



NOTICE OF OPEN MEETING
DECEMBER BOARD OF TRUSTEES
NBU Board Room, 263 Main Plaza, New Braunfels, Texas 78130
December 18, 2025, at 1:00 PM
www.nbutexas.com

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE AND INVOCATION

Board Vice President Judith Dykes-Hoffmann

NBU EMPLOYEE RECOGNITIONS

1. Recognizing NBU Employee Doug Clifton for 20 Years of Service

PUBLIC COMMENT

ITEMS FROM THE CHAIR

1. Election of Officers for the NBU Board of Trustees for the Office of Vice President
2. Update from the Security Committee
3. Update from the Records Management Committee
4. Update from the Investment Committee
5. Update from the Audit Committee
6. Any Other Items Permitted Under Section 551.0415 of the Texas Government Code

ITEMS FROM STAFF

1. CEO's Update
 - a. Leadership Announcement of New Hires and Position Changes: Interim Chief Customer Officer Andrew Cummings, Director of Security Joe Vargas, Interim Director of Power Supply Kristi Villasana, Rates and Revenue Manager Azura Kerr, and Community Engagement Manager Nicole Wesley
 - b. NBU Employees Participate in the 2025 International Lineman's Rodeo
 - c. NBU Chief of Staff Rocio G. Hilliard Receives 2025 Rising Star of New Braunfels Award
 - d. New Braunfels Utilities Enterprise Communications Team Earns Excellence in Public Power Communications Award in the Video Category from the American Public Power Association
 - e. NBU Employees Participate in Ethics Week

- f. NBU Veterans are Honored at NBU Veterans Day Celebration
 - g. Any Other Items Permitted Under Section 551.0415 of the Texas Government Code
2. Financial Update and Report, Including an Update on the Impact Fee Program Effective February 1, 2023 (referred to as Program E)
 3. Quarterly Investment Report
 4. Quarterly Drought Update Report
 5. Quarterly Update on the Headwaters at the Comal
 6. Quarterly Strategic Plan Update – First Quarter of Fiscal Year 2026
 7. Monthly NBU Headquarters Progress Update

CONSENT ITEMS FOR ACTION

1. Approve Minutes of the NBU Regular Board Meeting of October 30, 2025
2. Approve Minutes of the NBU Special Board Meeting of December 11, 2025
3. Approve the Change Order Log from September 15, 2025, through November 15, 2025
4. Approve the Reports for Water and Electric Engineering Contracts from August 1, 2025, through November 15, 2025
5. Approve the Electric Line of Business Alternative Procurements from September 15, 2025, through November 15, 2025
6. Approve the Guadalupe Blanco River Authority Canyon Hydroelectric Cost Reconciliation for Fiscal Year 2025
7. Authorize the CEO or His Designee to Negotiate and Execute a DIR Cooperative Agreement, DIR Contract No. DIR-CPO-5792, with Dell Marketing, LP for the Purchase of Computers and Other Products
8. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Source Power, LLC, for the Completion of the NBU Fiber Build Project to Provide Redundant Fiber Optic Infrastructure to NBU Facilities and Sites
9. Authorize the CEO or His Designee to Negotiate and Execute a DIR Cooperative Agreement, DIR Contract No. DIR-CPO-5832, with Executive Information Systems, LLC for the Statistical Analysis Software (SAS) Data Analytics Enterprise License and Maintenance
10. Authorize the CEO or His Designee to Negotiate and Execute a Master Software License Agreement with Inductive Automation, LLC for Ongoing Licensing and Support Services for the Water/Wastewater Supervisory Control and Data Acquisition (SCADA) System

- [11.](#) Authorize the CEO or His Designee to Negotiate and Execute a Materials Agreement with D. Reynolds Company, LLC for Programmable Logic Controllers, Input/Output Modules, and Automation Components for the Water/Wastewater Supervisory Control and Data Acquisition (SCADA) System
- [12.](#) Authorize the CEO or His Designee to Negotiate and Execute a DIR Cooperative Agreement, DIR Contract No. DIR-CPO-5687, with Carahsoft Technology Corporation for Secureworks/Sophos Taegis Security Platform and Subscriptions
- [13.](#) Authorize the CEO or His Designee to Negotiate and Execute a Memorandum of Understanding with the City of New Braunfels to Coordinate Capital Projects Under the Capital Improvement Program
- [14.](#) Authorize the CEO or His Designee to Negotiate and Execute a First Amendment to the Professional Services Agreement with Freese and Nichols, Inc. for the Design of the FM 1101 Discharge Line Project Located Generally Along FM 1101, Barbarosa Road, and Kohlenberg Road
- [15.](#) Authorize the CEO or His Designee to Execute a Bank Depository Agreement, Third Party Custodian Agreement, and a Security Agreement with Frost Bank for Bank Depository Services

ACTION ITEMS

- [1.](#) Discuss and Consider Accepting the Audit and Annual Comprehensive Financial Report for the Fiscal Year Ended July 31, 2025, performed by Baker Tilly US, LLP

EXECUTIVE SESSION

The Board of Trustees may recess into Executive Session for any purpose permitted by the Texas Open Meetings Act, including but not limited to:

1. Power Supply Resources – Competitive Matters
(Section 551.086 – Texas Government Code)

The Board of Trustees, upon reconvening in Open Session, will discuss and consider any necessary action regarding closed session items.

RECONVENE INTO OPEN SESSION AND TAKE ANY NECESSARY ACTION RELATING TO THE EXECUTIVE SESSION AS DESCRIBED ABOVE

ADJOURN

If you require assistance in participating at a public meeting due to a disability as defined under the Americans with Disabilities Act, reasonable assistance, adaptations, or accommodations will be provided upon request. Please contact the Board Relations Coordinator at least three (3) days prior to the scheduled meeting date at (830) 629-8400 or the NBU Main Office at 263 Main Plaza, New Braunfels, Texas, for additional information.

CERTIFICATE OF POSTING

I, Ryan Kelso, Secretary to the Board of Trustees, do hereby certify that this Notice of Meeting was posted on a bulletin board at a place convenient to the public at the City of New Braunfels City Hall, 550 Landa Street, New Braunfels, Texas; the New Braunfels Utilities Main Office, 263 Main Plaza, New Braunfels, Texas; and the New Braunfels Utilities Customer Solutions Center, 1488 South Seguin Avenue, New Braunfels, Texas, on the **12th day of December 2025**, and remained posted continuously for at least three business days before the scheduled date of the meeting.



Ryan Kelso, Chief Executive Officer
Secretary to the Board of Trustees

Agenda Type: Items from Staff

Approved by: Ryan Kelso
Chief Executive Officer

RECOMMENDED ACTION: Financial Update and Report, Including an Update on the Impact Fee Program Effective February 1, 2023 (referred to as Program E)

BACKGROUND

NBU's service territory experienced higher temperatures and lower rainfall during the month of October than historically. The average temperature was 75.9 degrees, which was 7.4 degrees higher than the historical average temperature of 68.5 degrees. Rainfall totaled 1.67 inches for the month of October, which was 1.49 inches lower than the historical average rainfall of 3.16 inches.

For the month of October 2025, NBU recorded a change in net position after contributions (“CNPAC”) of \$5,069,000, which represents an increase of \$2,753,000 compared to the budgeted monthly CNPAC of \$2,316,000. Operating service revenues of \$25,680,000 were greater than budget by \$1,189,000, or 5%, for the month of October. A \$449,000 increase in electric revenue, a \$726,000 increase in water revenue, and a \$14,000 increase in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$618,000 were greater than budget by \$33,000 for the month of October. Purchased power costs were \$683,000 less than budget for October 2025 and \$11,280,000 less for Year-to-Date (“YTD”). A decrease in other operating expenses of \$936,000 resulted in total operating expenses to be \$1,618,000, or 7%, less than the budgeted amount of \$21,976,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of \$2,840,000 from budget. Net non-operating items had a \$1,116,000 favorable variance compared to budget. Impact fees were less than budget by \$1,243,000, and services income was greater than budget by \$40,000. October 2025 YTD CNPAC was \$19,748,000, which was \$14,002,000 greater than the budgeted amount of \$5,746,000.

FINANCIAL IMPACT

Electric

The Electric Line of Business reported total operating revenues of \$17,413,000, a \$474,000 increase from the October budgeted amount of \$16,939,000. The net rate realized per kWh was \$0.0986, which was 2% less than the budgeted rate of \$0.1006 for the month of October. October kWh sales were 171.5 million kWh, a 7.9 million kWh increase, or 5%, in comparison to the budgeted amount of 163.6 million kWh.

Purchased power costs totaled \$10,150,000, which was \$683,000 less than the budgeted amount of \$10,833,000. Electric gross margin, which is total operating revenues minus purchased power, resulted in the amount of \$7,263,000 for the month of October and \$20,788,000 YTD. These amounts were \$1,157,000 greater than and \$4,696,000 greater than the budgeted amount of \$6,106,000 Month-to-Date (“MTD”) and \$16,092,000 YTD, respectively. Other operating expenses were less than budget by \$548,000. These items resulted in the Electric Line of Business reporting net operating income of \$4,614,000, which was \$1,704,000 greater than the budgeted amount of \$2,910,000. Net non-operating items provided a favorable variance from budget of \$377,000. Services income was greater than budget by \$65,000. The Electric Line of Business reported October 2025 CNPAC of \$4,140,000 and YTD CNPAC of \$12,509,000. These amounts were \$2,146,000 greater than and \$9,372,000 greater than their respective October 2025 MTD and October 2025 YTD budget amounts.

Water

The Water Line of Business reported total operating revenues of \$5,238,000, a \$728,000 increase, or 16%, from the October budgeted amount of \$4,510,000. In October, water gallons sold of 437,164,000 was greater than the budgeted amount of 391,536,000 (a 45,628,000-gallon variance from budget, or 12%). NBU’s net realized price per 1,000 gallons sold in October was \$11.80, which was greater than the budgeted amount of \$11.32. Operating expenses for October were \$4,523,000, which was \$97,000 less than the budgeted amount of \$4,620,000. The net effect of greater revenues and less operating expenses than budgeted resulted in the Water’s net operating income of \$714,000, which was greater than budget. Net non-operating items provided a favorable variance of \$324,000 from budget. Impact fees of \$563,000 were less than budget by \$896,000, and services income of \$72,000 was less than budget by \$24,000. The Water Line of Business reported October 2025 CNPAC of \$696,000 and YTD CNPAC of \$4,298,000. These amounts were \$227,000 greater than and \$1,174,000 greater than their respective October 2025 MTD and October 2025 YTD budget amounts.

Wastewater

The Wastewater Line of Business reported total operating revenues of \$3,647,000, a \$20,000 increase from the October budgeted amount of \$3,627,000. Total operating expenses of \$3,036,000 were \$290,000 less than the budgeted amount of \$3,326,000. As a result, the Wastewater Line of Business reported net operating income of \$611,000, which was \$310,000 greater than the budgeted amount of \$301,000. Net non-operating items provided a favorable variance of \$416,000 from budget. Impact fees were less than budget by \$346,000. The Wastewater Line of Business reported October 2025 CNPAC of \$233,000 and YTD CNPAC of \$2,941,000. These amounts were \$380,000 greater than and \$3,456,000 greater than their respective October 2025 MTD and October 2025 YTD budget amounts.

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

1. Overview Comparison to Budget and Prior Fiscal Year
2. Financial Statements
3. Capital Expenditure Summary
4. Statistics - Electric (Provided separately due to competitive matters)
5. Statistics - Water
6. Statistics - Wastewater

Financial Update

- October 2025 Financials

- Kimberly DaCosta, Accounting Manager



Board Financial Policy Compliance - October 2025 YTD

	FY 2026 Budget	Financial Policy	FY 2026 Actual*
Debt to Capitalization (lower is better)	48.9%	$\leq 55.0\%$	40.0%
Debt Service Coverage (higher is better)	2.75	≥ 2.40	4.79
Days Cash on Hand (higher is better)	220	≥ 140	252
Days Liquidity on Hand (higher is better)	N/A	N/A	449

* Amounts are calculated by annualizing the YTD results

Mission

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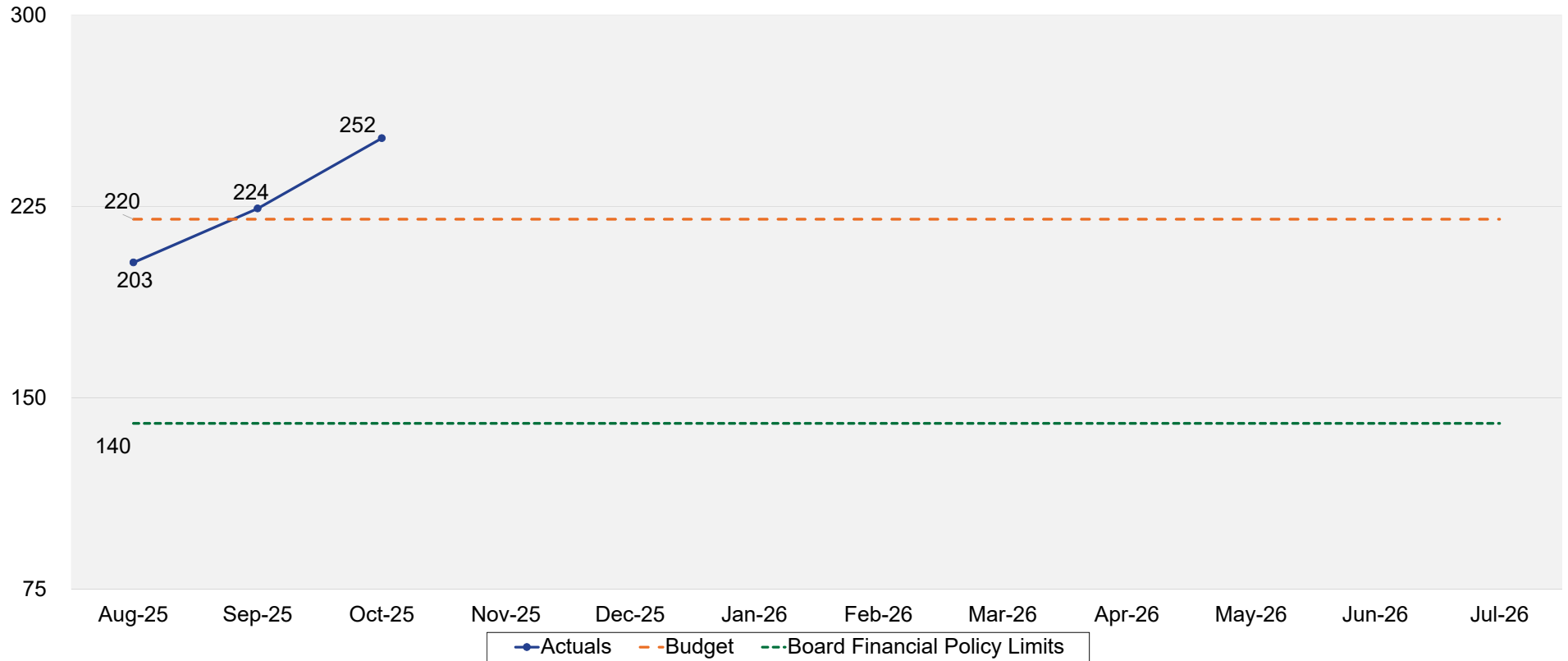
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Days Cash on Hand - October 2025 YTD



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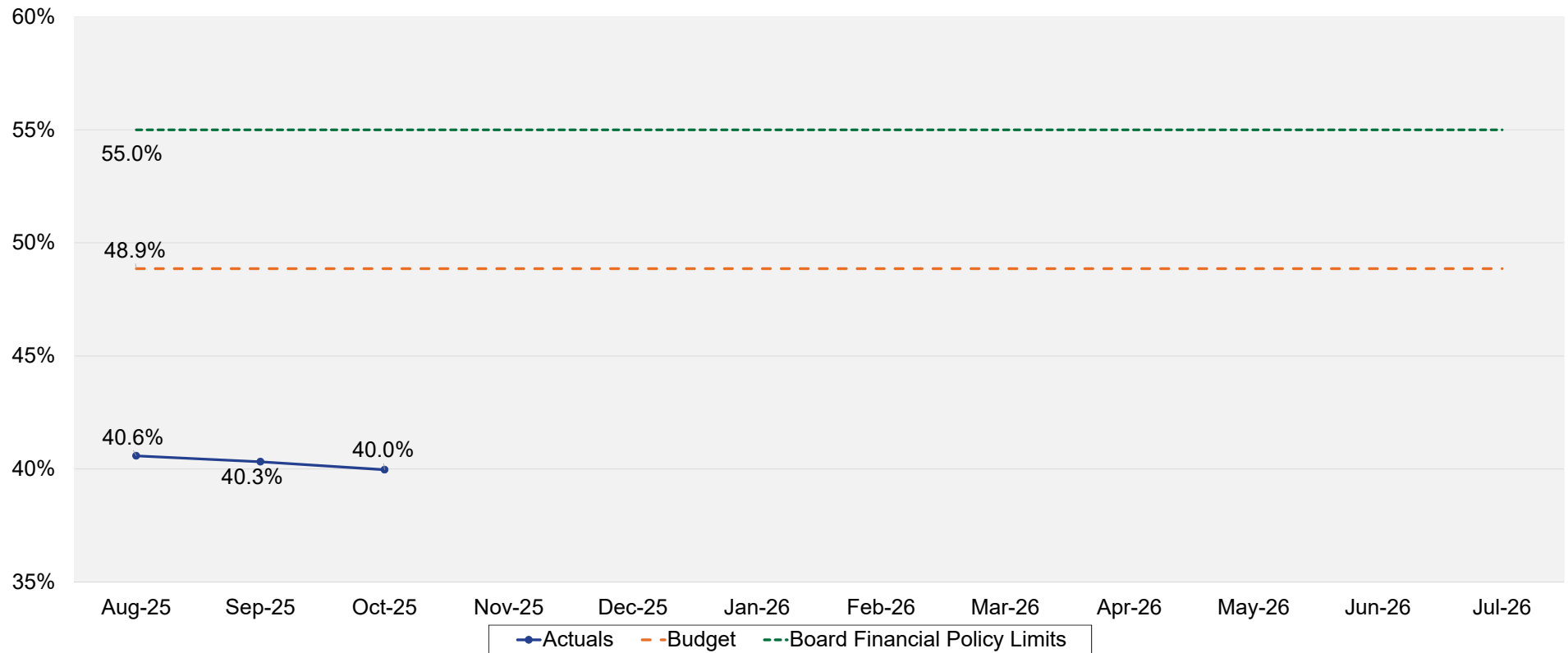
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Debt to Capitalization - October 2025 YTD



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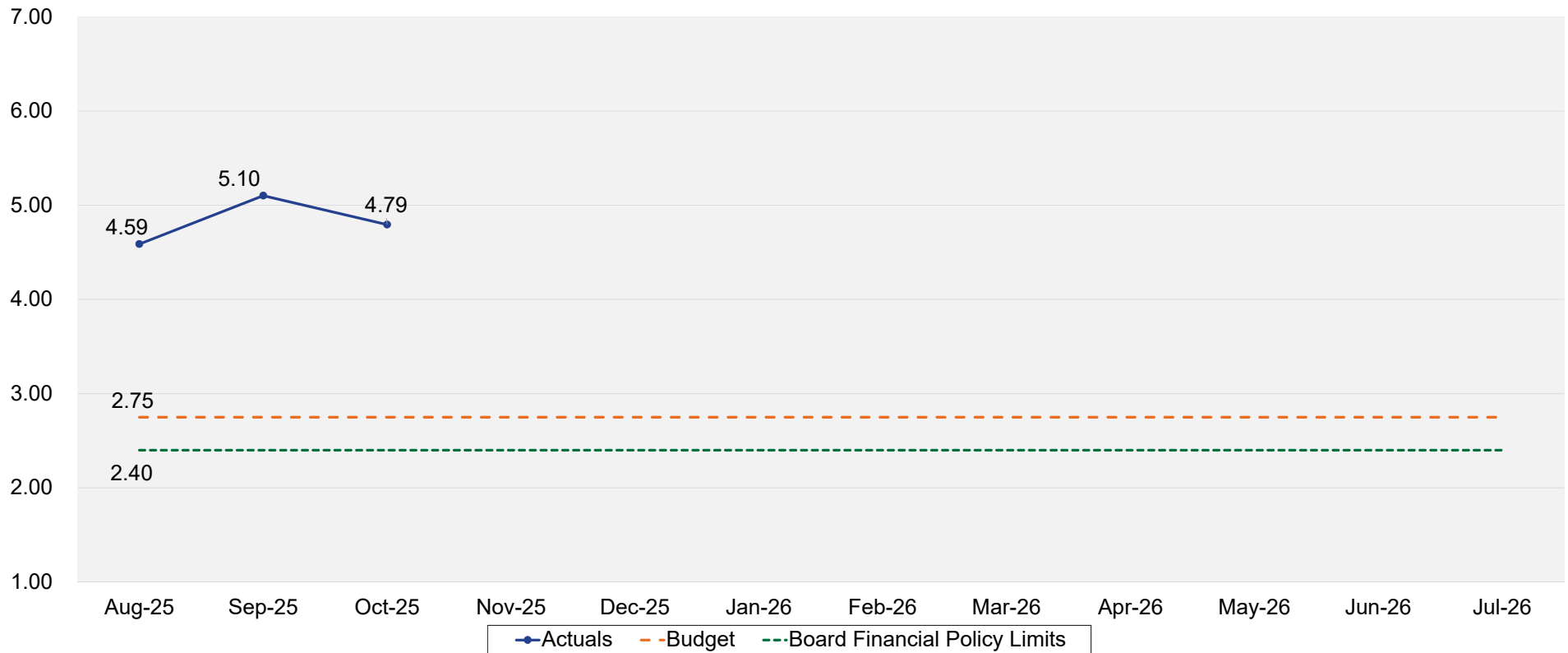


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Debt Service Coverage - October 2025 YTD



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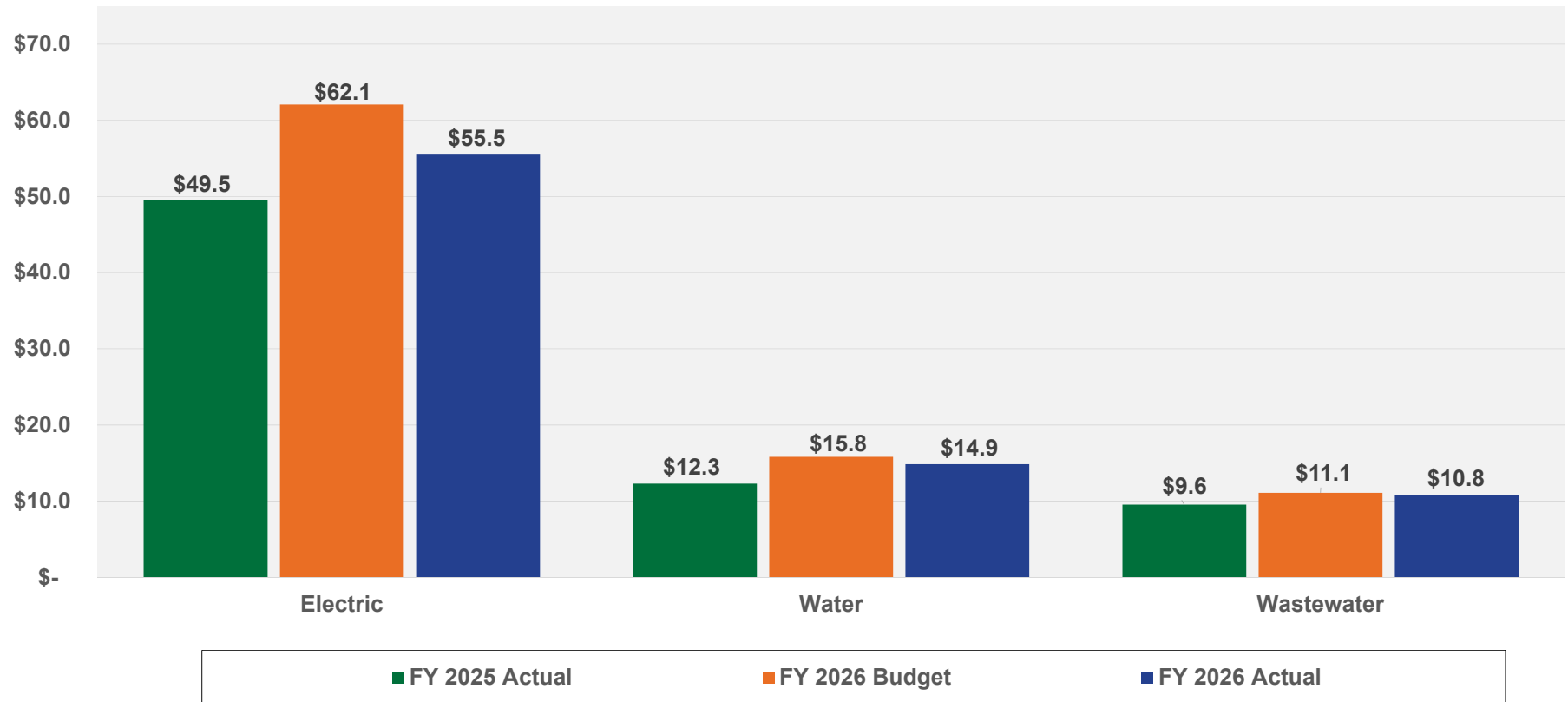
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Operating Revenue by LOB

October 2025 YTD – Amounts in Millions



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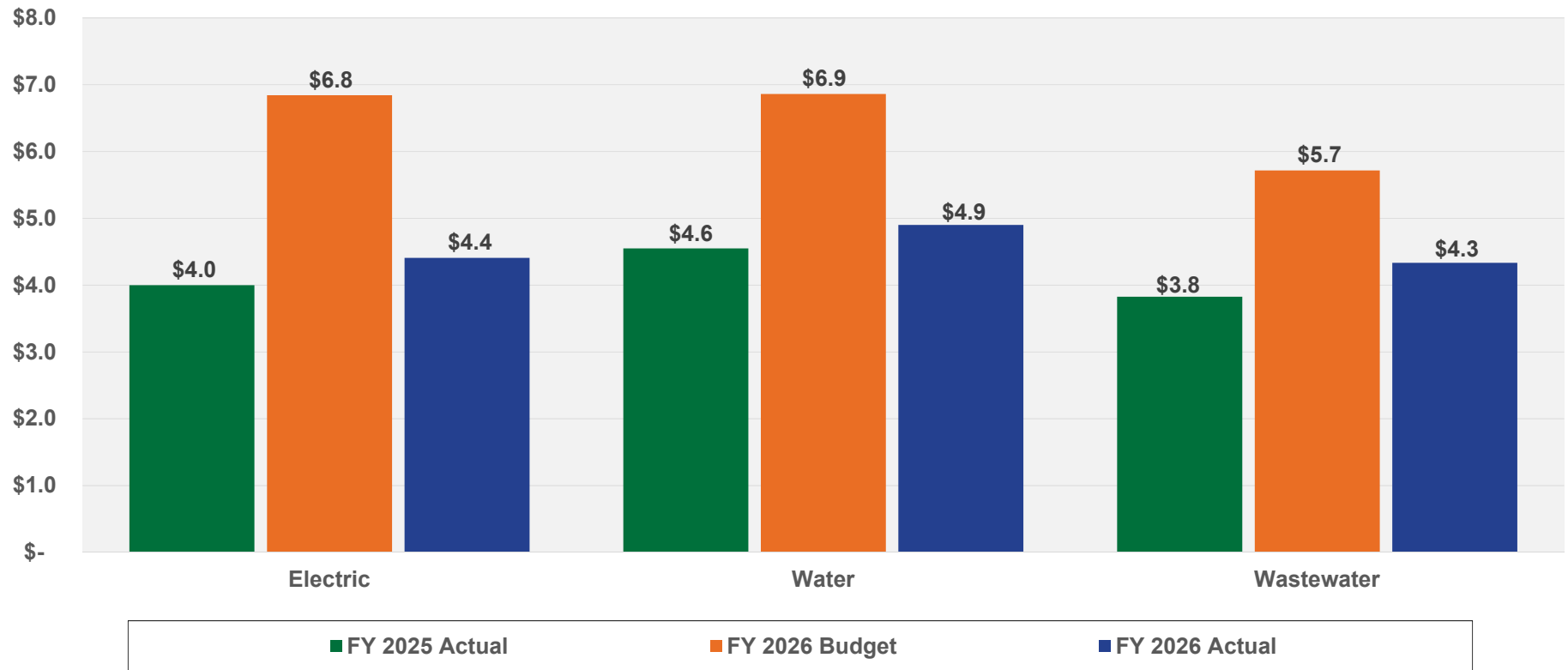
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Operating Expenses* by LOB October 2025 YTD – Amounts in Millions



*Excludes purchased power, purchased water, and depreciation expense. Includes Support Services Allocation.

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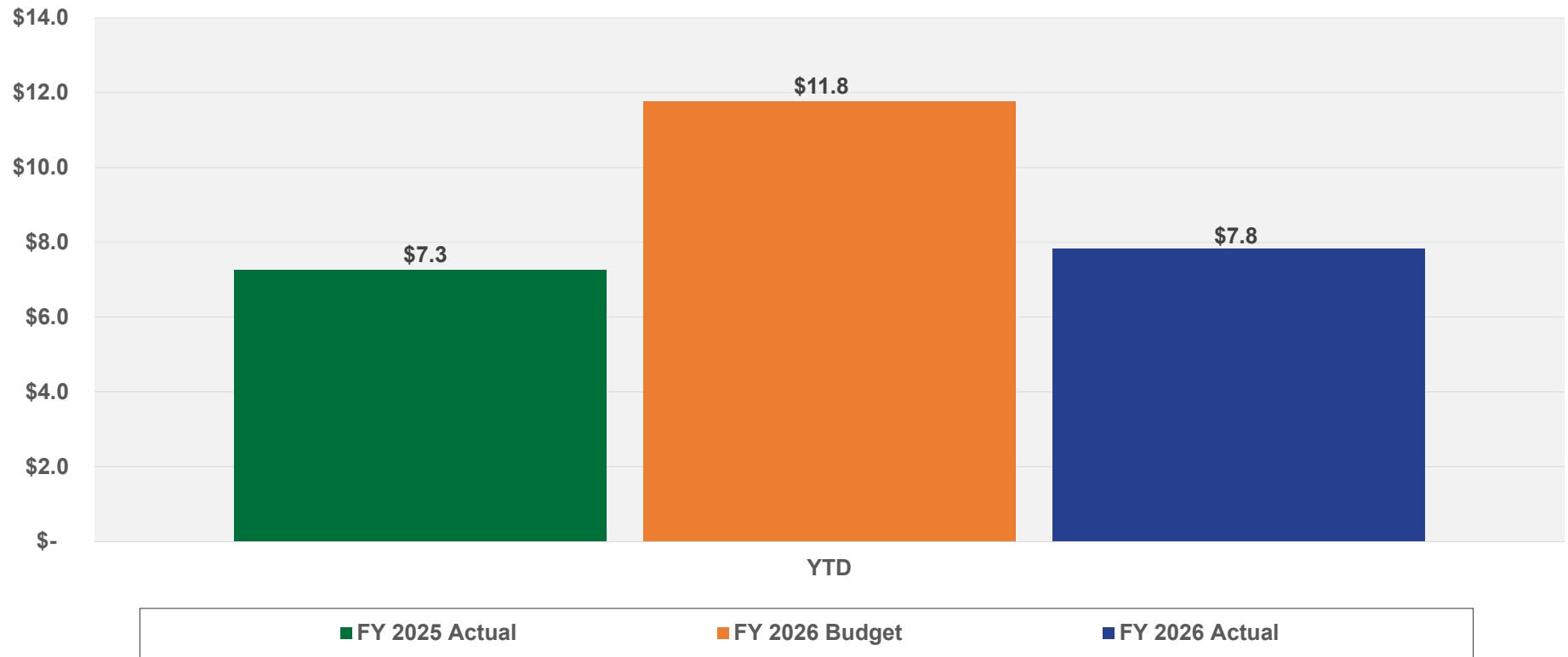
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NBU NEW BRAUNFELS
UTILITIES

Operating Expenses for Support Services October 2025 – Amounts in Millions



* Prior to allocation to each line of business.

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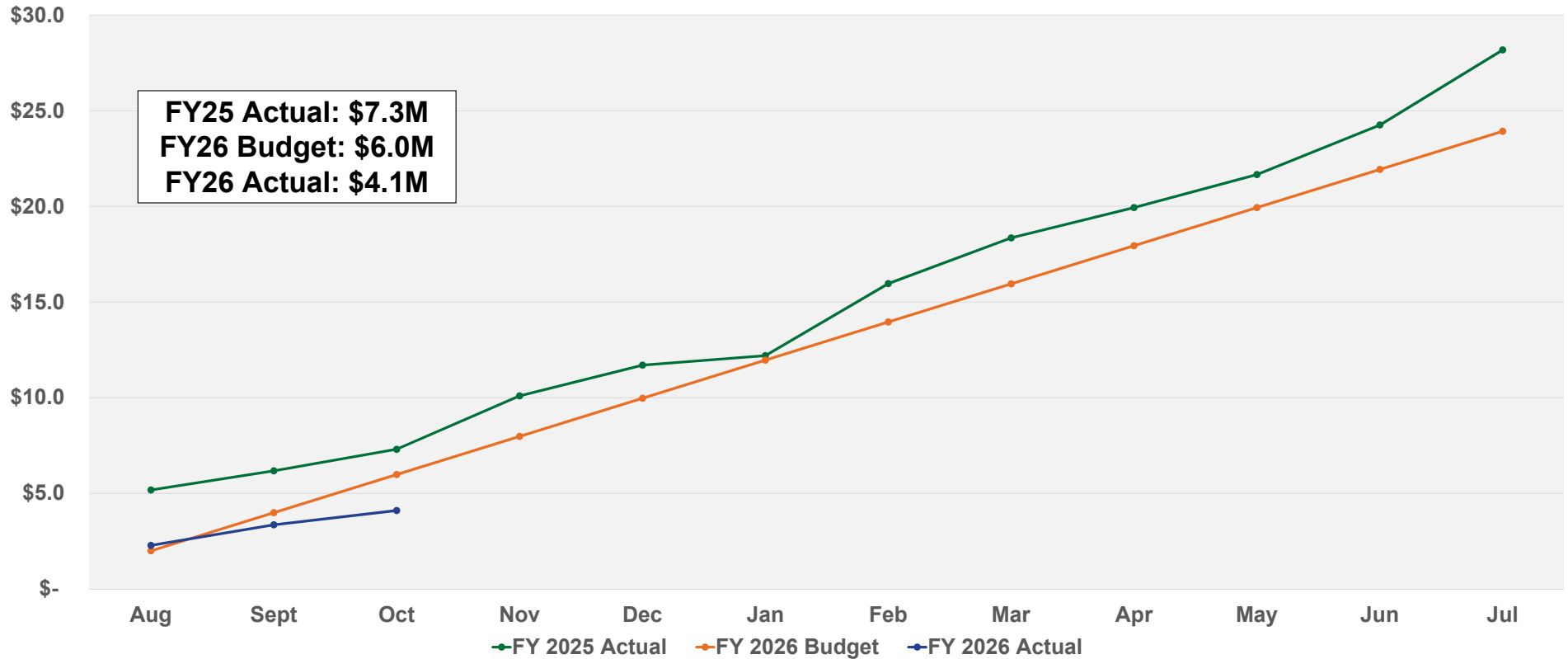
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Impact Fee Revenue October 2025 YTD – Amounts in Millions*



* Amounts shown are YTD for each month

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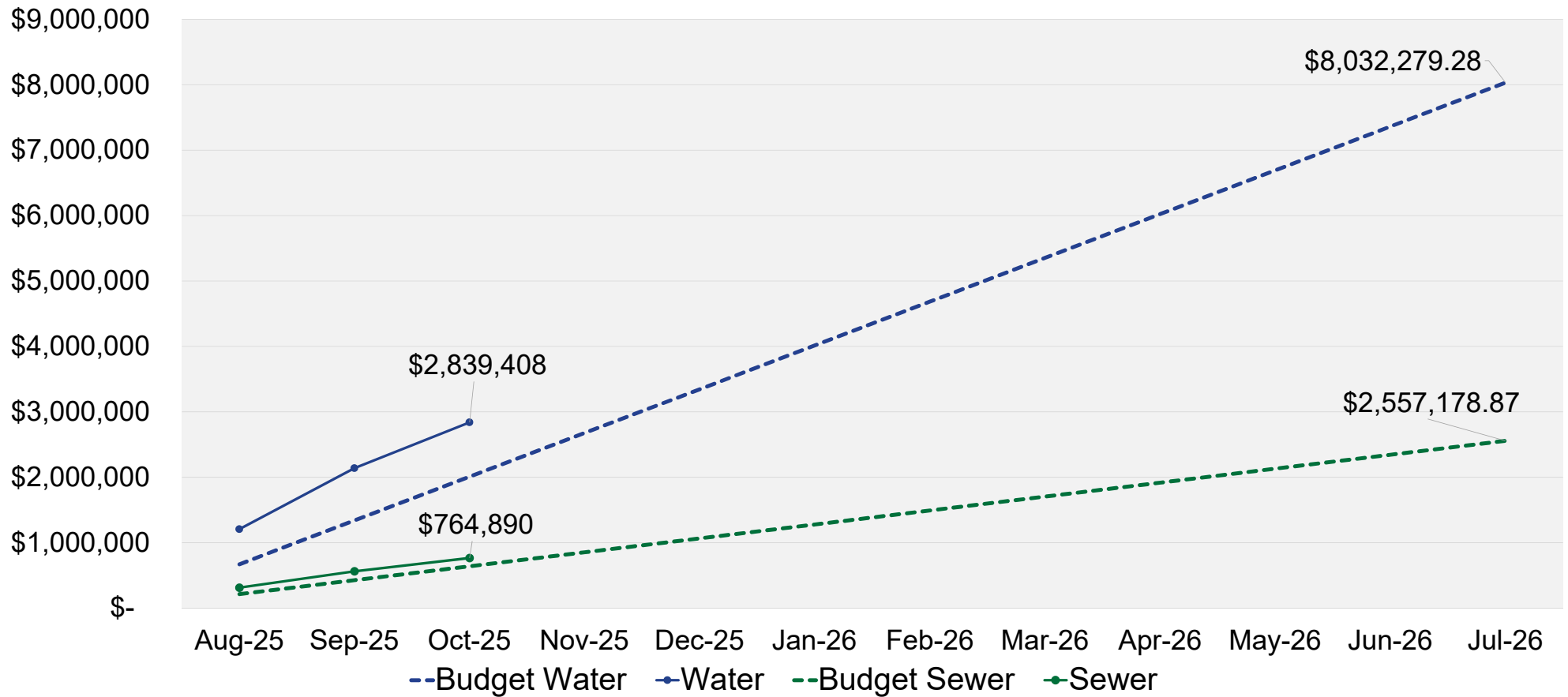
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Impact Fees Collections-Program E Update – October 2025



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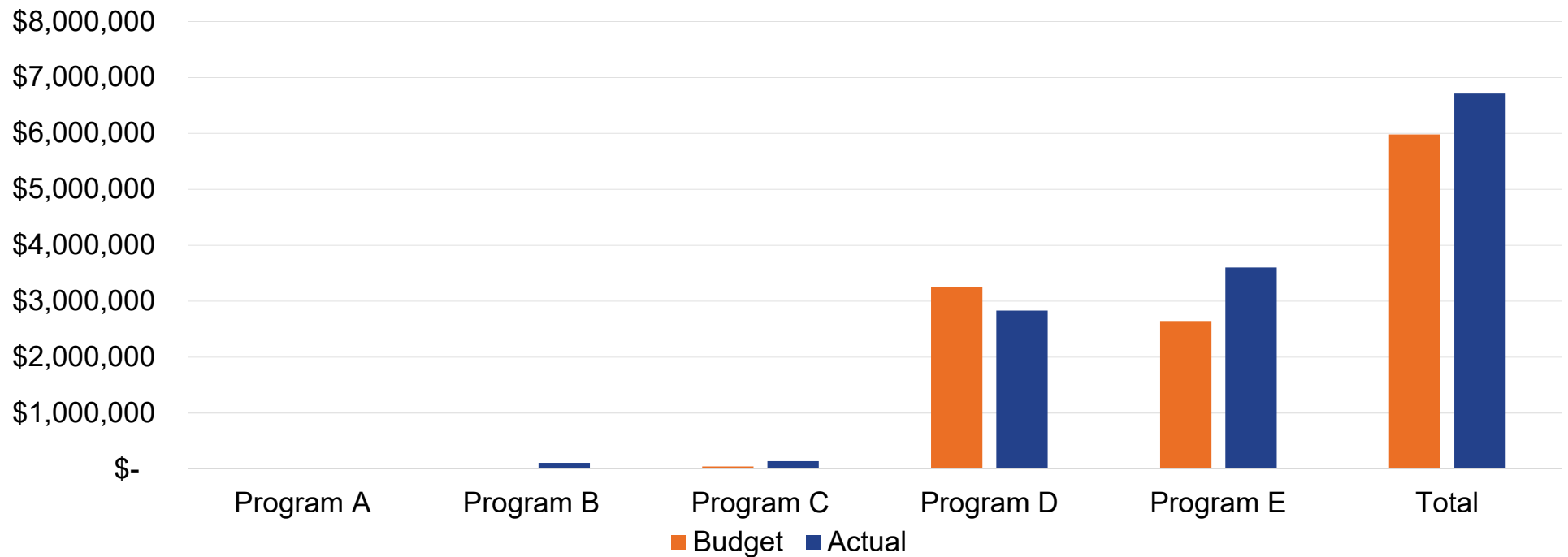
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UTILITIES

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Impact Fee Collections FY26 through October 2025



Collections	Program A	Program B	Program C	Program D	Program E	Total
Budget	\$ 11,294	\$ 19,351	\$ 46,569	\$ 3,256,825	\$ 2,647,365	\$ 5,981,403
Actual	20,220	112,386	142,484	2,834,157	3,604,298	6,713,544
Over/(Under) Budget	\$ 8,926	\$ 93,035	\$ 95,915	\$ (422,668)	\$ 956,933	\$ 732,142

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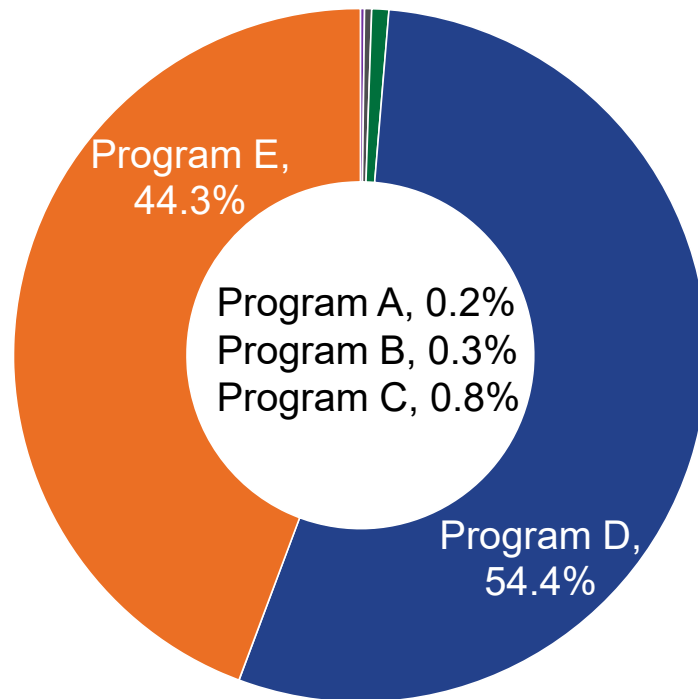
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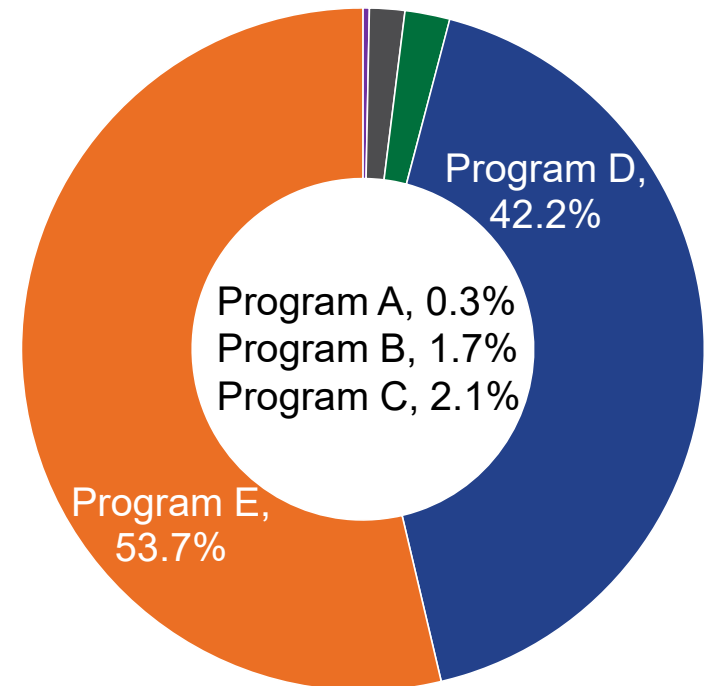
Percentage of Total Collections FY26 through October

Budget



- Program A
- Program B
- Program C
- Program D
- Program E

Actual



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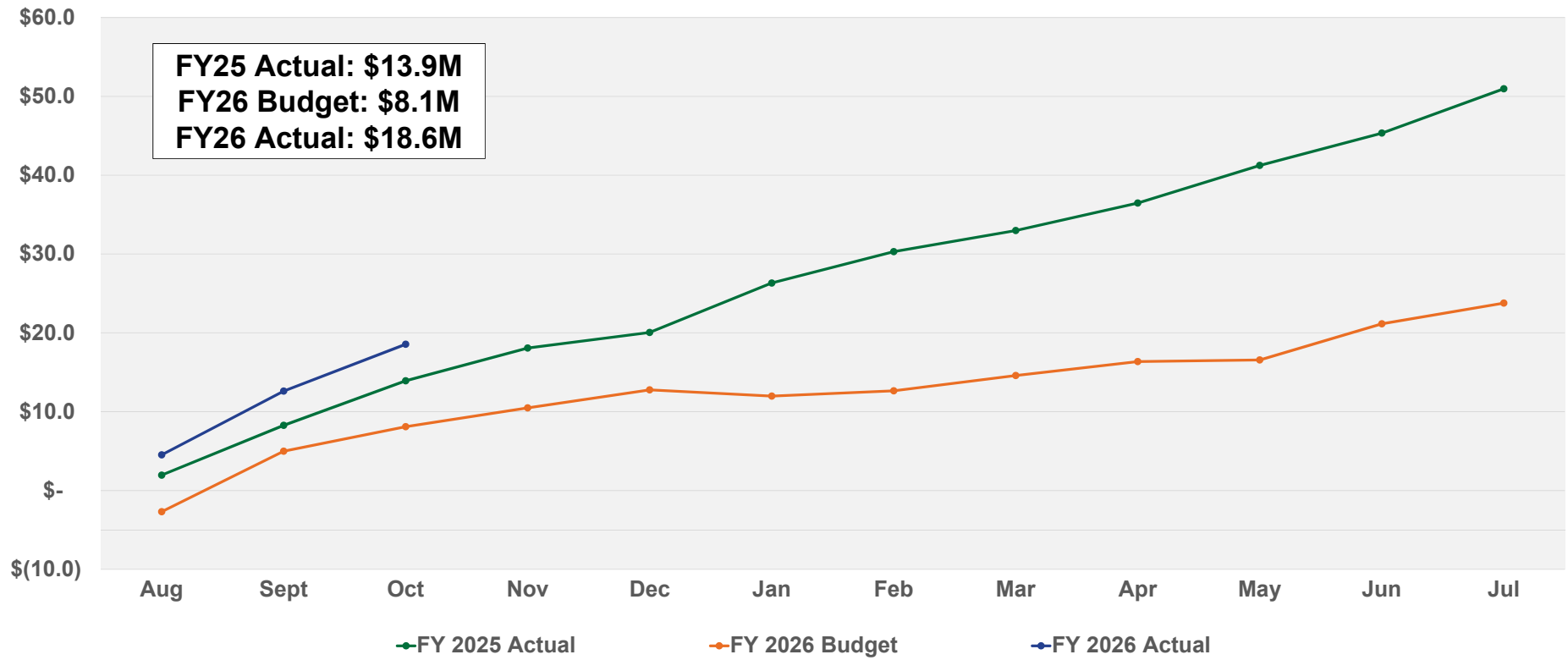
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Power Supply Reserves Update

As of FY26 Budget	Power Stabilization Fund FY26	Power Stabilization Fund Full, FY28
Target	\$65M	\$95M
As of October 31, 2025	\$55M	\$55M

Net Operating Income October 2025– Amounts in Millions*



* Amounts shown are YTD for each month

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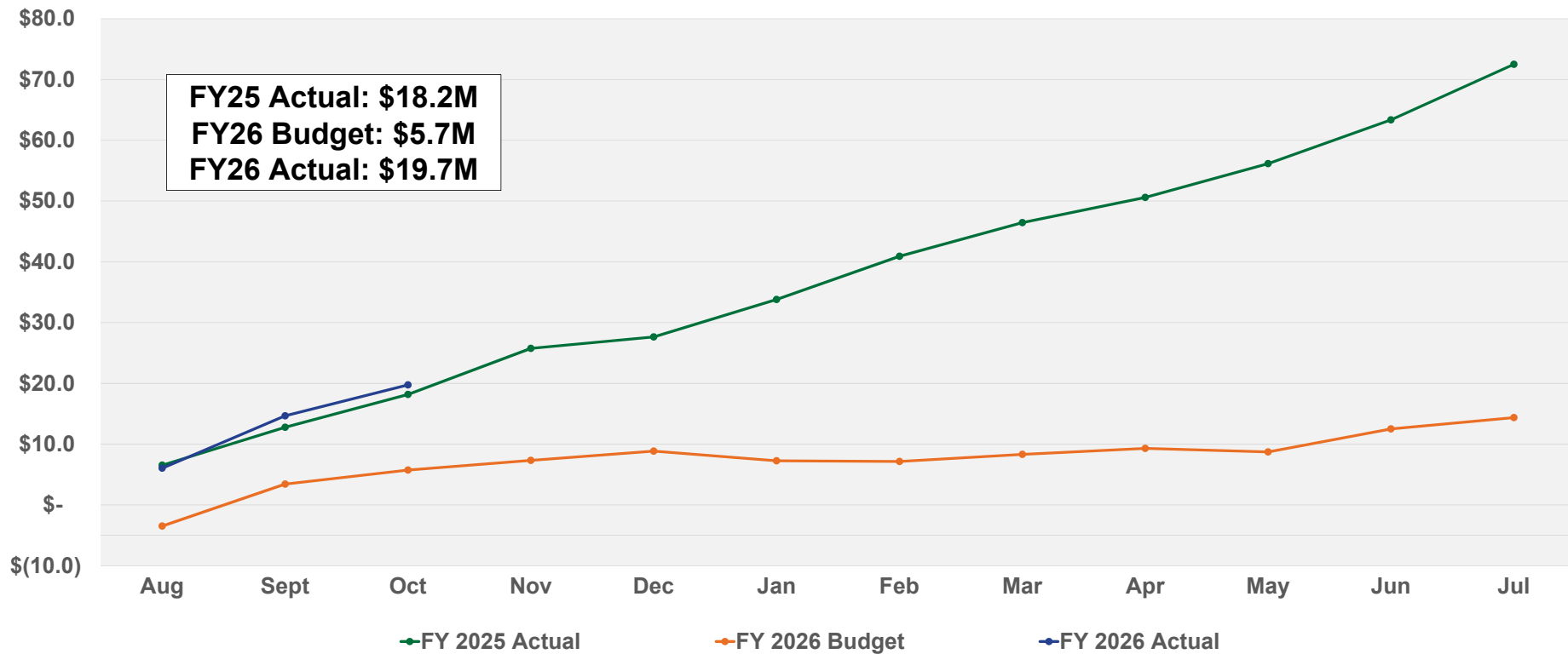
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Change in Net Position After Contributions October 2025– Amounts in Millions*



* Amounts shown are YTD for each month

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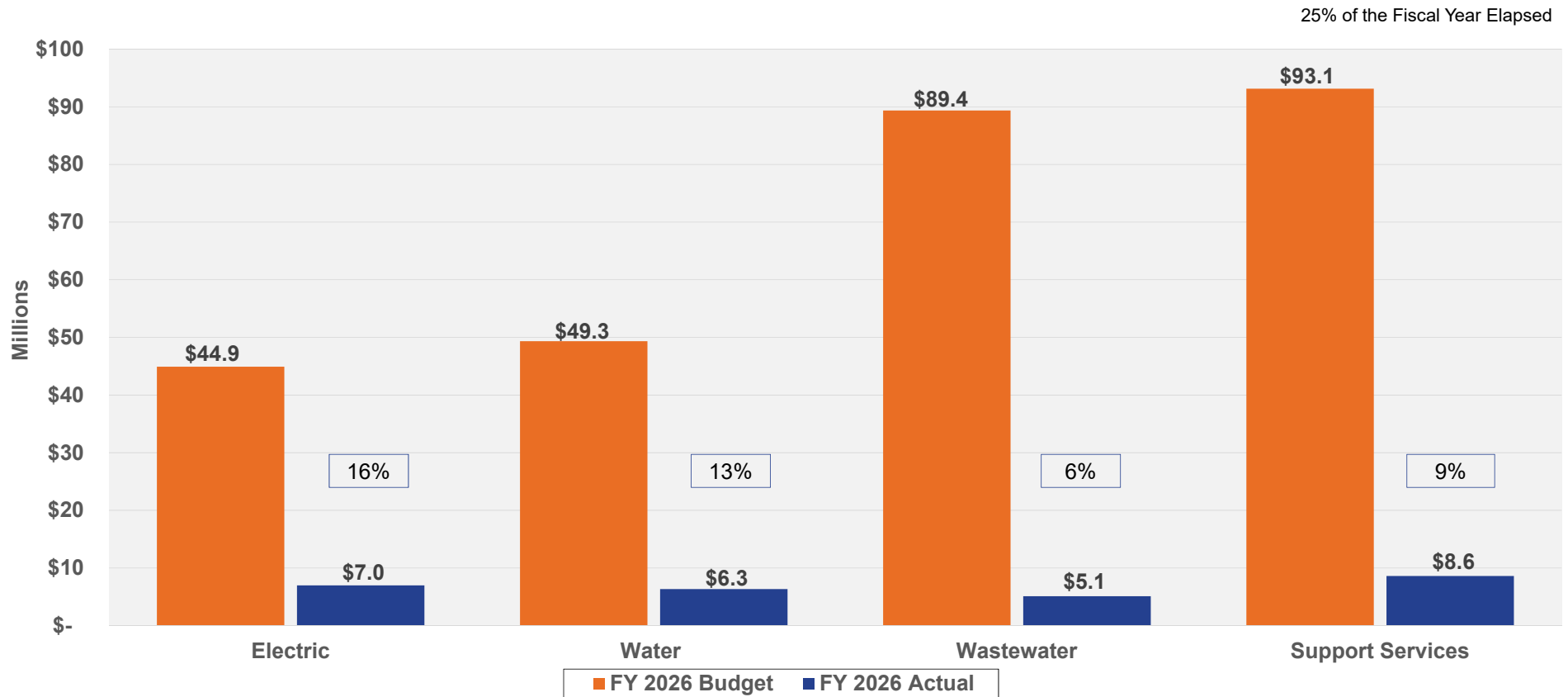
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Capital Project Expenditures October 2025 YTD – Amounts in Millions*



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Questions?

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UTILITIES

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Quarterly Investment Report

As of October 31, 2025



Jessica Coleman, Finance & Risk Manager

Investment Portfolio Summary

Item 3.

	Ending Invested Value	Percentage of Portfolio	Weighted Average Maturity (in days)	Weighted Average Days to Call
Daily Liquidity Funds				
Money Markets	\$ -	0.0%	0	0
Pooled Funds	109,731,396	45.1%	1	1
Total Money Markets & Pooled	\$ 109,731,396	45.1%	1	1
Federally Insured Cash Account	\$ 11,633,595	4.8%	1	1
Demand Deposits	42,270,906	17.4%	1	1
Daily Liquidity Funds Total	\$ 163,635,898	67.2%	1	1
Escrow Funds Total	\$ 21,680,182	8.9%	1	1
U.S. Agencies	\$ 30,946,193	12.7%	28	11
U.S. Treasuries *	27,173,641	11.2%	46	37
Certificates of Deposit	-	0.0%	0	0
Obligations of The State of Texas, Agencies & Instrumentalities	-	0.0%	0	0
Total Invested Funds	\$ 243,435,913	100.0%	78	52
			Max = 450	Max = 300

* WAM and WAM to Call exclude a \$5 Million investment in the Community Assistance Fund having a remaining maturity of 4.0 years.

Liquidity Requirement	
Total Daily Liquid Funds	\$ 163,635,898
Average Monthly Operating Expense (FY 2026 Budgeted Operating Expenses ÷ 12)	\$ 19,863,147
Operating Expense Liquidity Coverage Ratio	\$ 8.24
Number of Days Coverage of Operating Expenses	247
Min = 30	

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Rolling Four Quarter Annualized Yield By Investment Type

Item 3.

Rolling Four Quarter Annualized Yield By Investment Type For The Fiscal Quarter Ended		
Investment Type	10/31/2025	Rolling Four Quarter Average
U.S. Govt. Securities *	3.939%	4.212%
Federally Insured Cash Account	4.140%	4.253%
Pooled Funds	4.243%	4.361%
Money Markets	0.000%	0.000%
Certificates of Deposit	0.000%	0.000%
Obligations of The State of Texas, Agencies & Instrumentalities	0.000%	0.000%
Demand Deposits **	0.850%	0.954%
Escrow Funds	2.173%	2.173%
Total NBU Yield	3.410%	3.321%
90 Day T-Bill	3.907%	4.166%

* U.S. Govt. Securities includes a \$5 million 10 year Community Assistance maturity at 1.79%

** The Demand Deposits interest rate reflects NBU's earnings credit rate with Frost Bank.
Earnings are solely used to offset Frost Bank fees for the month.

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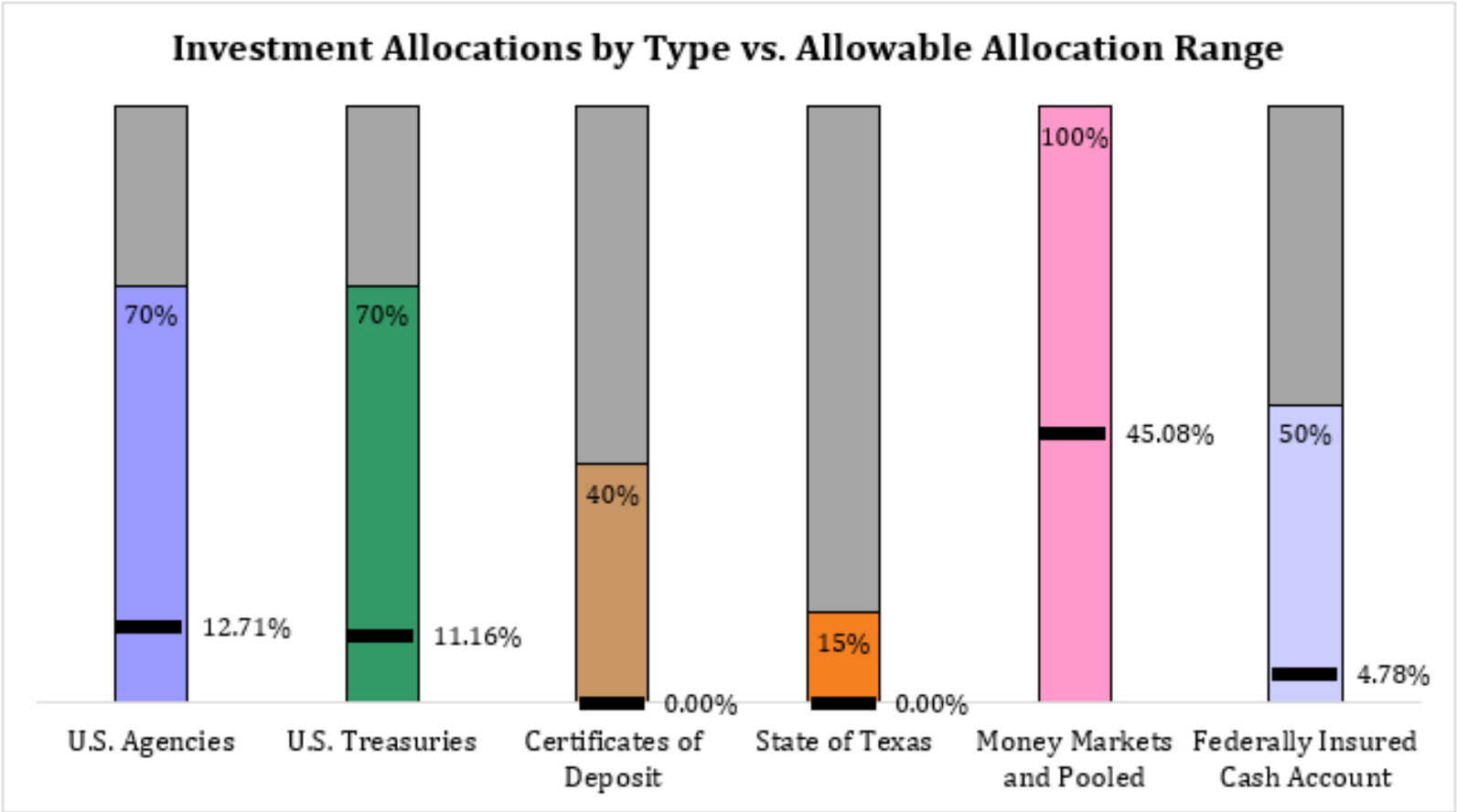
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Investment Allocations vs. Investment Allowable Range

Item 3.



Note: Colored area in bar represents allowable allocation range

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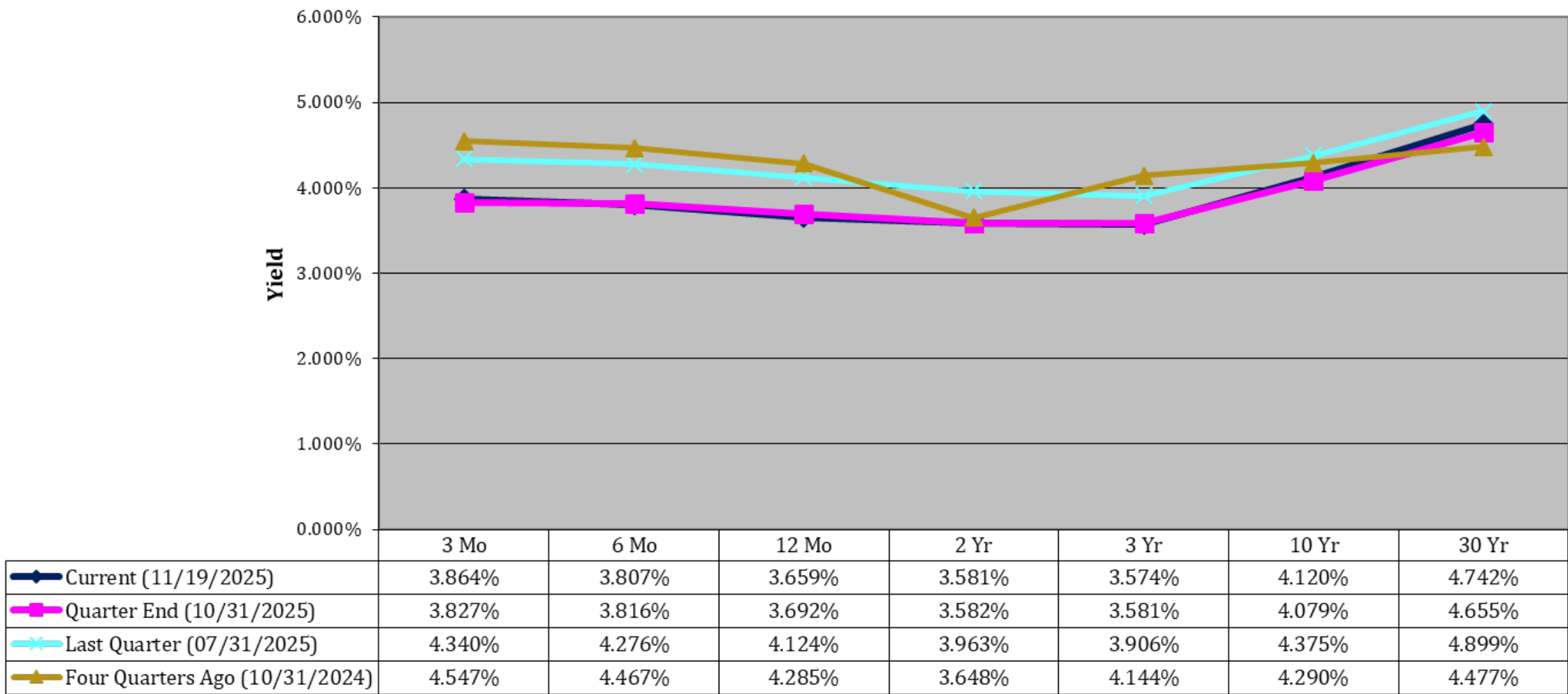
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U.S. Treasury Yield Curve

Item 3.



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City of New Braunfels, Texas
Utility System Commercial Paper Notes, Series 2019A
Summary of Commercial Paper Notes by CUSIP

CUSIP	Par Amount	Nominal Rate	Issue Date	Maturity Date	Total Days	Total Interest
64257PCK4	25,000,000.00	2.75%	10/21/2025	11/18/2025	28	52,739.73

Note: The table above shows the commercial paper notes with an issue date and/or maturity date that occurred during the reporting period.



Meeting Date: December 18, 2025 **Agenda Type:** Items from Staff

From: Andrew Cummings **Reviewed by:** Andrew Cummings
Interim Chief Customer Interim Chief Customer Officer
Officer

Submitted by: Andrew Cummings **Approved by:** Ryan Kelso
Interim Chief Customer Chief Executive Officer
Officer

RECOMMENDED ACTION: Quarterly Drought Update Report

Quarterly Drought Update

Item 4.

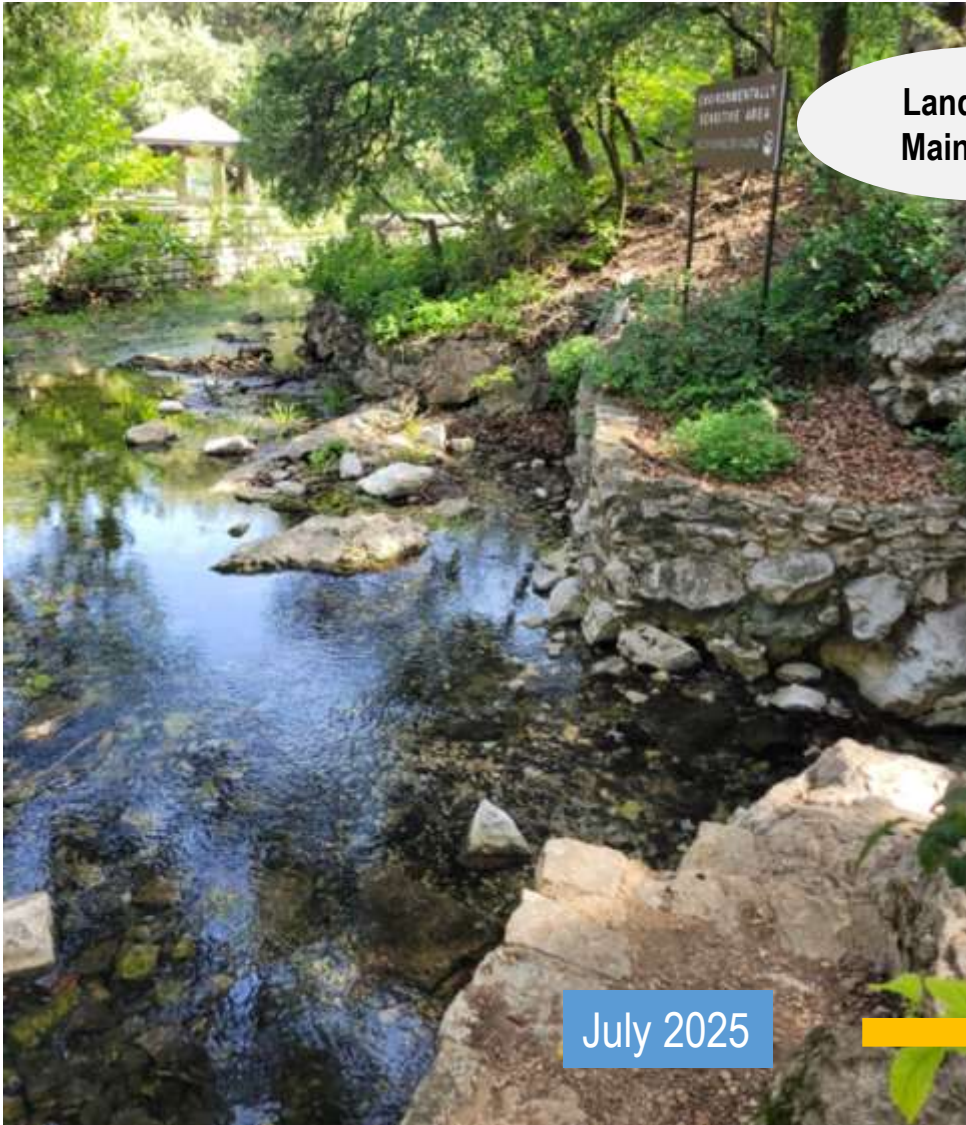


Andrew Cummings, Interim Chief Customer Officer

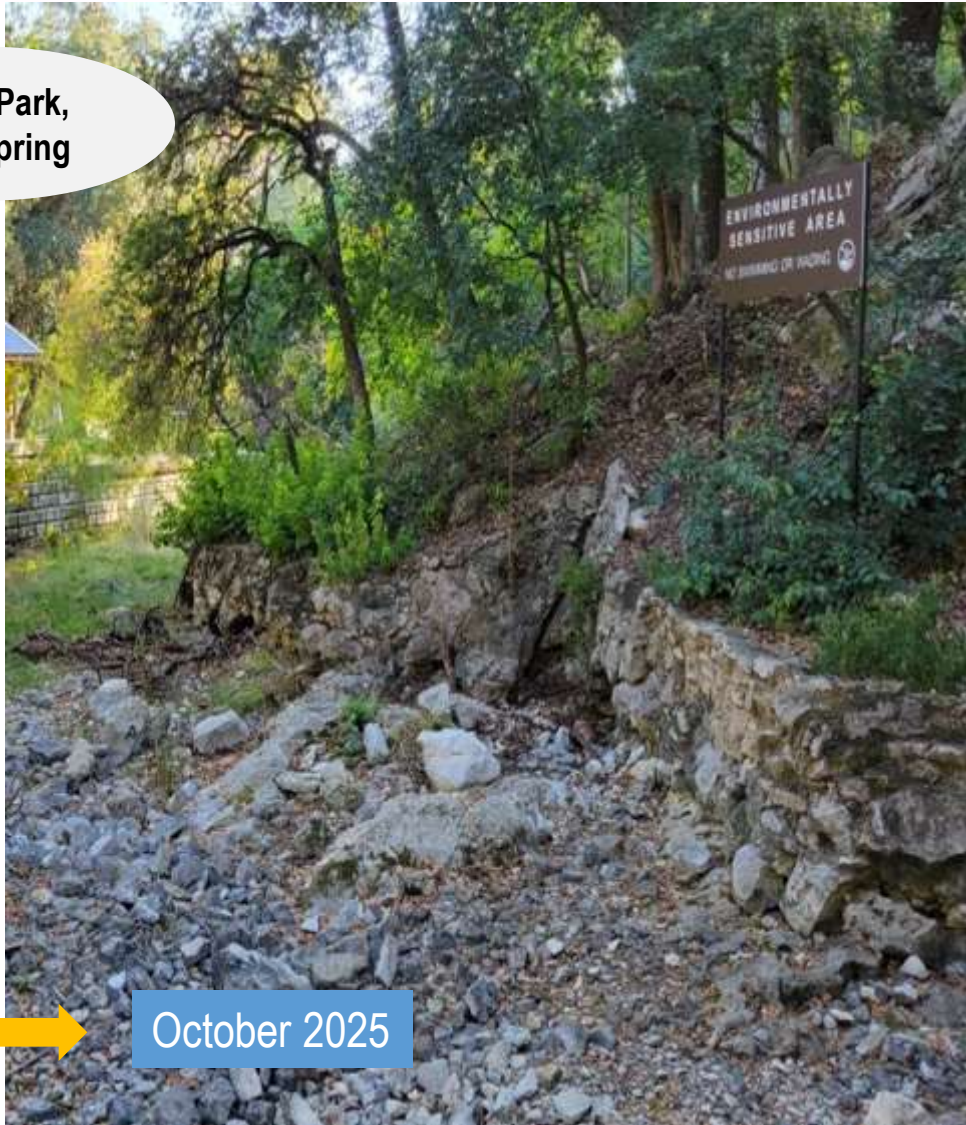
- December 18, 2025

Dry Conditions Return

Item 4.



Landa Park,
Main Spring



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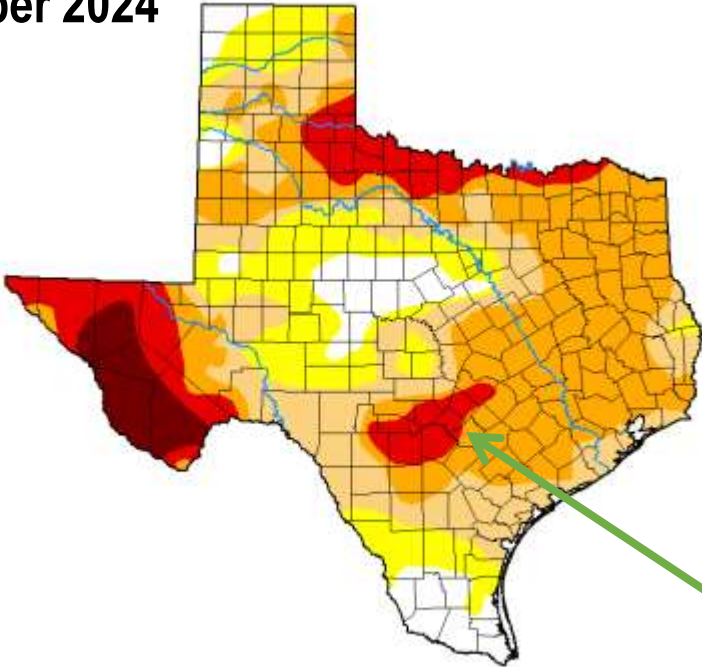
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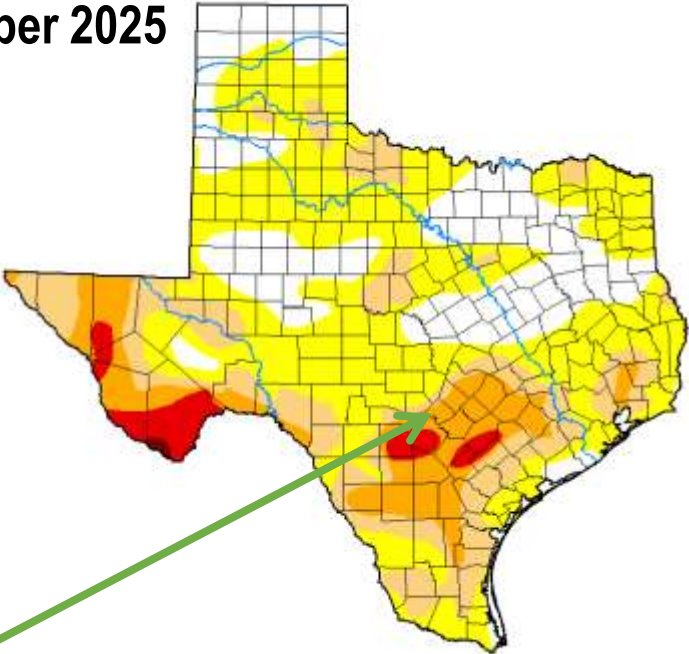
Drought Status and Updates

Current NBU Stage	Date Entered Drought	Total Duration
2	March 10, 2022	1,331 days <i>as of 10/31/25</i>

October 2024



October 2025

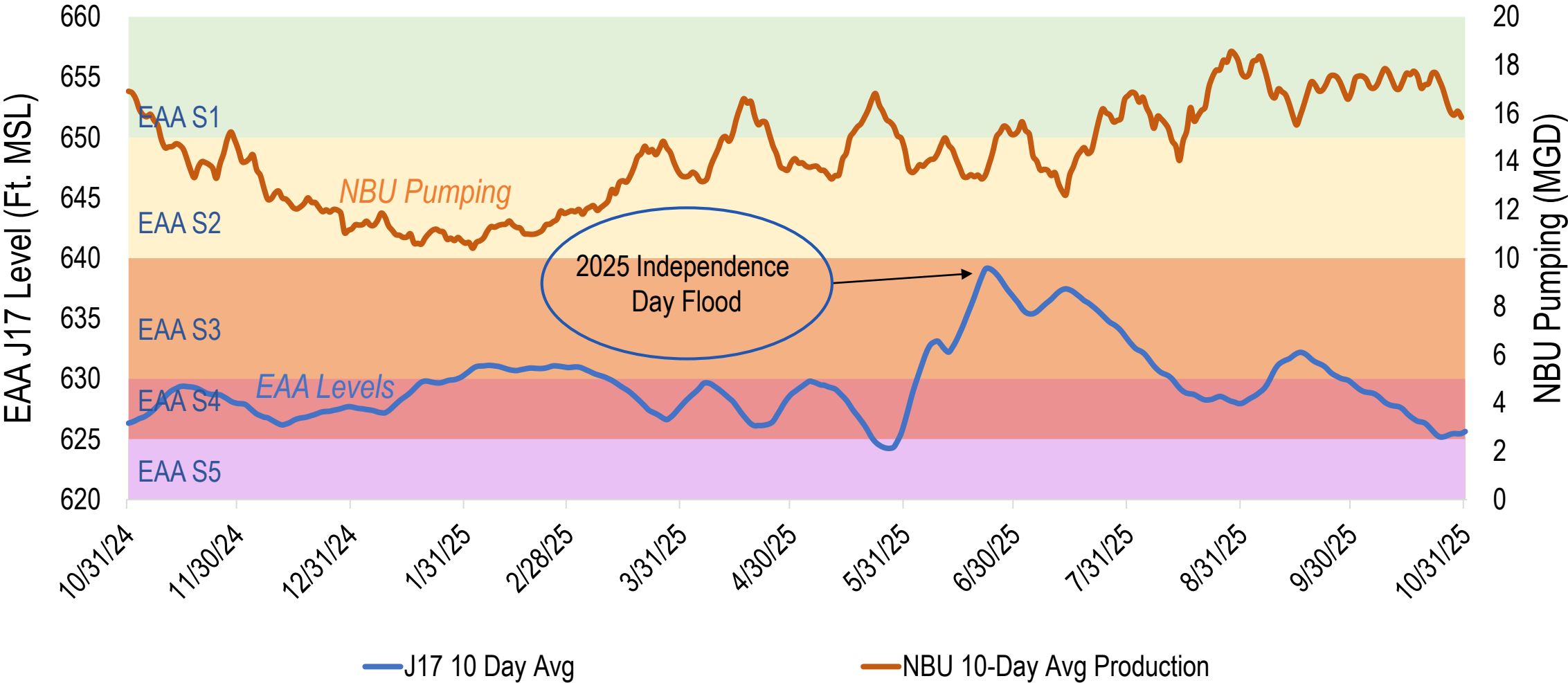


Comal County

Abnormally Dry Moderate Severe Extreme Exceptional

Edwards Aquifer Authority (EAA) J17 Well Levels and NBU Pumping

Item 4.



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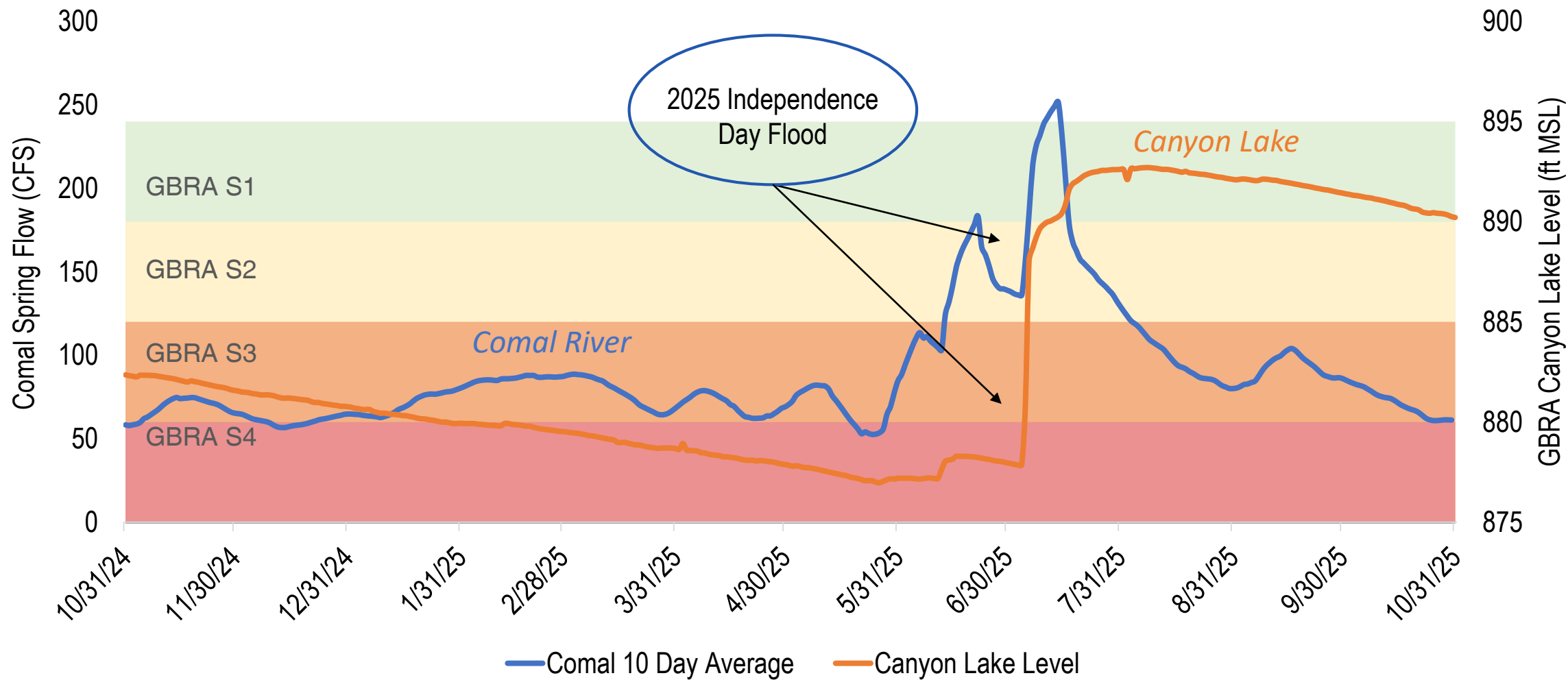
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Comal Spring Flow and Canyon Lake Level

Item 4.







Drought Restrictions in the Area (as of 4/25/25)







Item 4.



Stage 2

Regulatory Agencies	
	Stage 4
	Stage 1

Large Utilities	
	Stage 3
	Stage 0

Comparable Utilities	
	Stage 3
	Stage 2
	Stage 3
	Stage 1
	Stage 3
	Stage 1

Drought Synopsis: Annual Benchmarks

Item 4.

	Fair Weather Benchmark	2024	2025
Climatological Monitoring (as of 10/31/2025)			
Rainfall Cumulative Total (inches)	~31" (Annual Total)	23.68" (Annual Total)	25.98" (Total to Date)
Max Temperature (°F)	102°F (Annual Max)	106°F (Annual Max)	103°F (Max to Date)
	Fair Weather Benchmark	2024	2025
YOY Monthly Water Level Monitoring (as of 10/31/2025)			
EAA J17 Level ('msl)	662.4'	627.3'	626.6'
Comal Springs (cfs)	294	65.5	67.9
San Marcos Springs (cfs)	174	86.0	88.7
Canyon Lake ('msl)	909'	883.1'	890.82'

Mission

Strengthening our community by providing resilient essential services

+ Vision

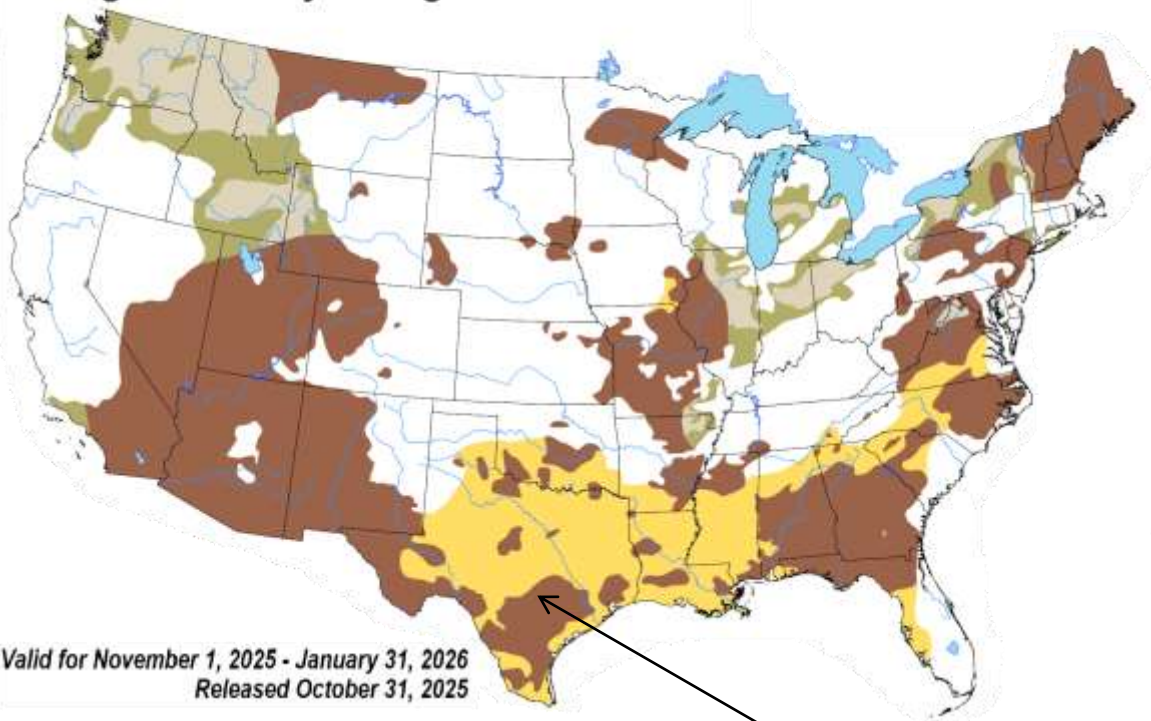
Be a trusted community partner dedicated to excellence in service

+ Core Values

Safety, Team, Integrity, Culture, and Stewardship

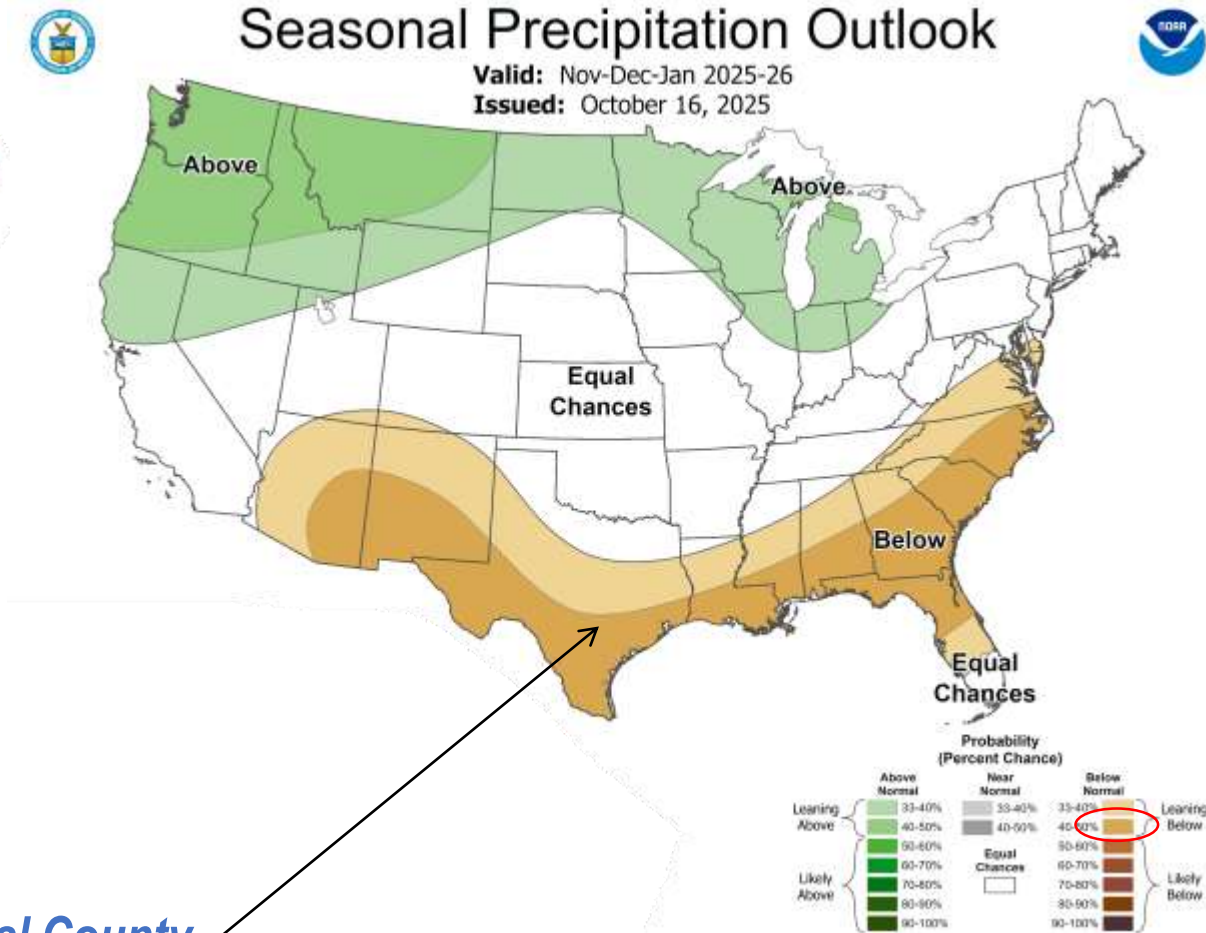
Drought Persists

U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period



Seasonal Precipitation Outlook

Valid: Nov-Dec-Jan 2025-26
Issued: October 16, 2025



Comal County

Mission

Strengthening our community by providing resilient essential services

Vision

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Core Values

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How We're Managing Drought

Item 4.

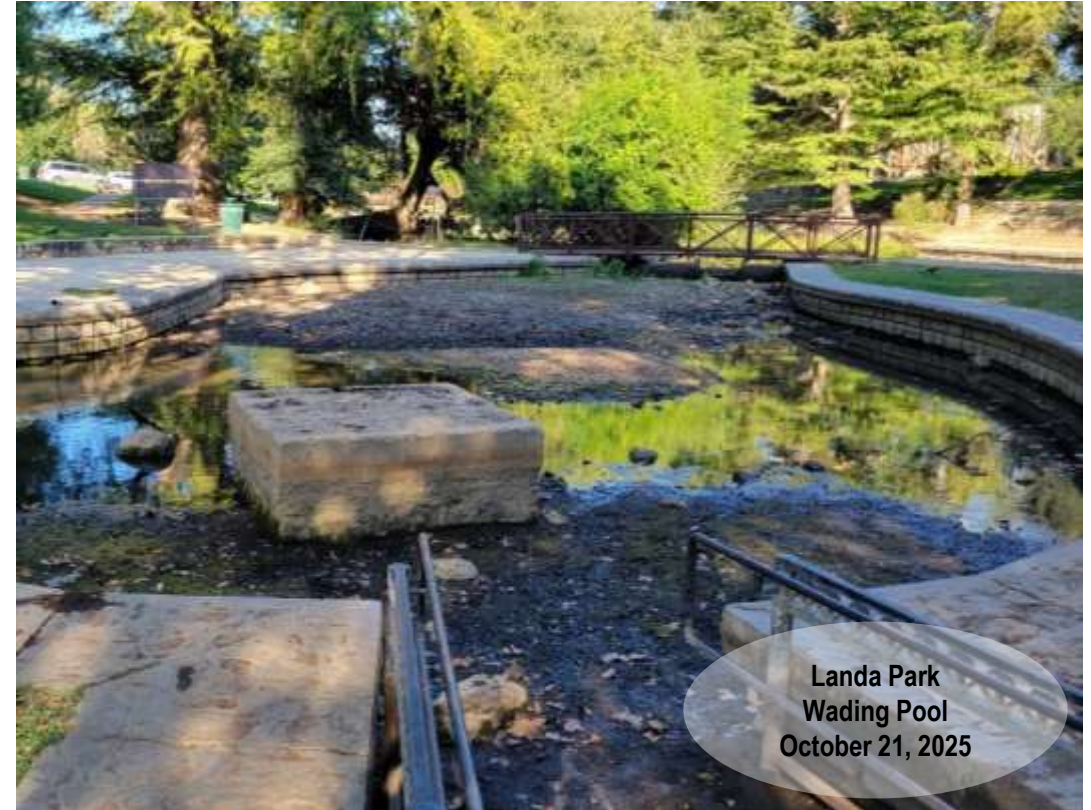
- **Daily Water Monitoring**

- Edwards Aquifer J17 Well Levels
- Canyon Lake Reservoir Levels
- Comal River Spring Flows
- NBU Pumping Infrastructure
- Climatological Tracking and Forecasts

- **Enhanced Customer Resources**

- In-Depth Customer Usage Data
- Increased Public Communications
- Promotion of Rebate Programs
- Modified Compliance Monitoring

- **Revised Drought Plan – April 2026**



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NBU NEW BRAUNFELS
UTILITIES

Questions?

Mission

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Meeting Date: December 18, 2025 **Agenda Type:** Items from Staff

From: Nancy Pappas **Reviewed by:** Julia Haynes
Managing Director,
Headwaters at the Comal Director of External Relations

Submitted by: Ragan Dickens **Approved by:** Ryan Kelso
Chief Communications Chief Executive Officer
Officer

RECOMMENDED ACTION: Quarterly Update on the Headwaters at the Comal



HEADWATERS
AT THE COMAL™

NBU Board of Trustees
Headwaters Quarterly Update
December 18, 2025

Presentation Overview

Item 5.



We've Moved



What's Next



Upcoming Events



Website Refresh



Questions & Comments

We've Moved!

Staff moved offices

- November 5th move completed
- Headwaters & One Water teams are in new office space
- Transition of meetings, programs and events underway

New Entrance & Parking

- New Front Entrance open
- Parking surface complete
- Landscape, Lighting and signage still in process
- Final completion of parking area 12/31/25



We've Moved

Item 5.

Many teams contributed to this “BIG” Move

- Water Treatment & Compliance team
- Business Planning
- Facilities
- I/T
- Security
- Purchasing

NBU Team Work makes the Dream Work





Item 5.



Item 5.







What's Next

- Finish parking area plantings
- Finish front planting and sidewalk
- Demolition of final phase underway!

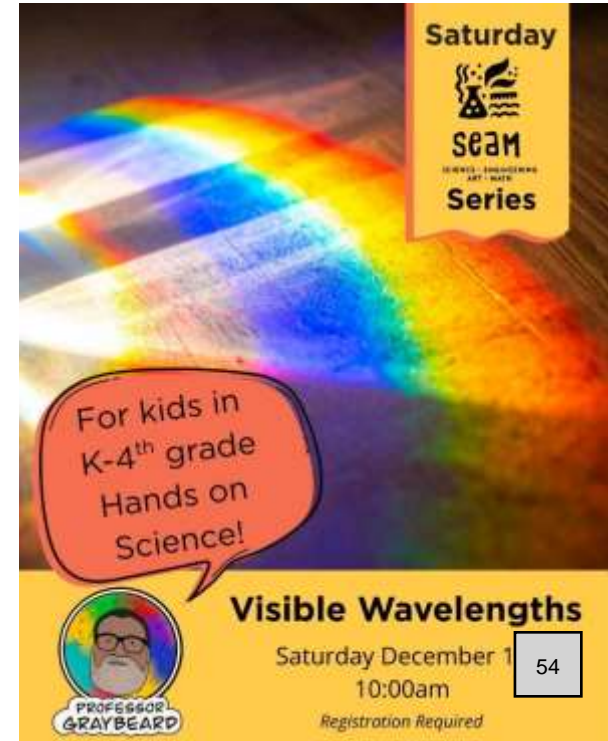


HEADWATERS
AT THE COMAL™

Upcoming Events

Item 5.

Final Winter Programs



Piloting Programs in the New Spaces

Item 5.

Texas Hill Country Conservation

Texas Children in Nature

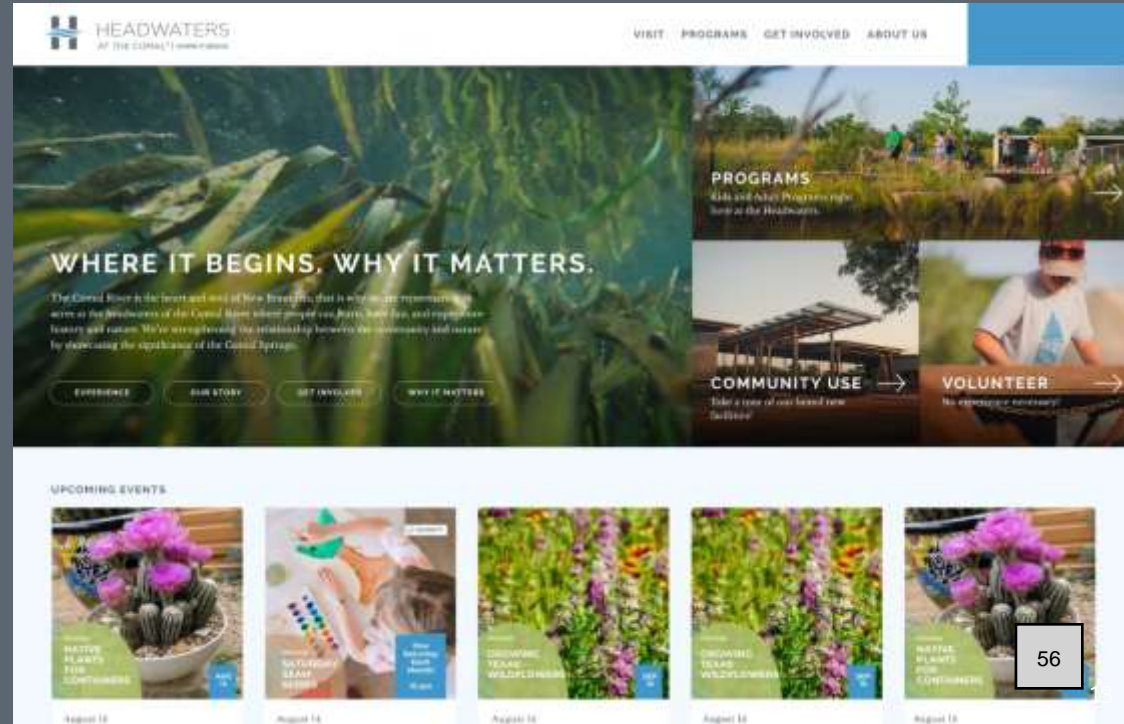
Customer Solutions



Website Refresh

Item 5.

- Shift focus from Capital Campaign to Program Delivery
- Clean look – Clear directions for visits, programs, volunteering
- Updates to Content to reflect current conditions



Item 5.



COMMENTS AND QUESTIONS

Item 5.



Strategic Goals, Measures, Annual Priorities, and Indices

Strategic Plan
Q1 Update

December 18, 2025



NBU® NEW BRAUNFELS
UTILITIES

Strategic Goals – (What We Aim to Do)

- **CUSTOMERS AND COMMUNITY**

We provide a customer-first focus and commit to innovative solutions to improve the customer experience.

- **PEOPLE AND CULTURE**

We care for our employees, build on our team-oriented culture, promote ethical behavior and prepare our team to meet the challenges ahead.

- **INFRASTRUCTURE AND TECHNOLOGY**

We maintain reliable and resilient systems through responsible planning, asset management, and innovative technologies that align with the strategic direction of the organization.

- **FINANCIAL EXCELLENCE**

We practice sound financial management to be responsible stewards of public funds.

- **SAFETY AND SECURITY**

We strive to place security and safety as the highest priorities for every employee and customer.

- **STEWARDSHIP**

We commit to preserve and protect community resources through planning, innovating, collaborating and educating.

Mission

Strengthening our community by providing resilient essential services

+

Vision

Be a trusted community partner dedicated to excellence in service

+

Core Values

Safety, Team, Integrity, Culture, and Stewardship



FY 26/27 Strategic Measures – (How We Measure It)

Strategic Goal	Strategic Measure (Lagging Indicator)
Customer and Community	Improve the Customer Scores by 7% , and/or reaching the Texas average industry standard benchmark
Safety and Security	Achieve a Safety Meeting Compliance Rate $\geq 90\%$ for all Departments
Safety and Security	Safeguard an OSHA Incident Rate ≤ 3 Incidents per 100 Employees per year
Financial Excellence	Meet or exceed A+/A1 from a minimum of two rating agencies annually
People and Culture	Sustain $\geq 89.3\%$ Retention Rate for the Fiscal Year
Stewardship	Reduce NBU GPCD by 1% Based off the 2024 10-year Average in both FY26 & FY27
Infrastructure and Technology	Maintain a Three Year Rolling Average SAIDI in top 10% of Texas utilities or three-year rolling average <52.56 minutes (99.99% reliability)
Infrastructure and Technology	Ensure Technology System Reliability $\geq 98\%$ uptime for production systems
Infrastructure and Technology	Achieve and Maintain an Infrastructure Leakage Index (ILI) ≤ 3.0 over a three-year rolling average
Infrastructure and Technology	Wastewater Treatment and Compliance Events- Maintain >98% Compliance

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FY 26/27 Strategic Measures – (How We Measure It)

CUSTOMERS AND COMMUNITY

We provide a customer-first focus and commit to innovative solutions to improve the customer experience.

CUSTOMERS
& COMMUNITY



Strategic Measure (Lagging Indicator):

Improve the Customer Scores by 7% , and/or reaching the Texas average industry standard benchmark.

Q1

On Track

Leading Indicator:

Speed to Answer:

Green < 3 min.

Yellow 3 - 10 min.

Red > 10 min.

Leading Indicator:

Real Time Customer

Satisfaction Rate

Green ≥ 85%

Yellow 84 - 70%

Red < 70%

Leading Indicator:

First Contact Resolution

Green ≥ 70%

Yellow 69 - 60%

Red < 60%

Index

Q1:	2:13 min.	-%	79%	100%
Q2:				
Q3:				
Q4:				

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NBU NEW BRAUNFELS
UTILITIES

FY 26/27 Strategic Measures – (How We Measure It)

SAFETY AND SECURITY

We strive to place security and safety as the highest priorities for every employee and customer.

SAFETY & SECURITY



Strategic Measure (Lagging Indicator):

Safeguard an OSHA Incident Rate ≤ 3 Incidents per 100 Employees per year

Q1

On Track

Leading Indicator:

Monthly Safety Audits

Green ≥ 10

Yellow 9 - 7

Red ≤ 6

Leading Indicator:

Safety Audit Findings Rate

Green ≤ 5

Yellow 6 - 7

Red ≥ 8

Index

Q1:	11	1	100%
Q2:			
Q3:			
Q4:			

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FY 26/27 Strategic Measures – (How We Measure It)

SAFETY AND SECURITY

We strive to place security and safety as the highest priorities for every employee and customer.

SAFETY & SECURITY



Strategic Measure (Lagging Indicator):

Achieve a Safety Meeting Compliance Rate $\geq 90\%$ for all Departments

Q1

On Track

Leading Indicator:

Quarterly Safety Meetings

Green ≥ 6

Yellow 5

Red ≤ 4

Leading Indicator:

Audited Safety/Tailboard Meetings % Completion

Green 100%

Yellow 99 - 95%

Red $< 95\%$

			<u>Index</u>
Q1:	8	100%	100%
Q2:			
Q3:			
Q4:			

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NBU NEW BRAUNFELS
UTILITIES

FY 26/27 Strategic Measures – (How We Measure It)

FINANCIAL EXCELLENCE

We practice sound financial management to be responsible stewards of public funds.

*Data Delay

FINANCIAL
EXCELLENCE



Strategic Measure (Lagging Indicator):

Meet or exceed A+/A1 from a minimum of two rating agencies annually

Q1

On Track

Leading Indicator:

Days Cash on Hand

Green ≥ 170

Yellow 169 - 140

Red < 140

Leading Indicator:

Debt Capitalization Ratio

Green $\leq 48\%$

Yellow 47 - 54.5%

Red $> 54.5\%$

Leading Indicator:

Debt Service Coverage

Green ≥ 3.5

Yellow 3.4 - 2.4

Red < 2.4

Index

Q1:	214 Days	40.5	4.8	100%
Q2:				
Q3:				
Q4:				

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NBU NEW BRAUNFELS
UTILITIES

FY 26/27 Strategic Measures – (How We Measure It)

PEOPLE AND CULTURE

We care for our employees, build on our team-oriented culture, promote ethical behavior and prepare our team to meet the challenges ahead.

PEOPLE &
CULTURE



Strategic Measure (Lagging Indicator):

Sustain $\geq 89.3\%$ Retention Rate for the Fiscal Year

Q1

On Track

Leading Indicator:

Monthly Stay Interviews

Green ≥ 3.5

Yellow 3.49 – 2.5

Red < 2.5

Leading Indicator:

New Hire Interviews avg. score of 3.5/5

Green: ≥ 3.5

Yellow: 3.49 – 2.5

Red: < 2.5

Leading Indicator:

Learner Satisfaction Rate

Green > 3

Yellow 3 - 2

Red < 2

				<u>Index</u>
Q1:	4.5	4.3	4.5	100%
Q2:				
Q3:				
Q4:				

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NBU NEW BRAUNFELS
UTILITIES

FY 26/27 Strategic Measures – (How We Measure It)

STEWARDSHIP



STEWARDSHIP

We commit to preserve and protect community resources through planning, innovating, collaborating and educating.

Strategic Measure (Lagging Indicator): 132

Reduce NBU GPCD by 1% Based off the 2024 10-year Average in both FY26 & FY27

Q1

On Track

Leading Indicator:

Meaningful Engagement for Water Reduction

Green ≥ 3 engagements

Yellow 2 engagements

Red ≤ 1 engagements

Leading Indicator:

Conservation Related Initiatives

Green ≥ 6 initiatives launched (balanced across seasons, at least 3 water-focused)

Yellow 5 – 4 initiatives launched

Red < 3 or fewer initiatives launched

Index

Q1:	1.3* (4 performed)	2	50%
Q2:			
Q3:			
Q4:			

Mission

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NBU NEW BRAUNFELS
UTILITIES

FY 26/27 Strategic Measures – (How We Measure It)

INFRASTRUCTURE & TECHNOLOGY



INFRASTRUCTURE AND TECHNOLOGY

We maintain reliable and resilient systems through responsible planning, asset management, and innovative technologies that align with the strategic direction of the organization.

Strategic Measure (Lagging Indicator):

Maintain a Three Year Rolling Average SAIDI in top 10% of Texas utilities or three-year rolling average <52.56 minutes (99.99% reliability)

Q1

On Track

Leading Indicator:

Customer Feeder Count

Green ≤ 1200

Yellow 1201 - 1300

Red > 1301

Leading Indicator:

Tree Trimming

Green > 98,785 feet per month

Yellow 98,785 – 85,000 feet per month

Red < 85,000 feet per month

Leading Indicator:

Locate Accuracy

Green > 99.99%

Yellow 99.98 - 99.90%

Red < 99.90%

Index

Q1:	1,208	165,667 ft	100%	89%
Q2:				
Q3:				
Q4:				

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FY 26/27 Strategic Measures – (How We Measure It)

INFRASTRUCTURE & TECHNOLOGY



INFRASTRUCTURE AND TECHNOLOGY

We maintain reliable and resilient systems through responsible planning, asset management, and innovative technologies that align with the strategic direction of the organization.

Strategic Measure (Lagging Indicator):

Ensure Technology System Reliability $\geq 98\%$ uptime for production systems

Q1

On Track

	<u>Leading Indicator:</u> Tech Systems Monitoring Green > 99% Yellow 99 - 98% Red < 98	<u>Leading Indicator:</u> Critical Platforms past EoL Green < 5% Yellow 6 - 9% Red > 9%	<u>Leading Indicator:</u> End Point Device Protection Green > 99% Yellow 99 - 98% Red < 98%	<u>Leading Indicator:</u> Critical Hardware past EoL Green < 5% Yellow 6 - 9% Red > 9%	<u>Index</u>
Q1:	99.9%	3.5%	99.7%	0%	100%
Q2:					
Q3:					
Q4:					

Mission

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NBU NEW BRAUNFELS
UTILITIES

FY 26/27 Strategic Measures – (How We Measure It)

INFRASTRUCTURE & TECHNOLOGY



INFRASTRUCTURE AND TECHNOLOGY

We maintain reliable and resilient systems through responsible planning, asset management, and innovative technologies that align with the strategic direction of the organization.

Strategic Measure (Lagging Indicator):

Maintain an Infrastructure Leakage Index (ILI) ≤ 3.0 over a three-year rolling average

Q1
On Track

Leading Indicator:

> 80% Maintenance Schedule Compliance for Water Operations – Distribution System

Green $\geq 80\%$

Yellow 79 - 66%

Red $< 66\%$

		<u>Index</u>
Q1:	84%	100%
Q2:		
Q3:		
Q4:		

Mission

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NBU NEW BRAUNFELS
UTILITIES

FY 26/27 Strategic Measures – (How We Measure It)

INFRASTRUCTURE & TECHNOLOGY



INFRASTRUCTURE AND TECHNOLOGY

We maintain reliable and resilient systems through responsible planning, asset management, and innovative technologies that align with the strategic direction of the organization.

Strategic Measure (Lagging Indicator):

Wastewater Treatment and Compliance Events- Maintain >98% Compliance

Q1

On Track

Leading Indicator:

Solids Levels +/- 20% – (> 90% of Time)

Green > 90%

Yellow 60-89%

Red < 60%

Leading Indicator:

>80% Maintenance Schedule Compliance for Water Treatment and Compliance – WW Facilities

Green ≥ 80%

Yellow 66 - 79%

Red < 66%

			<u>Index</u>
Q1:	96%	86%	100%
Q2:			
Q3:			
Q4:			

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NBU NEW BRAUNFELS
UTILITIES

FY 26 Annual Priorities – (Company Focused Projects)

Customer Experience

- Implement target optimization CS initiatives that impact response time, Quality Assurance, Operation/Technology Efficiencies, and Communication Adoption

Q1: | On Track

Asset Management

- Establish NBU's Asset Data and Information Standards

Q1: | On Track

Project Management

- Implement PMIS for Capital Projects for Support Services

Q1: | On Track

Technology Modernization

- Select Financial System

Q1: | On Track

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NBU NEW BRAUNFELS
UTILITIES

14



QUESTIONS

Mission

Strengthening our community by providing resilient essential services

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Meeting Date: December 18, 2025 **Agenda Type:** Items from Staff

From: Jacob Tschoepe **Reviewed by:** Darrin Jensen
Program Portfolio Manager Director of Enterprise Project
Management Office

Submitted by: David Hubbard **Approved by:** Ryan Kelso
Chief Administrative Officer Chief Executive Officer

RECOMMENDED ACTION: Monthly NBU Headquarters Progress Update

New Braunfels Utilities HQ Update

December 18, 2025

NBU® NEW BRAUNFELS
UTILITIES

Recent Milestones

November

- Bridge Deck completion
- Pan Floor Installation
- Tilt wall Installation
- Exterior Framing and sheeting in progress
- MEP Rough-In in progress
- Maintenance Building Pad complete
- Sewer Line Tie-In at Krueger Canyon Complete

December

- Drying in the warehouse
- Sewer Line Tie-In at Krueger Canyon



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Mission

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Legend Key

- 1 Training and Testing Field
- 2 Equipment Building
- 3 Recycle/Trash Dumpsters
- 4 Operations Dock
- 5 Warehouse
- 6 Administration Bldg.
- 7 Spoils
- 8 Wire Storage
- 9 Pipe Storage
- 10 Wood Pole Storage
- 11 Transformer Storage
- 12 Steel Pole Storage
- 13 Maintenance Bldg.
- 14 Protection Buffer
- 15 Jurisdictional Waters Buffer Area
- 16 Paved Yard
- 17 Oversized Parking
- 18 Fleet Parking
- 19 Employee Parking
- 20 Public Parking
- 21 Walking Trail
- 22 Crew Ops
- 23 Dock Parking
- 24 Bulk Storage
- 25 Employee Courtyard
- 26 Ground Storage Tank
- 27 Site Fencing
- 28 Monument Sign
- 29 Cistern
- 30 Employee Entry Bridge
- 31 Grass Area



Mission

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UTILITIES



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Vision

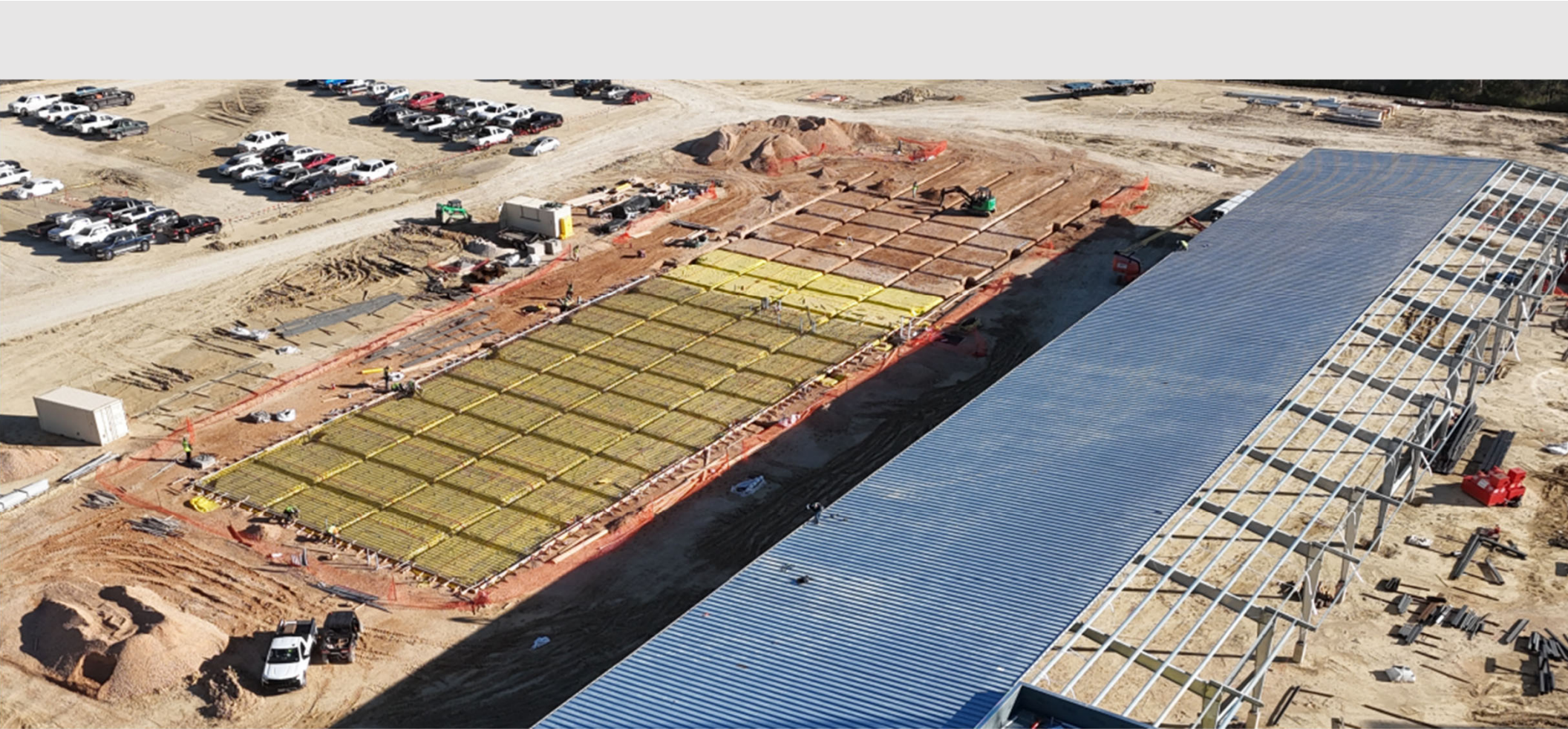
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UTILITIES



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UTILITIES

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NBU NEW BRAUNFELS
UTILITIES



Next Steps

- Topping Out (complete steel installation)
- Pavement of yard/roads
- Bridge Installation Completion (February)
- Backfilling Bridge Retaining Walls

Mission

Strengthening our community by providing resilient essential services



Vision

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Core Values

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Questions?



Mission

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NBU NEW BRAUNFELS
UTILITIES



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items for Action

From: Laura Ayala **Reviewed by:** Rocio G. Hilliard
 Board Relations Coordinator Chief of Staff

Submitted by: Rocio G. Hilliard **Approved by:** Ryan Kelso
 Chief of Staff Chief Executive Officer

RECOMMENDED ACTION: Approve Minutes of the NBU Regular Board Meeting of October 30, 2025

BACKGROUND

None

FINANCIAL IMPACT

None

LINK TO STRATEGIC PLAN

Customers and Community

EXHIBITS

1. October 30, 2025 Regular Board Meeting Minutes

**MINUTES
NEW BRAUNFELS UTILITIES BOARD OF DIRECTORS
REGULAR BOARD MEETING**

1:00 P.M.

Thursday, October 30, 2025

NBU Board Room

263 MAIN PLAZA, NEW BRAUNFELS, TEXAS 78130

Board President Wayne Peters opened the meeting at 1:00 p.m. A quorum of the NBU Board was present.

PRESENT

Board President Wayne Peters, Board Vice President Judith Dykes-Hoffmann, Board Trustee Yvette Barrera Villanueva, Board Trustee Stuart Blythin, and Mayor Neal Linnartz

ABSENT

None

NBU PERSONNEL

Ryan Kelso, Ragan Dickens, Greg Brown, Jessica Williams, Connie Lock, Mark Steelman, Andrew Cummings

Adriana Sanchez, Ashley VanBooven, Carlos Salas, Darrin Jensen, Jason Theurer, John Warren, Julia Haynes, Justin Green, Mike Short, Rachel Leier, Reagan Pena, Joe Vargas, Adam Willard, Anna Johnson, Beth Perez, Billy Shearer, Bruce Haby, David Guerrero Jr., Doug Clifton, Gregory Thomas, Jacob Tschoepe, James Rammel, Jenna Mathis, Jesse Luna, Jessica Coleman, Jessica Green, Justin Stroup, Kimberly DaCosta, Kristi Villasana, Larry Aguilar, Missy Quent, Peter Vanderstoep

NBU CONSULTANTS

Ashley Dierker

PLEDGE AND INVOCATION

Mayor Neal Linnartz led the pledge of allegiance and offered the invocation.

PUBLIC COMMENT

There were no public comment requests.

EXECUTIVE SESSION

Board President Wayne Peters recessed the Open Session at 1:04 pm and announced that the Board would go into an Executive Session meeting. The Executive Session included Consultation with Attorney Regarding Pending or Contemplated Litigation, Settlement Offers, and/or Other Matters Protected by Attorney-Client Privilege (Section 551.071 – Texas Government Code) Pertaining to the Following: Discuss Legal Matters Related to Impact Fee Appeal Filed by MMF NBTXLAND, LLC Pertaining to Property Described as a 60.489 Acre Tract of Land out of the A.M. Esnaurizar

Survey No. 1, Abstract No. 98, Comal County, Texas; Being that same Land Called 60.51 Acres, Recorded in Document No. 202306000483, Official Public Records, Comal County, Texas.

The Executive Session was opened at 1:05 pm and closed at 1:42 pm.

RECONVENE INTO OPEN SESSION AND TAKE ANY NECESSARY ACTION RELATING TO THE EXECUTIVE SESSION AS DESCRIBED ABOVE

The Regular Session resumed at 1:45 p.m. Only the matters cited above, and no others, were discussed, and no votes were taken in Executive Session.

HEARING

- 1. Hold a Public Hearing and Consider an Impact Fee Appeal Filed by MMF NBTXLAND, LLC Pertaining to Property Described as a 60.489 Acre Tract of Land out of the A.M. Esnaurizar Survey No. 1, Abstract No. 98, Comal County, Texas; Being that same Land Called 60.51 Acres, Recorded in Document No. 202306000483, Official Public Records, Comal County, Texas**

Board President Wayne Peters presided over the hearing in response to the impact fee appeal filed by Shannon Mattingly of the Drennar Group regarding the McWhinney/Ploetz New Braunfels Development. The applicant was provided twenty (20) minutes to present its arguments in support of the appeal. NBU was provided twenty (20) minutes to present its arguments in support of the original decision.

Shannon Mattingly addressed the board on behalf of the applicant.

***The board recessed at 2:06 pm and reconvened at 2:13 pm.**

Ashley Dierker addressed the board on behalf of NBU.

The applicant was allowed to present additional arguments in rebuttal, and NBU was allowed to provide closing remarks.

EXECUTIVE SESSION

Board President Wayne Peters recessed the Open Session at 2:47 p.m. and announced that the Board would go into an Executive Session meeting. The Executive Session included Consultation with Attorney Regarding Pending or Contemplated Litigation, Settlement Offers, and/or Other Matters Protected by Attorney-Client Privilege (Section 551.071 – Texas Government Code) Pertaining to the Following: Discuss Legal Matters Related to Impact Fee Appeal Filed by MMF NBTXLAND, LLC Pertaining to Property Described as a 60.489 Acre Tract of Land out of the A.M. Esnaurizar Survey No. 1, Abstract No. 98, Comal County, Texas; Being that same Land Called 60.51 Acres, Recorded in Document No. 202306000483, Official Public Records, Comal County, Texas

The Executive Session was opened at 2:48 pm and closed at 3:09 pm.

RECONVENE INTO OPEN SESSION AND TAKE ANY NECESSARY ACTION RELATING TO THE EXECUTIVE SESSION AS DESCRIBED ABOVE

The Regular Session resumed at 3:09 pm. Only the matters cited above, and no others, were discussed, and no votes were taken in Executive Session.

The following action was taken relating to the Executive Session as described above.

Mayor Neal Linnartz made the motion, and Board Trustee Yvette Barrera Villanueva seconded the motion to deny the Impact Fee Appeal Filed by MMF NBTXLAND, LLC Pertaining to Property Described as a 60.489 Acre Tract of Land out of the A.M. Esnaurizar Survey No. 1, Abstract No. 98, Comal County, Texas; Being that same Land Called 60.51 Acres, Recorded in Document No. 202306000483, Official Public Records, Comal County, Texas, in its entirety. The vote was unanimous.

ITEMS FROM THE CHAIR

1. Review of the NBU 2026 Board Meeting Calendar

A copy of the 2026 NBU Board Meeting dates were provided to the board for review.

2. Any Other Items Permitted Under Section 551.0415 of the Texas Government Code

No additional comments were made.

ITEMS FROM STAFF

1. CEO Update

CEO Ryan Kelso presented updates on the following events that NBU staff participated in:

a. Community Outreach Events: Meet the Trucks, Comal County Fair, Rain Barrel Workshop, National Night Out, Dos Rios Watershed Cleanup, and Monster Detective Kindergarten Program Kick-Off

Meet the Trucks

Our Electric Operations team and their bucket truck joined the City of New Braunfels Meet the Truck event, where community members were invited to get up close and personal with the big trucks that make our city go.

Comal County Fair

NBU joined in the fun during the Comal County Fair. Two of our trucks participated in the parade, and our Conservation Team partnered with the Comal County Fair Association to present a special program about the Edwards Aquifer to students in kindergarten through 4th grade.

Rain Barrel Workshop

Our Conservation Team partnered with the Headwaters at the Comal, Westside Community Center, and the New Braunfels Public Library to present a DIY Rain Barrel workshop. Conservation staff demonstrated and led participants through the steps of creating their own rain barrel.

National Night Out

NBU partnered with the New Braunfels Police Department to host a booth for National Night Out at the Westside Community Center. Representatives from Conservation, Customer Service, and Water Treatment and Compliance informed the community of ways to pay, billing assistance, assessment offerings, and rebates offered by NBU.

Dos Rios Watershed Cleanup

NBU team members volunteered for the City-hosted litter cleanup event in an effort to reduce the litter in our creeks and rivers and to raise awareness of the importance of keeping our water resources clean and healthy.

Monster Detective Kindergarten Program Kick-off

The NBU Conservation kicked off our Monster Detective Program Series by presenting the Monster Detective Collective educational program to Kindergarten children at Memorial Elementary School. The lesson focused on light energy. This was the first presentation of many that our Conservation Team will conduct around the community this school year.

b. NBU Participates with the New Braunfels Chamber of Commerce on Intercity Visit to Lawrence and Topeka, Kansas

The New Braunfels Chamber hosted the 2025 Intercity Trip to Lawrence and Topeka, Kansas, connecting local business and community leaders. NBU was represented by Chief Operations Officer Mark Steelman and Board of Trustees President Wayne Peters.

c. CEO Roadshow: New Braunfels Jaycees

CEO Ryan Kelso presented the State of NBU and provided an update on the new NBU Headquarters at the September New Braunfels Jaycees meeting.

d. United Way Employee Giving Campaign Results

This year, NBU had 278 team members participate in our annual United Way Campaign, and through their generous donations, we were able to pledge \$55,018.82 to the United Way of Comal County.

e. NBU Hosts Employee Health Fair

NBU hosted its Annual Health Fair, bringing together 53 vendors representing a wide range of local wellness companies. With an impressive 78% employee participation rate, this year's event was a tremendous success, promoting health, wellness, and community across our organization.

f. NBU Leadership Team Participates in Annual Strategic Planning Sessions

The NBU leadership team participated in a strategic planning session to share and review ideas on what the mission, vision, and core values for NBU should look like moving forward.

g. NBU Observes Customer Service Week/Customer Service Planning Session

NBU recognized and celebrated the Customer Service team in observance of Customer Service Week. Our Customer Service leadership team planned a full week of appreciation to thank the NBU frontline teams for their unwavering commitment.

h. Any Other Items Permitted Under Section 551.0415 of the Texas Government Code

*No additional items were discussed.

2. Financial Update and Report

Accounting Manager Kimberly Huffman provided an update on the financial status of NBU.

3. Quarterly Capital Update – Fourth Quarter of Fiscal Year 2025

Program Portfolio Manager Jacob Tschoepe provided an update on the FY25 Fourth Quarter Capital Update.

4. Monthly NBU Headquarters Progress Update

Program Portfolio Manager Jacob Tschoepe provided an update on the progress of the NBU Headquarters project.

5. Integrated Resource Plan (“IRP”) Update

Power Supply Manager Kristi Villasana provided an update on the projected timeline for the IRP action plan.

CONSENT ITEMS FOR ACTION

Board Trustee Stuart Blythin made a motion, and Board Vice President Judith Dykes-Hoffmann seconded the motion to approve the Consent Items for Action as follows: #1, #2, #3, #4, #5, #6, #7, #8, #9, #10, #11, #12, and #13. The vote was unanimous.

1. Approve Minutes of the NBU Regular Board Meeting of September 25, 2025
2. Approve the Change Order Log from August 15, 2025, through September 15, 2025
3. Approve the Reports for Water and Electric Engineering Contracts from August 1, 2025, through September 15, 2025
4. Approve the Electric Line of Business Alternative Procurements from August 15, 2025, through September 15, 2025
5. Reject All Proposals Submitted for RFP #25-0109, Sewer Infrastructure Package 2, Phase 1, a Project Located Generally Along Landa Street from near Dry Comal Creek to Fredericksburg Road and along Fredericksburg Road from Landa Street to Wood Road
6. Reject All Proposals Submitted for RFP #25-0088, Freiheit Control House and Breaker Additions Construction

7. Approve Proposed Revisions to the NBU Community Advisory Panel Bylaws
8. Approve Resolution Amending Authorized Representatives of NBU for Texas Local Government Investment Pool Transactions
9. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Allbrite Constructors of Texas, Inc. for the Construction of the Broken and Critical Valve Replacements Project for the Installation, Removal, and/or Replacement of Water Valves
10. Authorize the CEO or His Designee to Negotiate Renewal of the Administrative Services Agreement with BlueCross and BlueShield of Texas for Calendar Year 2026 and to Take All Reasonable Actions in Connection Therewith
11. Authorize the CEO or His Designee to Negotiate and Execute a Cooperative Agreement with GTS Technology Solutions, Inc. for Splunk Cloud and Security Subscriptions
12. Authorize the CEO or His Designee to Negotiate and Execute a Cooperative Agreement with iSphere Innovation Partners LLC for Technology and Security Consulting Services
13. Authorize the CEO or His Designee to Negotiate and Execute a Vendor Agreement with Azteca Systems, LLC for Cityworks Asset Management Software

PRESENTATION ITEMS

1. One Water Program – 2025 Annual Report

Robin Gary presented the annual report on One Water New Braunfels. One Water is a collaboration between NBU, the city of New Braunfels, and the Guadalupe-Blanco River Authority. It is an integrated planning and implementation approach to managing water resources. The five key goals, year 2 projects, successes, and productivity, and year 3 priorities were shared with the Board.

EXECUTIVE SESSION

Board President Wayne Peters recessed the Open Session at 4:08 pm and announced that the Board would go into an Executive Session meeting. The Executive Session included Power Supply Resources – Competitive Matters; Consultation with Attorney Regarding Pending or Contemplated Litigation, Settlement Offers, and/or Other Matters Protected by Attorney-Client Privilege (Section 551.071 – Texas Government Code) Pertaining to the Following: Discuss Settlement of Pending Litigation Styled *Allison McCumbee v. New Braunfels Utilities*, No. C2024-1273B (207th District Court, Comal County, Texas)

The Executive Session was opened at 4:11 pm and closed at 4:19 pm.

RECONVENE INTO OPEN SESSION AND TAKE ANY NECESSARY ACTION RELATING TO THE EXECUTIVE SESSION AS DESCRIBED ABOVE

The Regular Session resumed at 4:21 p.m. Only the matters cited above, and no others, were discussed. The board voted on the competitive matter listed on the agenda, but no other votes were taken in Executive Session.

ADJOURN

There was no further business, and Board President Wayne Peters adjourned the meeting at 4:21 p.m.

Attest:

Wayne Peters, President
Approved

Ryan Kelso, Secretary of the Board
Chief Executive Officer

Date Approved: December 18, 2025



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items for Action

From: Laura Ayala **Reviewed by:** Rocio G. Hilliard
 Board Relations Coordinator Chief of Staff

Submitted by: Rocio G. Hilliard **Approved by:** Ryan Kelso
 Chief of Staff Chief Executive Officer

RECOMMENDED ACTION: Approve Minutes of the NBU Special Board Meeting of December 11, 2025

BACKGROUND

None

FINANCIAL IMPACT

None

LINK TO STRATEGIC PLAN

Customers and Community

EXHIBITS

1. December 11, 2025 Special Board Meeting Minutes

**MINUTES
NEW BRAUNFELS UTILITIES BOARD OF DIRECTORS
STRATEGIC WORKSHOP MEETING**

**10:00 AM
THURSDAY, DECEMBER 11, 2025
NBU Board Room
263 MAIN PLAZA, NEW BRAUNFELS, TX 78130**

Board President Wayne Peters opened the meeting at 10:00 a.m. A quorum of the NBU Board was present.

PRESENT

Board President Wayne Peters, Board Vice President Judith Dykes-Hoffmann, Board Trustee Stuart Blythin, and Board Trustee Yvette Villanueva Barrera

ABSENT

Mayor Neal Linnartz

NBU PERSONNEL

Ryan Kelso, Ragan Dickens, Greg Brown, Jessica Williams, Connie Lock, Rocio G. Hilliard, Mark Steelman, Andrew Cummings, David Hubbard
Ashley Schriewer, Darrin Jensen, John Warren, Julia Haynes, Rachel Leier, Reagan Pena, Jason Rammel, Pamela Tarbox

ITEMS FROM THE CHAIR

1. Report Related to the NBU Board Annual Self-Evaluation

Board Vice President Judith Dykes-Hoffmann shared information on the NBU Board's Annual Self-Evaluation, including scores in the various categories. A key focus for the upcoming year is to continue with additional training and education on the utility business, utilizing each board member's diverse skill sets and dedication.

PRESENTATION ITEMS

1. Presentation on NBU Plan to Enhance Developer and Vendor Processes

Darrin Jensen provided an update on NBU's plan to review, revise, and enhance developer and vendor processes. The update included recently implemented process improvements, those currently underway, and proposed engagement efforts with developers and vendors to further review and refine these processes.

EXECUTIVE SESSION

Board President Wayne Peters recessed the Open Session at 10:46 am and announced that the Board would go into an Executive Session meeting. The Executive Session included Consultation with Attorney Regarding Pending or Contemplated Litigation, Settlement Offers, and/or Other Matters Protected by Attorney-Client Privilege (Section 551.071 – Texas Government Code); Discuss *MMF NBTX LAND, LLC v. City of New Braunfels, New Braunfels Utilities, and Ryan Kelso, in his official capacity as Chief Executive Officer of New Braunfels Utilities*, No. C2025-1252D (433rd District Court, Comal County, Texas).

The Executive Session was opened at 10:51 am and closed at 10:53 am.

RECONVENE INTO OPEN SESSION AND TAKE ANY NECESSARY ACTION RELATING TO THE EXECUTIVE SESSION AS DESCRIBED ABOVE

The Regular Session resumed at 10:53 a.m. Only the matters cited above, and no others, were discussed, and no votes were taken in Executive Session.

The Board recessed for a lunch break from 10:53 a.m. to 12:05 p.m.

ITEMS FROM STAFF

- 1. Strategic Plan Development Exercise to Identify Fiscal Year 2028 Strategic Goals, Mission, Vision, and Core Values**

Darrin Jensen and Katie Storey facilitated an exercise for the Board to provide feedback on the Fiscal Year 2028 Strategic Goals, Mission, Vision, and Core Values.

The Board recessed at 1:30 p.m. to travel to NBU's Proposed Headquarters Facility Project, Located on a 76-acre Tract of Property at the Intersection of Engel Road and IH 35, and reconvened at 1:50 p.m.

TOUR OF FACILITY

The NBU Board of Trustees participated in an informational tour of the Proposed Headquarters Facility Project, Located on a 76-acre Tract of Property at the Intersection of Engel Road and IH 35.

ADJOURN

There was no further business, and Board President Wayne Peters adjourned the Board Strategic Workshop at 2:50 p.m.

Attest:

*Wayne Peters, President
Approved*

*Ryan Kelso, Secretary of the Board
Chief Executive Officer*

Date Approved: December 18, 2025

RECOMMENDED ACTION: Approve the Change Order Log from September 15, 2025, through November 15, 2025

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- Headwaters at the Comal, Owner's contingency - light poles base depth for the parking lot for the unaccounted-for amount of concrete/rebar and excavation depth for the bases of the exterior lighting in the bioswale, Byrne Construction, Change Order No. 71, cost increase of \$4,344.70.
- Headwaters at the Comal, Owner's contingency - crosswalk across Klingemann and striping in the parking lot, Byrne Construction, Change Order No. 72, cost increase of \$12,239.45.
- Headwaters at the Comal, Owner's contingency - additional cabling for WAPS for GMP 4, building A low voltage, Byrne Construction, Change Order No. 73, cost increase of \$2,894.00.
- Headwaters at the Comal, Contractor's contingency - grate inlet in the parking lot, Byrne Construction, Change Order No. 75, cost increase of \$4,287.79.
- Headwaters at the Comal, Owner's contingency - labor and equipment to add donated boulders to the bioswale in the parking lot, Byrne Construction, Change Order No. 76, cost increase of \$4,788.85.
- Headwaters at the Comal, Owner's contingency - keys and cores for Building A, Byrne Construction, Change Order No. 78, cost increase of \$3,784.90.
- Headquarters, refinement in scope for concrete, plumbing, and structural steel to include: 1) 4" equipment pad at level 2 area B was added for plumbing equipment; 2) domestic water piping and yard hydrants at the dock area; 3) filter and cold water line piping added at the maintenance building to service additional appliances and added piping at office building pump room; and 4) detailing costs for steel shop and erection drawings, SpawGlass, Change Order No. 4, cost increase of \$31,289.00.

Change orders more than \$50,000:

- FM 306 Pump Station & Discharge Line, plan revisions for elevation, Pebble Creek Run WL realignment, station 46 valve revisions, Harper Brothers Construction, Change Order No. 5, cost increase of \$53,775.00.
- South Kuehler Interceptor Phase 1, FM 725 Water main pavement restoration, Pesado Construction Company, Change Order No. 3, cost increase of \$95,753.95.
- McKenzie Interceptor Upgrade, shift construction entrance at FM758 from TXDOT ROW (deduct), additional potholing at Weltner, additional manhole, Cash Construction Company, Inc., Change Order No. 1, cost increase of \$66,719.55.
- Goodwin/Conrads Adjustments (CoNB), warehouse fire hydrant adjustment, water main relocation, Capital Excavation Co., Change Order No. 2, cost increase of \$348,181.56.
- Trinity Expansion Well Field, credit for removal of Well 23 from scope as not able to be developed, Pesado Construction Company, Change Order No. 9, cost decrease of -\$410,381.22.
- Trinity Expansion Well Field, drill borehole, ream upper interval, 14 in OD casing, class H cement, breather vents, remove and dispose of acid residue, Kutscher Drilling, LTD, Change Order No. 2, cost increase of \$90,658.17.
- Trinity Expansion Treatment Plant, BWR Pump motor thermostats, Enclave LS duplex pump mods, relocation of diversion dike between GSTs, PLW Waterworks, LLC, Change Order No. 13, cost increase of \$54,107.29.

LINK TO STRATEGIC PLAN

Customers and Community

People and Culture

Stewardship

EXHIBITS

None



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items for Action

From: Anna Johnson **Reviewed by:** David Hubbard
 Procurement Manager Chief Administrative Officer

Submitted by: David Hubbard **Approved by:** Ryan Kelso
 Chief Administrative Officer Chief Executive Officer

RECOMMENDED ACTION: Approve the Reports for Water and Electric Engineering Contracts from August 1, 2025, through November 15, 2025

BACKGROUND

The Board of Trustees approved the NBU Purchasing Policy on October 31, 2019. The Purchasing Policy defines the process for obtaining approval of Professional Engineering Contracts. In addition to the individual approval by the Board of Trustees for Professional Engineering Contracts greater than \$500,000, the policy further states, “The limit for expenditures to be paid to a licensed professional engineer or a firm of licensed professional engineers as defined in Chapter 2254 of the Texas Government Code, as amended, performing engineering services without the prior approval of the Board of Trustees shall be \$500,000 per vendor per contract. Each department manager, who hires a licensed professional engineer or firm of licensed professional engineers, shall prepare a report specifying the following:

1. name of licensed professional engineer or firm of licensed professional engineers engaged to complete a project;
2. project name;
3. contract amount and amendments to original contract amount;
4. total cumulative number of contracts and contract amounts approved in a fiscal year to that licensed professional engineer/firm of licensed engineers; and
5. date presented to the Board of Trustees.

This report shall be prepared on a monthly basis and be delivered to the Procurement Manager before each Board of Trustees’ meeting. The Procurement Manager will prepare a consent agenda item to request approval of the report at the next Board of Trustees’ meeting.”

Exhibits attached to this agenda item are the Professional Engineering report(s) submitted to the Procurement Manager for the period of August 1, 2025, through November 15, 2025.

FINANCIAL IMPACT

The financial impact of new water engineering contracts during this period was \$537,761.00. No electric engineering contracts were executed during this period.

LINK TO STRATEGIC PLAN

Customers and Community

People and Culture

Stewardship

EXHIBITS

1. Exhibit A – Report for Water Engineering Contracts



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items For Action

From: Kimberly DaCosta **Reviewed by:** Ashley Schriewer
Accounting Manager Director of Financial Services

Submitted by: Jessica Williams **Approved by:** Ryan Kelso
Chief Financial Officer Chief Executive Officer

RECOMMENDED ACTION: Approve the Guadalupe Blanco River Authority Canyon Hydroelectric Cost Reconciliation for Fiscal Year 2025

BACKGROUND

Pursuant to Section X (C) (2) of the Amended Hydroelectric Supply Agreement (the “Agreement”) dated December 21, 2012, between Guadalupe Blanco River Authority (“GBRA”) and New Braunfels Utilities (“NBU”) relating to electrical generation produced from Canyon Hydroelectric facility, GBRA has submitted the fiscal year 2025 year-end budget to actual reconciliation. The Agreement stipulates that NBU will review the year-end adjustment of budget to actual energy sales versus operational expenses. Once the adjustment has been accepted by the NBU Board of Trustees (the “Board”), NBU will pay GBRA if costs are under-recovered, and GBRA will pay NBU for amounts over-recovered. Cost recovery is calculated based on kilowatt-hours (“kWh”) sales and reconciled at the end of each GBRA fiscal year, which concludes on August 31. As described below, and based on the report GBRA submitted and NBU confirmed, NBU owes \$284,692 to GBRA. NBU will be required to pay this amount in December 2025, pursuant to the Board’s approval.

Production: Pursuant to the Agreement, NBU pays GBRA monthly the amount equal to the estimated debt service plus \$0.0133 per kWh purchased. The fiscal year 2025 budget contained annual operating and maintenance costs of \$302,424.

In Fiscal Year 2025, the Canyon Hydro Plant experienced no electrical generation, which was due to the lack of water released at a rate that would allow generation. In Fiscal Year 2025, Canyon Hydro generated zero kWh, which generated no sales revenue. This resulted in GBRA under-recovering operating revenue from NBU of \$302,424 for electricity purchases not made throughout the Fiscal Year. There was a reported \$1,015.00 in operating fund interest earnings offsetting the under-recovered revenues.

Expenses: In Fiscal Year 2025, operating expenses were \$16,717 less than the budgeted amount. Actual expenses recorded were \$285,707. The primary reason for the decrease in expenses was lower electrical generation. Because the plant was not generating, maintenance costs were also lower.

Renewable Energy Credits (“RECs”): Texas (the “State”) state law was changed in 2008, which allowed the Canyon Hydro Plant to participate in the State’s Renewable Energy Credit program. NBU had no realized revenue from the sale of RECs from Canyon Hydro in Fiscal Year 2025.

Net Fund and Debt Service Requirement: The GBRA debt obligation was paid off in April 2014, and as a result, there was no debt service reserve requirement in Fiscal Year 2025. The original cost of the hydroelectric plant was \$13,990,000.

FINANCIAL IMPACT

The amount owed GBRA for Fiscal Year 2025 is summarized as follows:

Revenue shortfall due to actual production vs. required production	\$302,424
Lower operating expenses than budget	(16,717)
Increase in miscellaneous income/interest earnings	(1,015)
Net fund and debt service requirements less than budget	-
Net Amount Owed to GBRA	\$284,692

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

None



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items for Action

From: Jeffrey Jones
Information Technology
Manager **Reviewed by:** Carlos Salas
Director of Technology

Submitted by: Greg Brown
Chief Technology and
Security Officer **Approved by:** Ryan Kelso
Chief Executive Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute a DIR Cooperative Agreement, DIR Contract No. DIR-CPO-5792, with Dell Marketing, LP for the Purchase of Computers and Other Products

BACKGROUND

New Braunfels Utilities (“NBU”) uses desktop, laptop, and tablet computers to conduct daily business and transactions. NBU’s Information Technology (“IT”) department adopted a computer replacement program that exchanges each user’s computer every four (4) years. This program ensures that NBU has up-to-date computer systems and maintains reliability and functionality. NBU currently uses Dell Marketing, LP (“Dell”) to supply its computer systems.

After extensive research and careful consideration, NBU’s IT department has elected to continue utilizing Dell's computer systems to increase resiliency and minimize downtime by replacing computer equipment. Dell offers the purchase of the equipment through the Texas Department of Information Resources (“DIR”) contract number DIR-CPO-5792 (the “Contract”). The Contract will allow NBU to obtain the computer equipment at a low rate and expedite the contracting process by purchasing the equipment in large batches. NBU’s use of DIR Contract number DIR-CPO-5792 satisfies the bidding requirements under Texas law.

NBU staff requests that the Board approve the Contract with Dell.

This item is being presented to the Board because the total amount of the Contract exceeds \$250,000.00.

FINANCIAL IMPACT

The total amount of the contract is \$1,200,000.00 over a three (3) year period. Each year, NBU will pay \$400,000.00 to satisfy the terms of the Contract. This item is budgeted within the IT department's Capital Equipment Replacement budget for Fiscal Year 2026 through Fiscal Year 2028.

LINK TO STRATEGIC PLAN

Infrastructure and Technology

Financial Excellence

EXHIBITS

1. Combined Dell DIR Contract – DIR-CPO-5792



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items for Action

From: Jeffrey Jones **Reviewed by:** Carlos Salas
Information Technology Director of Technology
Manager

Submitted by: Greg Brown **Approved by:** Ryan Kelso
Chief Technology and Chief Executive Officer
Security Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Source Power, LLC, for the Completion of the NBU Fiber Build Project to Provide Redundant Fiber Optic Infrastructure to NBU Facilities and Sites

BACKGROUND

On August 23, 2025, New Braunfels Utilities (“NBU”) issued Request for Proposal (“RFP”) 25-0090 for the completion of the NBU Fiber Build project, which will create a redundant Fiber Optic infrastructure. This project will complete NBU’s Fiber Master Plan and provide redundant fiber connectivity across all NBU facilities and sites.

NBU received six (6) proposals during the public bidding process, with a final deadline of September 30th, 2025. One proposal was submitted incorrectly and was subsequently disqualified. All five (5) remaining proposals were reviewed and scored by an evaluation committee comprised of six (6) NBU employees and one third-party member from Cobb-Fendley, LLC, who had created the original design of the fiber ring. The evaluation committee determined that Source Power, LLC’s submitted proposal is the most advantageous to NBU, considering the relative importance of prices and the evaluation criteria in the RFP.

The total amount for the fiber installation is \$858,211.00, which exceeds the board approval level of \$250,000.00.

NBU staff requests that the Board of Trustees approve this contract agreement with Source Power, LLC, to ensure continued resiliency and reliability for NBU’s critical infrastructure.

This item is being presented to the Board because the total amount of the contract exceeds \$250,000.00.

FINANCIAL IMPACT

The total amount of the contract is \$858,211.00. These funds are available in our Fiscal Year 2026 Capital Project budget.

LINK TO STRATEGIC PLAN

Infrastructure and Technology

Financial Excellence

EXHIBITS

1. Contract Agreement with Source Power, LLC
2. Exhibit B - Contractor's Bid Form
3. Bid Tab and Evaluation Summary – RFP 25-0090

Submitted by: Greg Brown
Chief Technology and
Security Officer

Approved by: Ryan Kelso
Chief Executive Officer

LINK TO STRATEGIC PLAN

Customers and Community

People and Culture

Infrastructure and Technology

EXHIBITS

1. New Braunfels Utilities 3 Year Renewal
2. Combined Executive Information Systems, LLC DIR Contract – DIR-CPO-5832



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items for Action

From: Justin Stroupe **Reviewed by:** Carlos Salas
Operational Technology Director of Technology
Manager

Submitted by: Greg Brown **Approved by:** Ryan Kelso
Chief Technology and Chief Executive Officer
Security Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute a Master Software License Agreement with Inductive Automation, LLC for Ongoing Licensing and Support Services for the Water/Wastewater Supervisory Control and Data Acquisition (SCADA) System

BACKGROUND

NBU's newly selected Supervisory Control and Data Acquisition ("SCADA") system requires additional licensing and support. The additional licenses will afford NBU redundancy at our most critical sites, and support will ensure our software is up to date with the latest functionality and security.

The Agreement with Inductive Automation is to purchase additional licenses and maintain support. The agreement is for one (1) year with four (4) one-year renewals.

NBU staff requests that the Board of Trustees approve this Agreement with Inductive Automation.

These items are being presented to the Board because the total amount of the Agreement exceeds \$250,000.00.

FINANCIAL IMPACT

The total cost of the Inductive Automation agreement shall not exceed \$100,000 per year, with a maximum of \$500,000.00 for the duration of the Agreement.

LINK TO STRATEGIC PLAN

Customers and Community

People and Culture

Infrastructure and Technology

Financial Excellence

Safety and Security

Stewardship

EXHIBITS

1. Inductive Automation Master Software Licensing Agreement (MSLA)
2. NBU Contract Rider



Meeting Date: December 18, 2025 **Agenda Type:** Consent Items for Action

From: Justin Stroupe **Reviewed by:** Carlos Salas
Operational Technology Director of Technology
Manager

Submitted by: Greg Brown **Approved by:** Ryan Kelso
Chief Technology and Chief Executive Officer
Security Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute a Materials Agreement with D. Reynolds Company, LLC for Programmable Logic Controllers, Input/Output Modules, and Automation Components for the Water/Wastewater Supervisory Control and Data Acquisition (SCADA) System

BACKGROUND

D. Reynolds Company, LLC is a sole-source provider for all Rockwell parts and materials for the NBU Water/Wastewater Supervisory Control and Data Acquisition (“SCADA”) system, which are the products standardized by NBU. This will allow NBU to convert its existing Telog lift stations, replace end-of-life Programmable Logic Controllers (PLCs), and repair/replace any failed components. The Agreement with D. Reynolds Company, LLC is to purchase Rockwell parts and materials. The agreement is for one (1) year with the option of four (4) one-year renewals.

NBU staff requests that the Board of Trustees approve this Agreement with D. Reynolds Company, LLC.

These items are being presented to the Board because the total amount of the Agreement exceeds \$250,000.00.

FINANCIAL IMPACT

The total cost of the D. Reynolds Company, LLC agreement shall not exceed \$200,000.00 per year, with a maximum of \$1,000,000.00 for the duration of the Agreement.

LINK TO STRATEGIC PLAN

Customers and Community

Infrastructure and Technology

Safety and Security

Stewardship

EXHIBITS

1. New Braunfels TRC Utilities Materials Agreement

Approved by: Ryan Kelso
Chief Executive Officer

FINANCIAL IMPACT

The total contract amount for the Agreement with Carahsoft is \$598,651.98, with a not-to-exceed amount of \$199,550.66 annually for the initial contract term and \$199,550.66 for each of the additional two (2) one-year terms. These funds are available in our Fiscal Year 2026 Operations and Maintenance budget (“O&M Budget”) and will be budgeted in the O&M Budgets of Fiscal Year 2027 through Fiscal Year 2028.

LINK TO STRATEGIC PLAN

Infrastructure and Technology

Safety and Security

EXHIBITS

1. Combined Carahsoft DIR Contract – DIR-CPO-5687

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute a Memorandum of Understanding with the City of New Braunfels to Coordinate Capital Projects Under the Capital Improvement Program

BACKGROUND

On September 26, 2017, the New Braunfels Utilities (“NBU”) Board of Trustees approved a memorandum of understanding (“MOU”) for joint bid construction to address the utility conflicts that arose during the City of New Braunfels’ (“CoNB”) street improvement projects planning. The CoNB and NBU have identified a need to update and revise their procedures for coordinating capital infrastructure projects (“CIP”) to streamline the process.

As a result, NBU staff request the Board’s approval of the 2025 Memorandum of Understanding (MOU), which establishes a framework for resolving utility conflicts and coordinating the joint design and bidding process for upcoming CoNB and NBU infrastructure projects that may affect one another. This MOU process streamlines resolution of conflicts, shortens construction durations and impacts, and reduces costs to both parties.

The CoNB and NBU will review each party's capital improvement plans throughout the design process to determine any notable conflicts, assess the risk of unforeseen NBU utility conflicts on each project, and allocate bid items for known conflicts and bid allowances for unknown conflicts. For joint bid projects, capital projects involving both a CONB project and an NBU current or planned infrastructure project, the CONB and NBU will each be a party to contracts for design and construction. The CONB will be the lead contracting agency on joint projects and the CONB shall have primary responsibility for the project solicitation and procurement for both design and construction. NBU will reimburse the CoNB for utility design and construction costs associated with both joint bid and non-joint bid CoNB projects.

This item is being presented to the Board because NBU is requesting a change to the previously Board-approved MOU with the CoNB for utility conflict resolution and CIP coordination.

FINANCIAL IMPACT

The financial impact of this MOU is \$0; however, all costs utilizing this MOU above \$250,000.00 will be brought to the NBU Board of Trustees for approval. The costs of the projects that will be governed by this MOU are budgeted within the Fiscal Year 2026 through 2030 NBU Board-approved Capital Improvements Projects budget.

LINK TO STRATEGIC PLAN

Customers and Community

Infrastructure and Technology

Financial Excellence

EXHIBITS

1. City of New Braunfels & NBU CIP MOU

within the Fiscal Year 2026 through Fiscal Year 2028 NBU Board approved Capital Improvements Projects Budget.

LINK TO STRATEGIC PLAN

Infrastructure and Technology

Stewardship

EXHIBITS

1. First Amendment to the Professional Services Agreement with FNI

RECOMMENDED ACTION: Authorize the CEO or His Designee to Execute a Bank Depository Agreement, Third Party Custodian Agreement, and a Security Agreement with Frost Bank for Bank Depository Services

NBU has utilized Frost Bank for treasury services since 2001. These services include standard commercial checking, internet banking, ACH processing, and wire transfers. In January 2021, the NBU Board approved a depository institution contract with Frost Bank, effective February 1, 2021, for a period of one year and four one-year extensions (for a potential total contract term of five years) and subject to a mutual agreement of extension. NBU's current contract with Frost Bank will expire on January 31, 2026.

In June 2025, NBU issued a Request for Proposals for Banking Depository Services (the “Bank RFP”). NBU received two proposals in response to the Bank RFP that were evaluated based on (i) the bank’s stability, ratings, and references; (ii) the cost of the required banking services; (iii) the background, experience, qualifications, and location of the bank; (iv) the implementation plan and timeline; and (v) the information reporting and retention.

In August 2025, NBU staff met to discuss and review the proposals for the banking depository services agreement and the security agreement (together the “Agreements”) and recommended that the Agreements be awarded to Frost Bank as its proposal was determined to be the most advantageous to NBU considering the relative importance of price and the other evaluation factors included in the Bank RFP.

The Agreements with Frost Bank are effective February 1, 2026, for a period of one year and four one-year extensions (for a potential total contract term of five years) with the same terms and conditions as the initial term. This recommendation is based on Frost Bank’s pricing proposal, its financial strength, its product service offerings, its capabilities, and its proven track record in providing quality and responsive financial services to NBU.

The costs for the depository banking services shall not exceed \$600,000.00 during the term of the Agreements with Frost Bank or any extension of such term.

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

1. Bank Depository Agreement
2. Security Agreement



Meeting Date: December 18, 2025 **Agenda Type:** Action Item

From: Kimberly DaCosta **Reviewed by:** Ashley Schriewer
Accounting Manager Director of Financial Services

Submitted by: Jessica Williams **Approved by:** Ryan Kelso
Chief Executive Officer Chief Executive Officer

RECOMMENDED ACTION: Discuss and Consider Accepting the Audit and Annual Comprehensive Financial Report for the Fiscal Year Ended July 31, 2025, performed by Baker Tilly US, LLP

BACKGROUND

Baker Tilly US, LLP conducted an audit of the Fiscal Year 2025 financial results and issued an unqualified opinion, “clean” opinion. The auditor conducted preliminary fieldwork from July 14 to 18, 2025, which included testing of internal controls and procedures. Final fieldwork was conducted from October 13 to 17, 2025, which included a detailed examination and testing of financial records for accuracy. The majority of the audit testing was completed during this occurred during the period, with further testing taking place after these dates through December 2025.

The following reports will be presented to the Board for consideration at the Board meeting:

- a. Report from Auditor, Aaron Worthman, CPA; and
- b. Report from NBU Audit Committee.

FINANCIAL IMPACT

None

LINK TO STRATEGIC PLAN

Financial Excellence

Stewardship

EXHIBITS

1. Fiscal Year 2025 Annual Comprehensive Financial Report



Presentation to the Board of Trustees on the 2025 audit:

New Braunfels Utilities (NBU)

December 18, 2025

This communication is intended solely for the information and use of those charged with governance, and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Audit Discussion

Agenda

What was covered by this year's audit

Summary of audit results

Required communication to Governing
Body

Discussion

Audit overview

Audit was conducted onsite and remotely with no difficulties. Two weeks of fieldwork were conducted.

- One week of interim fieldwork conducted onsite and remotely - July 21st – 23rd
- One week of final fieldwork conducted onsite and remotely - October 13th through 17th

Management and staff were cooperative and readily available.

Audit schedule was maintained and communication between management and auditors was effective.

Planned scope and timing

Audit focus

Based on our understanding of the Utilities and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards
- Review, recompute and substantiate financial statement amounts and disclosures

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Utilities' current year results.

Audit approach and results

Audit performed in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*

Audit objective – reasonable assurance that financial statements are free from material misstatement

Financial statements of NBU received an *Unmodified Opinion*

There was one material weakness in controls over financial reporting

Auditor communication to those charged with governance

Auditor
responsibility &
independence

Board
responsibility

Accounting
policies and
estimates

Baker Tilly agrees with the Utilities'
accounting policies and disclosures

Audit adjustments

No other audit findings or concerns

Audit summary

Thank You!

We appreciate the work performed by the NBU accounting staff, management and the Audit Committee in preparing for and assisting in the audit!

We would be happy to answer any questions regarding the audit.

Discussion