

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 April 15, 2009, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were T. L. Walker, Clifton L. Thomas, Jr., Grace G. Kunde, Margaret M. Grier, Myrna P. McLeroy, Frank J. Pagel, Oscar H. Fogle, James L. Powers, and Arlene N. Marshall. 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; Barbara Gunn, Human Resources Manager; Tommy Hill, Chief Engineer; Debbie Magin, Director of Water Quality Services; Tommie Streeter-Rhoad, Economic Development Manager; Bryan Serold, Operations Manager-Lower Basin; John Smith, Operations Manager-Upper Basin; LaMarriol Smith, Manager of Communications and Education; Cricket Dietert, Executive Assistant to the General Manager; Janet Thome, Project and Grants Specialist; Tammy Beutnagel, Public Communications Assistant; Connie Rothe, Board Relations Assistant; Leigh Crettenden, Web Master; Susan Hubbert, Accountant; Sandra Terry, Accountant; Janae Reneaud, Guadalupe-Blanco River Trust Interim Executive Director; Roger Nevola, legal counsel; Jim Dublin and Rose Marie Eash representing Dublin and Associates, Inc.; David P. Engel representing Engel and Associates; and Michael Schultz of Fair Oaks Ranch, Texas.

Chair Walker called the meeting to order at 10:04 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:

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

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

The Chair called for **Consent Items 1 - Consideration of and possible action approving the March 18, 2009 Board meeting minutes; 2 - Consideration of and possible action approving the monthly financial report for March 2009; 3 - Consideration of and possible action approving the monthly operations report for March 2009; 4 - Consideration of and possible action approving Directors' expense vouchers; and 5 - Consideration of and possible action approving Resolutions endorsing GBRA's support of and participation in National Drinking Water Week and Water Utilities Awareness Week, May 3-9, 2009.** Upon motion by Director Marshall, seconded by Director Kunde, the Board unanimously approved Consent Items 1, 2, 3, 4, and 5.

Next, the Chair called for **Items from the General Manager 6 - Discussion of the Executive Report addressing matters relating to safety, utility operations, municipal solid waste registration requirements for the Victoria Wastewater**

Treatment Plant, re-rating evaluation of the Port Lavaca Water Treatment Plant, water resource operations, engineering, coordination with the U.S. Army Corps of Engineers regarding Canyon Reservoir operations, Nueces Recharge Study, the seasonal deviation study for Canyon Reservoir and Cibolo Watershed Study, FEMA remapping projects, construction management including the regional raw water pump station near Lake Dunlap, and IH-35 transmission main improvements, Canyon Park Estate Wastewater Treatment Plant expansion, Wimberley Wastewater Treatment Plant, temporary water service to Comal Independent School District elementary school in Johnson Ranch development near Bulverde, regional laboratory, Clean Rivers Program, Plum Creek Partnership activities, Geronimo Creek Watershed Protection Plan; water quality (general), economic development activities, events and projects, on-going tasks regarding proposed Exelon Project, SRF clean water application for funding of a portion of the Wimberley wastewater project, options for treated water for Wimberley, FM 725 wastewater project, resource protection, lake management including starting process for “Lake Loading Study”, Bulverde wastewater, information technology, human resources, and accounting and finance. General Manager West briefed the Board on operations and activities of GBRA. David Welsch briefed the Board on wastewater projects in Comal County, Texas. Alvin Schuerg briefed the Board on the financial statements executive summary for the period ending March 31, 2009.

The Chair then called for **Action Item 7 - Consideration of and possible action approving Board Policy – 403 Investment Policy as written.** GBRA Board Policy LV – 4/15/09

403 – Investment Policy as well as the Texas Public Funds Investment Act requires GBRA's Board of Directors to annually approve the investment policy and the investment strategy contained therein. The GBRA staff did not recommend any amendments to Board Policy – 403 Investment Policy and recommended that the Board of Directors continue to approve Policy 403 – Investment Policy as written. Upon motion by Director McLeroy, seconded by Director Powers, the Board unanimously approved Board Policy – 403 Investment Policy as written. A copy of the Policy is attached and made a part of these minutes.

The Chair called for **Action Item 8 - Consideration of and possible action approving security broker/dealers with whom GBRA may conduct security transactions.** GBRA Board Policy 403 – Investment Policy as well as the Texas Public Funds Investment Act requires GBRA's Board of Directors to at least annually approve the firms that GBRA may buy or sell investment securities through. GBRA currently utilizes eight security broker/dealer firms to buy and sell investment securities through as approved by the GBRA Board of Directors on January 16, 2008. The GBRA Staff recommended to continue using the following eight security broker/dealers to buy and sell investment securities for future transactions: Bank of America, Dallas; First Southwest Asset Management Inc, Austin; First Tennessee Bank, Memphis; JP Morgan Chase Securities, San Antonio; Morgan Keegan, Memphis; SWS Securities, Dallas; Vining Sparks, Memphis; and Wells Fargo Brokerage Services, Austin. Upon motion by Director Kunde, seconded by Director Powers, the Board unanimously approved the above listing of security broker/dealers with whom GBRA may conduct security transactions.

Next, the Chair called **Action Item 9 - Consideration of and possible action authorizing the General Manager to engage the audit firm of Thompson, Williams, Biediger, Kastor and Young for the Fiscal Year 2009 financial audit.** An annual audit is required by Section 7 of GBRA's Enabling Act, Section 49.191 of the Texas Water Code, GBRA Board Policy 410-Audits, and the provisions of numerous bond resolutions. GBRA Board Policy 410.202 states that the initial term of the engagement of an independent auditor shall be three years subject to annual evaluation and reappointment for the second and third years. Subsequent reappointments may be approved but the engagement cannot exceed five consecutive years. The firm of Thompson, Williams, Biediger, Kastor and Young (TWBKY) completed their first year serving as GBRA's auditor with the Fiscal Year 2008 audit. In March, 2009, TWBKY submitted their proposal for auditing services for the Fiscal Year 2009 audit to the GBRA Audit Committee. Upon request by the GBRA Audit Committee, TWBKY reviewed their proposal and submitted a new proposal for auditing services which states that the fees for the firm's services will be their quoted hourly rates, not to exceed the total fee charged for the Fiscal Year 2008 audit. Upon motion by Director Fogle, seconded by Director Grier, the Board unanimously authorized the General Manager to engage the audit firm of Thompson, Williams, Biediger, Kastor, and Young for the Fiscal Year 2009 financial audit. A copy of the engagement letter 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 adopting a Water Conservation Plan and Drought Contingency Plan for the Luling Water Treatment Plant.** A Water Conservation and

Drought Contingency Plan have been prepared for the Luling Water Treatment Plant. The wholesale plan will be implemented by the contracting parties, the City of Luling and the City of Lockhart, as part of their respective retail water operations. The Plan includes per capita water goals of 127 gpcd in 2013 and 126 gpcd in 2018. The Plan also includes triggers based upon the San Marcos River flow at the Luling gauge. The Stage I, II, and III of the Plan, correspond with river flows of 130 cfs, 80 cfs, and 40 cfs respectively. Meetings were held with the staff from each of the cities. Notice requesting comments to the Plan was advertised in the local newspapers. The Plans were posted on the GBRA website. Upon motion by Director Fogle, seconded by Director Marshall, the Board unanimously approved a Resolution adopting a Water Conservation Plan and Drought Contingency Plan the Luling Water Treatment Plant. A copy of the Resolution and Plans is attached and made a part of these minutes.

The Chair called for **Action Item 11 - Consideration of and possible action authorizing the General Manager to execute and enter into a contract with Freese and Nichols to assist in the preparation of an Emergency Action Plan for the Guadalupe Valley Hydroelectric System.** The Texas Commission on Environmental Quality has revised the Dam Safety Rules which now requires each dam owner to evaluate their structure for extreme flood events and prepare an Emergency Action Plan. At least one analysis will examine the possibility of a breach at the dam. Qualification statements were received from four engineering consulting firms: Epsey, UBS, Freese and Nichols, and HDR. GBRA Staff found that Freese and Nichols was the most qualified engineering consultant for this project. GBRA Staff requested Freese and Nichols to prepare a scope of work and contract which will include the following:

update existing hydrologic model to simulate probable maximum flood (PMF); perform a breach analysis; map the inundated area downstream; prepare an Emergency Action Plan (EAP); and identify additional future studies needed. Upon motion by Director Thomas, seconded by Director Kunde, the Board unanimously authorized the General Manager to execute and enter into a contract with Freese and Nichols to assist in the preparation of an Emergency Action Plan for the Guadalupe Valley Hydroelectric System. A copy of the contract is attached and made a part of these minutes.

Next, the Chair called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to execute and enter into an Interagency Contract with the Texas Water Development Board to perform a special project for the Environmental Flows Science and Advisory Committee.** GBRA Staff was contacted by the Texas Water Development Board regarding performing a literature review on the Guadalupe and Upper San Antonio River Basin, including the Guadalupe and Aransas Estuary. The work will provide assistance to the Senate Bill 3 Environmental Flow Science and Advisory Committee. The Texas Water Development Board indicated it is imperative that GBRA immediately start work to complete the effort by August 31, 2009. The Project will consist of contacting all local, regional, and national entities which may have reports or studies that can help with the Senate Bill 3 Environmental Flow Program. Once the list of related documents is developed, a ranking system by importance will be developed. The Texas Water Development Board will provide all funding for the project. Upon motion by Director Powers, seconded by Director Kunde, the Board unanimously authorized the General Manager to enter into an Interagency Contract with the Texas Water Development Board to perform a special

project for the Environmental Flows Science and Advisory Committee. A copy of the Interagency Contract is attached and made a part of these minutes.

The Chair then called for **Action Item 13 - Consideration of and possible action authorizing the General Manager to execute and enter into a contract with Espey and Associates to perform the Senate Bill 3 Literature Review as contracted with the Texas Water Development Board.** GBRA Staff was contacted by the Texas Water Development Board regarding performing a literature review on the Guadalupe and Upper San Antonio River Basin, including the Guadalupe and Aransas Estuary. The work will provide assistance to the Senate Bill 3 Environmental Flow Science and Advisory Committee. The Texas Water Development Board indicated it is imperative that GBRA immediately start work to complete the effort by August 31, 2009. The Texas Water Development Board will provide all funding for the project. GBRA Staff has determined the firm of Espey and Associates is the most qualified consultant to perform the work. Espey and Associates has performed similar studies on other Texas bays and are therefore familiar with the process. Also, Espey and Associates has the resources to immediately start on the project, so as to complete the project by August 31, 2009. Upon motion by Director Powers, seconded by Director Fogle, the Board unanimously authorized the General Manager to execute and enter into a contract with Espey and Associates to perform the Senate Bill 3 Literature Review as contracted with the Texas Water Development Board. A copy of the Contract is attached and made a part of these minutes.

The Chair called for **Action Item 14 - Consideration of and possible action approving a Resolution by the Guadalupe-Blanco River Authority approving a**

Technical Memorandum prepared by HDR Engineering, Inc., defining preliminary design for project facilities, and real property needs and pipeline route selections and other improvements to the GBRA Water Supply Project and other facility needs; declaring a public necessity for the design of a water supply project consisting of a raw water pump station and diversion facilities and a raw water delivery pipeline and related facilities, located in Victoria, Refugio and Calhoun Counties Texas, as provided in that Agreement between the Guadalupe-Blanco River Authority and Exelon Generation Company, LLC (“Exelon”) dated December 15, 2007, authorizing all appropriate actions by the General Manager and staff, retained attorneys and engineering and technical consultants necessary to prepare preliminary design and cost estimates, to identify, inspect, and survey lands, to conduct title research regarding ownership of properties, to perform archaeological and environmental studies, and to enter lands to determine the need for easements and related rights of way, to employ sub-consultants and independent contractors for linear survey of rights of way and to determine the extent and location of easement rights necessary for the project; and affirming all acts and proceedings heretofore done or initiated by employees, agents and attorneys of GBRA, and declaring sections of the Resolution to be severable one from the other in the event any section of this Resolution is determined to be invalid. No discussion or action was taken on Action Item 14 at this time.

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 with the Board. Tommy Hill briefed the Board on the rainfall averages and the U. S. Drought Monitor Seasonal Outlook.

The Chair then called for **Discussion Item 16 - Discussion and presentation on GBRA's Our Day to Shine project held April 4, 2009 at the Boys and Girls Club of Victoria.** Connie Rothe gave a presentation on GBRA's 2009 Our Day to Shine project in Victoria.

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 briefed the Board on the 2009 Proposed Water Management Plan for the San Antonio Water System, a joint Region L, N and P meeting, and a legislative session up-date. James Murphy briefed the Board on the Senate Natural Resources Hearing on sunset and auditing of river authorities. The Board was briefed on the National Water Resources Association Federal Water Issues Conference held March 30 through April 1, 2009 in Washington, D.C.

Next, the Chair called for **Items from the General Manager 18 - Discussion regarding the activities and transactions of 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 Recovery Implementation Program meeting and activities of the Edwards Aquifer Authority.

The Chair then called for **Items from the General Manager 19 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust.** There was no discussion on this item.

The Chair recessed the open meeting at 12:10 p.m. The Chair closed the open meeting and convened the meeting in executive session at 12:29 p.m. The meeting reconvened in open session at 1:38 p.m.

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

Chair

Secretary