens assist in defining the needs of the region. Funds are received from local, state and federal governments. The federal funds are "passed" through the state and local funding is composed of dues paid by member governments. Membership is open to all counties, cities, school districts and other nonprofit groups. The Golden Crescent Regional Planning Commission's General Assembly is the general policy body of the association. Each member city and county have two representatives on the General Assembly who, once appointed, are members of the governing body. Every other governmental unit and special district member has one representative who is appointed by and is a member of the governing body of that unit. The General Assembly is empowered to adopt an annual budget and membership fee schedules, adopt and amend by-laws, review actions of the Board of Directors, elect annually at the beginning of the fiscal year, a President, three Vice-Presidents, a Secretary/Treasurer and two Citizen-At-Large members, to establish policy guidelines for direction of the Board of Directors, and resolve membership questions. The General Assembly meets annually in September unless additional meetings are called by the president and are held in one of the seven counties served by the Golden Crescent Regional Planning Commission. Those Counties being Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca and Victoria Counties. Subsequent to the appointment of the General Assembly member, the river authority members from Guadalupe-Blanco River Authority, San Antonio River Authority, and Lavaca Navidad

River Authority, by mutual agreement, will designate one delegate from the combined Fiscal Year 2021 General Assembly members to serve on the Board of Directors for a one or two year term. The current Board member is Sandra Johs from Lavaca Navidad River Authority who began serving on the Board September 1, 2019 and has served a one year term. Upon motion by Director Motl, seconded by Director Meador, the Board nominated and appointed Director Steve Ehrig from the Guadalupe-Blanco River Authority Board of Directors, to serve as the representative on the Golden Crescent Regional Planning Commission General Assembly for a one-year term beginning September 1, 2020 by following vote:

AYES: Directors Patillo, Meador, Motl, Carbonara, Hermes, Fogle, and Mathews

NOES: None

ABSTENSIONS: Director Ehrig

The Chairman then called for **Chairman Item 3 - Consideration of and possible action approving a Resolution honoring Guadalupe- Blanco River Authority 2020 retiree Juan Juarez.** Michael Urrutia read a Resolution honoring Juan Juarez for his 44 years of dedicated and meritorious service to the Guadalupe-Blanco River Authority. Chairman Patillo thanked Juan Juarez for his 44 years of dedication to GBRA. Upon motion by Director Meador, seconded by Director Fogle, the Board unanimously approved a Resolution honoring GBRA 2020 retiree Juan Juarez. A copy of the Resolution is attached and made a part of these minutes.

The Chairman called for **Public Comment 4 - Comments from the public**. There were no public comments.

Next, the Chairman called for **Consent Item 5 - Consideration of and possible action approving the minutes of the August 19, 2020 Board meeting; Consent Item 6 - Consideration of and possible action approving the monthly operations report for August 2020; and Consent Item 7 - Consideration of and possible action approving Directors' expense vouchers**. Upon motion by Director Mathews, seconded by Director Motl, the Board unanimously approved Consent Items 5, 6, and 7.

The Chairman then 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: 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, public and private entities partnering with GBRA, water quality services, community affairs, environmental programs, stewardship, and update on GBRA Safety Work Plan**. Vanessa Guerrero virtually introduced new GBRA employees. The Board was briefed on the response to COVID-19, IT support for employees working at home, and virtual training. The Board

was also briefed on the education department, communication department, regulatory and customer affairs, information technology, and human resources activities. Amanda Reichle briefed the Board on a recent virtual Safety Committee meeting, presentation of safety awards for no loss time accidents, coordination of flu shots for employees, field site visits, and plans for Phase III to reopen the offices. The Board was updated on the COVID-19 pandemic monitoring by GBRA staff. Nathan Pence briefed the Board on activities for Environmental Science and Community Affairs including the Guadalupe River Basin Habitat Conservation Plan; the Texas Water Conservation Association panel presentation on endangered species; and nuisance vegetation in Hog, Goff, and Schwings Bayous. The Board was also informed on virtual meetings attended by the Community Affairs department. Discussion was had on Water Quality activities, the Clean Rivers Program routine sampling and monitoring. The Board was updated on activities at the Canyon Lake Gorge and River Otters in the San Marcos River.

The Chairman called for **Action Item 9 - Consideration of and possible action authorizing the General Manager/CEO to negotiate and execute a Joint Funding Agreement between the United States Geological Survey and the Guadalupe-Blanco River Authority for the period October 2020 through September 2021 for stream gauge monitoring.** Tommy Hill briefed the Board on the Joint Funding Agreement. GBRA has contracted with the United States Geological Survey (USGS) since the early 1960's to provide stage and stream flow gauging and water quality testing at various sites. The GBRA contract includes funding for fourteen gauges and testing for pesticides in the Calhoun Canal System. Joint funding for Fiscal Year 2020 amounted to

\$207,390. The Guadalupe River Basin contains a total of 54 river gauges with funding from various sources including the U. S. Army Corps of Engineers, the Edwards Aquifer Authority, the Upper Guadalupe River Authority, the Texas Water Development Board, and GBRA. It should be noted the Texas Water Development Board continues to add new gauges. The proposed 2020-2021 USGS contract includes 14 gauges and includes continued participation in the Jacob's Well water quality site and sample collection and processing at the Calhoun Canal Pump Station. GBRA's share of the contract is \$207,390. Upon motion by Director Meador, seconded by Director Fogle, the Board unanimously authorized the General Manager/CEO to negotiate and execute a Joint Funding Agreement between the United States Geological Survey and Guadalupe-Blanco River Authority for the period October 2020 through September 2021 for stream gauge monitoring.

Next, the Chairman called for **Action Item 10 - Consideration of and possible action approving a Resolution authorizing the issuance of up to \$57,000,000 in principal amount of Guadalupe-Blanco River Authority Contract Revenue Refunding Bonds, Taxable Series 2020 (Western Canyon Regional Water Supply Project); authorizing the sale thereof; authorizing the General Manager/CEO and the Executive Manager of Finance/CFO to select underwriters, approve certain outstanding obligations to be refunded, and approve all final terms of the Bonds; approving the preparation and distribution of an official statement, authorizing the approval and execution of a purchase contract, a paying agent/registrars agreement, and an escrow agreement; calling certain bonds for redemption; and authorizing**

all other instruments and procedures related thereto. Randy Staats briefed the Board on the refunding bonds. An opportunity for interest savings exists with the refunding of bonds issued in 2013 and 2017 for the Western Canyon Water Treatment Plant. Approval of a Resolution authorizing the issuance of refunding bonds within certain parameters is being requested. In 2013, GBRA issued Contract Revenue Refunding Bonds through two series – 2013A (tax-exempt) and 2013B (taxable) totaling \$62,095,000. These bonds refunded original bonds issued in 2003 for the construction and equipping of the Western Canyon Water Treatment Plant. The 2013 bonds have final maturities in 2033. In 2017, GBRA issued Contract Revenue Bonds totaling \$4,105,000 for aeration facilities to mitigate disinfection byproducts at the Western Canyon Water Treatment Plant. The final maturity on these bonds is 2037. With the current low interest rate environment, an opportunity is available to lower borrowing costs through a taxable advanced refunding. Not only will this refunding generate interest savings, but will also allow flexibility with the organizations that GBRA sells treated water from the facility and ensure compliance with IRS provisions related to private activity use. Interest rates on the Series 2013 and 2017 bonds currently range from 3.0% to 5.0%. Achievable yields through a refunding could be as low as 1.7%. The debt schedule, along with other pertinent factors including the timing of entering the market, will be determined in consultation with the financial advisor. However, the following parameters will be established as thresholds in the bond resolution: Minimum Net Present Value Savings: 3.00% NPV Savings; Maximum True Interest Cost: 4.00%; Final Maturity: April 15, 2037; and Not to Exceed Principal Amount: \$57,000,000. Net present value interest savings are projected to be approximately \$4

million or 9% of the principal amount of the refunded bonds, which would be significant savings based on the principal amount outstanding and the remaining life of the Series 2013A, 2013B and 2017 Bonds. Customers of the Western Canyon Water Treatment Plant will receive the benefits of these savings. Upon motion by Director Motl, seconded by Director Fogle, the Board unanimously approved a Resolution authorizing the issuance of up to \$57,000,000 in principal amount of Guadalupe-Blanco River Authority Contract Revenue Refunding Bonds, Taxable Series 2020 (Western Canyon Regional Water Supply Project); authorized the sale thereof; authorizing the General Manager/CEO and the Executive Manager of Finance/CFO to select underwriters, approve certain outstanding obligations to be refunded, and approved all final terms of the Bonds; approved the preparation and distribution of an official statement, authorized the approval and execution of a purchase contract, a paying agent/registrars agreement, and an escrow agreement; calling certain bonds for redemption; and authorized all other instruments and procedures related thereto. A copy of the Resolution is attached and made a part of these minutes.

The Chairman then called for **Action Item 11 - Consideration of and possible action approving a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain wastewater pipeline easements and temporary construction easements and certain fee estates for the Stein Falls Collection Capital Improvement Project or System in connection therewith, over, across, upon and under certain privately owned real properties; authorizing all appropriate action by the General Manager/CEO, staff, retained attorneys and**

engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of GBRA to acquire such property interests including necessary acts for any applicable lienholders for such properties; authorizing all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the Resolution to be severable one from the other in the event any section of the Resolution is determined to be invalid; said property to be identified to wit: Parcel 29 – Southern Central Holdings, LLC, being approximately 0.4290 acre or 18,687 square feet more or less for lift station being out of called 50.536 acre tract, recorded in Volume 2678, Page 165 of the Official Public Records of Guadalupe County, Texas; 0.0693 acre or 3,019 square feet more or less of temporary easement; 0.0124 acre or 540 square feet more or less of permanent easement; 0.0268 acre or 1,167 square feet more or less for access easement; and 0.2792 acre or 12,162 square feet more or less of permanent easement, and 0.0566 acre or 2,465 square feet more or less of temporary construction easement, situated in the City of New Braunfels, Greenberry Pate Survey No. 46, Abstract No. 260, in Guadalupe County, Texas, being a portion of that certain 50.536 acres conveyed by Deed recorded in Volume

2678, Page 165, Official Public Records of Guadalupe County, Texas, attached as Exhibit “A”. No discussion or action was had on Action Item 11 at this time.

The Chairman called for **Action Item 12 - Consideration of and possible action adopting a Resolution to commit to a one percent (1%) GBRA contribution for Port Lavaca Water Treatment Plant Improvements and Port Lavaca Water Treatment Plant Storage and Berm Improvements.** Charlie Hickman briefed the Board on the Port Lavaca Water Treatment Plant Improvements. At the August 2020 meeting the Board authorized the inclusion of (1) a project for improvements to the Port Lavaca Water Treatment Plant; and (2) a project for improvements to the Plant storage and berms to GBRA's 2018 Hazard Mitigation Plan. GBRA is seeking federal grants for these projects under the Community Development Block Grant Mitigation (CDBG-MIT) Program that are administered by the Texas General Land Office. Staff has been advised that a commitment by the grant applicant to provide one percent (1%) of the total project costs increases the grant applicant's scoring when the grant applications are considered. The Resolution proposed for GBRA Board consideration would commit GBRA to cost share one percent (1%) of the project costs. The CDBG-MIT Program is a unique and significant opportunity for eligible grantees to use this assistance in areas impacted by recent disasters to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses. The Plant improvement and storage/berm improvement projects recently added to GBRA's Hazard Mitigation Plan incorporate measures to mitigate potential damages to the facility related to storm events. Upon motion by Director Motl, seconded by Director Mathews, the Board unanimously adopted a Resolution approving

the submission of Grant Applications under the Community Development Block Grant Mitigation Program to fund improvements to the Port Lavaca Water Treatment Plant and to related storage and berm facilities, and approved the commitment of one percent (1%) funding of the project by the Guadalupe-Blanco River Authority. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chairman called for **Discussion Item 13 - Discussion regarding Base Flow Report, Water Quality Index, long term weather pattern, and condition of the Guadalupe Basin.** Charlie Hickman briefed the Board on Basin hydrologic condition, the Base Flow Report, condition of the Guadalupe Basin including rainfall percentages, events and totals, the U. S. Drought Monitor Seasonal Outlook, Edwards Aquifer levels, Comal Springs level, Guadalupe River stream flows, El Nino and La Nina modeled forecast, and elevation of Canyon Reservoir.

The Chairman recessed the open meeting at 11:17 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 in open session at 12:26 p.m. and recessed the meeting. Chairman Patillo called the meeting back to order at 12:35 p.m. and General Counsel Bohl called roll of Board members. All members were present.

The Chairman called for **Action Item 11 - Consideration of and possible action approving a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain wastewater pipeline easements and temporary construction easements and certain fee estates for the Stein Falls**

Collection Capital Improvement Project or System in connection therewith, over, across, upon and under certain privately owned real properties; authorizing all appropriate action by the General Manager/CEO, staff, retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of GBRA to acquire such property interests including necessary acts for any applicable lienholders for such properties; authorizing all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the Resolution to be severable one from the other in the event any section of the Resolution is determined to be invalid; said property to be identified to wit: Parcel 29 – Southern Central Holdings, LLC, being approximately 0.4290 acre or 18,687 square feet more or less for lift station being out of called 50.536 acre tract, recorded in Volume 2678, Page 165 of the Official Public Records of Guadalupe County, Texas; 0.0693 acre or 3,019 square feet more or less of temporary easement; 0.0124 acre or 540 square feet more or less of permanent easement; 0.0268 acre or 1,167 square feet more or less for access easement; and 0.2792 acre or 12,162 square feet more or less of permanent easement, and 0.0566 acre or 2,465 square feet more or less of

temporary construction easement, situated in the City of New Braunfels, Greenberry Pate Survey No. 46, Abstract No. 260, in Guadalupe County, Texas, being a portion of that certain 50.536 acres conveyed by Deed recorded in Volume 2678, Page 165, Official Public Records of Guadalupe County, Texas, attached as Exhibit “A”. Courtney Kerr-Moore briefed the Board on the condemnation proceedings. The Guadalupe-Blanco River Authority has continued to experience high growth in the area served by the Stein Falls Reclamation System. Expansion of the collection system is necessary to accommodate the growth in existing and new subdivisions. Proceedings in eminent domain are necessary to acquire certain properties for the Stein Falls Collection Capital Improvement Project. Efforts to negotiate for the acquisition of these properties have so far been unsuccessful. Approval of a Resolution by the Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain property rights from the property owner listed below and any applicable lienholders for the Stein Falls Collection Capital Improvement Project, including by condemnation if necessary, of the following property: approximately 0.4290 acre for a lift station, 0.0693 acre of temporary easement, 0.0124 acre of permanent easement, 0.0268 acre for an access easement, 0.2792 acre of permanent easement, and 0.0566 acre of temporary construction easement located in a tract of land owned by Southern Central Holdings, LLC as shown in Deed recorded in Volume 2678, Page 165, Official Public Records of Guadalupe County, Texas was presented to the Board for consideration. Upon motion by Director Meador, seconded by Director Fogle, the Board of Directors of the Guadalupe-Blanco River Authority authorized the use of the power of eminent domain to acquire from

the property owner listed below and any applicable lienholders, the following property located in Guadalupe County, Texas: Parcel 29 – Southern Central Holdings, LLC, 0.4290 acre for lift station; 0.0693 acre of temporary easement; 0.0124 acre of permanent easement; 0.0268 acre of access easement; 0.2792 acre of permanent easement, and 0.0566 acre of temporary construction easement located in a tract of land owned by Southern Central Holdings, LLC. for the construction, operation, and maintenance of certain wastewater diversion facilities and a wastewater pipeline system and wastewater treatment lift station and other system related improvements for the Stein Falls Collection Capital Improvement Project located in portions of Guadalupe County. The motion includes approval of the proposed Resolution and intends that the record vote on this matter applies to all units of property to be condemned by the following vote:

AYES: Director Patillo, Motl, Meador, Carbonara, Ehrig, Hermes, Fogle, and Mathews

NOES: None

ABSTENSTIONS: None.

A copy of the Resolution is attached and made a part of these minutes.

Upon motion by Director Meador, seconded by Director Ehrig, the Board unanimously approved a nine percent (9%) merit increase for the General Manager/CEO.

There being no further business to be brought before the Board, the meeting was adjourned at 12:42 p.m. subject to call by the Chairman.

Chairman

Secretary