

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 January 15, 2014, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Oscar H. Fogle, Tommy Mathews, Robert “Rusty” Brockman, Grace G. Kunde, Kenneth Motl, Dennis L. Patillo, William R. Carbonara, Darrell McLain, and Don B. Meador. Also present were W. E. West, Jr., General Manager; Tom Bohl, General Counsel; James Murphy, Executive Manager of Water Resources and Utility Operations; Alvin Schuerg, Executive Manager of Finance and Administration; 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; Tommy Schulte, Regional Representative; Sandra Terry, Investment Manager; Jaynellen Ladd, Natural Resource Specialist; Patti Coggins, Grant Writer/Administrator; Darel Ball, Division Manager, Hays-Caldwell; Jeff McKee, Assistant Division Manager, Hydroelectric-Rural Utilities; Richard Matheaus, Operator, Rural Utilities Division; Wallis Gudgell, Electrician/Instrument Technician, Hydroelectric

Division; Michael Helmke, Maintenance Crewman, Hydroelectric Division; Jeff Crosby, Executive Director of the Guadalupe-Blanco River Trust; Dan Alonso, Executive Director of the San Antonio Bay Foundation; Roger Nevola, legal counsel; Steve Holzheuser, consultant; David Engel representing Engel and Associates; Greg Bowen with the New Braunfels Herald Zeitung; Paul Jasin represent Specialized Public Finance; Tom Spurgeon and Nick Gonzales representing McCall, Parkhurst and Horton; Rick Menchaca representing BOSC, Inc.; Ramon Salazar representing Worley Parsons; Alan Thompson representing LNV Engineering; and Adam Connor with San Antonio Water System.

Chair Fogle called the meeting to order at 9:04 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 Kunde 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 - Consideration of and possible action authorizing the expenditure of funds for staff to attend the Texas Water Conservation Association Texas Water Day in Washington, D.C. on February 4-6, 2014.** Upon motion by Director Patillo, seconded by Director Brockman, the Board

unanimously authorized the expenditure of funds for staff to attend the Texas Water Conservation Association Texas Water Day in Washington, D.C.

Next, the Chair called for **Chair Item 2 - Consideration of and possible action authorizing the expenditure of funds for Directors and staff to attend the Texas Water Conservation Association 70th Annual Convention March 5-7, 2014, at The Woodlands, Texas.** Upon motion by Director Mathews, seconded by Director Patillo, the Board unanimously approved the expenditure of funds for Directors and staff to attend the Texas Water Conservation Association 70th Annual Convention.

The Chair then called for **Chair Item 3 - Consideration of and possible action accepting Board of Directors' Committee assignments.** Upon motion by Director Meador, seconded by Director Mathews, the Board unanimously accepted the Committee assignments. A copy of the Committee assignments is attached and made a part of these minutes.

The Chair called for **Consent Item 4 - Consideration of and possible action approving the minutes of the December 18, 2013, Board meeting; Consent Item 5 - Consideration of and possible action approving the monthly financial report for December 2013; Consent Item 6 - Consideration of and possible action approving the monthly operations report for December 2013; and Consent Item 7 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Brockman, seconded by Director Motl, 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, 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, meeting with Texas Commission on Environmental Quality and South Texas Watermaster to discuss water diversions within GBRA's hydroelectric lakes, possible additional river gages below Canyon Lake, and meeting with National Weather Service, United States Geological Survey and local governmental entities to discuss flood event of October 31, 2013 and ways to improve river forecasting, 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, Geronimo Creek Watershed Protection Plan, Environmental Flows Project including continued background data collections, Water Quality (general), TDA/TWRI Real Hog Farm VTA project, Economic and Community Development activities, events and projects, development including water and wastewater infrastructure for Johnson Ranch, Rural Utilities - Dunlap wastewater service area activities, Canyon Lake Wastewater Master Plan, Property Management, 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, other potential interests including General Land Office, Walton Development, and New Braunfels Utilities, Maxwell Water Supply Corporation water supply projects, other water activities including Western Canyon Treated Water Supply System activities, Kendall West, Lerin Hills, Esperanza and Bremer-Couser service agreements, right-of-way review regarding San Marcos Water Supply pipeline, review GBRA easement near old power plant with City of Seguin, review New Braunfels Utilities easement at Dunlap, Resource Protection activities including Guadalupe County EMC Flood Review meeting, met with Texas Parks and Wildlife Department regarding the Zebra Mussels campaign, continued work on lake restrictions regarding water usage on the hydro lakes, reviewing and updating flood preparedness procedures, 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. James Murphy briefed the Board on GBRA operation and engineering activities. Mr. Murphy gave an overview of the Integrated Water Power Project. 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 December 31, 2013.

The Chair then called for **Action Item 9 - Consideration of and possible action approving a Resolution authorizing the issuance of Guadalupe-Blanco River Authority Treated Water Delivery System Contract Revenue Refunding Bonds, Series 2014 (City of Lockhart, Texas Project); authorizing the General Manager and the Executive Manager of Finance and Administration to approval all final terms of the Bonds; authorizing the execution of a Paying Agent/Registrar Agreement, a Deposit Agreement, and a Purchase Contract; calling certain bonds for redemption; and authorizing all other instruments and procedures related thereto.** In 2004 GBRA issued \$6,370,000 of tax-exempt contract revenue bonds for the construction of the Luling-to-Lockhart Treated Water Delivery System transmitting treated water from GBRA's Luling Water Treatment Plant to the City of Lockhart's ground storage reservoir. These bonds have a current outstanding balance of \$4,845,000 with interest rates of 4.40-5.125 percent. These 2004 bonds are callable for refunding on February 15, 2014. Due to the low interest rate environment and the February 15, 2014 call date, the 2004 bonds can be replaced with Series 2014 bonds with the proceeds to be used to pay costs of issuance for the 2014 bonds and refund the 2004 bonds in order to achieve an estimated savings of \$480,000 for the benefit of the City of Lockhart. These savings are based on a 3.75 percent interest rate; however, in no event shall the Series 2014 be issued unless GBRA is able to achieve a net present value savings of at least two (2) percent. GBRA staff has been working with the financial consulting team of Specialized Public Finance and McCall, Parkhurst and Horton and recommended these bonds be issued as a private placement with a bank to

enhance the savings. Upon motion by Director Kunde, seconded by Director Mathews, the Board unanimously approved a Resolution authorizing the issuance of Guadalupe-Blanco River Authority Treated Water Delivery System Contract Revenue Refunding Bonds, Series 2014 (City of Lockhart, Texas Project); authorized the General Manager and the Executive Manager of Finance and Administration to approve all final terms of the bonds; authorized the execution of a Paying Agent/Registrar Agreement, a Deposit agreement, and a Purchase Contract; called certain bonds for redemption; and authorized all other instruments and procedures related thereto. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Action Item 10 - Consideration of and possible action authorizing the engagement of a firm for predictive maintenance and instrumentation program services.** The predictive maintenance and instrumentation program consists of infrared thermography, motor circuit analysis, vibration analysis, oil analysis and instrument calibrations. A Request for Proposal was properly advertised and posted on the GBRA website. Six firms requested copies of the Request for Proposal. The predictive maintenance and instrumentation program consists of infrared thermography, motor circuit analysis, vibration analysis, oil analysis and instrument calibrations. The firms were requested to submit their qualifications, ability to conform to the specifications, references, and cost information. The Request for Proposal allows for the predictive maintenance and instrumentation program services to be effective for two years and renewable annually, for three additional years, for a total of five years. A pre-proposal meeting was held on December 12, 2013 with one firm present. Proposals

were due December 19, 2013. One proposal was received from the current provider, Instrumentation Services, Inc. Upon motion by Director Meador, seconded by Director Patillo, the Board unanimously authorized the engagement of Instrumentation Services, Inc. (I.S.I.) for a two-year period, in the amount of \$36,840 per year for the predictive maintenance and instrumentation program services.

The Chair then called for **Discussion Item 11 - Discussion regarding the adoption of a Standard Domestic Water Use Permit, establishment of a Permit Fee, and the adoption of requirements and restrictions related to the diversion of Guadalupe-Blanco River Authority water from the Hydroelectric Lakes for domestic water use.** The Board was briefed on the Standard Domestic Water Use Permit for GBRA's hydroelectric lakes. Discussion was had on the history, various uses, locations, and surface area of the Guadalupe-Blanco River Authority's hydroelectric lakes. The Board was also briefed on the operation and maintenance of the hydroelectric dams and powerhouses, GBRA's Water Conservation Contingency Plan, Stage II drought measures, and meetings with representatives of local homeowner associations along the hydroelectric lakes, and concepts for a domestic water use permit for diversion of water from the lakes.

The Chair called for **Discussion Item 12 - Quarterly status report on grant activities.** Patti Coggins briefed the Board on various grants including the Texas Water Development Board grant for the Integrated Water Power Project Feasibility Study, the Environmental Protection Agency Gulf of Mexico Program grant for the Guadalupe-Blanco River Trust Intertidal Wetlands Restoration; the Environmental Protection

Environmental Education grant for GBRA's Environmental Learning Center trail construction and education, the Texas Commission on Environmental Quality Hydroelectric Division dump truck replacement; the United States Department of Homeland Security FEMA grant for hazard mitigation; and the Environmental Systems Research Institute grant for mapping climate changes.

Next, 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.** General Manager West briefed the Board on activities of the Edwards Aquifer Authority and the Guadalupe Basin Coalition.

The Chair then 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.** Jeff Crosby briefed the Board on the activities of the Guadalupe-Blanco River Trust. Dan Alonso briefed the Board on the activities of the San Antonio Bay Foundation.

The Chair 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, 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 16 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on a letter from Speaker Joe Straus relating to oversight responsibilities of appointed Boards, various news articles, a report from Susan Combs, Texas Comptroller of Public Accounts, entitled “Texas Water Report: Going Deeper for the Solution”, and an article in the Texas Co-op Power magazine on Director McLain’s Kitchen Pride Farms mushroom operation in Gonzales County.

The Chair then called for **Discussion Item 17 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on the National Water Resources Association leadership meeting held in Las Vegas and various legislative issues.

The Chair recessed the open meeting at 10:58 a.m. The Chair then closed the open meeting and convened the meeting in executive session at 11:16 a.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 11:41 a.m.

There being no further business to be brought before the Board, the meeting was adjourned at 11:42 a.m. subject to call by the Chair.

Chair

Secretary