

GUADALUPE-BLANCO RIVER AUTHORITY

Minutes of the Board of Directors

The Board of Directors of the Guadalupe-Blanco River Authority met in a regular monthly meeting on September 17, 2008, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were T. L. Walker, Margaret M. Grier, Frank J. Pagel, Grace G. Kunde, Oscar H. Fogle, and Arlene N. Marshall. Directors Myrna P. McLeroy, Clifton L. Thomas, Jr., and James L. Powers were absent. Also present were W. E. West, Jr., General Manager; James Lee Murphy, Executive Manager of Water Resources and Utility Operations; Alvin Schuerg, Executive Manager of Finance and Administration; Todd Votteler, Executive Manager of Intergovernmental Relations and Policy; Bruce Wasinger, General Counsel; David Welsch, Executive Manager of Business Development and Resource Management; Gary Asbury, Project Development Manager; Tommy Hill, Chief Engineer; Debbie Magin, Director of Water Quality Services; Bryan Serold, Operations Manager-Lower Basin; John Smith, Operations Manager-Upper Basin; LaMarriol Smith, Manager of Communications and Education; Tommie Streeter-Rhoad, Economic Development Manager; Cricket Dietert, Executive Assistant to the General Manager; Janet Thome, Trust Coordinator; Tammy Beutnagel, Public Communications Assistant; Connie Rothe, Board Relations Assistant; Leigh Crettenden, Web Master; Janae Reneaud, Trust Conservation Specialist; Dee Baker, Engineer; Lee Gudgell, Water Quality Technician; Darel Ball, Division Manager-Hays/Caldwell; Liz Sedlacek, Administrative Assistant; Roger Nevola, legal counsel; Jim Dublin and Rose Marie Eash representing Dublin and Associates, Inc.; Steve Holzheuser, consultant; David Engel representing Engel and

Associates; Lynn Lindsay, Richard Garcia, Tom Haberle, and Chuck Dvorsky representing the Texas Commission on Environmental Quality, San Antonio Office; and W. H. Espey, Tony Smith, and David Harkins representing Espey Consultants.

In the absence of Chair McLeroy and Vice-Chair Thomas, Secretary-Treasurer Walker assumed the Chair and called the meeting to order at 10:16 a.m., and took note of the certifications presented by the General Manager that notice of the meeting had been properly posted in the office of the Secretary of State, in the Guadalupe County Courthouse, and at the GBRA main office and river annex in Seguin, Texas, pursuant to Title 5, Chapter 551 of the Government Code. A quorum being present, the following proceedings were had:

Chair Walker appointed Director Fogle to serve as Secretary Pro-Tem.

Director Grier led the Pledge of Allegiance to the United States and Texas flags.

The Chair called for comments from the public. There were no other public comments at this time.

The Chair called for **Items from the Chair – 1 - Consideration of and possible action authorizing expenditure of funds for Directors and staff to attend the Texas Water Conservation Association 2008 fall meeting scheduled for October 8-10, 2008 in San Antonio.** Upon motion by Director Grier, seconded by Director Kunde, the Board unanimously authorized the expenditure of funds for Directors and staff to attend the Texas Water Conservation Association fall meeting.

Next, the Chair called for **Items from the Chair 2 - Consideration of and possible action authorizing the General Manager to change the date of the monthly Board of Directors' meeting from November 19, 2008 to November 12,**

2008. Upon motion by Director Fogle, seconded by Director Marshall, the Board unanimously authorized the General Manager to change the November Board meeting date to November 12, 2008.

The Chair then called for **Consent Items 3 - Consideration of and possible action approving the August 20, 2008 Board meeting minutes; 4 - Consideration of and possible action approving the monthly financial report for August 2008; 5 - Consideration of and possible action approving the monthly operations report for August 2008; 6 - Consideration of and possible action approving Directors' expense vouchers; and 7 - Consideration of and possible action approving a Joint Funding Agreement between the United States Geological Survey and the Guadalupe-Blanco River Authority for the period October 2008 through September 2009.** Upon motion by Director Grier, seconded by Director Marshall, the Board unanimously approved Consent Items 3, 4, 5, 6, and 7.

The Chair called for **Items from the General Manager 8 - Discussion of the Executive Report.** General Manager West briefed the Board on Hurricane Ike preparations for GBRA's lower basin divisions, a draft of the Preliminary Engineering Report for the Village of Wimberley Wastewater Treatment Plan, and a draft Conservation Plan and Drought Contingency Plan for Cordillera Ranch Water System and the Comal Trace Water System. Discussion was had regarding Exelon Generation's submission of a Combined Construction and Operating License Application with the U. S. Nuclear Regulatory Commission and a public scoping meeting conducted by the Nuclear Regulatory Commission to discuss the Exelon project. General Manager discussed with the Board engineering work with the technical

committee on activities for the next round of planning for Region L, work with the City of Austwell and DeWitt Drainage District Number 1 relating to the FEMA Hazard Mitigation Plan, and FEMA remapping in Kendall, Gonzales, Caldwell and DeWitt Counties. Discussion was had regarding continued marketing of GBRA's Regional Laboratory services and announcement of the NELAP accreditation. General Manager West informed the Board on activities on the Plum Creek Project, the Caldwell County Texas Water Development Board Study, the Clean Rivers Program, and completion of the water hyacinth treatments on Lake Gonzales and Lake Wood. Discussion was had regarding watershed enhancement projects in Kendall County, the Canyon Lake Gorge first Annual Moonlight in the Gorge Gala scheduled for October 15, 2008, and an economic development summit in Calhoun County. General Manager West briefed the Board on information technology and human resource activities. Alvin Schuerg briefed the Board on the financial executive summary for the period ending August 31, 2008.

Next, the Chair called for **Action Item 9 - Consideration of and possible action approving a Second Amendment to the Agreement between the City of Fair Oaks Ranch, Texas and the Guadalupe-Blanco River Authority.** The City of Fair Oaks Ranch is a customer of the GBRA Western Canyon Regional Treated Water Supply System. Under the original Agreement GBRA has committed a Raw Water Reservation of 1,400 acre feet of water to the City, with an initial Annual Commitment of 800 acre feet per annum. By a First Amendment the Raw Water Reservation was increased to 1,600 acre feet of water, with the Annual Commitment increased to 840 acre feet per annum. By Board action of November 15, 2006, a Raw Water Reservation of 175 acre feet of water, with an Annual Commitment of 35 acre feet of water per

annum from the Western Canyon Regional Treated Water Supply System was committed to Bitterblue, Inc. By Board action of November 15, 2006, a Raw Water Reservation of 75 acre feet of water, with an Annual Commitment of 15 acre feet of water per annum from the Western Canyon Regional Treated Water Supply System was committed to Oak Bend Forest L.L.C. Both of these properties are within the Bulverde CCN. Subsequent to the above actions, the City of Fair Oaks Ranch requested that the TCEQ approve dual certification of the referenced areas. The City of Bulverde has agreed to such service, and the City of Fair Oaks Ranch request has been approved by the Texas Commission on Environmental Quality. A Second Amendment has been prepared to transfer the referenced water supply quantities to the City of Fair Oaks Ranch. This will result in the City of Fair Oaks Ranch having a Raw Water Reservation of 1,850 acre feet per annum and an annual commitment of 890 acre feet per annum. Upon motion by Director Grier, seconded by Director Marshall, the Board unanimously approved a Second Amendment to the Agreement between the City of Fair Oaks Ranch, Texas and the Guadalupe-Blanco River Authority for treated water service from the Western Canyon Regional Treated Water Supply System. A copy of the Second Amendment is attached and made a part of these minutes.

The Chair then called for **Action Item 10 - Consideration of and possible action approving a Resolution of the Board of Directors of the Guadalupe-Blanco River Authority designating a no-wake speed from the boat ramp at Keifer's Slough to the main channel of the Guadalupe River on Lake Wood (Lake H-5) in Gonzales County, Texas.** GBRA staff works on a regular basis with representatives of local lake-wide associations, Texas Parks and Wildlife Department (TPWD), and local

enforcement officials to develop and implement programs for water safety and to address other lake related issues. Under Section 31.092 of the Parks and Wildlife Code GBRA has the authority to establish certain restrictions on lakes operated by GBRA, including the six (6) hydroelectric lakes. Once restrictions are approved by the Board of Directors, they are filed with the TPWD and enforcement is then provided by TPWD and local certified County officials. GBRA staff spoke with local officials to identify potential areas to be restricted for water safety reasons and to address other issues related to lake safety. The proposed action will establish a no-wake area at Kiefer's Slough on Lake Wood (Lake H-5). The action is recommended by the local TPWD Game Warden and is necessary due to near-misses between boaters coming out of this area to enter the main channel of the Guadalupe River. Upon motion by Director Fogle, seconded by Director Marshall, the Board unanimously approved a Resolution of the Board of Directors of the Guadalupe-Blanco River Authority designating a no-wake speed from the boat ramp at Keifer's Slough to the main channel of the Guadalupe River on Lake Wood (Lake H-5) in Gonzales County, Texas. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Action Item 11 - Consideration of and possible action approving the submission of the State Boating Access Grant Application and authorizing the twenty-five percent (25%) matching funds for the project.** GBRA is rehabilitating the boating access facility at Lake Wood in Gonzales, Texas. GBRA has prepared a State Boating Access Program Grant Application for Texas Parks and Wildlife Department to obtain seventy-five percent (75%) of the funding for the expansion. GBRA will be responsible for twenty-five percent (25%) of the cost. Texas

Parks and Wildlife Department has requested that GBRA authorize the submission of the State Boating Access Grant Application. The Boating Access Program provides seventy-five percent (75%) matching fund grant assistance for major repairs or rehabilitation of existing public boat ramps with GBRA funding the remaining twenty-five (25%). Upon motion by Director Kunde, seconded by Director Marshall, the Board unanimously approved a Resolution for the submission of the State Boating Access Grant Application and authorized the twenty-five percent (25%) matching funds for the project. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Action Item 12 - Consideration of and possible action approving the restatement of the Retirement Plan for Employees of Guadalupe-Blanco River Authority.** One of two basic retirement programs for employees of GBRA is a defined benefit pension plan. It is funded by GBRA and no employee contributions are contributed. As part of the Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”), required updates to the plan are adding final 401(a) (9) minimum distribution language, finalizing all of “good faith” EGTRRA language, adding updates to “direct rollover” language, and updating the Plan’s 415 language to reflect final regulations under that Code Section. The IRS requires the GBRA Retirement Plan to be restated and submitted prior to January 31, 2009. The GBRA Retirement and Benefit Committee met on September 17, 2008 to consider and take action to restate the Guadalupe-Blanco River Authority Defined Benefit Retirement Plan effective January 1, 2009 required to bring the plan into final compliance with certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”) and of Treasury Regulations under section 415 of the Code. Upon motion

by Director Kunde, seconded by Director Grier, the Board unanimously approved the restatement to the Retirement Plan for Employees of Guadalupe-Blanco River Authority. A copy of the Restated Retirement Plan for Employees of the Guadalupe-Blanco River Authority is attached and made a part of these minutes.

The Chair then called for **Action Item 13 - Consideration of and possible action approving an amendment to the May 31, 2005 Hazard Mitigation Plan for the Guadalupe River Basin.** In 2004 GBRA took the lead in developing a comprehensive Hazard Mitigation Plan for the Guadalupe River Basin. GBRA hired the firm of H₂O and Associates to assist in preparation of the Plan. The Plan which is a requirement of FEMA, aims to make the communities within the basin resistant to disaster. Each community was required to prepare mitigation action items and once the action item is in the plan, it makes obtaining FEMA pre-disaster mitigation grants easier. FEMA approved the Mitigation Plan on May 31, 2005. The City of Austwell has developed a mitigation action to protect against coastal flooding. The action item will be posted on the GBRA website as of September 12, 2008 for public comment. If there are no major public comments or concerns regarding the impact of this action item, it will be submitted to the Governor's Division of Emergency Management (GDEM). Upon motion by Director Fogle, seconded by Director Marshall, the Board unanimously approved an amendment to the May 31, 2005 Hazard Mitigation Plan for the Guadalupe River Basin for the City of Austwell. A copy of the amendment to the Plan is attached and made a part of these minutes

The Chair called for **Action Item 14 - Presentation on the San Antonio River Basin Monitoring Network and consideration of and possible action approving**

the Guadalupe-Blanco River Authority's participation in the development of the Guadalupe River Basin Monitoring Network with the Texas Commission on Environmental Quality, the United States Geological Survey, the Guadalupe-Blanco River Trust, and other partners and stake holders. Todd Votteler introduced Lynn Lindsay, Richard Garcia, Tom Haberle, and Chuck Dvorsky representing the Texas Commission on Environmental Quality, San Antonio Office. Mr. Lindsay gave a presentation to the Board on the Water Partnership Program–Real Time Monitoring Project for San Antonio River Basin Monitoring Network. Mr. Garcia thanked the GBRA Board for the opportunity to present the volunteer program for River Basin Monitoring Network and the possible opportunity to work with GBRA as a partner. Lee Gudgell made a presentation to the Board regarding the proposed Guadalupe-Blanco River Basin Monitoring Network. Upon motion by Director Pagel, seconded by Director Grier, the Board unanimously authorized the Guadalupe-Blanco River Authority's participation in the development of the Guadalupe River Basin Monitoring Network with the Texas Commission on Environmental Quality, the United States Geological Survey, the Guadalupe-Blanco River Trust, and other partners and stake holders.

Next, the Chair called for **Discussion Item 15 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** The reports were discussed. Tommy Hill briefed the Board on Drought Monitor conditions, Palmer Drought Severity Index, rainfall deficits in Texas, impacts on area reservoirs, and Canyon Reservoir's Forecast for the next 30 days. Tommy Hill informed the Board on the National Weather Service's records for rains from Hurricane Ike, tide gages from Galveston Island, and Port Arthur surges from Hurricane Ike.

The Chair then called for **Discussion Item 16 - Discussion regarding the draft Guadalupe-Blanco River Authority Water Conservation Plan and Drought Contingency Plan for Cordillera Ranch and Comal Trace Water System.** John Smith briefed the Board on the draft Water Conservation Plan and Drought Contingency Plan for Cordillera Ranch and Comal Trace Water Systems.

The Chair called for **Items from the General Manager 17 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West introduced W. H. Espey, Tony Smith, and David Harkins representing Espey Consultants. Tony Smith gave a presentation on Environmental Flows-Landscape and Considerations for GBRA. The presentation included a historical timeline for determination of environmental flows, priority river basin and bay systems, Senate Bill 3 architecture, current status, and ongoing bay and estuary studies. David Harkins continued the presentation discussing instream flow requirements, draft environmental flow guidelines, Guadalupe River Instream Flow Study, and ongoing instream flow studies.

Next, the Chair called for **Items from the General Manager 18 - Discussion regarding the Edwards Aquifer Authority, South Central Texas Water Advisory Committee, and the Guadalupe Basin Coalition.** Todd Votteler briefed the Board on activities of the Edwards Aquifer Authority including the Edwards Aquifer Recovery Implementation Program.

The Chair then called for **Items from the General Manager 19 - Discussion regarding the Guadalupe-Blanco River Trust.** Todd Votteler briefed the Board on the Guadalupe-Blanco River Trust activities.

The Chair recessed the open meeting at 12:12 p.m. The Chairman closed the open meeting and convened the meeting in executive session at 12:30 p.m. The meeting reconvened in open session at 1:22 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:25 p.m. subject to call by the Chair.

Chair

Secretary Pro-Tem