

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 20, 2011, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Grace G. Kunde, Oscar H. Fogle, Arlene N. Marshall, Myrna P. McLeroy, James L. Powers, Robert “Rusty” Brockman, Dennis L. Patillo, and Tommy Mathews. Director Frank J. Pagel was 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 Manager; Barbara Gunn, Human Resources Manager; Tommy Hill, Chief Engineer; Bryan Serold, Operations Manager-Lower Basin; John Smith, Operations Manager-Upper Basin; LaMarriol Smith, Manager of Communication and Education; Teresa Van Booven, Project and Community Representative; Cricket Dietert, Executive Assistant to the General Manager; Connie Rothe, Board Relations Assistant; Tammy Beutnagel, Public Communications Assistant; Leigh Crettenden, Web Master; Sandra Terry, Accountant; Susan Hubbert, Accountant; Jaynellen Ladd, Natural Resource Specialist; Darel Ball, Division Manager, Hays-Caldwell; Ed Boettner, Chief Operator; Allan Smith, Operator I; Fred Hernandez, Operator I; Dennis Walker, Operator IV; Roberto Nieto, Electric Maintenance Supervisor; Steve Jester, Executive

Director representing the Guadalupe-Blanco River Trust; Roger Nevola, legal counsel; Jim Dublin representing Dublin and Associates; David Engel representing Engel and Associates; T. L. Walker, former GBRA Director from Comal County; Michael D. Schultz, former GBRA Director from Kendall County; 274th District Judge Gary L. Steel; Nina Nieto of Seguin; David A. Ferrill and Ronald N. McGinnis representing Southwest Research Institute; Calvin Finch representing San Antonio Water System; Shirley Jo Ross representing Camp, Dresser, and McKee; Alan Thompson representing Klotz Associates; Tim Kelley representing Piper Jaffrey; Mike Morrison representing Freese and Nichols; and Ramon Salazar representing KBR.

Chair Kunde called the meeting to order at 10:07 a.m., and took note of the certifications presented that notice of the meeting had been properly posted in the office of the Secretary of State, in the Guadalupe County Courthouse, and at the GBRA main office and river annex in Seguin, Texas, pursuant to Title 5, Chapter 551 of the Texas 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 comments from the public at this time.

Chair Kunde called for **Chair Item 1 - Welcome new and re-appointed Directors and administer the *Oath of Office* to Myrna P. McLeroy; Thomas O. Mathews, II; Dennis L. Patillo; Robert “Rusty” Brockman; Oscar H. Fogle; and Arlene N. Marshall.** Chair Kunde welcomed the Board members. District Judge Gary

L. Steel administered the *Oath of Office* to Myrna P. McLeroy, Thomas O. Mathews, II, Dennis L. Patillo, Robert “Rusty” Brockman, Oscar H. Fogle, and Arlene N. Marshall.

Next, the Chair called for **Chair Item 2 - Consideration of and possible action approving a Resolution honoring Tilmon Lee Walker for his outstanding leadership during his service as a Director and Officer of the Guadalupe-Blanco River Authority Board of Directors.** Upon motion by Director Powers, seconded by Director Fogle, the Board unanimously approved a Resolution honoring Tilmon Lee Walker for his outstanding leadership during his service as a Director and Officer of the Guadalupe-Blanco River Authority Board of Directors. A copy of the Resolution is attached and made a part of these minutes.

The Chair then called for **Chair Item 3 - Consideration of and possible action approving a Resolution honoring Michael D. Schultz for his outstanding leadership during his service as a Director of the Guadalupe-Blanco River Authority Board of Directors.** Upon motion by Director Powers, seconded by Director Fogle, the Board unanimously approved a Resolution honoring Michael D. Schultz for his outstanding leadership during his service as a Director of the Guadalupe-Blanco River Authority Board of Directors. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Chair Item 4 - Consideration of and possible action approving a Resolution honoring Guadalupe-Blanco River Authority 2011 retiree Roberto Nieto.** James Murphy introduced and recognized Roberto Nieto for his 43 years of dedicated service to GBRA. Upon motion by Director Powers, seconded by

Director Fogle, the Board unanimously approved a Resolution honoring GBRA retiree Roberto Nieto. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Chair Item 5 - Recognition of the Buda Wastewater Treatment Plant for the Water Environment Association of Texas Municipal Plant of the Year Award, Category I.** John Smith introduced and recognized GBRA's Buda Wastewater Treatment Plant employees Ed Boettner, Allan Smith, Fred Hernandez, and Dennis Walker on receipt of the *Plant of the Year* award. A video was shown to the Board reflecting the award.

The Chair called for **Consent Item 6 - Consideration of and possible action approving the March 16, 2011, Board meeting minutes; Consent Item 7 - Consideration of and possible action approving the monthly financial report for March 2011; Consent Item 8 - Consideration of and possible action approving the monthly operations report for March 2011; Consent Item 9 - Consideration of and possible action approving Directors' expense vouchers; Consent Item 10 - Consideration of and possible action authorizing the disposal of equipment in accordance with GBRA Board Policy 411-Capital Assets; and Consent Item 11 - 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 1-7, 2011.** Upon motion by Director Powers, seconded by Director Fogle, the Board unanimously approved Consent Item 6, 7, 8, 9, 10, and 11. A copy of the Resolutions are attached and made a part of these minutes.

Next, the Chair called for **Items from the General Manager 12 - Discussion of the Executive Reports** addressing matters relating to safety, utility operations including the inspection of the Coletto Creek Dam and Main Spillway, submittal of scope of work for the operation of the water and wastewater facilities of Texas Lehigh Cement Company, Lockhart State Park, 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, attendance at SB 3 BBEST and BBASC meetings, construction management including the regional raw water pipeline capacity improvements including completion of pipe installation, pigging operations and commencement of hydraulic testing, Canyon Park Estate Wastewater Treatment Plant expansion is complete and operational, Clean Rivers Program, activities including the annual Basin Steering Committee meeting, Plum Creek Project activities, Geronimo Creek Watershed Protection Plan activities, Environmental Flows Project activities, River Network Project activities, water quality (general), economic and community development activities, events and projects, work on alternatives for reuse of treated effluent to irrigate Wimberley's soccer fields at Blue Hole Park, and possible transfer of wastewater operations to Wimberley, Bulverde area regional wastewater activities, Rural Utilities - Dunlap wastewater service area activities, Mid-Basin water supply, Tri-Community Water Supply Corporation water supply matters, resource protection activities including lake management and removal of debris

caused by floods, Canyon Lake operations, leasing issues at H-5 and other hydroelectric lakes, Plum Creek Watershed Protection, brush control, water strategies, Upper Basin Environmental Learning Center and Gorge Preservation Society matters, Gonzales area flood warning matters, information technology, human resources, budget activities, accounting and finance. James Murphy briefed the Board on GBRA operation and engineering activities. David Welsch briefed the Board on water quality, regional laboratory, economic and community development, and business development activities. Alvin Schuerg briefed the Board on finance, human resource, and information technology activities. Mr. Schuerg also briefed the Board on the financial statements executive summary for the period ending March 31, 2011.

The Chair recessed the meeting at 11:00 a.m. The Chair reconvened in open meeting at 11:12 a.m.

The Chair then called for **Action Item 13 - 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 2011 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 third year serving as GBRA's auditor with the Fiscal Year 2010 audit. In March, 2011, TWBKY submitted their proposal for auditing services for the Fiscal Year 2011 financial audit to the Auditing Committee. The proposal for services states that the fees for the firm's services will be their quoted hourly rates, not to exceed the fees charged for the Fiscal Year 2010 audit. Upon motion by Director Powers, seconded by Director Fogle, the Board unanimously authorized the General Manager to engage the audit firm of Thompson, Williams, Biediger, Kastor, and Young for the Fiscal Year 2011 financial audit.

The Chair called for **Action Item 14 - Consideration of and possible action approving a Resolution declaring a public necessity for the design, acquisition of property, construction, operation and maintenance of River Bend Lift Station Improvements; the Legend Pond Lift Station and Collection and Transportation System; and the Regional Gravity Collection System and Lift Station as part of the Guadalupe-Blanco River Authority (GBRA) Rural Utilities 2011 Dunlap Wastewater Treatment System Improvements Plan to serve retail customers through a wastewater and waste collection system in Guadalupe County, Texas, ("the Projects") and further defined in that document in the files of the Guadalupe-Blanco River Authority and available for inspection and described as the *GBRA Rural Utilities 2011 Dunlap Regional Wastewater Treatment System Improvements Plan*.** GBRA is planning for construction of certain wastewater facility improvements in the area serviced by the GBRA Lake Dunlap Regional Wastewater

Treatment Plant and System. Additional studies and on-site activities are necessary to develop information for design, engineering, testing, and locations of related facilities. The proposed action will allow GBRA to provide retail wastewater service to customers through a wastewater and waste collection system improvements in the area served by the GBRA Lake Dunlap Regional Wastewater Treatment Plant and System in Guadalupe County, Texas. Upon motion by Director Mathews, seconded by Director Brockman, the Board unanimously approved a Resolution declaring a public necessity for the design, acquisition of property, construction, operation, and maintenance of River Bend Lift Station Improvements; the Legend Pond Lift Station and Collection and Transportation System; and the Regional Gravity Collection System and Lift Station as part of the Guadalupe-Blanco River Authority Rural Utilities 2011 Dunlap Wastewater Treatment System Improvements Plan to serve retail customers through a wastewater and waste collection system in Guadalupe County, Texas, ("the Projects") and further defined in that document in the files of the Guadalupe-Blanco River Authority and available for inspection and described as the *GBRA Rural Utilities 2011 Dunlap Regional Wastewater Treatment System Improvements Plan*. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Discussion Item 15 - Presentation by Southwest Research Institute regarding Canyon Lake Gorge**. Jaynellen Ladd briefed the Board on GBRA's partnerships with the U. S. Army Corps of Engineers, the Gorge Preservation Society, and Southwest Research Institute. The Canyon Lake Gorge was created by the flood of July 2002. Ms. Ladd introduced David Ferrill and Ronald

McGinnis. Mr. Ferrill made a presentation to the Board entitled “*Geology and Hydrology Research at Canyon Lake Gorge*”.

The Chair then called for **Discussion Item 16 - Presentation on GBRA’s Our Day to Shine project for 2011**. Connie Rothe made a presentation to the Board on GBRA’s 2011 Our Day to Shine project. The project chosen for 2011 was the Gonzales Christian Assistance Ministry which provides food, clothing, and financial assistance to families in need.

The Chair then called for **Discussion Item 17 - Discussion regarding proposed amendments to GBRA’s Drought Contingency Plan**. Bruce Wasinger briefed the Board on proposed amendments to GBRA’s Drought Contingency Plan. Under GBRA’s current Drought Contingency Plan, approved by the GBRA Board in 2009, in order for the Board to declare a drought worse than the drought of record three conditions must be met simultaneously. The three conditions are a drought of at least thirty-six (36) months (36 months since Canyon Reservoir was last full-elevation 909 feet msl); the cumulative inflow deficit since the beginning of the drought exceeds the envelope curve for cumulative inflow deficits by at least five percent for six consecutive months; and the storage of Canyon Reservoir is less than elevation 885 feet msl (213,386 acre-feet or approximately fifty-six percent full). During the most recent severe drought which began in April 2008 (Canyon Reservoir was full at elevation 909’ msl), GBRA experienced a significant drawdown of Canyon Reservoir to its all-time low of 892.70 feet msl on September 8, 2009. Canyon Reservoir went from being full to an all-time low within seventeen months. If the drought had continued at the same level of severity, two of

the three conditions to declare a drought worse than the drought of record would have been met long before the thirty-six month drought criteria. In order to address future droughts which could be as severe or more severe, the proposed amendment to the Plan is to reduce the thirty-six month period to twenty-four months. This will allow the Board to declare a drought worse than the drought of record earlier which will in turn allow the General Manager to initiate earlier the allocation of water supplies on a pro-rata basis in accordance with State law. GBRA's ability to better manage and conserve water supplies during emergency water shortage conditions will be enhanced by the proposed amendment. Amendment of GBRA's Drought Contingency Plan will be an action item on the May Board meeting agenda.

The Chair called for **Discussion Item 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 as well as meetings and activities of the Edwards Aquifer Authority. Discussion was also had regarding meetings of the South Central Texas Regional Water Advisory Committee and the Guadalupe Basin Coalition.

Next, the Chair called for **Discussion Item 19 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, and the Gorge Preservation Society.** There were no activities or transactions on Discussion Item 19.

The Chair then called for **Discussion Item 20 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** The reports were discussed with the Board. The Board was briefed on the Comal Springs level, elevation of Canyon Reservoir, rainfall events, and the U. S. Drought Monitor Seasonal Outlook.

The Chair called for **Discussion Item 21 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West briefed the Board on the Texas Legislative Conference held in New Braunfels, Texas, a hearing in Hays County regarding the Trinity Aquifer, Legislative activities, the National Water Resources Association Federal Water Law conference in Washington, D.C., and a letter from the American Academy of Water Resources Engineers honoring General Manager West.

The Chair recessed the open meeting at 12:17 p.m. The Chair closed the open meeting and convened the meeting in executive session at 12:39 p.m. The open meeting reconvened in open session at 1:54 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:55 p.m. subject to call by the Chair.

Chair

Secretary