

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 December 19, 2012, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Grace G. Kunde, Oscar H. Fogle, James L. Powers, Frank J. Pagel, Dennis L. Patillo, Myrna P. McLeroy, Tommy Mathews, and Robert “Rusty” Brockman. Also present were W. E. West, Jr., General Manager; 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; 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; Angela Whitley, IT Manager; Leigh Crettenden, Web/Application Developer; Tommy Schulte, Regional Representative; Jaynellen Ladd, Natural Resource Specialist; Susan Hubbert; Accounting Manager; Patti Coggins, Grant Writer; Steve Jester, Executive Director of the Guadalupe-Blanco River Trust; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Roger Nevola, legal counsel; Jim Dublin representing Dublin and

Associates; David Engel representing Engel and Associates; Steve Holzheuser, Legislative Consultant; Janet Pitman and Mike Del Toro representing Thompson, Williams, Biediger, Kastor, and Young; Alan Thompson representing Klotz Associates; Lara Zuzak representing Cardno Entrix; Trooper Smith and Mike Nichols representing Freese and Nichols; John Moore representing Stratus Energy; Bill Swanson representing MWH; Craig Hines representing Canyon Regional Water Authority; Rick Menchaca representing BOSC, Inc.; David Parkhill representing URS Engineering; Greg Bowen representing the New Braunfels Herald-Zeitung; Jeanne Schnuriger representing Springs Hill Water Supply Corporation; and Steve Bereyso representing the San Antonio Water System.

Chair Kunde 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 Mathews 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 1 - Report from the Nominating Committee and Election of Officers of the Board of Directors for calendar year 2013**. Director Brockman presented the following slate of officers for calendar year 2013: **Chair –**

Oscar H. Fogle; Vice-Chair – Grace G. Kunde; and Secretary-Treasurer – Tommy Mathews. Upon motion by Director Patillo, seconded by Director Powers, the Board unanimously approved by acclamation the slate of officers for calendar year 2013 as recommended by the Nominating Committee.

Next, the Chair called for **Consent Item 2 - Consideration of and possible action approving the November 28, 2012, Board meeting minutes; Consent Item 3 - Consideration of and possible action approving the monthly financial report for November 2012; Consent Item 4 - Consideration of and possible action approving the monthly operations report for November 2012; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Mathews, seconded by Director Brockman, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chair then called for **General Manager Item 6 - 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, meetings held with cities and counties to discuss Phase 2 of the Lower Guadalupe River Basin Feasibility Study, construction management including River Bend pump station replacement matters, Mid-Basin Water Supply Project, Feasibility Study for the South Central Texas Power and Desalination Project, Regional Laboratory activities, Clean Rivers Program activities, Plum Creek**

Projects, Geronimo Creek Watershed Protection Plan, Environmental Flows Project, water quality general, San Antonio Bay Foundation, Economic and Community Development activities, events and projects, development including water and wastewater services activities, Bulverde area wastewater, 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, Gonzales area flood warning, Gorge Preservation Society, information technology, human resources, budget activities, accounting and finance. General Manager West 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. 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 November 30, 2012. Alvin Schuerg informed the Board of Angela Whitley's retirement from GBRA after fifteen years of service. The Board was also informed of the promotion of Leigh Crettenden to the position of IT Manager. LaMarriol Smith introduced Patti Coggins, GBRA's Grant Writer.

The Chair called for **Action Item 7 - Consideration of and possible action approving the Fiscal Year 2012 Annual Financial Audit and distribution of the Comprehensive Annual Financial Report.** Alvin Schuerg began the discussion of the Comprehensive Annual Financial Report. LaMarriol Smith addressed the Board

regarding the theme for this year's annual report and recognized Connie Rothe for the outstanding design of the report. Alvin Schuerg continued discussion with recognition of Susan Hubbert for compiling the Comprehensive Annual Financial Report. This is the 38th year GBRA has received the Government Finance Officers Association's *Certificate of Achievement for Excellence in Financial Reporting*. Section 7 of the GBRA Enabling Act and Section 7.02 of the GBRA By-Laws require that GBRA complete an annual audit of the books of account and financial records. Discussion was had on the condensed balance sheet for 2010 through 2012, the annual pension cost and net pension asset, and continuing disclosure requirements. The audit process and results were discussed with the GBRA Audit Committee during their November 28, 2012 meeting. Mike Del Toro representing Thompson, Williams, Biediger, Kastor, and Young discussed the Independent Auditor's Report and informed the Board that they have issued their unqualified opinion regarding GBRA's financial statements as of August 31, 2012. The audit firm has also provided their annual Management Letter in addition to a Report on Compliance on Internal Controls, which is a required report for all federal grant recipients. Upon motion by Director Brockman, seconded by Director McLeroy, the Board unanimously approved the Fiscal Year 2012 annual audit and distribution of the Comprehensive Annual Financial Report.

Next, the Chair called for **Action Item 8 - Consideration of and possible action approving the Plan Year 2012 Actuarial Valuation and annual contribution to the GBRA Defined Benefit Pension Plan**. One of three basic retirement programs for employees of GBRA is a defined benefit pension plan. It is funded by GBRA and no

employee contributions are contributed. An Actuarial Valuation is prepared each year and among other calculations, the amount of the annual Plan contribution is determined. The Retirement and Benefit Committee of GBRA met on November 28, 2012 to review the Actuarial Valuation and the annual contribution determined therein. For calendar year 2012, the Actuarial Valuation recommends a Plan contribution of \$1,011,297. The Fiscal Year 2013 GBRA budget included a pension plan contribution approximating \$1,070,000. Upon motion by Director Fogle, seconded by Director Mathews, the Board unanimously approved the GBRA Defined Benefit Pension Plan Actuarial Valuation dated January 1, 2012 and the recommended Plan contribution of \$1,011,297.

The Chair then called for **Action Item 9 - Consideration of and possible action authorizing the General Manager to negotiate and execute an Engineering Services Agreement for a Preliminary Engineering Report for the Sunfield Regional Wastewater System.** On October 30, 2012, the City of Buda and GBRA entered into a Memorandum of Understanding to evaluate the development of a regional wastewater system in conjunction with the Sunfield Municipal Utility District Number 4 wastewater treatment facility. A preliminary engineering report is needed to help identify customers, provide a preliminary design of additional treatment and collection facilities, and to develop costs associated with the construction and operation of the regional facilities. Request for Qualifications were developed and properly advertised. Five firms (HDR, Freese & Nichols, Pape-Dawson, Alan Plummer, and LNV) responded to the Request. A committee of six (6) individuals representing the City, GBRA, and the Municipal Utility District reviewed the submittals. Upon motion by

Director Mathews, seconded by Director Fogle, the Board unanimously authorized the General Manager to negotiate and execute an Engineering Services Agreement with the most qualified respondent to provide engineering services for a Preliminary Engineering Report for the Sunfield Regional Wastewater System.

The Chair called for **Action Item 10 - Consideration of and possible action authorizing the General Manager to negotiate and execute a sponsored research agreement with the University of Texas at San Antonio (UTSA) for the Regional South Central Texas, IWPP-Desalination and Power Project.** This IWPP presents a regional approach for providing water supply and power generation that will help address the needs of the South Central Texas region through 2060. Due to the complexity of this project, GBRA proposes to contract with The Texas Sustainable Energy Research Institute and the Center for Water Research at the University of Texas at San Antonio to serve as the Project Manager. Upon motion by Director Patillo, seconded by Director McLeroy, the Board unanimously authorized the General Manager to negotiate and execute a Sponsored Research Agreement with the University of Texas at San Antonio (UTSA) for the GBRA Regional South Central Texas Independent Water and Power Project. A copy of the Agreement is attached and made a part of these minutes.

Next, the Chair called for **Action Item 11 - Consideration of and possible action authorizing the General Manager to negotiate and execute an amendment to the Raw Water Contract between the Guadalupe-Blanco River Authority and Crystal Clear Water Supply Corporation.** The proposed amendment will add a new

section to the Raw Water Contract between Crystal Clear Water Supply Corporation and GBRA, addressing GBRA's Drought Contingency Plan. The proposed amendment states that GBRA's Drought Contingency Plan, dated May 18, 2011 and any future amendments thereto adopted is incorporated into the Raw Water Contract and is applicable to all raw water purchased by Crystal Clean Water Supply Corporation under the Raw Water Contract. Crystal Clear Water Supply Corporation is applying for a large USDA loan with which to finance a number of large size water lines. USDA requested Crystal Clear Water Supply Corporation to amend its Raw Water Contract with GBRA to include the Drought Contingency Plan language. Upon motion by Director Patillo, seconded by Director Mathews, the Board unanimously authorized the General Manager to negotiate and execute an amendment to the Raw Water Contract between GBRA and Crystal Clear Water Supply Corporation. A copy of the Raw Water Contract Amendment is attached and made a part of these minutes.

The Chair then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to negotiate and execute an amendment to the Raw Water Contracts between the Guadalupe-Blanco River Authority and Gonzales County Water Supply Corporation and between the Guadalupe-Blanco River Authority and Springs Hill Water Supply Corporation.** Gonzales County Water Supply Corporation and Springs Hill Water Supply Corporation have decided that it is beneficial to both parties for Gonzales County Water Supply Corporation to temporarily transfer (approximately 20 years) its right to divert and use 350 acre-feet of raw water under the GBRA/Gonzales County Water Supply Corporation Raw Water

Contract to Springs Hill Water Supply Corporation for diversion and use under the GBRA/Springs Hill Water Supply Corporation Raw Water Contract. GBRA and Gonzales County Water Supply Corporation entered into the original Raw Water Contract in 1982. The Raw Water Contract has been subsequently amended twice. Currently Gonzales County Water Supply Corporation's maximum annual commitment of raw water out of Canyon Lake is 700 acre-feet of water annually. Gonzales County Water Supply Corporation diverts such water on the south bank of the Guadalupe River near H-5 Dam. The maximum diversion rate is 600 gallons per minute. The Raw Water Contract amendments will authorize Springs Hill Water Supply Corporation to divert and use the 350 acre-feet of water annually at its current diversion location on Lake Placid. The amendment will provide that all costs associated with the 350 acre-feet of water annually shall be Springs Hill Water Supply Corporation's responsibility during the term of the temporary transfer. At the end of the term of the temporary transfer, the contract amendments will terminate automatically. Upon motion by Director Fogle, seconded by Director Brockman, the Board unanimously authorized the General Manager to negotiate and execute an amendment to the Raw Water Contracts between GBRA and Gonzales County Water Supply Corporation and GBRA and Springs Hill Water Supply Corporation. A copy of the Contract Amendments are attached and made a part of these minutes.

The Chair recessed the meeting at 10:59 a.m. The meeting reconvened in open session at 11:10 a.m.

The Chair called for **Discussion Item 13 - 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 and the Edwards Aquifer Recovery Implementation Program Habitat Conservation Plan.

Next, the Chair called for **Discussion Item 14 - 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 including a \$52,400 Grant received from the National Fish and Wildlife Foundation to assist the USDA-Natural Resources Conservation Service with conservation easements. Dan Alonso briefed the Board on the activities of the San Antonio Bay Foundation including a partnership with the National Estuary Research Reserve (NERR), the Light Detection and Ranging (LIDAR), the annual crab trap removal event, and up-coming San Antonio Bay Foundation Board meeting.

The Chair then called for **Discussion Item 15 - 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. Discussion was also had on the critical period triggers and the stages and withdrawal reduction for the Uvalde J-27 index well and J-17 index well.

The Chair called for **Discussion Item 16 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West briefed the Board on an article from the National Geographic magazine entitled "Texas: The New Dust Bowl". A video on the dust bowl was viewed by the Board. Discussion was had on various GBRA projects and the need for a GBRA Board Workshop to be scheduled on January 30, 2013.

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 pursuant to Chapter 551, Texas Government Code. The open meeting subsequently reconvened in open session.

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

Chair

Secretary