The Board of Directors of the Guadalupe-Blanco River Authority met in a regular monthly meeting on August 17, 2005, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were John P. Schneider, Jr., Stephen F. Wilson, DVM, Myrna P. McLeroy, Frank J. Pagel, Kathleen A. Devine, Jack R. Gary, Margaret M. Grier, and Clifton L. Thomas, Jr. Director Frederick S. Schlather was absent. Also present were W. E. West, Jr., General Manager; Fred M. Blumberg, Deputy General Manager and Chief Operations Officer; Alvin Schuerg, Executive Manager of Finance and Administration; Randy Worden, Executive Manager of Business Development and Resource Management; Gary Asbury, Manager of Project Engineering; Judy Gardner, Manager of Communications and Education; Debbie Magin, Director of Water Quality Services; John Smith, Operations Manager-Upper Basin; Bryan Serold, Operations Manager-Lower Basin; Tommie Streeter-Rhoad, Economic Development Manager; Todd H. Votteler, Director of Natural Resources and Special Assistant to the General Manager; David Welsch, Director of Planning and Development; Cricket Dietert, Executive Assistant to the General Manager; Janet Thome, Trust Coordinator; Connie Rothe, Board Relations Assistant; Tammy Beutnagel, Public Communications Assistant; Juan Gonzalez, Web Master; Sandra Terry, Accountant; Roger Nevola, legal counsel; Jim Dublin representing Dublin and Associates, Inc.; Jay Howard representing HillCo Partners; David Engel,
representing Engel and Associates, Inc.; Greg Bowen representing the Victoria Advocate; and Melissa Johnson representing the Seguin Gazette-Enterprise.

The meeting was called to order at 10:11 a.m. by Chairman Schneider who took note of the certifications presented by the General Manager 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 Government Code. A quorum being present, the following proceedings were had:

Director McLeroy led the United States Pledge of Allegiance and the Texas Pledge of Allegiance.

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

The Chairman called for **Chairman Item 1 - Consideration of and possible action appointing Trustees Seats 1 and 2 to serve on the Guadalupe-Blanco River Trust for the term of September 1, 2005 through August 31, 2006 in accordance with the Articles of Incorporation and Article 9.10.B of the Trust Non-Profit Corporation Act.** The Guadalupe-Blanco River Trust is a nonprofit land trust organization that was developed to conserve land in the Guadalupe River Basin for its natural, recreational, scenic, historic and productive value. The Trust was founded in 2001 by the Guadalupe-Blanco River Authority, a conservation and reclamation district created in 1933 by the Texas Legislature. In accordance with the Bylaws of the Guadalupe-Blanco River Trust so that the Corporation will always be operated in
connection with the Guadalupe-Blanco River Authority under the provisions of Section 509(a)(3) of the Internal Revenue Code of 1986, as amended, the appointment of the Trustees Seats 1 and 2 shall always be made so that the Corporation and the Guadalupe-Blanco River Authority will maintain a close and continuing relationship. Upon motion by Director Devine, seconded by Director Wilson, the Board unanimously appointed John P. Schneider, Jr. and Catherine R. McHaney to serve on Seats 1 and 2 on the Board of Trustees for the Guadalupe-Blanco River Trust. The Trustees appointed to Seats 1 and 2 shall serve one (1) year terms.

Next, the Chairman called for Consent Items 2 - Consideration of and possible action approving the July 20, 2005 and August 3, 2005 Board meeting minutes; 3 - Consideration of and possible action approving the monthly financial report for July 2005; 4 - Consideration of and possible action approving the monthly operations report for July 2005; 5 - Consideration of and possible action approving Directors’ expense vouchers; and 6 - Consideration of and possible action approving a Joint Funding Agreement between the United States Geological Survey and the Guadalupe-Blanco River Authority for the period October 2005 through September 2006. Upon motion by Director Gary, seconded by Director Wilson, the Board unanimously approved Consent Items 2, 3, 4, 5, and 6.

The Chairman then called for Executive Item 7 - Discussion of the Executive Report. General Manager West briefed the Board on utility operations including the safety incentive program, the draft service contract for the San Marcos Water Treatment Plant, spillgate repairs at TP-4, and a ribbon cutting for the Luling/Lockhart
water delivery system. The Board was informed of a meeting with the U. S. Army Corps of Engineers to discuss the operating and maintenance expenses for Canyon Reservoir, and the execution of the water rights purchase agreements with the Luling Foundation. Discussion was had regarding meetings of the Refugio County Groundwater District’s technical workgroup and continued work on modeling of the Gulf Coast Aquifer. The Board was informed on construction management activities including the Western Canyon Regional Treated Water Delivery Project, the IH-35 Project, and the Seguin building expansion project. General Manager West informed the Board on finance and administration activities including information technology, human resource leadership workshops, the completion of the FEMA audit relating to the July 2002 flood event, and the completion of the 2006 Work Plan and Budget. Discussion was had regarding business development including the City of Bulverde water distribution system and an operating agreement with Saddleridge Ranch. The Board was informed on water quality activities including a Texas Commission on Environmental Quality public meeting for the Canyon Lake wastewater permit and the ECLOX study on the San Marcos and Guadalupe River basins. Discussion was also had regarding a proposal for the purchase of a water system, the Canyon Lake Gorge Project and the Zedler Mill Project. The Board was briefed on the executive summary including month-to-date and year-to-date operating revenues and expenses, budget to actual revenue and expenses, and meetings with customers.

The Chairman called for **Action Item 8 - Consideration of and possible action approving the Fiscal Year 2006 Work Plan and Budget including rates,**
compensation tables, and employee compensation agreements as discussed in executive session for the Guadalupe Valley Hydroelectric Division, Canyon Park Estates Wastewater Reclamation System, Dunlap Wastewater Reclamation System, Northcliffe Wastewater Reclamation System, Springs Hill Wastewater Reclamation System, Wimberley Wastewater Treatment Plant System, Water Sales System, Regional Laboratory System, Calhoun Canal System, San Marcos Water Treatment Plant System, Buda Wastewater Treatment Plant System, Western Canyon Treated Water System, Bulverde Water Distribution System, Cordillera Water Distribution System, Cordillera Wastewater Treatment Plant System, Port Lavaca Water Treatment Plant Division, Calhoun County Rural Water Supply Division, Victoria Regional Wastewater Reclamation Division, Coleto Creek Reservoir System, Coleto Creek Recreation System, Luling Water Treatment Plant Division, Canyon Hydroelectric Division, Lockhart Wastewater Reclamation System, Lockhart Water Treatment Plant System, and General Division. Discussion was had regarding changes made to the 2006 Work Plan and Budget as a result of the Board workshop held August 3, 2005. The Board was also informed on a letter sent to the Guadalupe-Blanco River Trust President regarding their budget request. Upon motion by Director Wilson, seconded by Director Gary, the Board unanimously approved the Fiscal Year 2006 Work Plan and Budget including rates, compensation tables, and employee compensation agreements as discussed in executive session for the Guadalupe Valley Hydroelectric Division, Canyon Park Estates Wastewater Reclamation System, Dunlap Wastewater Reclamation System,

Next, the Chairman called for **Action Item 9 - Consideration of and possible action authorizing the General Manager to complete negotiations and execute a Service Contract with the City of San Marcos for the operation of the City’s water treatment systems.** The Board was briefed on the draft Service Contract with the City of San Marcos and given a copy for their review with possible approval at the September Board meeting. No action was taken on Action Item 9.

The Chairman then called for **Action Item 10 - Consideration of and possible action authorizing opening a construction checking account and any required escrow and debt service reserve account related to the Dunlap Wastewater Treatment Plant expansion project.** GBRA Board Policy 413 – Depository Accounts requires Board of Director approval prior to the initiation of new bank accounts. The
financing of the Dunlap Wastewater Treatment Plant Expansion Project will require a construction bank account to disburse funds related to the project. GBRA intends to open any required escrow and debt service reserve accounts related to the financing of the Dunlap Wastewater Treatment Plant expansion pursuant to loan agreement with Wells Fargo Bank. The staff recommended the construction bank account and any required escrow and debt service reserve accounts be opened at Wells Fargo Bank. Upon motion by Director Devine, seconded by Director Grier, the Board unanimously approved opening a construction bank account and any required escrow and debt service reserve accounts at Wells Fargo Bank related to GBRA’s Dunlap Wastewater Treatment Plant Expansion Project.

The Chairman called for **Action Item 11 - Consideration of and possible action authorizing a bank account to receive and account for impact fees related to the Bulverde Treated Water Distribution System.** GBRA Board Policy 413 – Depository Accounts requires Board of Director approval prior to the initiation of new bank accounts. On March 16, 2005, the Board approved the establishment of an impact fee of $4,398 per equivalent domestic unit to reimburse capital costs related to a Bulverde Treated Water Distribution System. In accordance with Local Government Code, Section 395.024 - Accounting for Fees and Interest, the Bulverde Treated Water Distribution System will require a bank account to account for impact fees related to the project. The staff recommended the bank account be opened at Broadway National Bank in Bulverde to accommodate customer payments. Upon motion by Director McLeroy, seconded by Director Grier, the Board unanimously approved opening a bank
account at Broadway National Bank to segregate impact fees collected in relation to the Bulverde Treated Water Distribution System.

Next, the Chairman called for **Action Item 12 - Consideration of and possible action approving a Resolution by the Board of Directors of Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain water pipeline easements and temporary construction easements and certain fee estates for the Western Canyon Regional Treated Water Delivery Project or System in connection therewith, over, across, upon and under certain privately owned real properties; authorizing all appropriate action by the General Manager, staff, and retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of GBRA to acquire such property interests; authorizing all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the Resolution to be severable one from the other in the event any section of this Resolution is determined to be invalid; said properties to be identified to wit:; Tract K-1A Stephen M. Marceau and Eva M. Marceau, being approximately .056 acres, or 2,448 square foot more or less, of permanent
easement and .022 acres of temporary easement and being out of the remaining portion of 516.475 acre as tract recorded and conveyed to Stephen M. Marceau and Eva M. Marceau in a Special Warranty Deed recorded in Volume 5474, Pages 955-960 of the Official Public Records of Real Property of Bexar County, Texas, out of the Herman J. Huppertz Survey No. 417 4/8, Abstract 934, County Block 4865 of Bexar County, Texas, and attached as Exhibit “A”; Tract K-2 Eric W. Larson, being approximately .152 acres of permanent easement and .185 acres of temporary easement and being .152 acres out of Lot 1, Block 1 of the Eric Larson Subdivision recorded in Volume 9520, Page 146 of the Deed and Plat Records of Bexar County, Texas, conveyed to Chris Baird and Eric Larson as recorded in Volume 4491, Pages 750-760 of the Official Public Records of Real Property of Bexar County, Texas, and attached as Exhibit “B”; Tract K-3 Eric Larson, being approximately .161 acres of permanent easement and .101 acres of temporary easement and being out of Lot 2, Block 1 of the Eric Larson Subdivision recorded in Volume 9531, Page 131 of the Deed and Plat Records of Bexar County, Texas, as conveyed to Eric Larson Warranty Deed with Vendor’s Lien recorded in Volume 5054, Pages 698-699 of the Official Public Records of Real Property of Bexar County, Texas, and attached as Exhibit “C”; Tract K-6 Weekley Homes, L.P., a Delaware limited partnership, being approximately .492 acres of permanent easement and .505 acres of temporary easement and being a portion of land out of 6.295 acre tract of land as recorded and conveyed to Weekley Homes L.P. in Warranty Deed recorded in Volume 9575, Pages 173-176 of the
Official Public Records of Real Property of Bexar County, Texas; out of the H.J. Huppertz Survey Number 417 4/8, Abstract 934, County Block 4865 Bexar County, Texas, and attached as Exhibit “D”; **Tract K-8 Sneckner Partners, Ltd.**, being approximately 3.448 acres of permanent easement and 3.448 acres of temporary easement and being a portion of land out of 442.445 acre tract of land recorded and conveyed to Sneckner Partners, Ltd in Warranty Deed as recorded in Volume 7864, Pages 1620-1630 of the Official Public Records of Real Property of Bexar County, Texas being out of the H. Penshorn Survey No. 366, Abstract 436, County Block 4863 Bexar County, Texas, and attached as Exhibit “E”; and **Tract K-20 Charles J. Staudt and Dorice N. Staudt**, being approximately .439 acres of permanent easement and .439 acres of temporary easement and being a portion of land out of 37.5 acre tract of land recorded and conveyed to Charles J. Staudt and Dorice N. Staudt in Volume 4645, Page 418-424 of the Official Public Records of Real Property Records in Bexar County, Texas, out of the G. Herrera Survey Number 192, Abstract 307, County Block 4859 of Bexar County, Texas, and attached as Exhibit “F”. Water supply agreements for treated water service by GBRA from the Western Canyon Regional Treated Water Supply Project have been executed with San Antonio Water System, San Antonio River Authority, the City of Boerne, the City of Fair Oaks Ranch, the City of Bulverde, Tapatio Springs Resorts/Kendall Water Utility, Cordillera Ranch and Johnson Ranch. Proceedings in eminent domain are necessary to acquire certain properties for the Western Canyon Regional Treated Water Supply Project. Efforts to negotiate for the acquisition of these properties have
been unsuccessful. All in-district tracts for the Project have been acquired. Upon motion by Director Gary, seconded by Director Grier, the Board unanimously approved Resolution by the Board of Directors of Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain water pipeline easements and temporary construction easements and certain fee estates for the Western Canyon Regional Treated Water Delivery Project or System in connection therewith, over, across, upon and under certain privately owned real properties; authorized all appropriate action by the General Manager, staff, and retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declared further negotiations futile; ratified and affirmed all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of GBRA to acquire such property interests; authorized all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declared the sections of the Resolution to be severable one from the other in the event any section of this Resolution is determined to be invalid. A copy of the Resolution is attached and made a part of these minutes.

The Chairman then called for **Action Item 13 - Consideration of and possible action approving a Resolution by the Board of Directors of Guadalupe-Blanco River Authority declaring a public necessity for the acquisition of certain water pipeline easements and temporary construction easements and certain fee**
estates for the Western Canyon Regional Treated Water Delivery Project or System in connection therewith, over, across, upon and under certain privately owned real properties; authorizing all appropriate action by the General Manager, staff, and retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of GBRA to acquire such property interests; authorizing all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the Resolution to be severable one from the other in the event any section of this Resolution is determined to be invalid; said properties to be identified to wit:; Tract G-12 Charles Martin Urban and wife, Joyce Marie Urban, being approximately .679 acres of permanent easement and 1.382 acres of temporary easement and being a portion of land out of 93.9903 acre tract of land conveyed to Charles Martin and Joyce Marie Urban in Warranty Deed with Vendor’s Lien as recorded in Volume 88, Pages 377-378 of the Deed Records of Kendall County, Texas, out of the H.S. Stouffer Survey No. 219, Abstract 468 of Kendall County, Texas, save and except .928 of an acre conveyed to the State of Texas by Deed recorded in Volume 312, Page 641, Kendall County Official
Records, and attached as Exhibit “A”. Action Item 13 was pulled from the agenda. A settlement has been reached on Tract G-12 Charles Martin Urban and wife, Joyce Marie Urban. No action was taken on Action Item 13.

Chairman Schneider restated for the record that the GBRA Board is extremely sensitive to personal property rights and that the GBRA staff makes every effort to negotiate a settlement before requesting authorization to initiate condemnation proceedings.

The Chairman called for **Action Item 14 - Consideration of and possible action regarding the Lower Guadalupe Water Supply Project.** Discussion was had regarding a letter from the San Antonio Chamber of Commerce to the San Antonio Water System and joint Resolution from the South Central Texas Water Advisory Committee and the Guadalupe Basin Coalition relating to revisions to the 2005 SAWS Water Resource Plan. Discussion was had regarding options for addressing the pumping caps on the Edwards Aquifer and an addendum to the San Antonio Water System 2005 Water Supply Plan. No action was taken at this time.

Next, the Chairman called for **Discussion Item 15 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** The reports were discussed.

The Chairman then called for **Discussion Item 16 - Discussion regarding the Canyon Lake Gorge Natural Area.** Tommie Rhoad made a presentation to the Board regarding the Canyon Lake Gorge Natural Area. The Board was informed on grant(s) for technical assistance and the establishment of a citizens’ advisory committee and
technical advisory committee. The presentation included information on the Canyon Gorge Development Plan and Timeline. The Board was informed on committee meetings, establishment of a website for the Gorge Project, a proposal for development of the Gorge that has been approved by the U.S. Army Corps of Engineers. GBRA is currently working with the U. S. Army Corps of Engineers on a lease of the Gorge area. Negotiations are also underway with the Casteel family for property located next to the Gorge area for possible use as Nature Science Center. The Board was briefed on the planning steps for development of the Canyon Lake Gorge Natural Area including employment of a park planner, cost estimates, establishment of a 501(C)(3) to assist with funding, and development of a Master Plan.

The Chairman called for Discussion Item 17 - Discussion regarding a wastewater operating contract with North Hays County Municipal Water District Number 1 for the Shadow Creek Development. The Board was briefed on a wastewater operating contract for the Shadow Creek Development including the 500 acre development with approximately 1,400 homes, the discharge permit, ownership and operation of the system, and payment procedures. A draft contract was distributed to the Board. The contract will be presented to the Board for possible approval at the September Board meeting.

Next, the Chairman called for Discussion Item 18 - Discussion regarding amending GBRA Board Policy 311 – Public Communication and Education. The Board was briefed on proposed changes to the Policy. The Policy will be brought to the Board for possible approval at the September Board meeting.
The Chairman then called for **Items from the General Manager 19 - Discussion regarding water planning and water resource issues.** The Board was briefed on legislative activities of the Second Called Session, a Region L Committee meeting, upcoming Kendall County Commissioner’s Court briefing on current and future water needs for Kendall County, the Guadalupe Delta Modeling Study, and an upcoming public meeting to discuss State Highway 130.

The Chairman called for **Items from the General Manager 20 - Discussion regarding the Edwards Aquifer Authority, South Central Texas Water Advisory Committee, and the Guadalupe River Coalition.** The Board was briefed on EAA Board meeting activities including SAWS’ purchase/lease of additional water supplies from the Trinity, Carrizo and Edwards Aquifers and a letter from the Mayor of San Antonio and surrounding areas to increase the pumping from the Edwards Aquifer. Discussion was had regarding EAA statutory pumping limits and permit transfers. The Board was briefed on a joint meeting of the South Central Texas Water Advisory Committee and the Guadalupe Basin Coalition including a Resolution submitted to Edwards Aquifer Authority.

Next, the Chairman called for **Items from the General Manager 21 - Discussion regarding the Guadalupe-Blanco River Trust.** The Board was informed on the upcoming Trust Board meeting scheduled for August 26, 2005.

The Chairman called for **Items from the General Manager 22 - Discussion regarding the National Water Resources Association Western Water Seminar.** General Manager West informed the Board on Seminar activities including a meeting
with the U. S. Bureau of Reclamation relating to possible water projects, the State water planning process, federal assistance on water projects, and the Endangered Species Act.

The Chairman recessed the open meeting at 11:55 p.m. The Chairman closed the open meeting and convened the meeting in Executive Session at 12:15 p.m. The meeting reconvened in open session at 1:30 p.m.

The Chairman called for **Action Item 14 - Consideration of and possible action regarding the Lower Guadalupe Water Supply Project.** A proposed statement regarding the recent San Antonio Water System action was distributed to all Board members. Upon motion by Director Wilson, seconded by Director Gary, the Board unanimously adopted statement and authorized the General Manager to distribute the statement to media and all interested parties. A copy of the statement is attached and made a part of these minutes.

There being no further business to be brought before the Board, the meeting was adjourned, subject to call by the Chairman.

Chairman

Secretary