

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 November 20, 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, Kenneth Motl, Dennis L. Patillo, 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; 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; Cricket Dietert, Executive Assistant to the General Manager; Connie Rothe, Board Relations and Publication Specialist; Leigh Crettenden, IT Manager; Tommy Schulte, Regional Representative; Jaynellen Ladd, Natural Resource Specialist; Sandra Terry, Investment Manager; Charlie Hickman, Engineer; Susan Cochran, Operations Assistant; Marella Dalme, Records Manager; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Roger Nevola, legal counsel; Jim Dublin with Dublin and Associates; David Engel with Engel and Associates; Steve Holzheuser, consultant;

Tom Bohl of Austin; Humberto Ramos with Canyon Regional Water Authority; Greg Bowen with the New Braunfels Herald Zeitung; Stefan Schuster with MWH; Jeanne Schnuriger with Springs Hill Water Supply Corporation; Ramon Salazar with Worley Parsons; and Alan Thompson of San Antonio.

Chair Fogle called the meeting to order at 10:01 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.

The Chair called for **Chair Item 1 - Appointment of a Nominating Committee for Officers of the Board of Directors for calendar year 2014**. Chair Fogle appointed Director Patillo as Committee Chair with Directors Motl and Meador to serve as members on the Nominating Committee. The Committee was instructed to present a slate of officers for calendar year 2014 at the December 2013 Board meeting.

Next, the Chair called for **Consent Item 2 - Consideration of and possible action approving the minutes of the October 16, 2013, Board meeting; Consent Item 3 - Consideration of and possible action approving the monthly financial report for September and October 2013; Consent Item 4 - Consideration of and possible action approving the monthly operations report for October 2013; and**

Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers. Upon motion by Director Patillo, 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 Report addressing various matters, including matters relating to: safety, utility operations, water resource operations, engineering, including 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, Groundwater Management Area 13 (GMA 13) matters, development of the Guadalupe Basin Water Rights Operation Model, SB3-San Antonio-Guadalupe Environmental Flow workshop, construction management including Mid-Basin Water Supply Project and 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 continued background data collections, 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 infrastructure for Johnson Ranch, Rural Utilities - Dunlap wastewater service area activities, Water Supply Project activities including evaluation and development of GBRA/Customer facility plan for the Mid-Basin Water Supply**

Project, water and wastewater infrastructure needs for the Cherryville Development in Caldwell County, Maxwell Water Supply Corporation water supply projects, Western Canyon Treated Water Supply System activities, Resource Protection activities including procedures for activation of the Weather Net-Hydro Watch system for dissemination of flow information during high rainfall events, issues relating to lake management and lake safety, continued work on lake restrictions regarding water usage on the hydro lakes during drought conditions, presentations regarding drought conditions and water supply matters, Gonzales area flood warning plan, Canyon Lake/Sattler Office, Gorge Preservation Society, information technology, human resources, accounting and finance. The Board extended its appreciation to GBRA employee performance during the recent big rainfall event. James Murphy 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 October 31, 2013. General Manager West introduced Tom Bohl, GBRA's new General Counsel. Mr. Bohl will begin employment with the Guadalupe-Blanco River Authority on January 1, 2014. Mr. Bohl gave the Board a brief overview of his education and work experience.

The Chair called for **Action Item 7 - Consideration of and possible action approving a list of security broker/dealers with whom GBRA may conduct**

security transactions in accordance with GBRA Board Policy 403-Investment Policy. GBRA Board Policy 403 – Investment Policy as well as the Texas Public Funds Investment Act requires GBRA’s Board of Directors to at least annually approve the firms that GBRA may buy or sell investment securities through. GBRA currently utilizes the security broker/dealer firms listed below to buy and sell investment securities through as approved by the GBRA Board of Directors on June 20, 2012. The GBRA staff recommended continuing using the following eight security broker/dealers to buy and sell investment securities for future transactions: Bank of America, Dallas; First Southwest Asset Management Inc., Austin; First Tennessee Bank, Memphis; JP Morgan Chase Securities, San Antonio; Morgan Keegan, Memphis; SWS Securities, Dallas; Vining Sparks, Memphis; and Wells Fargo Brokerage Services, Austin. Upon motion by Director Mathews, seconded by Director Kunde, the Board unanimously approved the list of security broker/dealers with whom GBRA may conduct security transactions in accordance with GBRA Board Policy 403-Investment Policy.

Next, the Chair called for **Action Item 8 - Consideration of and possible action approving the Plan Year 2013 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 August 21, 2013, for discussion related to the January 1, 2013 Actuarial Valuation and annual contribution

presented by Mark Fenlaw with Rudd and Wisdom. For calendar year 2013, representing twelve percent (12%) of payroll, the Actuarial Valuation recommends a Plan contribution of \$993,893. Upon motion by Director Brockman, seconded by Director Meador, the Board unanimously approved the Plan Year 2013 Actuarial Valuation and annual contribution to the GBRA Defined Benefit Pension Plan in the amount of \$993,893.

The Chair then called for **Action Item 9 - Consideration of and possible action authorizing the General Manager to submit a facility planning grant application to the Texas Water Development Board and further approve a Board Resolution in support of the grant application.** GBRA has initiated an ocean desalination study referred to as the GBRA Integrated Power and Water Supply Project (IWPP) and has retained MWH to assist in the effort. The study will require \$1.5 to \$2 million to adequately address all of the issues. The Texas General Land Office has provided funding assistance to the project, however additional funds are necessary. The Texas Water Development Board will be accepting grant applications in the middle of December 2013, for water supply facility planning studies. If approved, the funds could be released by next summer. Upon motion by Director Mathews, seconded by Director Patillo, the Board unanimously authorized the General Manager to submit a facility planning grant application to the Texas Water Development Board and further approved a Board Resolution in support of the grant application. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Discussion Item 10 - 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 and the Guadalupe Basin Coalition.

Next, the Chair called for **Discussion Item 11 - 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.** Dan Alonso briefed the Board on the activities of the San Antonio Bay Foundation. Jaynellen Ladd briefed the Board on the activities of the Gorge Preservation Society including the recent Moon Light in the Gorge Gala.

The Chair then called for **Discussion Item 12 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** The reports were discussed with the Board. Charlie Hickman briefed the Board on the Comal Springs level, San Marcos Springs level, Guadalupe River stream flows, recent rise on the Blanco River, elevation of Canyon Reservoir and other reservoirs, rainfall events, and the U. S. Drought Monitor Seasonal Outlook.

The Chair called for **Discussion Item 13 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on passage of Proposition 6 funding for water projects in the State of Texas,

various news articles relating to GBRA's Mid-Basin Project, and the new organizational chart for the Texas Water Development Board.

Next, the Chair called for **Discussion Item 14 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on the recent National Water Resources Association conference held in San Antonio, Texas, an article from the National Endangered Species Act Reform Coalition relating to priority improvements to the Endangered Species Act, and the up-coming Texas Water Day scheduled for February 2014.

The Chair recessed the open meeting at 11:50 a.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:26 p.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 1:00 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:01 p.m. subject to call by the Chair.

Chair

Secretary