

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 February 17, 2016, 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, Grace G. Kunde, Don B. Meador, and William R. Carbonara. Directors Kenneth Motl and Darrel McLain were 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; Darel Ball, Operations Manager-Lower Basin; Barbara Gunn, Human Resources Manager; Tommy Hill, Chief Engineer; 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 Kerr, Natural Resource Specialist; Mary Newman, Project Coordinator; Tim Dusek, Grant Writer/Administrator; Charlie Hickman, Engineer; Susan Cochran, Operations Assistant; Josie Longoria, Regional Laboratory Director; Jim Lumley, Senior Water Tender and 2016 GBRA Retiree; Minnie Lumley; Dan Alonso, San Antonio Bay

Foundation Executive Director; Roger Nevola, legal counsel; Jim Dublin with Dublin and Associates; David Engel with Engel and Associates; Jay Howard with HillCo Partners; Steve Holzheuser, consultant; Mark Janay with San Jose Water; Charles Nunes, Texas Water Alliance; Ryan Murdock, Bill Swanson and Amy Campbell with MWH; Stefan Schuster with HydroPlan Devine Holdings, LLC; Humberto Ramos with Canyon Regional Water Authority; Adam Conner with San Antonio Water System; John B. Stewart with Dykema Cox Smith; Barbara Lackey with River City Engineering; Jeanne Schnuriger with Springs Hill Water Supply Corporation; Graham Moore with Hays County Public Utility Authority; Shawn Tidwell with Wood Lake Condo; Caleb Cloud with Cloud Roofing; and Steven Tays.

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:

Chair Mathews asked all to keep GBRA Director Darrell McLain, who is in the hospital, in their prayers.

Chair Mathews reminded meeting attendees that in the interest of more transparency, the Guadalupe-Blanco River Authority Board meetings are being videotaped and made available online.

Director Kunde 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 2016 Guadalupe-Blanco River Authority retiree James Lumley for his thirty-three (33) years of meritorious and faithful service.**

Chair Mathews and General Manager West recognized and welcomed Jim Lumley and wife Minnie Lumley. Chair Mathews read a Resolution honoring 2016 retiree James “Jim” Lumley. Upon motion by Director Meador, seconded by Director Patillo, the Board unanimously approved a Resolution honoring retiree James “Jim” Lumley for his thirty-three years of meritorious and faithful service to GBRA. A copy of the Resolution is attached and made a part of these minutes.

Chair Mathews called on LaMarriol Smith, who introduced Danielle Wilson, GBRA’s Communications/Education Assistant.

Next, the Chair called for **Consent Item 2 - Consideration of and possible action approving the minutes of the January 20, 2016, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for January 2016; Consent Item 4 - Consideration of and possible action approving the monthly operations report for January 2016; and Consent Item 5 - Consideration of and possible action approving Directors’ expense vouchers.**

Upon motion by Director Brockman, seconded by Director Patillo, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chair then called for **Items from the General Manager 7 - 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 log jams, 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, Guadalupe-Blanco River Trust planning for newly acquired conservation easement 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. No discussion was had on General Manager Item 7.

The Chair recessed the open meeting at 10:05 a.m. The Chair then closed the open meeting and convened the meeting in executive session at 10:09 a.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 10:56 a.m.

The Chair called for **Action Item 8 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Purchase Sale Agreement with S.J.W. Corp. (San Jose Water) to purchase Texas Water Alliance, Ltd (TWA), including without limitation, TWA's groundwater permit and groundwater leases in Gonzales and Caldwell Counties, Texas.** Tom Bohl briefed the Board on the Purchase Sale Agreement and related documents. Upon motion by Director Fogle, seconded by Director Carbonara, the Board unanimously authorized the General Manager to negotiate and execute a Purchase Sale Agreement with S.J.W. Corp. (San Jose Water) to purchase Texas Water Alliance, Ltd (TWA), including without limitation all documents and escrow agreement relating to TWA's groundwater permit and groundwater leases in Gonzales and Caldwell Counties, Texas. A copy of the Purchase Sale Agreement and related documents are attached and made a part of these minutes. General Manager West introduced Mark Janay and Charles Nunes with San Jose Water/Texas Water Alliance.

Next, the Chair called for **Action Item 9 - Consideration of and possible action authorizing the General Manager to negotiate and execute the purchase of water rights in the Guadalupe River Basin from the Thornton Family Investments, LP, descendants of former Guadalupe-Blanco River Authority Board member,**

General Manager and General Counsel Edward M. Cape. Todd Votteler briefed the Board on the Thornton water rights with priority dates of 1895 and 1905 on the San Marcos River. Dr. Votteler gave a brief history on Edward M. Cape and his role in connection with the construction of Canyon Dam and Reservoir in Comal County, Texas. Tom Bohl briefed the Board on the purchase of the 35 acre feet of water rights on the San Marcos River. Upon motion by Director Meador, seconded by Director Kunde, the Board unanimously authorized the General Manager to negotiate and execute the purchase of water rights in the Guadalupe River Basin from the Thornton Family Investments, LP, descendants of former Guadalupe-Blanco River Authority Board member, General Manager and General Counsel Edward M. Cape. A copy of the purchase agreement is attached and made a part of these minutes.

The Chair then called for **Action Item 10 - Consideration of and possible action approving an amendment to the GBRA Fiscal Year 2016 Work Plan and Budget and the Rate and Rate Structures schedule included therein, to adopt a “Developer Reimbursement Fee” in the amount of \$2,000 per water connection and \$2,000 per wastewater connection, for each new connection within the Cordillera Development.** An important component of GBRA’s Annual Work Plan and Budget is the “Rate and Rate Structures” schedule. The rates and rate structures included in the Fiscal Year 2016 schedule were approved by the GBRA Board of Directors on August 19, 2015 coincident with the approval of the Fiscal Year 2016 Work Plan and Budget. The approved Fiscal Year 2016 water and wastewater rates for the Cordillera Development include monthly service fees, connection fees, as well as

miscellaneous transfer and inspection fees. Section 10.8 of the *Agreement Between Cordillera Ranch Ltd., a Texas Limited Partnership and Guadalupe-Blanco River Authority* provides that the developer may require GBRA to adopt a capital recovery fee of up to \$10,000 per connection and remit such fee to the developer. The purpose of such fee is to repay costs incurred by the developer in the construction of the water and wastewater infrastructure within the development. Recently, representatives of the developer requested that GBRA adopt a fee(s) pursuant to Section 10.8 and such fee be in the amount of \$2,000 per water connection and \$2,000 per wastewater connection. Upon motion by Director Brockman, seconded by Director Kunde, the Board unanimously approved an amendment to the GBRA Fiscal Year 2016 Work Plan and Budget and the Rate and Rate Structures schedule included therein, to adopt a “Developer Reimbursement Fee” in the amount of \$2,000 per water connection and \$2,000 per wastewater connection, for each new connection within the Cordillera Development.

The Chair called for **Action Item 11 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Short-Term Partial Assignment of Interest from San Antonio Water System to Springs Hill Water Supply Corporation of 500 acre feet per year of raw water supply provided pursuant to the Water Purchase Contract Among Guadalupe-Blanco River Authority and Canyon Regional Water Authority and City of Cibolo, City of Marion, East Central Water Supply Corporation, Green Valley Special Utility District, Springs Hill Water Supply Corporation, and Bexar Metropolitan Water District.** On

October 13, 1998, GBRA executed a Water Purchase Contract (1998 Contract) with Canyon Regional Water Authority and its respective member entities. One of those member entities was Bexar Metropolitan Water District. Bexar Metropolitan Water District was dissolved by the Texas Legislature subsequent to the execution of the 1998 GBRA contract. This dissolution including transferring all of Bexar Metropolitan Water District's various rights and responsibilities to the San Antonio Water System. Pursuant to the terms of the 1998 Contract, GBRA will deliver up to 4,000 acre-feet per year of raw water to Canyon Regional Water Authority for subsequent treatment and delivery to San Antonio Water System. This 4,000 acre-feet per year water delivery requirement expires on December 31, 2023. San Antonio Water System has determined that through the remainder of the contract term, it does not need all of the 4,000 acre-feet per year provided for under the 1998 Contract and wishes to partially assign 500 acre-feet per year to another member entity of Canyon Regional Water Authority. Coincidentally, the Springs Hill Water Supply Corporation, another member entity of Canyon Regional Water Authority, has expressed a desire to contract for an additional 500 acre-feet per year under the 1998 Contract. To effectuate the intent of Canyon Regional Water Authority and its affected member entities, GBRA is recommending the approval and execution of the attached Partial Assignment pursuant to which 500 acre-feet per year of water will be delivered for the benefit of Springs Hill Water Supply Corporation instead of San Antonio Water System. Alvin Schuerg introduced Jeanne Schnuriger with Springs Hill Water Supply Corporation. Upon motion by Director Patillo, seconded by Director Kunde, the Board unanimously authorized the General

Manager to negotiate and execute a Short-Term Partial Assignment of Interest from San Antonio Water System to Springs Hill Water Supply Corporation of 500 acre feet per year of raw water supply provided pursuant to the Water Purchase Contract Among Guadalupe-Blanco River Authority and Canyon Regional Water Authority and City of Cibolo, City of Marion, East Central Water Supply Corporation, Green Valley Special Utility District, Springs Hill Water Supply Corporation, and Bexar Metropolitan Water District. A copy of the Short-Term Partial Assignment of Interest is attached and made a part of these minutes.

Next, the Chair called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Contract for Professional Engineering Services with River City Engineering for development of a Wastewater Master Plan for portions of northern Guadalupe County and adjacent areas.** GBRA is in the process of developing a wastewater masterplan for portions of the northern part of Guadalupe County east of Highway 46, and including adjacent areas. There is currently no wastewater treatment service provided in the majority of that area at this time. Upon motion by Director Brockman, seconded by Director Kunde, the Board unanimously authorized the General Manager to negotiate and execute a Contract for Professional Engineering Services with River City Engineering for development of a Wastewater Master Plan for portions of northern Guadalupe County and adjacent areas. A copy of the Contract for Professional Engineering Services is attached and made a part of these minutes.

The Chair then called for **Action Item 13 - Consideration of and possible action authorizing the General Manager to negotiate and execute the Engineering Services Agreement with Freese and Nichols, Inc. for the Guadalupe Valley Hydroelectric Division and Canyon Hydroelectric Division.** Multiple projects requiring the services of an engineering consultant have been budgeted for the Guadalupe Valley Hydroelectric Division and the Canyon Hydroelectric Division in recent years, and additional activities have been identified for implementation in upcoming budget cycles. Staff recommended entering into an on-call services contract in lieu of individual contracts for each activity. An on-call services contract for a period of three years with an option to renew for an additional two years is proposed. This will also allow GBRA to have a contractor on-call for potential emergency situations. GBRA has posted a request for qualifications for an on-call services contract and staff has selected Freese and Nichols, Inc. as the most qualified firm. No unbudgeted funds are currently proposed to be expended under this contract. However, the contract does allow staff to request assistance in an emergency situation. Upon motion by Director Kunde, seconded by Director Brockman, the Board unanimously authorized the General Manager to negotiate and execute the Engineering Services Agreement with Freese and Nichols, Inc. for the Guadalupe Valley Hydroelectric Division and Canyon Hydroelectric Division. A copy of the Engineering Services Agreement is attached and made a part of these minutes.

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 Guadalupe Basin Coalition, and the South Central Texas Water Advisory Committee.

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.** Todd Votteler briefed the Board on the activities of the Guadalupe-Blanco River Trust. Dan Alonso presented a plaque to Dr. Todd Votteler for his assistance in creating and dedicated service as a Board member on the San Antonio Bay Foundation. Mr. Alonso briefed the Board on the activities of the San Antonio Bay Foundation.

The Chair then called for **Discussion Item 16 - 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 17 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on the activities relating to recreational issues on the San Marcos River in Guadalupe and Hays County. Discussion was also had on activities of the South Central Texas Regional Water Planning Group Region L including selection Suzanne

Scott as the new Chair. A letter to the Texas Water Conservation Association regarding a proposed Direct Water Reuse Policy was discussed.

Next the Chair called for **Discussion Item 18 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on the Texas Water Conservation Association Texas Water Day recently held in Washington, D.C. The Board was briefed on articles in the Water Strategies Client Report including the passing of Jim Nichols with Freese and Nichols and several Supreme Court issues.

The Chair recessed the open meeting at 11:47 a.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:27 p.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 1:40 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:41 p.m. subject to call by the Chair.

Chair

Secretary