

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 May 15, 2013, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Oscar H. Fogle, Tommy Mathews, Frank J. Pagel, Kenneth Motl, and Myrna P. McLeroy. Directors Grace G. Kunde, Robert “Rusty” Brockman, James L. Powers, and Dennis L. Patillo were absent. Also present were W. E. West, Jr., General Manager; James 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; Debbie Magin, Director of Water Quality Services; Bryan Serold, Operations Manager-Lower Basin; John Smith, Operations Manager-Upper Basin; LaMarriol Smith, Chief Strategic Communications and Public Affairs Officer; Teresa Van Booven, Project and Community Representative; Cricket Dietert, Executive Assistant to the General Manager; Connie Rothe, Board Relations and Publication Specialist; Leigh Crettenden, IT Manager; Amanda Johnson, Web Master; Tommy Schulte, Regional Representative; Jaynellen Ladd, Natural Resource Specialist; Sandra Terry, Investment Manager; Susan Hubbert, Accounting Manager; Paulette Cowey, Operations Secretary; Steve Jester, Executive Director of the Guadalupe-Blanco River Trust; Roger Nevola, legal

counsel; Jim Dublin representing Dublin and Associates; David Engel representing Engel and Associates; Shari Gary and Mathew Gary, wife and family of the late Bruce Wasinger; Jewel Amber Sheffield, graduate from Yoakum High School; Alana Zamora, graduate from San Marcos High School; Cenaida Betzaide Zenteno, graduate from Navarro High School; Molly Cagle and Evan Young representing Baker Botts; Steve Bereyso and Chuck Ahrens representing San Antonio Water System; Rick Galloway representing Atkins; Rick Menchaca representing BOSC; Humberto Ramos representing Canyon Regional Water Authority; and H. Rene Moulenet representing HRM Land Acquisition Solutions, LLC.

Chair Fogle called the meeting to order at 10:00 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 and Director Pagel 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 **Chair Item 1 - Welcome newly appointed Director(s) and administer the *Oath of Office* to Director(s).** Chair Fogle welcomed William Carbonara from DeWitt County (not in attendance), Darrell McLain from Gonzales County, and Don Meador from Hays County to the Board. The newly appointed

Directors will be confirmed by the Senate and administered the *Oath of Office* at the June Board meeting.

The Chair called for **Chair Item 2 - Consideration of and possible action approving a Resolution honoring Bruce Wasinger for his five years of meritorious and faithful service as General Counsel of the Guadalupe-Blanco River Authority.**

A Resolution honoring the life of Bruce Edward Wasinger was read by Chair Fogle. Chair Fogle and General Manager West presented a framed Resolution to Bruce Wasinger's wife Shari Gary and extended an expression of gratitude to the family. Upon motion by Director Mathews, seconded by Director Motl, the Board unanimously approved a Resolution commending the life of Bruce Edward Wasinger for his dedicated service to the citizens of Texas by having a copy of this Resolution spread upon the minutes 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.

Next, the Chair called for **Chair Item 2 - Recognition of Debbie Magin on being a Finalist for the Texas Commission on Environmental Quality Texas Environmental Excellence Award.** Debbie Magin was recognized on her accomplishment of being a Finalist for the Texas Environmental Excellence Award.

The Chair then called for **Chair Item 4 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the Texas Water Conservation Association 2013 Mid-Year Conference June 19-21, 2013, at Moody Gardens Hotel in Galveston, Texas.** Upon motion by Director Mathews, seconded by Director Pagel, the Board unanimously authorized the expenditure of

funds for Directors and staff to attend the Texas Water Conservation Association 2013 Mid-Year Conference.

The Chair called for **Consent Item 5 - Consideration of and possible action approving the minutes of the April 24, 2013, Board meeting; Consent Item 6 - Consideration of and possible action approving the monthly financial report for April 2013; Consent Item 7 - Consideration of and possible action approving the monthly operations report for April 2013; and Consent Item 8 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director McLeroy, seconded by Director Mathews, the Board unanimously approved Consent Items 5, 6, 7, and 8.

Next, the Chair called for **General Manager Item 9 - Discussion of the Executive Report addressing various matters, including 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, Region L Water Planning, Construction Management including River Bend pump station replacement matters with construction ninety percent complete, Mid-Basin Water Supply Project, Feasibility Study for the Integrated Water Power Project, Regional Laboratory activities, Clean Rivers Program activities, Plum Creek Projects, Texas Water Utilities Association Laboratory Analyst Section, Operations, Geronimo Creek Watershed Protection Plan, Environmental Flows Project including Memorandum of Understanding with**

Texas Parks and Wildlife Department and Rights of Entry, Water Quality (general), TDA/TWRI Real Hog Farm VTA project, San Antonio Bay Foundation and Partnership, Economic and Community Development activities, events and projects, development including water and wastewater services activities, Bulverde area wastewater including Singing Hills, Berry Oaks, Berryman Investments and Johnson Ranch, 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, Canyon Lake/Sattler Office, Gorge Preservation Society, 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. LaMarriol Smith briefed the Board on a recent meeting with customers of GBRA. 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 April 30, 2013.

The Chair then called for **Action Item 10 - Consideration of and possible action ratifying and affirming prior actions, agreements, amendments, and assignments of the Guadalupe-Blanco River Authority Board of Directors as well as approving prior actions for similar purposes of the General Manager of the Guadalupe-Blanco River Authority related to supplying treated water from the**

GBRA Western Canyon Treated Water Supply Project to project participants leading up to and resulting in the current project commitments exclusive of Returnable and Additional Monthly Commitments of:

Project Participant	Raw Water Reservation (AFY)	Annual Commitment (AFY)
City of Boerne	3,611	975
City of Fair Oaks	1,850	942
GBRA-Cordillera	1,500	300
GBRA- DH Investment Co	900	180
GBRA-Comal Trace	100	50
SJWTX-Canyon Lake WSC (Bulverde)	400	400
SJWTX-Canyon Lake WSC (Park Village)	322	322
Lerin Hills MUD	750	225
Kendall West Utility LLC	750	200
San Antonio Water System	4,000	4,000

GBRA issued \$79,450,000 of tax-exempt contract revenue bonds in 2003 to construct the Western Canyon Regional Water Supply Project. The 2003 bonds are callable for refunding on April 15, 2013 and on that date, the bonds had an outstanding balance of \$66,130,000. The interest rate for the 2003 bonds ranges from 3.00% - 5.25% with a net effective interest rate of 4.7783%. Due to the low interest rate environment that currently exists as well as the favorable debt ratings of the Western Canyon Project Participants (San Antonio Water System, City of Boerne, City of Fair Oaks Ranch, and GBRA), the 2003 bonds may be “currently” refunded and replaced with a Series 2013 bond issue. The GBRA Board of Directors has previously authorized the refunding of these bonds by action on February 20, 2013. In a similar action, the GBRA Board also approved the refunding of bonds related to the IH-35 Treated Water Delivery System

Project. GBRA has completed the IH-35 Project refunding but in that refunding, the Texas Attorney General requested that all contracts and amendments be approved by Governing Board action and proof of those approvals be provided through certified minutes. In preparing for a similar Attorney General request on the Western Canyon refunding, the GBRA staff determined that some of the smaller contract amendments with the Project Participants were approved and executed by GBRA's General Manager pursuant to his authority provided for in the GBRA By-Laws. Therefore, in order to satisfy the anticipated Attorney General requirement, bond counsel is recommending that the GBRA Board ratify all prior actions related to committing water and project capacity from the Western Canyon Project. Upon motion by Director Pagel, seconded by Director Mathews, the Board unanimously ratified and affirmed prior actions, agreements, amendments, and assignments of the Guadalupe-Blanco River Authority Board of Directors as well as approving prior actions for similar purposes of the General Manager of the Guadalupe-Blanco River Authority related to supplying treated water from the GBRA Western Canyon Treated Water Supply Project to project participants leading up to and resulting in the current project commitments exclusive of Returnable and Additional Monthly Commitments for the City of Boerne, City of Fair Oaks Ranch, GBRA-Cordillera, GBRA-DH Investment Company, GBRA-Comal Trace, San Jose Water Texas-Canyon Lake Water Supply Company (Bulverde), San Jose Water Texas-Canyon Lake Water Supply Company (Park Village), Lerin Hills Municipal Utility District, Kendall West Utility LLC, and San Antonio Water System.

The Chair called for **Action Item 11 - Consideration of and possible action approving the selection of a financial audit firm.** 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. In February, 2013, a Request for Proposal for auditing services was prepared and sent to nine requesting firms. Five of the nine firms responded with proposals. GBRA staff evaluated the proposals and recommended two firms to the Audit Committee to interview. Audit Committee members and GBRA staff interviewed both firms on April 24, 2013. Upon motion by Director Mathews, seconded by Director Motl, the Board unanimously authorized the General Manager to engage the firm Alonzo, Bacarisse, Irvine, and Palmer for the Fiscal Year 2013 financial audit.

Next, the Chair called for **Action Item 12 - Consideration of and possible action ratifying and affirming prior actions, agreements, amendments, and assignments of the Guadalupe-Blanco River Authority Board of Directors as well as approving prior actions for similar purposes of the General Manager of the Guadalupe-Blanco River Authority related to negotiating and executing an agreement between SH-DJL Development, LLC, (Singing Hills) and Guadalupe-Blanco River Authority for wastewater services and to authorize the General**

Manager to amend the agreement in the future to include Comal County Water Control and Improvement District (WCID) No. 6 as a party to the agreement.

By action dated July 18, 2012, the Board of Directors of GBRA authorized the General Manager to negotiate and execute an agreement between SH-DJL Development, LLC, (Singing Hills); and Comal County Water Control and Improvement District Number 6 and Guadalupe-Blanco River Authority for wastewater services. This current action provides for consideration by the GBRA Board of Directors to ratify and affirm prior actions, agreements, amendments and assignments as well as approve the prior actions related to negotiating and executing an agreement between SH-DJL Development, LLC, (Singing Hills) and Guadalupe-Blanco River Authority for wastewater services for the development known as Singing Hills and to authorize the General Manager to amend the agreement in the future to include Comal County Water Control and Improvement District No. 6 once the development has been annexed into the District. The proposed action will allow GBRA to ratify and affirm prior actions, agreements, amendments and assignments to provide wastewater services to the Singing Hills development. Upon motion by Director McLeroy, seconded by Director Mathews, the Board unanimously ratified and affirmed prior actions, agreements, amendments, and assignments of the Guadalupe-Blanco River Authority Board of Directors as well as approving prior actions for similar purposes of the General Manager of the Guadalupe-Blanco River Authority related to negotiating and executing an agreement between SH-DJL Development, LLC, (Singing Hills) and Guadalupe-Blanco River Authority for wastewater services and authorized the General Manager to amend

the agreement in the future to include Comal County Water Control and Improvement District No. 6 as a party to the agreement.

The Chair then called for **Discussion Item 13 - Presentation on GBRA's Our Day to Shine**. Connie Rothe briefed the Board on GBRA's 2013 "Our Day to Shine" project at the Belmont Community Center.

The Chair called for **Discussion Item 14 - 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, the Edwards Aquifer Recovery Implementation Program Habitat Conservation Plan, and the Guadalupe Basin Coalition.

Next, the Chair called for **Discussion Item 15 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, the Gorge Preservation Society, and the Guadalupe River Foundation**. Steve Jester briefed the Board on activities of the Guadalupe-Blanco River Trust. David Welsch briefed the Board on a meeting with the Casteel family relating to the Environmental Learning Center near the Canyon Lake Gorge.

The Chair then called for **Discussion Item 16 - 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 17 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on the 83rd Legislative Session activities and pending legislation. The Board was also briefed on a meeting with former GBRA Director Cliff Thomas who is serving on the Texas A&M University's Board of Regents and the Chancellor of Texas A&M University relating to water issues.

Next, the Chair called for **Discussion Item 18 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on a news release relating to the Endangered Species Act. Discussion was also had on national legislative activities.

The Chair recessed the meeting at 11:45 a.m. and reconvened the meeting at 11:54 a.m.

The Chair called for the **Presentation of 2013 annual GBRA Scholarships.** Connie Rothe introduced the 2013 GBRA Scholarship recipients Collin Wayne Cowey (not in attendance), Jewel Amber Sheffield, Alana Zamora, and Cenaida Betzaide Zenteno.

Director McLeroy and Director Pagel thanked GBRA Directors and Staff for the many wonderful years of service on the Guadalupe-Blanco River Authority Board of Directors.

The Chair recessed the open meeting at 12:06 p.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:39 p.m. pursuant to

Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 1:54 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:54 p.m. subject to call by the Chair.

Chair

Secretary