

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 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, Dennis L. Patillo, Tommy Mathews, and Myrna P. McLeroy. 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; 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; 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; Angela Whitley, IT Manager; Tommy Schulte, Regional Representative; Juan Vasquez, Western Canyon Plant Manager; Jeff Hebert, Western Canyon Distribution Plant Operator; Allen Lawson, Western Canyon Distribution Lead Operator; Steve Jester, Executive Director representing the Guadalupe-Blanco River Trust; Roger Nevola, legal counsel; Jim Dublin representing Dublin and Associates; Steve Holzheuser,

consultant; David Engel representing Engel and Associates; Calvin Finch representing the San Antonio Water System; Alan Thompson representing Klotz Associates; Greg Bowen representing the New Braunfels Herald-Zeitung; Steve Renneker representing Kellogg, Brown and Root; and Shirley Jo Ross representing Sharp Phillips Consulting.

Chair Kunde called the meeting to order at 10:05 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.

Chair Kunde informed the Board that Director Arlene Marshall is having some health issues and asked everyone to keep Arlene in their prayers.

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

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

The Chair called for **Chair Item 1 - Recognition of the Cordillera Ranch Wastewater Plant for the Water Environment Association of Texas Municipal Plant of the Year Award, Category I.** John Smith introduced and recognized Juan Vasquez, Western Canyon Plant Manager; Jeff Hebert, Western Canyon Distribution Plant Operator; and Allen Lawson, Western Canyon Distribution Lead Operator for

receipt of the Plant of the Year Award. A video was viewed by the Board which showed the group receiving the Plant of the Year Award at the Water Environment Association's award ceremony.

Next, the Chair called for **Consent Item 2 - Consideration of and possible action approving the March 21, 2012, Board meeting minutes; Consent Item 3 - Consideration of and possible action approving the monthly financial report for March 2012; Consent Item 4 - Consideration of and possible action approving the monthly operations report for March 2012; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Fogle, seconded by Director Powers, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chair called for **Consent Item 6 - 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 6-12, 2012.** John Smith gave an overview on National Drinking Water Week and Water Utilities Awareness Week. GBRA's Regional Laboratory will be offering discounts on various tests during this week. Upon motion by Director Fogle, seconded by Director Mathews, the Board unanimously approved Resolutions supporting National Drinking Water Week and Water Utilities Awareness Week. A copy of the Resolutions is attached and made a part of these minutes.

The Chair called for **General Manager Item 7 - Discussion of the Executive Reports addressing matters relating to safety, utility operations, 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, construction management including the Luling Water Treatment Plant Expansion and ASR Facilities, River Bend pump station replacement matters including easement acquisition and geotechnical investigation, Mid-Basin Project, Clean Rivers Program activities, Plum Creek Project, Geronimo Creek Watershed Protection Plan, Environmental Flows Project, River Network Project, water quality general, San Antonio Bay Foundation, Economic and Community Development activities, events and projects, business development including 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, Walton and Cherryville water supply projects, Resource Protection activities including lake management and water safety, implementation of water conservation measures, water strategies, 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, and economic 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, 2012.

Next, the Chair called for **Action Item 8 - Consideration of and possible action approving amendments to the Guadalupe-Blanco River Authority's By-Laws.** The GBRA Enabling Act of 1933 and as amended in 1935, requires the adoption of By-Laws to establish the basic governance and administrative guidelines under which GBRA operates. The current GBRA By-Laws have been in effect since October 18, 2006. Since that date, several Texas State Statutes which are referenced in the GBRA By-Laws have been revised or relocated in other sections of the law. Additionally during the last 6 years, State Agencies referenced in the By-Laws have changed names, some GBRA staff positions have changed names, and technological improvements have altered some of GBRA's administrative practices. Due to the changes described above and due to the pending management audit, the GBRA staff thought it was timely to recommend various amendments to the By-Laws. Upon motion by Director Powers, seconded by Director Mathews, the Board unanimously approved amendments to the Guadalupe-Blanco River Authority's By-Laws. A copy of the amended By-Laws is attached and made a part of these minutes.

The Chair then called for **Action Item 9 - 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 on Action Item 9.

The Chair called for **Discussion Item 10 - Discussion regarding the status of The Aransas Project (TAP) v. Shaw, et al., and potential of an increase in the Guadalupe-Blanco River Authority's raw water rate.** General Manager West briefed

the Board on the status of The Aransas Project. Alvin Schuerg briefed the Board on expenditures to date relating to The Aransas Project including internal and external costs. Mr. Schuerg continued discussion on several scenarios for the Water Resource Division proposed raw water rate increase to be included in the Fiscal Year 2013 Work Plan and Budget. The most likely scenario is a 9.6 percent increase in the \$114 acre-foot raw water rate to \$125 per acre-foot raw water rate. GBRA staff plans to start communicating with customers related to the proposed raw water rate increase.

Next, the Chair called for **Discussion Item 11 - Discussion regarding water usage in conjunction with fracking activities in the Eagle Ford Shale.** James Murphy gave a PowerPoint presentation on Oil and Gas (Hydraulic Fracturing), Eagle Ford Shale. The presentation included Shale gas play in the lower 48 States, wells permitted and completed since December 2011, Eagle Ford Shale thickness, geological column in South Texas, current and projected water use in the Texas Mining and Oil and Gas Industry prepared by the Texas Water Development Board, mining water use categories, regional and State total water demand projections for 2000-2060, projected water use in the Texas Mining, options for reducing water use, fracturing concerns, substances and compounds that could be of concern, and what is the impact of fracturing on GBRA.

The Chair then called for **Discussion Item 12 - Discussion regarding the proposed municipal solid waste landfill in eastern Guadalupe County by Post Oak Clean Green, Inc.** David Welsch briefed the Board on the proposed municipal solid waste landfill in Guadalupe County including the location of the potential landfill, the

owners of the land, and the Texas Commission on Environmental Quality's rules and regulations requirements for this type of project. GBRA will do its due diligence relating to this proposed solid waste landfill. The Texas Commission on Environmental Quality is the regulatory agency for this type of project.

The Chair called for **Discussion Item 13 - 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 Authority.

Next, the Chair called for **Discussion Item 14 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, and the Gorge Preservation Society.** Todd informed the Board that the San Antonio Bay Foundation has two new Board members Dr. Jim Kimmel and Doyle Mosier. Steve Jester briefed the Board on the activities of the Guadalupe-Blanco River Trust including receipt of a \$7,000 grant from Union Pacific.

The Chair then 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 Comal Springs level, elevation of Canyon Reservoir, rainfall events, and the U. S. Drought Monitor Seasonal Outlook.

The Chair called for **Discussion Item 16 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West briefed the Board on letter from San Antonio Water System declining the proposal

GBRA submitted for their alternative water supply project, the National Water Resources Association Federal Water Seminar, and the National Endangered Species Regulatory Coalition (NESARC) listing of several species. The Board was also updated on activities of the Day Case, an article on mussels, and interim committee meetings of the Senate and House Natural Resources Committees.

The Chair recessed the open meeting at 11:48 a.m. The Chair closed the open meeting and convened the meeting in executive session at 12:09 p.m. The open meeting reconvened in open session at 12:55 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 12:56 p.m. subject to call by the Chair.

Chair

Secretary Pro-Tem