

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 August 21, 2013, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Oscar H. Fogle, Grace G. Kunde, Tommy Mathews, Robert “Rusty” Brockman, Dennis L. Patillo, Kenneth Motl, William R. Carbonara, Darrell McLain, and Don B. Meador. 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; Sandra Terry, Investment Manager; Denise Lyssy, Customer Service Assistant; Jaynellen Ladd, Natural Resource Specialist; Cinde Thomas-Jimenez, Environmental Education Administrator; Elizabeth Aguilar, Outreach and Education Intern; Janet Thome, Projects and Publications

Specialist; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Jeff Crosby, Executive Director of the Guadalupe-Blanco River Trust; Myrna P. McLeroy, former GBRA Board member; Liz Sedlacek, GBRA retiree; Roger Nevola, legal counsel; Jim Dublin with Dublin and Associates; David Engel with Engel and Associates; Steve Holzheuser, consultant; H. Rene Moulinet representing HRM Land Acquisition Solutions, LLC; Matt Garcia representing MWH; Abigail Montes and Betsy Flood, teachers at Seguin High School, and students Trevor Weinaug, Brandon Raderstorf, Ashley Littlefield, Cheyenne Luensmann, Logan Stroud, Kaley Younger, Nathan Tiemann, Jericho Jimenez, Tierra Troy, and Angela Martin; Rick Galloway representing Atkins, Humberto Ramos representing Canyon Regional Water Authority; Rick Menchaca representing BOSC, Inc.; Greg Bowen represent the New Braunfels Herald-Zeitung; Jeanne Schnuriger representing Springs Hill Water Supply Corporation; and Adam Conner representing the San Antonio Water System.

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 Meador 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.

Chair Fogle recognized former GBRA Board member Myrna P. McLeroy. A Resolution was read and presented to Myrna P. McLeroy honoring her meritorious leadership and faithful service as a Director and Officer of the Guadalupe-Blanco River Authority Board of Directors. The Board had previously approved the Resolution at the July 17, 2013 Board meeting and the Resolution is attached to and made part of the minutes of that Board meeting.

The Chair called for **Chair Item 1 - Consideration of and possible action approving a Resolution honoring Guadalupe-Blanco River Authority 2013 retiree Elizabeth Sedlacek.** Debbie Magin introduced and recognized Elizabeth Sedlacek for her 28 years of dedicated and meritorious service to the Guadalupe-Blanco River Authority. Chair Fogle read a Resolution honoring Elizabeth Sedlacek. Upon motion by Director Patillo, seconded by Director Motl, the Board unanimously approved a Resolution honoring GBRA 2013 retiree Elizabeth Sedlacek. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Chair Item 2 - 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, 2013 through August 31, 2014 in accordance with the Articles of Incorporation and Article 9.10.B of the Texas 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 §509 (a)(1) 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 Brockman, seconded by Director Motl, the Board unanimously appointed Directors Oscar H. Fogle and Tommy Mathews for Seats 1 and 2 to serve 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.

The Chair then called for **Chair 3 - Consideration of and possible action changing the location of the September 18, 2013 Board of Directors meeting to Victoria, Texas.** Upon motion by Director Meador, seconded by Director Kunde, the Board unanimously approved changing the location of the September 18, 2013 Board of Directors meeting to Victoria, Texas, such Board meeting to begin at 2:00 p.m. with a reception following the meeting.

The Chair called for **Consent Item 4 - Consideration of and possible action approving the minutes of the July 17, 2013, Board meeting and July 23, 2013, new Board member orientation meeting; Consent Item 5 - Consideration of and possible action approving the monthly financial report for July 2013; Consent Item 6 - Consideration of and possible action approving the monthly operations report for July 2013; and Consent Item 7 - Consideration of and possible action**

approving Directors' expense vouchers. Upon motion by Director Mathews, seconded by Director Patillo, the Board unanimously approved Consent Items 4, 5, 6, and 7.

Next, the Chair called for **General Manager Item 8 - 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, South Central Texas Regional Water Planning Group quarterly meeting, U.S. Army Corps of Engineers Watershed Feasibility Study, Construction Management including River Bend pump station replacement matters with construction 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 background data collections and environmental sampling, Vegetation, 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, SH 46-SH 281 area, and Johnson Ranch, Rural Utilities - Dunlap**

wastewater service area activities, Water Supply Project activities including development of GBRA/Customer facility plan for the Mid-Basin Water Supply Project, potential wastewater and water supply service in the I-35/SH-130 area, work on Wastewater Master Plan for Canyon Lake area, Resource Protection activities including lake management and water safety, work on press releases regarding water/boating safety on area hydro lakes, implementation of water conservation measures, water strategies, Gonzales area flood warning plan, Canyon Lake/Sattler Office, Gorge Preservation Society, information technology, human resources, accounting and finance. No discussion was had on General Manager Item 8.

The Chair then called for **Discussion Item 15 - Presentation by Seguin High School Project Based Learning class on Geronimo Creek.** Cinde Thomas-Jimenez introduced Elizabeth Aguilar, GBRA's Outreach and Education Intern and Seguin High School teachers Abigail Montes and Betsy Flood. Ms. Flood introduced the Seguin High School Project Based Learning students Trevor Weinaug, Brandon Raderstorf, Ashley Littlefield, Cheyenne Luensmann, Logan Stroud, Kaley Younger, Nathan Tiemann, Jericho Jimenez, Tierra Troy, and Angela Martin. The students made a presentation to the Board entitled "Project Based Learning Academy 2013." The Seguin High School students will be participating in World Water Awareness Day on September 18, 2013. The class will be passing out buttons, magnets, place mats, bumper stickers, and literature to help educate the public on water quality and water protection.

The Chair then called for **Action Item 9 - Consideration of and possible action approving the Fiscal Year 2014 Work Plan and Budget including rates and compensation tables, as well as Executive employee compensation agreements as discussed in executive session for the Guadalupe Valley Hydroelectric Division, Shadow Creek Wastewater Reclamation System, Canyon Park Estates Wastewater Reclamation System, Dunlap Wastewater Reclamation System, Northcliffe Wastewater Reclamation System, Springs Hill Wastewater Reclamation System, Sunfield Wastewater Treatment Plant, 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, Cordillera Water Distribution System, Comal Trace Water Delivery System, Cordillera Wastewater Treatment Plant, Johnson Ranch Water Distribution System, Johnson Ranch Wastewater Treatment System, Port Lavaca Water Treatment Plant Division, Calhoun County Rural Water Supply Division, Coletto Creek Reservoir System, Coletto Creek Recreation System, Luling Water Treatment Plant Division, Canyon Hydroelectric Division, Lockhart Wastewater Reclamation System, Lockhart Water Treatment Plant System, and General Division.** Alvin Schuerg gave an overview of the proposed Fiscal Year 2014 Work Plan and Budget. Upon motion by Director Kunde, seconded by Director Brockman, the Board unanimously approved the Fiscal Year 2014 Work Plan and Budget including rates and compensation tables, as well as Executive employee compensation agreements.

The Chair called for **Action Item 10 - Consideration of and possible action authorizing the General Manager to negotiate and execute a grant agreement with the Texas Commission on Environmental Quality for the 2014-2015 Guadalupe River and Lavaca-Guadalupe Coastal Basin Clean Rivers Program.** GBRA has been a partner in the Clean Rivers Program since the early 1990's. The Texas Clean Rivers Program is managed by the Texas Commission on Environmental Quality and is funded entirely by fees assessed to wastewater discharge and water rights permit holders. GBRA carries out the water quality management efforts in these basins under a Grant Agreement with the Texas Commission on Environmental Quality. Aside from administrative requirements, there are four major elements to the Clean Rivers Program: water quality data collection, special studies, basin data analysis, and public participation. The Grant Agreement is between GBRA and Texas Commission on Environmental Quality for the 2014-2015 Guadalupe River and Lavaca-Guadalupe Coastal Basin Clean Rivers Program. The Grant Agreement obligates Texas Commission on Environmental Quality to reimburse up to \$270,756 to GBRA for actual allowable and eligible costs of performing the tasks prescribed in the Scope of Work. The amount of the 2012-2013 contract was \$326,682 which included \$40,000 for additional analyses (Total Kjeldahl Nitrogen bimonthly) and special method development (nutrient analyses in saline matrix). The Clean Rivers Program partners are taking a 5-10 percent reduction statewide. The GBRA reduction is 5.6 percent and will be made up by a reduction in the recovery of labor for management of the project. Monitoring labor, laboratory analyses and outreach activities will remain as recoverable

costs. Upon motion by Director Kunde, seconded by Director Patillo, the Board unanimously authorized General Manager to negotiate and execute a Grant Agreement with the Texas Commission on Environmental Quality for the 2014-2015 Guadalupe River and Lavaca-Guadalupe Coastal Basin Clean Rivers Program. A copy of the Grant 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 a sub-agreement with the Upper Guadalupe River Authority for the 2014-2015 Guadalupe River Basin Clean Rivers Program.** GBRA has been a partner, along with the Upper Guadalupe River Authority, in the Clean Rivers Program since the early 1990's. GBRA administers the program for the Basin. The Upper Guadalupe River Authority, under a sub-agreement with GBRA, is reimbursed for their participation in the program, as described in the Scope of Work attached to the sub-agreement. The sub-agreement is between GBRA and the Upper Guadalupe River Authority for the 2014-2015 Guadalupe River Basin Clean Rivers Program. The sub-agreement obligates GBRA to reimburse up to \$18,000 per year to the Upper Guadalupe River Authority for actual allowable and eligible costs of performing the tasks prescribed in the Scope of Work attached to the sub-agreement. Upon motion by Director Meador, seconded by Director Kunde, the Board unanimously authorized General Manager to negotiate and execute a sub-agreement with the Upper Guadalupe River Authority for the 2014-2015 Guadalupe River Basin Clean Rivers Program. A copy of the sub-agreement is attached and made a part of these minutes.

The Chair then called for **Action Item 12 - Consideration of and possible action ratifying approval of a Fifth Amendment to the Water Sales and Supply Contract between Guadalupe-Blanco River Authority and Seadrift Coke L.P.**

Under the terms of that certain Water Sales and Supply Contract entered into in 1982, as amended, Seadrift Coke L.P. and its predecessors agree to purchase 1,000 acre-feet of water from GBRA supplied under GBRA's Calhoun County Canal System water rights and GBRA's Canyon Reservoir water right. GBRA and Seadrift Coke recently executed a Fifth Amendment to the contract, extending the term to July 15, 2018, and updating and amending certain other terms and conditions in the contract. Upon motion by Director Motl, seconded by Director Kunde, the Board unanimously approved and ratified such Fifth Amendment. A copy of the Fifth Amendment is attached and made a part of these minutes.

The Chair called for **Action 13 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Master Agreement with MWH Americas, Inc., to provide engineering services required for the Integrated Water Power Project (IWPP).** The economic future of Texas is inextricably linked to a secure, sustainable, and diverse water and energy supply. The initial objective of this project is to evaluate the feasibility of using seawater desalination as a source that contributes to a secure, sustainable, and diverse water and power supply for South Central Texas that is economically viable, mitigates the impact of climatic variability, and preserves the environmental values of the region. In accordance with the Texas Professional Services Procurement Act, a Request for Qualifications for

Consulting Engineering services was solicited. Sixteen firms responded. Each submittal was evaluated. Seven firms were short listed. Presentations from those firms were conducted. MWH Americas was the highest ranked firm. Upon motion by Director Brockman, seconded by Director Kunde, the Board unanimously authorized the General Manager to negotiate and execute a Master Agreement with MWH Americas, Inc., to provide engineering services required for the Integrated Water Power Project (IWPP). A copy of the Master Agreement is attached and made a part of these minutes.

Next, the Chair called for **Action Item 14 - Consideration of and possible action approving the restatements to the Guadalupe-Blanco River Authority Defined Benefit and Defined Contribution Plan documents.** One of three basic retirement plans for employees of GBRA is a Defined Benefit Pension Plan; it was amended to close the plan effective December 31, 2010. The Defined Contribution Plan is for employees hired on or after January 1, 2011. As with both plans, they are funded by GBRA and no employee contributions are contributed. Upon recommendation by Mary Potter, benefits counsel, GBRA desires to restate the Defined Benefit Plan in order to timely apply for a current favorable determination letter, and intending thereby to provide an uninterrupted and continuing program of benefits for eligible employees. As in the case of the Defined Contribution Plan, the Plan received a favorable determination letter dated March 1, 2013. It is being restated merely because the IRS now requires a restatement when amendments have been adopted following the previous determination letter. Upon motion by Director Motl, seconded by Director Kunde, the Board unanimously approved the restatements to the Guadalupe-Blanco

River Authority Defined Benefit and Defined Contribution Plan Documents. A copy of the Plan Documents are attached and made a part of these minutes.

The Chair recessed the open meeting at 11:09 a.m. and reconvened the open meeting at 11:19 a.m.

The Chair called for **Discussion Item 16 - Discussion regarding the Guadalupe-Blanco River Authority's Communication and Education Department's recently received awards for publication design.** LaMarriol Smith briefed the Board on awards received for publication designs. Ms. Smith introduced Connie Rothe and Janet Thome. The 2012 Basin Highlights Report received the American Inhouse Design Award, the Summit Award - Silver, the Communicator Award - Award of Distinction, and the Hermes - Platinum. GBRA's Comprehensive Financial Annual Report received the American Inhouse Design Award, the Communicator Award – Award of Excellence, and the Hermes - Gold. The GBRA River Run received the American Inhouse Design Award and the Hermes - Honorable Mention. The “Don't Be Clueless” brochure received the Communicator Award - Award of Distinction and the Hermes - Gold.

Next, the Chair called for **Discussion Item 17 - Discussion regarding the activities and transactions of the Edwards Aquifer Authority, South Central Texas Water Advisory Committee, and the Guadalupe Basin Coalition.** Todd Votteler discussed the Edwards Aquifer J-17 well level, Comal Springs at New Braunfels level, and the springflow protection measures in the Edwards Aquifer Habitat Conservation Plan. 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.

The Chair then called for **Discussion Item 18 - 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 introduced Jeff Crosby, the new Executive Director of the Guadalupe-Blanco River Trust, who addressed the Board briefly. Dan Alonso briefed the Board on activities of the San Antonio Bay Foundation. Jaynellen Ladd briefed the Board on activities of the Gorge Preservation Society.

The Chair called for **Discussion Item 19 - 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, 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.

Next, the Chair called for **Discussion Item 20 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on legislative activities and the Governor's appointments to the Texas Water Development Board.

The Chair then called for **Discussion Item 21 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on various national issues.

The Chair recessed the open meeting at 12:14 p.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:32 p.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 1:17 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:18 p.m. subject to call by the Chair.

Chair

Secretary