

## **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 June 20, 2012, at the Gonzales High School cafeteria, 1801 North Sarah Dewitt Drive, Gonzales, Texas. Directors present were Grace G. Kunde, Oscar H. Fogle, James L. Powers, Frank J. Pagel, Tommy Mathews, and Myrna P. McLeroy. Directors Dennis L. Patillo 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; John Smith, Operations Manager-Upper Basin; LaMarriol Smith, Manager of Communication and Education; Cricket Dietert, Executive Assistant to the General Manager; Connie Rothe, Board Relations and Publication Specialist; Angela Whitley, IT Manager; Leigh Crettenden, Web Developer; Tommy Schulte, Regional Representative; Sandra Terry, Accountant; Susan Hubbert, Accountant; Darel Ball, Division Manager-Hays/Caldwell; Jaynellen Ladd, Natural Resource Specialist; Kyle Mathis, GBRA Intern; Andrew Walters, GBRA Intern; Ben Haggerty, GBRA Intern; Steve Jester representing the Guadalupe-Blanco River Trust; Tommie Streeter-Rhoad representing the San Antonio Bay Foundation;

Roger Nevola, legal counsel; Jim Dublin representing Dublin and Associates; David Engel representing Engel and Associates; Steve Holzheuser, consultant; Bobby Logan, Mayor of the City of Gonzales; Allen Barnes, City of Gonzales; Tommy Schurig, Councilman for City of Gonzales; Barbara Hand, Gonzales Chamber of Commerce; Alan Thompson representing Klotz Associates; Greg Bowen representing the New Braunfels Herald-Zeitung; Robin Walker from Guadalupe County; Matt San representing MWH Americas; Humberto Ramos representing Canyon Regional Water Authority; J Harmon, Joe Boyle, and Julius Grossenbacher representing Preserve Lake Dunlap Association.

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 and Gonzales County Courthouses, at the Gonzales High School cafeteria, and at the GBRA main office 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.

Gonzales Mayor Bobby Logan welcomed everyone to the City of Gonzales.

Next, the Chair called for **Chair Item 2 - Consideration of and possible action approving a Resolution honoring Arlene N. Marshall for her four years of meritorious and faithful service as Director and Secretary-Treasurer of the Board of Directors of the Guadalupe-Blanco River Authority.** Chair Kunde read a

Resolution honoring the life of Director Arlene N. Marshall. Upon motion by Director McLeroy, seconded by Director Fogle, the Board unanimously approved a Resolution honoring Arlene N. Marshall for her four years of meritorious and faithful service as Director and Secretary-Treasurer of the Board of Directors of the Guadalupe-Blanco River Authority. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Chair Item 1 - Moment of memoriam to honor the passing of GBRA's Calhoun County Director Arlene N. Marshall.** Director McLeroy gave a prayer in memory of Director Marshall and there was a moment of silence for all to remember the life of GBRA's Calhoun County Director and friend Arlene N. Marshall.

The Chair called for comments from the public. J Harmon addressed the Board regarding the no-wake zone at Lake Dunlap. Mr. Harmon informed the Board that citations are being issued to children in the no-wake zone, the children do not understand the no-wake zone, and the parents (who are attorneys) of the children are going to go to Court and fight the issuance of the citation. Mr. Harmon continued and stated he does not understand the reason for the no-wake zone, Lake Dunlap is safe, and the no-wake zone is enticing residents to break the law when Texas Parks and Wildlife Law Enforcement Officers are on the lake. Mr. Harmon read to the Board a federal law for public activities by a government agency. Joy Boyle addressed the Board regarding the no-wake zone on Lake Dunlap and the affect the no-wake zone is having on his rental property. Mr. Boyle continued discussing the cutting of stumps by GBRA, the unauthorized cutting of stumps by others and would like to know the reason for the no-wake zone. Julius Grossenbacher addressed the Board regarding the no-

wake zone. Mr. Grossenbacher stated GBRA should promote recreation on lake and the Board instructed GBRA's General Manager to resolve the issue and it has not been resolved. Mr. Grossenbacher continued that there is no reason for the no-wake zone on Lake Dunlap, the people are familiar with the lake, and the reason for the no-wake zone is retaliation against the few people who cut the stumps. GBRA should not retaliate against the lake users and give some reason why there is a no wake zone.

The Chair then called for **Chair Item 3 - Election of a Secretary-Treasurer of the Board of Directors for the remainder of calendar year 2012 to fill the vacancy of Arlene N. Marshall.** Upon motion by Chair Kunde, seconded by Director Mathews, the Board unanimously elected Director James L. Powers to serve as Secretary-Treasurer of the Board of Directors for the remainder of calendar year 2012.

The Chair called for **Chair Item 4 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the National Water Resources Association 2012 Western Water Seminar August 1-3, 2012, in Sun Valley, Idaho.** Upon motion by Director Pagel, seconded by Director Mathews, the Board unanimously authorized the expenditure of funds for Directors and staff to attend the National Water Resources Association 2012 Western Water Seminar.

Next, the Chair called for **Consent Item 5 - Consideration of and possible action approving the May 16, 2012, Board meeting minutes; Consent Item 6 - Consideration of and possible action approving the monthly financial report for May 2012; Consent Item 7 - Consideration of and possible action approving the monthly operations report for May 2012; and Consent Item 8 - Consideration of**

**and possible action approving Directors' expense vouchers.** Upon motion by Director Mathews, seconded by Director Powers, the Board unanimously approved Consent Items 5, 6, 7, and 8.

The Chair then called for **General Manager Item 9 - 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, Mid-Basin Project, Clean Rivers Program activities, Plum Creek Projects, 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, Rural Utilities - Dunlap wastewater service area activities, Mid-Basin Water Supply, Project activities, 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. Mr. Murphy also briefed the Board on GBRA's Mid-Basin Water

Supply Project. David Welsch briefed the Board on water quality, regional laboratory, and economic/business development activities. Alvin Schuerg briefed the Board on finance, the draft Fiscal Year 2013 Work Plan and Budget, human resource, and information technology activities. Mr. Schuerg also briefed the Board on the financial statements executive summary for the period ending May 31, 2012.

The Chair called for **Action Item 10 - Consideration of and possible action approving Board Policy – 403 Investment Policy as modified.** GBRA Board Policy 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 recommended minor changes to Board Policy – 403 Investment Policy. The changes are primarily a result of Public Funds Investments Act and industry changes. Upon motion by Director Mathews, seconded by Director Powers, the Board unanimously approved Board Policy – 403 Investment Policy as modified. A copy of the Policy is attached and made a part of these minutes.

Next, the Chair called for **Action Item 11 - Consideration of and possible action approving a list of security broker/dealers with whom GBRA may conduct security transactions in accordance with GBRA Board Policy 403-Investment Policy.** 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 the security broker/dealer firms listed below to buy and sell investment securities

through as approved by the GBRA Board of Directors on January 19, 2011. The staff recommended continuing 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 Powers, seconded by Director McLeroy, the Board unanimously approved the above listing of security broker/dealers with whom GBRA may conduct security transactions in accordance with GBRA Board Policy 403-Investment Policy.

The Chair then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to file an application(s) for financial assistance with the Texas Water Development Board to finance construction of GBRA's Mid-Basin Project.** GBRA has been planning the Mid-Basin Water Supply Project for a number of years. This new water supply project will include several components such as surface water diversions, groundwater well fields, aquifer storage and recovery areas, and the associated infrastructure to treat and transmit the water. GBRA recently sold \$4.4 million in bonds to the Texas Water Development Board to complete the studies related to the Project. Also, the GBRA staff presented an overview of the Project at an April 18, 2012 workshop of the Texas Water Development Board. A component of the Texas Water Development Board workshop related to potential financing sources for the estimated \$410,000,000 Project. One such financing source that was identified was the Texas Water Development Board State Participation

Fund. This fund defers much of the debt service during the early years of a project through a Master Agreement in which the State owns a portion of the project. One of the requirements to requesting Texas Water Development Board State Participation Funds is a GBRA Board resolution that (1) requests financial assistance and the amount, (2) designates an authorized representative, and (3) further authorizes other representatives such as GBRA's engineers, financial advisor and bond counsel to file a financial application and appear before the Texas Water Development Board. The approval of this resolution does not require GBRA to apply for this financial assistance nor accept the financial assistance from the Texas Water Development Board. Upon motion by Director Fogle, seconded by Director Mathews, the Board unanimously approved a Resolution requesting \$410,000,000 of financial assistance through the Texas Water Development Board State Participation Fund, designated the General Manager as GBRA's authorized representative to act on behalf of the GBRA Board of Directors and authorized the General Manager or his designee to: (1) execute a State Participation Fund financial application, (2) to appear before the Texas Water Development Board of behalf of GBRA, and (3) to submit all required documentation required by the Texas Water Development Board related to this financial assistance request, and (4) authorized GBRA's engineering, financial advisory, and bond counsel consultants to appear before the Texas Water Development Board on behalf of GBRA. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Action Item 13 - Consideration of and possible action approving a restated model 457(b) Employee Retirement Savings Plan and**



**authorizing the Retirement and Benefit Committee to make future plan amendments as necessary.** GBRA has three retirement plans. A Defined Benefit Pension Plan for employees hired before January 1, 2011, the new Defined Contribution Plan for employees hired on or after January 1, 2011, and a Section 457(b) Employee Savings Retirement Plan established January 1, 1991. The current 457(b) plan document provides that the Plan may be amended by the Employer, but does not specifically require that the Board of Directors approve amendments. On January 1, 2012, the Board of Directors adopted a restatement of the 457(b) Plan and subsequently approved Amendment Number 1 to the Plan. On February 1, 2012, the Retirement and Benefit Committee approved Amendment Number 2 to the Plan, which amendment was signed by the Committee's Chairman, John Smith. Integration of the prior approved amendments and other specific provisions to the Plan were reviewed by Mary Potter, benefits counsel for GBRA, and incorporated into the plan document. Delegation of authority to the Committee to make amendments or restatements of the Plan in the future was recommended by Ms. Potter. Upon motion by Director Fogle, seconded by Director Pagel, the Board unanimously approved a restated model 457(b) Employee Retirement Savings Plan and authorized the Retirement and Benefits Committee to make future plan amendments as necessary. A copy of the restated model 457(b) Employee Retirement Savings Plan is attached and made a part of these minutes.

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 on Action Item 14.

The Chair then called for **Discussion Item 15 - Discussion regarding the 50<sup>th</sup> Annual Texas Water Safari race.** Tommy Schulte briefed the Board on the 50<sup>th</sup> Annual Texas Water Safari race and mourning the loss of racer Brad McDougal.

The Chair recessed the open meeting at 11:18 a.m. and reconvened the open meeting at 11:25 a.m.

The Chair called for **Discussion Item 16 - Discussion regarding adopting regulations on the San Marcos River as requested by Guadalupe and Caldwell County Commissioner's Court.** General Manager West briefed the Board on Resolutions passed by Guadalupe and Caldwell County Commissioner's Courts and the City of Martindale relating to the heavier use on the San Marcos River. These three entities have asked GBRA to help with safety on the San Marcos River. Bruce Wasinger briefed the Board on regulations under the Texas Parks and Wildlife Department Code for use of a public water body in city limits, in the county, and on a hydroelectric lake. GBRA will continue to research the laws and regulations relating to safety regulations on the San Marcos River. The State of Texas has jurisdiction to enforce regulations on public use of public waterways.

Next, the Chair called for **Discussion Item 17 - Discussion regarding the activities and transactions of the Edwards Aquifer Authority, South Central Texas Water Advisory Committee, and the Guadalupe Basin Coalition.** Todd introduced Andrew Walters and Ben Haggerty, Interns working for GBRA this summer from the

University of the South in Sewanne, Tennessee. These interns are funded by the Episcopal Archdiocese of West Texas. Bruce introduced Kyle Mathis, a legal intern working for GBRA this summer. Todd Votteler briefed the Board on activities of the Edwards Aquifer Authority and water levels of the Edwards Aquifer.

The Chair then called for **Discussion Item 18 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, and the Gorge Preservation Society.** Steve Jester briefed the Board on the activities of the Guadalupe-Blanco River Trust. Tommie Rhoad briefed the Board on the activities of the San Antonio Bay Foundation. Jaynellen Ladd briefed the Board on the activities of the Gorge Preservation Society.

The Chair called for **Discussion Item 19 - 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. Debbie Magin briefed the Board on the Clean Rivers Program, the 2012 Basin Highlights Report, and partnerships for monitoring the watershed throughout GBRA's statutory district.

Next, the Chair called for **Discussion Item 20 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West briefed the Board on House Natural Resources full Committee oversight hearings on the Endangered Species Act held in Washington, D.C., legislative activities, the

Texas Commission on Environmental Quality's summary review process of the Post Oak Dump, and the Texas Water Conservation Association conference.

The Chair recessed the open meeting at 12:14 p.m. The Chair closed the open meeting and convened the meeting in executive session at 12:54 p.m. The open meeting reconvened in open session at 1:20 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:21 p.m. subject to call by the Chair.

---

Chair

---

Secretary