

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 October 21, 2015, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Tommy Mathews, Robert "Rusty" Brockman, Dennis L. Patillo, Oscar H. Fogle, Don B. Meador, Darrell McLain, Kenneth Motl, and William R. Carbonara. Director Grace G. Kunde was absent. Also present were W. E. West, Jr., General Manager; Tom Bohl, General Counsel; James Murphy, Executive Manager of Water Resources and Utility Operations; Alvin Schuerg, Executive Manager of Finance and Administration; LaMarriol Smith, Executive Manager for Strategic Communications and Public Affairs; 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; Darel Ball, Operations Manager-Lower Basin; Barbara Gunn, Human Resources Manager; John Smith, Operations Manager-Upper Basin; Michael Urrutia, Director of Water Quality Services; Teresa Van Booven, Project and Community Representative; Cricket Dietert, Executive Assistant to the General Manager; Leigh Crettenden, IT Manager; Carl Westergard, Web Master; Jaynellen Ladd, Natural Resource Specialist; Mary Newman, Project Coordinator; Tammy Beutnagel, Public Communications Assistant; Sandra Terry, Investment Manager; Susan Hubbert, Accounting Manager; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Roger Nevola, legal counsel; Jim Dublin

with Dublin and Associates; David Engel with Engel and Associates; Jim Powers former GBRA Director from Hays County; Tom Spurgeon with McCall, Parkhurst and Horton; Sam Vaugh with HDR Engineering; Stefan Schuster and Bill Swanson with MWH Global; Mark Ellison with IDE-Americas; Gordon Gray with Invenergy; Steve Courtney with CBI; Brandon Payne with San Antonio Water System; Robert Treacy with Gallagher Benefit Services, Inc.; and Jeanne Schnuriger with Springs Hill Water Supply Corporation.

Chair Mathews 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 Motl 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.

The Chair called for **Chair Item 1 - Consideration of and possible action approving a Resolution honoring 2015 Guadalupe-Blanco River Authority retiree David Kenda for his thirty-three (33) years of meritorious and faithful service.** No action was taken on Chair Item 1. This item will be presented at the November Board meeting.

Next, the Chair called for **Chair Item 2 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the National Water Resources Association Annual Conference, November 4-6, 2015 at the Westin Denver Hotel in Denver, Colorado.** Upon motion by Director Brockman, seconded by Director Motl, the Board unanimously authorized the expenditure of funds for Directors and staff to attend the National Water Resources Association Annual Conference in Denver, Colorado.

The Chair then called for **Consent Item 3 - Consideration of and possible action approving the minutes of the September 16, 2015, Board meeting; and Consent Item 4 - Consideration of and possible action approving the monthly operations report for September 2015.** Upon motion by Director Motl, seconded by Director Brockman, the Board unanimously approved Consent Items 3 and 4.

No action was taken on **Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** No action taken on Consent Item 5. This item will be presented at the November Board meeting.

The Chair called for **General Manager Item 6 - Discussion of the executive report addressing various matters relating to water resources planning including reports on Regional L Water Planning group activities, State funding issues, water reuse policies, Texas Water Development Board interregional conflict rules, GBRA's Mid-Basin Project (Groundwater and Surface Water components), Integrated Water Power Project and project funding applications, Lower Basin Storage Project and related regional planning and legislative issues, Lower Basin**

Appropriation (new) Project, Hydropower Regulatory Efficiency Act issues, water resources operation including engineering issues and related meetings, regional planning, consultations with the U. S. Army Corps of Engineers, construction management reports relating to GBRA projects and to the FM 110 Bypass in San Marcos, FM 150 near Kyle, U.S. 183 near Lockhart, CR-266 in Caldwell County, rainfall and floodwater monitoring issues in the Guadalupe and Blanco River watersheds, safety issues, utility operations; Water Quality Division and Regional Laboratory reports, reports on the activities of GBRA's Regional Laboratory, sampling and other water quality-related activities, economic and community development reports including reports on the River Heritage Tour Project, Moonlight in the Gorge, reports on various community meetings, community outreach activities in the Guadalupe Basin, reports on demolition of structures at certain locations around Lake Wood/H-5, a Boy Scout project on Lake Wood/H-5 in the cleared areas, budget meetings with customers, project development reports relating to Johnson Ranch, Bulverde, Park Village and 4-S Ranch, Dunlap Area Utilities, Point Comfort, Port Lavaca, Canyon Lake wastewater master plan development, water and wastewater agreements and services provided in various communities throughout the Guadalupe Basin, GBRA's Lower Basin Project, property management reports, water supply studies in the Basin, Western Canyon reports, water supply studies in the middle Guadalupe Basin, resource protection issues, lake management, water safety issues and ordinances, Zebra

Mussels, flood management and recovery issues, issues related to logjams, reports from the Canyon Lake/Sattler office and the Gorge Preservation Society, reports on Lerin Hills and other subdivisions in and around Kendall County, public affairs reports including media reports, public outreach and social media, new website development, education reports, reports on the activities of the Environmental Learning Center, publications, Geographic Information Systems projects, special projects including outreach to various schools and presentation to students, planning for newly acquired property at Coletto Creek, reports on marketing efforts, GBRA publications, grants, Board relations and public events, administrative reports, information technology reports, Human Resource reports, personnel matters, accounting, and finance reports, water supply and wastewater treatment contract activities. James Murphy briefed the Board on GBRA water resources planning, operations, and engineering activities. Mr. Murphy also briefed the Board on regional planning efforts. David Welsch briefed the Board on water quality, regional laboratory, economic and community development, and business development activities. Mary Newman briefed the Board on the Natural Resource Conservation Service damage survey report and funding for repair and debris removal relating to the May 2015 flood event. Teresa Van Booven briefed the Board on the GBRA River Heritage Tour and activities at the Canyon Lake Gorge including the Moon Light in the Gorge event. Michael Urrutia briefed the Board on activities of the GBRA Regional Laboratory, the Plum Creek clean-up, and water treatment plant operations. LaMarriol Smith briefed the Board on media, education, publications, marketing, and grant

activities. Alvin Schuerg briefed the Board on finance, human resource, and information technology activities. Mr. Schuerg also briefed the Board on GBRA's vendors list, fixed asset inventory, and investment history report.

Chair Mathews recognized and welcomed Jim Powers, former GBRA Director from Hays County.

Next, the Chair called for **Action Item 7 - Consideration of and possible action approving the selection of one or more firms to provide Guadalupe-Blanco River Authority Employee Benefit Plans and Services for calendar year 2016 including Plans for health insurance, dental insurance, group term life insurance, long-term disability insurance, and others.** As part of the GBRA Employee Benefit Package, GBRA provides health insurance, dental insurance, vision insurance, group term life insurance, and long-term disability. The GBRA staff working with its employee benefit consultant, Gallagher, recently distributed a Request for Proposal to the principal companies in the employee benefit insurance industry. The Request for Proposal requested the calendar year 2016 cost from these insurance companies for the provision of employee benefit insurance programs with terms and benefits that are similar to GBRA's current programs. The GBRA Retirement and Benefit Committee met on October 21, 2015, and discussed the results or responses to the Request for Proposal. Upon motion by Director Fogle, seconded by Director Motl, the Board unanimously approved contracting with Aetna for all employee benefit programs including health, dental, group term life, and long term disability for the calendar year 2016.

The Chair then called for **Action Item 8 - Consideration of and possible action approving a Resolution authorizing the issuance of \$2,000,000 in aggregate principal amount of Guadalupe-Blanco River Authority General Improvement Revenue Bonds, Series 2015, to be purchased by the Texas Water Development Board through the State Water Implementation Revenue Fund for Texas (SWIRFT) Program; authorizing the execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; and authorizing all other instruments and procedures related thereto.** For several months, GBRA has been studying various aspects of an Integrated Water Power Project, often referred to as a desalination project. The funding of the prior work on this study has come from a combination of GBRA resources and grant funds from the General Land Office and Bureau of Reclamation. In order to continue the study, GBRA has solicited and been approved for funding through the Texas Water Development Board in an amount not to exceed \$8,000,000. In order to preserve GBRA's funding capabilities for other projects should they come to fruition, GBRA has decided to "take down" the Texas Water Development Board commitment in installments, the first of which will be \$2,000,000. The form by which the Texas Water Development Board will provide GBRA these project funds is to purchase GBRA's tax-exempt revenue bonds in the amount of \$2,000,000. In order to complete GBRA's issuance and the Texas Water Development Board's purchase of these bonds, a bond resolution establishing the terms of the bonds must be adopted by the GBRA Board of Directors. Upon motion by Director Patillo, seconded by Director Brockman, the Board unanimously approved a Resolution authorizing the issuance of

\$2,000,000 in aggregate principal amount of Guadalupe-Blanco River Authority General Improvement Revenue Bonds, Series 2015, to be purchased by the Texas Water Development Board through the State Water Implementation Revenue Fund For Texas (SWIRFT) Program; authorized the execution of a Paying Agent/Registrar Agreement, and an Escrow Agreement; and authorized all other instruments and procedures related thereto. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Action Item 9 - Consideration of and possible action authorizing the General Manager to open a bank account at Frost National Bank for funds associated with the Guadalupe-Blanco River Authority's Integrated Water Power Project Study Project.** GBRA Board Policy 413 – Depository Accounts requires Board of Directors approval prior to the initiation of new bank accounts. Pursuant to the terms of the Bond Resolution and Texas Water Development Board financing agreement related to the Integrated Water Power Project Study, a checking account is required to be established. The GBRA staff recommended that this new bank account be opened at Frost National Bank consistent with the existing Mid-Basin Project account that was similarly established following that Texas Water Development Board financing. Upon motion by Director Meador, seconded by Director Motl, the Board unanimously approved the opening of a bank account at Frost National Bank for funds associated with the Guadalupe-Blanco River Authority's Integrated Water Power Project Study Project.

Chair Mathews recessed the meeting at 10:58 a.m. and reconvened the meeting at 11:24 a.m.

Next, the Chair called for **Action Item 10 - Consideration of and possible action approving a Reservation Agreement for the Lower Basin Storage Project.**

James Murphy briefed the Board on the Reservation Agreement and meetings with prospective customers. Upon motion by Director Patillo, seconded by Director Brockman, the Board unanimously approved a Reservation Agreement for the Lower Basin Storage Project. A copy of the Agreement is attached and made a part of these minutes.

The Chair then called for **Action Item 11 - Consideration of and possible action authorizing the General Manager to negotiate and execute contracts for Engineering Services with the most qualified respondent(s) for the Guadalupe-Blanco River Authority Lower Basin Storage Project and the Lower Basin Pipeline Project.** GBRA and Dow Chemical Company jointly own Guadalupe River surface water rights. These water rights permit the diversion of water just upstream of GBRA's salt water barrier located in Calhoun County. The water rights have a high degree of reliability but a portion is not firm assuming a repeat of the drought of record. An off-channel storage reservoir is required to firm-up these run-of-river rights. The Lower Basin Storage Project is a recommended water management strategy in the 2011 and the initially prepared 2016 South Central Texas Regional Water Plan. The Lower Basin Pipeline Project involving the development of a regional pipeline or pipelines will be necessary to deliver water from the proposed Lower Basin Storage Project to several potential new GBRA customers located in the lower Guadalupe River Basin or adjacent coastal basins. GBRA needs the assistance of one or more engineering firms to help

refine the storage and pipeline projects. Once the detailed project is finalized, the engineer(s) can develop plans and specifications for construction. Advertising for the Request for Qualifications began August 10, 2015 with responses due August 31, 2015. Based on its review of all timely responses, GBRA staff has concluded that the most qualified respondent for the Lower Basin Storage Project is HDR, Inc. from Austin, Texas and the most qualified respondent for the Lower Basin Pipeline Project is MWH Global from Austin, Texas. Upon motion by Director Meador, seconded by Director Patillo, the Board unanimously authorized the General Manager to negotiate and execute a contract for engineering services with HDR, Inc., the Guadalupe-Blanco River Authority Lower Basin Storage Project and a contract for engineering services with MWH Global for the Lower Basin Pipeline Project. A copy of the contracts are attached and made a part of these minutes.

The Chair called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Memorandum of Understanding between the Guadalupe-Blanco River Authority and Invenergy Thermal Development LLC, to jointly explore the possibility of siting a large-scale desalination water production and electric generation project employing sea water reverse osmosis technology and natural gas-fired combustion turbine technology at a location to be determined near the Texas Gulf Coast.** GBRA initiated the Integrated Water Power Project, with the intention of developing both a large-scale marine seawater desalination project and a regional electric generation project. The marine seawater desalination project has made significant progress,

however the electric generation project has not proceeded as rapidly. The terms of the Memorandum of Understanding will be confidential, but they will generally include provisions for GBRA and Invenergy to jointly investigate the possibility of locating a desalination water project at a location adjacent to the Texas Gulf Coast so as to facilitate development of the Integrated Water Power Project desalination facility. The study will evaluate multiple factors associated with development of an ocean desalination facility including site selection, availability of power supply from existing facilities, and co-location of a new power facility with the desalination project. Upon motion by Director Brockman, seconded by Director Patillo, the Board unanimously authorized the General Manager to negotiate and execute a Memorandum of Understanding between the Guadalupe-Blanco River Authority and Invenergy Thermal Development LLC, to jointly explore the possibility of siting a large-scale desalination water production and electric generation project employing sea water reverse osmosis technology and natural gas-fired combustion turbine technology at a location to be determined near the Texas Gulf Coast.

Next, the Chair called for **Action Item 13 - Consideration of and possible action authorizing the General Manager to negotiate and execute a contract with the most qualified respondent for consulting service to assist in the updating of the Hazard Mitigation Plan.** In May 2003, GBRA initiated the development of an All-Hazard Mitigation Action Plan for the Guadalupe Basin. All ten counties within GBRA's district were asked to participate and seven chose to participate including Kendall, Caldwell, Gonzales, DeWitt, Victoria, Calhoun, and Refugio Counties. The Plan was

officially approved by FEMA in late January of 2005. As required by FEMA, the Plan was updated five years later in 2011. The second update is required in 2016. However, due to changes in rules, regional plans (multiple counties) are not allowed. The 2016 updated Plan will only address GBRA needs. GBRA prepared a Request for Proposal inviting qualified firms to submit proposals to assist with the update of the All-Hazard Mitigation Action Plan for GBRA. The Request for Proposal was mailed to several consulting firms and proposals were opened on October 16, 2015. The firms responding to the Request for Proposal were H2O Partners, Centurion Solutions LLC, Integrated Solutions Consulting, Inc., True North Emergency Management, and Tetra Tech. Based on its review of all timely proposals, GBRA staff has concluded that the most qualified proposer is H2O Partners of Austin, Texas, and the General Manager recommended that he be authorized to negotiate and execute a contract with H2O Partners to assist in the updating of the Hazard Mitigation Plan. Upon motion by Director Patillo, seconded by Director Motl, the Board unanimously authorized the General Manager to negotiate and execute a contract with H2O Partners of Austin, Texas, to assist in the updating of the Hazard Mitigation Plan. A copy of the contract is attached and made a part of these minutes.

The Chair then called for **Action Item 14 - Consideration of and possible action authorizing funding assistance for the Comal Trinity Groundwater Conservation District.** General Manager West and Chair Mathews briefed the Board on a funding request from the Comal Trinity Groundwater Conservation District. Upon motion by Director Meador, seconded by Director Carbonara, the Board authorized a

one-time funding assistance in the amount of \$5,000 to the Comal Trinity Groundwater Conservation District by the following vote:

Ayes: Directors Mathews, Patillo, Fogle, Carbonara, McLain, Meador,
and Motl

Noes: None

Abstentions: Director Brockman

The Chair called for **Discussion Item 15 - 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 Guadalupe Basin Coalition, and the South Central Texas Water Advisory Committee.

Next, the Chair called for **Discussion Item 16 - 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.** Todd Votteler briefed the Board on the activities of the Guadalupe-Blanco River Trust. Dan Alonso briefed the Board on the activities of the San Antonio Bay Foundation.

The Chair then called for **Discussion Item 17 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** Tommy Hill briefed the Board on the Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin, including Comal Springs level, San Marcos Springs level,

Guadalupe River stream flows, elevation of Canyon Reservoir and other reservoirs, rainfall events, and the U. S. Drought Monitor Seasonal Outlook.

The Chair called for **Discussion Item 18 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on Senate Interim Charges, groundwater litigation, and Port O'Connor Municipal Utility District water issues.

Next, the Chair called for **Discussion Item 19 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on the Waters of the United States and national water issues.

The Chair recessed the open meeting at 12:11 p.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:47 p.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 1:44 p.m.

Upon motion by Director Meador, seconded by Director Fogle, the Board authorized the General Manager to intervene and request party status in the hearing on the application of New Braunfels Utilities to amend its discharge permit (TPDES Permit No. WQ0010232002) by the following vote:

Ayes: Directors Mathews, Patillo, Fogle, Carbonara, McLain, Meador, and Motl

Noes: None

Abstentions: Director Brockman

There being no further business to be brought before the Board, the meeting was adjourned at 1:45 p.m. subject to call by the Chair.

Chair

Secretary