

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 January 18, 2012, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Grace G. Kunde, Oscar H. Fogle, James L. Powers, Frank J. Pagel, Myrna P. McLeroy, Dennis L. Patillo, and Tommy Mathews. Directors Arlene N. Marshall and Robert “Rusty” Brockman 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 Science, Intergovernmental Relations and Policy; Bruce Wasinger, General Counsel; David Welsch, Executive Manager of Business Development and Resource Management; Gary Asbury, Manager of Project Engineering; Barbara Gunn, Human Resources 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 Communication and Education; Teresa Van Booven, Project and Community Representative; Cricket Dietert, Executive Assistant to the General Manager; Connie Rothe, Board Relations and Publication Specialist; Leigh Crettenden; Web Master; Tommy Schulte, Regional Representative; Sandra Terry, Accountant; Cinde Thomas-Jimenez; Environmental

Education Administrator; Allen Ognoskie, Division Manager, Hydro/RUD; Jeff McKee, Assistant Division Manager, Hydro/RUD; Charles Fennell, GBRA Retiree-Control Room Operator; Casey Salinas, Sample Custodian/Lab Tech I; Melinda Brzozowski, Lab Technician II; Bill Evans, Part Time Lab Assistant; Liz Sedlacek, Administrative Assistant; Yolanda Pierce, Operations Assistant; Steve Jester, Executive Director representing the Guadalupe-Blanco River Trust; Tommie Streeter-Rhoad, Executive Director representing the San Antonio Bay Foundation; Roger Nevola, legal counsel; Jim Dublin representing Dublin and Associates; David Engel representing Engel and Associates; Calvin Finch representing the San Antonio Water System; John Findeisen representing Texas Parks and Wildlife Department; Dan Laroe, Jr. of Seguin; Ramon Salazar representing KBR; Trooper Smith representing Freese and Nicholas; Tom Spurgeon representing McCall, Parkhurst, and Horton; Alan Thompson representing Klotz Associates; and Humberto Ramos representing Canon Regional Water Authority.

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

In the absence of Secretary-Treasurer Marshall, Chair Kunde appointed Director Powers to serve as Secretary-Treasurer Pro Tem.

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

The Chair called for comments from the public. Public comments will be heard under Action Item 13. There were no other public comments.

The Chair called for **Chair Item 1 - Consideration of and possible action authorizing the expenditure of funds for staff to attend the Texas Water Conservation Association Texas Water Day in Washington, D.C. on January 31 to February 2, 2012.** Upon motion by Director McLeroy, seconded by Director Fogle, the Board unanimously authorized the expenditure of funds for staff to attend the Texas Water Conservation Association Texas Water Day in Washington, D.C.

Next, the Chair called for **Chair Item 2 - Consideration of and possible action accepting Board of Directors' Committee assignments.** Upon motion by Director McLeroy, seconded by Director Fogle, the Board accepted the Board of Directors' Committee assignments. A copy of the Committee assignments are 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 Guadalupe-Blanco River Authority 2012 retiree Charles Fennell.** James Murphy introduced and recognized Charles Fennell for his 32 years of dedicated service to GBRA. Upon motion by Director Powers, seconded by Director Patillo the Board unanimously approved a Resolution honoring GBRA retiree Charles Fennell. A copy of the Resolution is attached and made a part of these minutes

The Chair called for **Consent Item 4 - Consideration of and possible action approving the December 21, 2011 Board meeting minutes; Consent Item 5 - Consideration of and possible action approving the monthly financial report for**

December 2011; Consent Item 6 - Consideration of and possible action approving the monthly operations report for December 2011; and Consent Item 7 - Consideration of and possible action approving Directors' expense vouchers. Upon motion by Director Mathews, seconded by Director Powers, the Board unanimously approved Consent Items 4, 5, 6, and 7.

Next, the Chair called for **General Manager Item 8 - Discussion of the Executive Reports addressing matters relating to safety, utility operations, water resource operations, including the transfer of the Wimberley Wastewater Plant to the City of Wimberley, 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, construction management including the regional raw water pipeline capacity improvements, Luling Water Treatment Plant Expansion and ASR Facilities, River Bend pump station replacement matters including easement acquisition and geotechnical investigation, Clean Rivers Program activities, Plum Creek Project activities, Operations, Geronimo Creek Watershed Protection Plan activities, River Network Project activities, water quality activities, San Antonio Bay Foundation activities, Economic and Community Development activities, events and projects, Water and Wastewater Services activities including Bulverde area regional wastewater activities, Rural Utilities - Dunlap wastewater service area activities, Mid-Basin water supply, Gonzales County groundwater project activities; Tri-Community Water Supply Corporation water supply matters,**

Resource Protection activities including lake management and water safety, implementation of water conservation measures, Gorge Preservation Society matters, Gonzales area flood warning matters, information technology, human resources, budget activities, accounting and finance. Mr. Murphy informed the Board on the retirement of Guadalupe “Wally” Aguillon with 16 years of dedicated service to GBRA. James Murphy briefed the Board on GBRA operation and engineering activities. David Welsch briefed the Board on water quality, regional laboratory, and economic development activities. Debbie Magin introduced and recognized new and promoted GBRA Regional Laboratory employees Melinda Brzozowski, Lab Technician II; Casey Salinas, Sample Custodian/Lab Tech I; and Bill Evans, Part Time Lab Assistant. Teresa Van Booven informed the Board on reports and articles on the Canyon Lake Gorge. 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 December 31, 2011.

The Chair then called for **Action Item 9 - Consideration of and possible action approving a Resolution on expressing official intent to reimburse costs incurred to obtain a Feasibility Study related to the Authority’s proposed Mid-Basin Water Supply Project.** During the Board’s December 2011 meeting, the Board approved the submission of a \$4.4 million water infrastructure financing loan application to the Texas Water Development Board for the financing of development work related to GBRA’s Mid-Basin Water Supply Project. To protect GBRA’s ability to tax-exempt finance

project costs that are incurred prior to the project's funding, GBRA must declare its "Official Intent" to reimburse project costs with tax-exempt debt. Upon motion by Director Mathews, seconded by Director Fogle, the Board unanimously approved a Resolution expressing Official Intent to reimburse with tax-exempt obligations all costs incurred to complete a Feasibility Study related to the GBRA Mid-Basin Water Supply Project. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Action Item 10 - Consideration of and possible action approving a Resolution authorizing the issuance of up to \$4,400,000 in principal amount of Guadalupe-Blanco River Authority General Improvement Revenue Bonds, Series 2012, to be purchased by the Texas Water Development Board; authorizing the General Manager or the Executive Manager of Finance and Administration to approve all final terms of the Bonds; authorizing the execution of a Paying Agent/Registrar Agreement; and authorizing all other instruments and procedures related thereto.** For several years, GBRA has been planning the Mid-Basin Treated Water Supply Project. In order to facilitate the continuation and in fact acceleration of that planning effort, GBRA intends to issue bonds to provide additional funding for the Project. During the December 2011 Board of Directors meeting, the Board ratified the submission of a \$4.4 million application to the Texas Water Development Board's Water Infrastructure Fund. The Texas Water Development Board subsequently approved that application with the requirement that GBRA issue the related debt prior to April 7, 2012. Upon motion by Director Powers, seconded by Director Patillo, the Board unanimously approved a Resolution authorizing the issuance

of up to \$4,400,000 in principal amount of Guadalupe-Blanco River Authority General Improvement Revenue Bonds, Series 2012, to be purchased by the Texas Water Development Board; authorized the General Manager and the Executive Manager of Finance and Administration to approve all final terms of the bonds; authorized the execution of a paying agent/registrars agreement; and authorized all other instruments and procedures related thereto. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Action Item 11 - Consideration of and possible action approving a Resolution expressing official intent to reimburse costs incurred to construct improvements to and acquire equipment for the Authority's Dunlap Wastewater Treatment System.** During the Board's December 2011 meeting, the Board authorized the General Manager to execute a contract for the construction of wastewater utility improvements including a gravity collection system and regional lift station as a part of the GBRA Rural Utility Division, Dunlap Wastewater Treatment System. To protect GBRA's ability to tax-exempt finance the costs of the construction that are incurred prior to the project's funding, GBRA must declare its "Official Intent" to reimburse project costs with tax-exempt debt. Upon motion by Director Powers, seconded by Director McLeroy, the Board unanimously approved a Resolution expressing Official Intent to reimburse with tax-exempt obligations all costs incurred to construct improvements to and acquire equipment for the GBRA Dunlap Wastewater Treatment System. A copy of the Resolution is attached and made a part of these minutes.

The Chair then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to take such actions to implement regulations and guidelines as approved by the Board for removal, disposal, mitigation measures of stump and vegetation on the GBRA Hydroelectric Lakes Dunlap, McQueeney, Placid and Meadow in Comal and Guadalupe Counties, Texas, and Lake Wood (H-5) and Gonzales (H-4) in Gonzales County, Texas to enhance water safety, while protecting water quality and water aquatic species.**

Dan Laroe addressed the Board and strongly supports GBRA's rules and regulations and commended GBRA's staff. GBRA operates six hydroelectric lakes in Comal, Guadalupe, and Gonzales Counties. To enhance water safety, while protecting water quality and water aquatic species, GBRA has drafted regulations and guidelines for removal, disposal, mitigation measures of stumps and vegetation on Lakes Dunlap, McQueeney, Placid, and Meadow in Comal and Guadalupe Counties and Lake Wood (H-5) and Lake Gonzales (H-4) in Gonzales County. GBRA staff has met with representatives of the area hydroelectric lakes, as well as professional enforcement and fisheries personnel to develop guidelines for consideration and approval by the Board prior to removal of fishery habitat, specifically tree stumps, from the area hydro lakes owned and operated by GBRA. John Findeisen representing Texas Parks and Wildlife made a presentation entitled "The Lake Dunlap Stump Field: A Fisheries Management Viewpoint" prepared by the Inland Fishers Division of Texas Parks and Wildlife Department. The presentation included an overview of the 8.4 acre stump field in Lake Dunlap, the uncut section of 4.6 acres and the cut section of 3.8 acres. Discussion was

had regarding the role of the stump field habitat for fish and other aquatic organisms. Discussion continued on habitat characteristics, largemouth bass population, and combined sunfish population for Lakes Dunlap, McQueeney, and Placid. Mr. Findeisen presented the advantages of the stump field and the recommendation of the Texas Parks and Wildlife Department. Upon motion by Director Fogle, seconded by Director Powers, the Board unanimously authorized the General Manager to take such actions to implement regulations and guidelines as approved by the Board for removal, disposal, mitigation measures of stumps and vegetation on GBRA Hydroelectric Lakes Dunlap, McQueeney, Placid, and Meadow in Comal and Guadalupe Counties, and Lake Wood (H-5) and Gonzales (H-4) in Gonzales County, Texas to enhance water safety, while protecting water quality and water aquatic species. A copy of the guidelines and Texas Parks and Wildlife Department presentation are attached and made a part of these minutes.

The Chair called for **Action Item 13 - Consideration of and possible action approving a Resolution authorizing the General Manager of the Guadalupe-Blanco River Authority (GBRA) to establish permanent or temporary regulations and/or restrictions on the use of motor powered watercraft on all or portions of Lake Dunlap, a hydroelectric lake owned and operated by the Guadalupe-Blanco River Authority (GBRA) in portions of Comal and Guadalupe Counties, Texas; to designate certain restricted or limited use areas, and to take other such actions as necessary to address certain water safety hazards within the Lake.** David Welsch made a presentation to the Board. GBRA operates six hydroelectric lakes in

Comal, Guadalupe, and Gonzales Counties. GBRA staff works with representatives of each lake, as well as professional enforcement and lake management personnel, to address issues such as safety, vegetation, and fisheries. Recently, individuals cut a large number of stumps from Lake Dunlap which can have an impact on water safety and fisheries. GBRA staff has been meeting with representatives of each lake, as well as professionals, to gather information and develop alternatives for Lake Dunlap. GBRA staff presented information from recent meetings with representatives of Lake Dunlap and other hydroelectric lakes, Texas Parks and Wildlife Department, law enforcement, and fisheries professionals. A copy of the presentation of alternatives for enhancing water safety on Lake Dunlap in the area of the stump field is attached and made a part of these minutes. No action was taken on Action Item 13 at this time.

The Chair recessed the meeting at 11:24 a.m. The meeting reconvened in open session at 11:33 a.m.

Next, the Chair called for **Action Item 14 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Purchase and Sale Agreement between the Guadalupe-Blanco River Authority and SJW Corporation.** No discussion or action was taken of Action Item 14.

The Chair then called for **Discussion Item 15 - Discussion regarding the November 9, 2011 Regional Raw Water Delivery System pipeline leak.** Gary Asbury addressed the Board regarding a pipeline leak on the Regional Raw Water Delivery System including scheduling crews, supplies required, and a time line of the

repair. John Smith addressed the Board regarding the probable cause of leak and additional preventive maintenance safeguards that have been put in place.

The Chair called for **Discussion Item 16 - 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.

Next, the Chair called for **Discussion Item 17 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, and the Gorge Preservation Society.** No discussion was had on Discussion Item 17.

The Chair then called for **Discussion Item 18 - 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 Comal Springs level, elevation of Canyon Reservoir, rainfall events, and the U. S. Drought Monitor Seasonal Outlook.

The Chair called for **Discussion Item 19 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West briefed the Board on the National Water Resources Association Leadership Forum.

The Chair recessed the open meeting at 12:11 p.m. The Chair closed the open meeting and convened the meeting in executive session at 12:30 p.m. The open meeting reconvened in open session at 1:02 p.m.

The Chair called for **Action Item 13 - Consideration of and possible action approving a Resolution authorizing the General Manager of the Guadalupe-Blanco River Authority (GBRA) to establish permanent or temporary regulations and/or restrictions on the use of motor powered watercraft on all or portions of Lake Dunlap, a hydroelectric lake owned and operated by the Guadalupe-Blanco River Authority (GBRA) in portions of Comal and Guadalupe Counties, Texas; to designate certain restricted or limited use areas, and to take other such actions as necessary to address certain water safety hazards within the Lake.** Upon motion by Director Fogle, seconded by Director Powers, the Board unanimously approved a Resolution authorizing the General Manager of the Guadalupe-Blanco River Authority to establish permanent or temporary regulations and/or restrictions on the use of motor powered watercraft on all or portions of **Lake Dunlap**, a hydroelectric lake owned and operated by the Guadalupe-Blanco River Authority in portions of Comal and Guadalupe Counties, Texas; to designate certain restricted or limited use areas, and to take other such actions as necessary to address certain water safety hazards within the Lake. A copy of the Resolution is attached and made a part of these minutes.

There being no further business to be brought before the Board, the meeting was adjourned at 1:03 p.m. subject to call by the Chair.

Chair

Secretary Pro-Tem