

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 17, 2011, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Grace G. Kunde, Oscar H. Fogle, Arlene N. Marshall, Myrna P. McLeroy, Frank J. Pagel, James L. Powers, Robert “Rusty” Brockman, Dennis L. Patillo, and Tommy Mathews. Also present were W. E. West, Jr., General Manager; James Lee Murphy, Executive Manager of Water Resources and Utility Operations; Alvin Schuerg, Executive Manager of Finance and Administration; Todd Votteler, Executive Manager of Intergovernmental Relations and Policy; Bruce Wasinger, General Counsel; David Welsch, Executive Manager of Business Development and Resource Management; Gary Asbury, Project Manager; Debbie Magin, Director of Water Quality Services; Barbara Gunn, Human Resource Manager; Tommy Hill, Chief Engineer; Tommy Schulte, Regional Representative; Bryan Serold, Operations Manager-Lower Basin; John Smith, Operations Manager-Upper Basin; LaMarriol Smith, Manager of Communication and Education; Teresa Van Booven, Project and Community Representative; Connie Rothe, Board Relations Assistant; Sandra Terry, Accountant; Tammy Beutnagel, Public Communications Assistant; Leigh Crettenden, Web Master; Denise Lyssy, Customer Service Assistant; Steve Jester, Executive Director representing the Guadalupe-Blanco River Trust; Tommie Streeter-Rhoad, Executive Director representing the San Antonio Bay Foundation; Roger Nevola, legal counsel; Jim Dublin and Rose Marie Eash

representing Dublin and Associates; Don Ferguson representing the City of Wimberley; Alan Thompson representing Klotz Associates; Maire Vanderpool representing the U. S. Army Corps of Engineers-Fort Worth District; Chris Riley and Wes Birdwell representing Half Associates; Calvin Finch representing the San Antonio Water System; Shirley Ross of Austin; and Tim Kelley representing Piper Jaffray.

Chair Kunde called the meeting to order at 10:04 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 Marshall led the Pledge of Allegiance to the United States flag and Texas flag.

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

The Chair called for **Chair 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, 2011 through August 31, 2012 in accordance with the Articles of Incorporation and Article 9.10.B of the Texas Non-Profit Corporation Act.** Todd Votteler and Steve Jester addressed the Board regarding appointments to the Guadalupe-Blanco River Trust Board. 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 Trust 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 Trust and the Guadalupe-Blanco River Authority will maintain a close and continuing relationship. Upon motion by Director Marshall, seconded by Director Brockman, the Board unanimously appointed Director Oscar Fogle and Director 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.

Next, the Chair called for **Consent Item 2 - Consideration of and possible action approving the July 20, 2011, Board meeting minutes; Consent Item 3 - Consideration of and possible action approving the monthly financial report for July 2011; Consent Item 4 - Consideration of and possible action approving the monthly operations report for July 2011; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Mathews, seconded by Director Powers, 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 including budget presentations to customers, Coletto Creek diversions, 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 with the United States Geological Survey regarding Gain-Loss Study, attendance at SB 3 BBEST and BBASC meetings, construction management including the regional raw water pipeline capacity improvements including hydraulic testing which is now complete, Canyon Park Estate Wastewater Treatment Plant is operational, River Bend pump station replacement, Clean Rivers Program, activities including the preparation of 2012-13 Quality Assurance Project Plan, Plum Creek Project activities, Operations, Geronimo Creek Watershed Protection Plan activities, Environmental Flows Project activities, River Network Project activities, water quality activities, Economic and Community Development activities, events and projects, Water and Wastewater Services activities including Bulverde area regional wastewater activities, possible transfer of wastewater operations to Wimberley, Rural Utilities - Dunlap wastewater service area activities, Mid-Basin water supply, Tri-Community Water Supply Corporation water supply matters, Resource Protection activities including lake management and removal of debris caused by floods, Lake Dunlap Dam repairs, Canyon Lake operations, Plum Creek Watershed Protection, Gorge Preservation Society matters, Gonzales area flood warning matters, information technology, human resources, budget activities, accounting and finance. James Murphy briefed the Board on GBRA operation and engineering activities. Mr. Murphy

also discussed Senate Bill 3 BBEST and BBASC meetings. 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 July 31, 2011.

The Chair called for **Action Item 7 - Consideration of and possible action approving the Fiscal Year 2012 Work Plan and Budget including rates, compensation tables, and 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, Wimberley Wastewater Treatment Plant 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. Upon motion by Director Patillo, seconded by Director Brockman, the Board unanimously approved the Fiscal Year 2012 Work Plan and Budget including rates, compensation tables, and employee compensation agreements.

Next, the Chair called for **Action Item 8 - Consideration of and possible action approving a Fiscal Year 2011 supplemental contribution to the GBRA Defined Benefit Pension Plan.** One of two basic retirement programs for employees of GBRA is a Defined Benefit Pension Plan. The Plan 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 Unfunded Actuarial Accrued Liability is determined. This amount represents the difference between the present value of future pension plan benefits and the current value of plan assets. The last Actuarial Valuation that GBRA has received is dated January 1, 2010, and that Valuation places the Unfunded Actuarial Accrued Liability at \$8,583,000 with a funding ratio of 58.3 percent. Subsequent to the January 1, 2010 Actuarial Valuation, GBRA made a supplemental contribution to the Plan in the amount of \$3,000,000. This supplemental contribution reduced the Unfunded Actuarial Accrued Liability to approximately \$6,500,000 and raised the funding ratio to approximately 72 percent. In June 2010, the GBRA Board directed the staff to continue to reduce the Unfunded Actuarial Accrued Liability as GBRA's budget and funds permit. On July 29, 2011, the GBRA Retirement and Benefit Committee met to consider a supplemental contribution to the Defined Benefit Plan for Fiscal Year 2012. Upon motion by Director Fogle, seconded by Director Marshall, the

Board unanimously approved a Fiscal Year 2012 supplemental contribution to the GBRA Defined Benefit Pension Plan in the amount of \$609,000.

The Chair then called for **Action Item 9 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Federal Cost-Sharing Agreement, Interlocal Agreement, and Project Management Plan for flood modeling between GBRA and the U. S. Army Corps of Engineers.** A long term goal for GBRA is to help the National Weather Service develop more accurate flood forecast models. In the most populated regions of the United States the National Weather Service has recently begun to develop new forecast models based on the U. S. Army Corps of Engineers hydrologic and hydraulic model. Unfortunately only a small percent of the river and major tributaries of the Guadalupe Basin have been modeled. To complete the flood models, GBRA had developed a plan utilizing funds from the U. S. Army Corps of Engineers (50/50 grant) combined with a twenty-five percent grant from the Texas Water Development Board. GBRA will be responsible for the remaining twenty-five percent of the cost. The City of Luling and Hays County also wish to participate in the seventy-five percent grant project. The U. S. Army Corps of Engineers agreement will cover a three year time period with GBRA contributing \$80,810 the first year. The total project cost is \$1,409,050 with GBRA contributing a total of \$271,700. Upon motion by Director Powers, seconded by Director Patillo, the Board unanimously authorized the General Manager to negotiate and execute a Federal Cost-Sharing Agreement, Interlocal Agreement, and Project Management Plan for flood modeling between GBRA and the U. S. Army Corps of Engineers. A copy of the Federal Cost-

Sharing Agreement, Interlocal Agreement, and Project Management Plan is attached and made a part of these minutes.

The Chair called for **Action Item 10 - Consideration of and possible action authorizing the General Manager to enter into a Flood Protection Planning Grant between GBRA and the Texas Water Development Board.** A long term goal for GBRA is to help the National Weather Service develop more accurate flood forecast models. In the most populated regions of the United States the National Weather Service has recently begun to develop new forecast models based on the U. S. Army Corps of Engineers hydrologic and hydraulic model. Unfortunately only a small percent of the river and major tributaries of the Guadalupe Basin have been modeled. To complete the flood models, GBRA had developed a plan utilizing funds from the U. S. Army Corps of Engineers (50/50 grant) combined with a twenty-five percent grant from the Texas Water Development Board. GBRA will be responsible for the remaining twenty-five percent of the cost. The Texas Water Development Board Planning Grant will provide twenty-five percent of the total project cost in the amount of \$352,262. The Grant is set up to cover a three year time period with the understanding if the U. S. Army Corps of Engineers funding is slow, the time period can be extended. Upon motion by Director Powers, seconded by Director Patillo, the Board unanimously authorized the General Manager to enter into a Flood Protection Planning Grant between GBRA and the Texas Water Development Board. A copy of the Flood Protection Planning Grant 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 Interlocal Agreement between GBRA and the City of Luling associated with the Texas Water Development Board Flood Protection Planning Grant and the U. S. Army Corps of Engineers Flood Modeling Project.** A long term goal for GBRA is to help the National Weather Service develop more accurate flood forecast models. In the most populated regions of the United States the National Weather Service has recently begun to develop new forecast models based on the U. S. Army Corps of Engineers hydrologic and hydraulic model. Unfortunately only a small percent of the river and major tributaries of the Guadalupe Basin have been modeled. To complete the flood models, GBRA had developed a plan utilizing funds from the U. S. Army Corps of Engineers (50/50 grant) combined with a twenty-five percent grant from the Texas Water Development Board. GBRA will be responsible for the remaining twenty-five percent of the cost. The City of Luling would like to take advantage of GBRA's contract with the Texas Water Development Board and the U. S. Army Corps of Engineers and have additional studies performed in their local area. The City of Luling will provide up to \$57,570 which represents twenty-five percent of the total additional costs. The U. S. Army Corps of Engineers and the Texas Water Development Board will provide the remaining seventy-five percent of the cost. Upon motion by Director Fogle, seconded by Director Patillo, the Board unanimously authorized the General Manager to negotiate and execute an Interlocal Agreement between GBRA and the City of Luling associated with the Texas Water Development Board Flood Protection Planning Grant and the U.

S. Army Corps of Engineers for the Lower Guadalupe River Feasibility Study. A copy of the Interlocal Agreement 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 Interlocal Agreement between GBRA and Hays County associated with the Texas Water Development Board Flood Protection Planning Grant and the U. S. Army Corps of Engineers Flood Modeling Project.** A long term goal for GBRA is to help the National Weather Service develop more accurate flood forecast models. In the most populated regions of the United States the National Weather Service has recently begun to develop new forecast models based on the U. S. Army Corps of Engineers hydrologic and hydraulic model. Unfortunately only a small percent of the river and major tributaries of the Guadalupe Basin have been modeled. To complete the flood models, GBRA had developed a plan utilizing funds from the U. S. Army Corps of Engineers (50/50 grant) combined with a twenty-five percent grant from the Texas Water Development Board. GBRA will be responsible for the remaining twenty-five percent of the cost. Hays County would like to take advantage of GBRA's contract with the Texas Water Development Board and the U. S. Army Corps of Engineers and have additional studies performed in their local area. Hays County will provide up to \$23,750 which represents twenty-five percent of the total additional costs. The U. S. Army Corps of Engineers and the Texas Water Development Board will provide the remaining seventy-five percent. Upon motion by Director Patillo, seconded by Director Fogle, the Board unanimously authorized the General Manager to negotiate and execute an Interlocal

Agreement between GBRA and Hays County associated with the Texas Water Development Board Flood Protection Planning Grant and the U. S. Army Corps of Engineers Lower Guadalupe River Feasibility Study. A copy of the Interlocal Agreement is attached and made a part of these minutes.

The Chair called for **Action Item 13 - Consideration of and possible action authorizing the General Manager to negotiate and execute a contract with the lowest qualified bidder for the Lake Wood Boat Ramp Restoration Project.** Bid documents and specifications were developed and properly advertised. One bid was received and publicly opened August 4, 2011, from Constar Construction of Victoria, Texas in the amount of \$83,940. The Lake Wood Boat Ramp Restoration Project is being funded through a Texas Parks and Wildlife Department Boat Ramp Grant with Texas Parks and Wildlife Department paying seventy-five percent (75%) of the project costs. This Grant is being utilized to construct a new boat ramp at the Lake Wood Recreation Area to replace the outdated ramp, which will then allow for today's larger powerboats to safely unload and load at Lake Wood. Upon motion by Director Brockman, seconded by Director Marshall, the Board unanimously authorized the General Manager to negotiate and execute a contract in the amount of \$83,940 with Constar Construction of Victoria, Texas, for the Lake Wood Boat Ramp Restoration Project.

The Chair called for **Action Item 14 - Consideration of and possible action authorizing the General Manager to negotiate and execute an Agreement**

regarding wastewater service and operations between GBRA and the City of Wimberley, Texas. No action was taken by the Board at this time.

Next, 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 Recovery Implementation Program as well as meetings and activities of the Edwards Aquifer Authority. Discussion was also had regarding meetings of the South Central Texas Regional Water Advisory Committee and the Guadalupe Basin Coalition.

The Chair then called for **Discussion Item 16 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, and the Gorge Preservation Society.** Tommie Streeter-Rhoad, Executive Director of the San Antonio Bay Foundation briefed the Board on activities of the Bay Foundation. Steve Jester, Executive Director of the Guadalupe-Blanco River Trust briefed the Board on Trust activities.

The Chair called for **Discussion Item 17 - 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.

Next, the Chair called for **Discussion Item 18 - Discussion regarding local, State and national water planning and water resource issues.** General Manager

West briefed the Board on the National Water Resources Association 2011 Western Water Seminar.

The Chair recessed the open meeting at 12:05 p.m. The Chair closed the open meeting and convened the meeting in executive session at 12:25 p.m. The open meeting reconvened in open session at 1:13 p.m.

The Chair called for **Action Item 14 - Consideration of and possible action authorizing the General Manager to negotiate and execute an Agreement regarding wastewater service and operations between GBRA and the City of Wimberley, Texas.** Upon motion by Director Powers, seconded by Director Patillo, the Board unanimously authorized the General Manager to negotiate and execute an Agreement regarding wastewater service and operations between GBRA and the City of Wimberley, Texas.

The Chair closed the open meeting and convened the meeting in executive session at 1:14 p.m. The open meeting reconvened in open session at 1:30 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:31 p.m. subject to call by the Chair.

Chair

Secretary