

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 18, 2015, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Tommy Mathews, Robert “Rusty” Brockman, Dennis L. Patillo, Oscar H. Fogle, Grace G. Kunde, Don B. Meador, Darrell McLain, Kenneth Motl, and William R. Carbonara. 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; LaMarriol Smith, Executive Manager for Strategic Communications and Public Affairs; 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; Darel Ball, Operations Manager-Lower Basin; Barbara Gunn, Human Resources Manager; Tommy Hill, Chief Engineer; John Smith, Operations Manager-Upper Basin; Michael Urrutia, Director of Water Quality Services; Teresa Van Booven, Project and Community Representative; Cricket Dietert, Executive Assistant to the General Manager; Leigh Crettenden, IT Manager; Carl Westergard, Web Master; Charlie Hickman, Engineer; Mary Newman, Project Coordinator; Sandra Terry, Investment Manager; Allen Ognoskie, Division Manager-Guadalupe/Gonzales; Jeff McKee, Assistant Division Manager-Hydroelectric/Rural Utilities; David Kenda, 2015 GBRA retiree; Connie Kenda; Wade Kenda; Roger Nevola, legal counsel; Jim Dublin

with Dublin and Associates; David Engel with Engel and Associates; Jan Lehman with Lehman Associates; Stefan Schuster and Amy Campbell with MWH Global; Felix Arambula and Adam Conner with San Antonio Water System; John Stewart with Dykema, Cox, and Smith; and Jeanne Schnuriger with Springs Hill Water Supply Corporation.

Chair Mathews 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:

Chair 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 - Consideration of and possible action approving a Resolution honoring 2015 Guadalupe-Blanco River Authority retiree David Kenda for his thirty-three (33) years of meritorious and faithful service.** Chair Mathews and General Manager West introduced and recognized David Kenda for his 33 years of dedicated and meritorious service to the Guadalupe-Blanco River Authority. Chair Mathews also welcomed Connie Kenda, wife of David. Chair Mathews read and presented a Resolution honoring David Kenda. Allen Ognoskie also presented Mr. Kenda a framed photo. Upon motion by Director Fogle, seconded by

Director Motl, the Board unanimously approved a Resolution honoring GBRA 2015 retiree David Kenda. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Chair Item 2 - Appointment of a Nominating Committee for Officers of the Board of Directors for calendar year 2016**. With the upcoming retirement of General Manager West in September 2016, Chair Mathews recommended keeping the current slate of officers for calendar year 2016. Upon motion by Director Fogle, seconded by Brockman, the Board unanimously approved the current slate of Officers for the Board of Directors for calendar year 2016. The Board Officers for 2016 are Chair – Tommy Mathews; Vice Chair Rusty Brockman; and Secretary-Treasurer Dennis L. Patillo.

The Chair then called for **Chair Item 3 - Consideration of and possible action approving the selection of a firm to conduct the General Manager search for the Guadalupe-Blanco River Authority**. No discussion or action was taken on this item at this time.

The Chair called for **Consent Item 4 - Consideration of and possible action approving the minutes of the October 21, 2015, Board meeting; Consent Item 5 - Consideration of and possible action approving the monthly financial report for September and October 2015; Consent Item 6 - Consideration of and possible action approving the monthly operations report for October 2015; and Consent Item 7 - Consideration of and possible action approving Directors' expense**

vouchers. Upon motion by Director Motl, seconded by Director Brockman, the Board unanimously approved Consent Item 4, 5, 6, and 7.

Next, the Chair called for **General Manager Item 8 - Discussion of the executive report addressing various matters relating to water resources planning including reports on Regional L Water Planning group activities, State funding issues, water reuse policies, Texas Water Development Board interregional conflict rules, GBRA's Mid-Basin Project (Groundwater and Surface Water components), Integrated Water Power Project and project funding applications, Lower Basin Storage Project and related regional planning and legislative issues, Lower Basin Appropriation (new) Project, Hydropower Regulatory Efficiency Act issues, water resources operation including engineering issues and related meetings, regional planning, consultations with the U. S. Army Corps of Engineers, construction management reports relating to GBRA projects and to the FM 110 Bypass in San Marcos, FM 150 near Kyle, U.S. 183 near Lockhart, CR-266 in Caldwell County, rainfall and floodwater monitoring issues in the Guadalupe and Blanco River watersheds, safety issues, utility operations; Water Quality Division and Regional Laboratory reports, reports on the activities of GBRA's Regional Laboratory, sampling and other water quality-related activities, economic and community development reports including reports on the River Heritage Tour Project, Moonlight in the Gorge, reports on various community meetings, community outreach activities in the Guadalupe Basin, reports on**

demolition of structures at certain locations around Lake Wood/H-5, a Boy Scout project on Lake Wood/H-5 in the cleared areas, budget meetings with customers, project development reports relating to Johnson Ranch, Bulverde, Park Village and 4-S Ranch, Dunlap Area Utilities, Point Comfort, Port Lavaca, Canyon Lake wastewater master plan development, water and wastewater agreements and services provided in various communities throughout the Guadalupe Basin, GBRA's Lower Basin Project, property management reports, water supply studies in the Basin, Western Canyon reports, water supply studies in the middle Guadalupe Basin, resource protection issues, lake management, water safety issues and ordinances, Zebra Mussels, flood management and recovery issues, issues related to log jams, reports from the Canyon Lake/Sattler office and the Gorge Preservation Society, reports on Lerin Hills and other subdivisions in and around Kendall County, public affairs reports including media reports, public outreach and social media, new website development, education reports, reports on the activities of the Environmental Learning Center, publications, Geographic Information Systems projects, special projects including outreach to various schools and presentation to students, planning for newly acquired property at Coletto Creek, reports on marketing efforts, GBRA publications, grants, Board relations and public events, administrative reports, information technology reports, Human Resource reports, personnel matters, accounting, and finance reports, water supply and wastewater treatment contract activities. James Murphy

briefed the Board on GBRA water resources planning, operations, and engineering activities. Mr. Murphy also briefed the Board on regional planning efforts. David Welsch briefed the Board on water quality, regional laboratory, economic and community development, and business development activities. Teresa Van Booven briefed the Board on the H-5 island lot demolition and restoration. Mrs. Van Booven also briefed the Board on upcoming Chamber of Commerce Banquets and activities of the Gorge Preservation Society. Mary Newman updated the Board on the EWP Program related to the 2015 Memorial Day flood event. LaMarriol Smith briefed the Board on media, education, publications, marketing, and grant activities. Alvin Schuerg briefed the Board on finance, human resource, and information technology activities. Mr. Schuerg also briefed the Board on the executive financial summary for the period ending October 31, 2015.

The Chair then called for **Chair Item 3 - Consideration of and possible action approving the selection of a firm to conduct the General Manager search for the Guadalupe-Blanco River Authority.** David Engel welcomed and introduced Jan Lehman. David Engel briefed the Board on the interviews conducted by the Board Search Committee and the recommendation to select Lehman Associates. Jan Lehman gave the Board an overview of her firm Lehman Associates and the process for selection of a new General Manager. Upon motion by Director Patillo, seconded by Director Kunde, the Board unanimously approved the selection of Lehman Associates of Austin, Texas, to conduct the search for a General Manager for the Guadalupe-Blanco River Authority.

Chair Mathews recessed the Board at 10:55 a.m. and reconvened the meeting at 11:08 a.m.

The Chair then called for **Action Item 9 - Consideration of and possible action approving the Plan Year 2015 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 recommended annual Plan contribution is determined. The Retirement and Benefit Committee of GBRA met on October 21, 2015 to review the Actuarial Valuation and the annual contribution determined therein. For calendar year 2015, the Actuarial Valuation recommends a Plan contribution of \$1,033,464. The Fiscal Year 2016 GBRA budget included a pension plan contribution approximating \$1,200,000. Upon motion by Director Motl, seconded by Director Carbonara, the Board unanimously approved the GBRA Defined Benefit Pension Plan Actuarial Valuation dated January 1, 2015, and the recommended Plan contribution of \$1,033,464.

The Chair called for **Action Item 10 - Consideration of and possible action confirming the General Manager has always been and continues to be authorized under the By-Laws of the Guadalupe-Blanco River Authority to take any and all actions relating to the application of New Braunfels Utilities to amend its discharge permit (TPDES Permit No. WQ0010232002) that the General Manager deems necessary or desirable to protect the interests of GBRA including, without**

limitation, to cause to be timely filed with the State Office of Administrative Hearings GBRA's request for party status in the hearing on the application; and, in addition to confirming the General Manager's authority under the By-Laws, ratifying and approving all actions relating to the application that have been previously taken by the General Manager including, without limitation, causing to be timely filed GBRA's request for party status in the hearing on the application, and authorizing the General Manager to take any and all future actions relating to the application that the General Manager deems necessary or desirable to protect the interests of GBRA. Tom Bohl briefed the Board on application filed by New Braunfels Utilities with the Texas Commission on Environmental Quality. Upon motion by Director Meador, seconded by Director Fogle, the Board unanimously confirmed the General Manager has always been and continues to be authorized under the By-Laws of the Guadalupe-Blanco River Authority to take any and all actions relating to the application of New Braunfels Utilities to amend its discharge permit (TPDES Permit No. WQ0010232002); and, in addition to confirming the General Manager's authority under the By-Laws, ratified all actions relating to the application that have been previously taken by the General Manager including, without limitation, causing to be timely filed GBRA's request for party status in the hearing on the application, and authorized the General Manager to take any and all future actions relating to the application that the General Manager deems necessary or desirable to protect the interests of GBRA.

Next, the Chair called for **Action Item 11 - Consideration of and possible action confirming the General Manager has always been and continues to be**

authorized under the By-Laws of the Guadalupe-Blanco River Authority to take any and all actions relating to Application No. 12469 of New Braunfels Utilities for a permit to appropriate public water that the General Manager deems necessary or desirable to protect the interests of GBRA including, without limitation, to cause to be timely filed with the Texas Commission on Environmental Quality GBRA's plea to the jurisdiction and request for contested case hearing on the application; and, in addition to confirming the General Manager's authority under the By-Laws, ratifying and approving all actions relating to the application that have been previously taken by the General Manager including, without limitation, causing to be timely filed GBRA's plea to the jurisdiction and request for contested case hearing on the application; and authorizing the General Manager to take any and all future actions relating to the application that the General Manager deems necessary or desirable to protect the interests of GBRA. Tom Bohl briefed the Board on application filed by New Braunfels Utilities with the Texas Commission on Environmental Quality. Upon motion by Director Meador, seconded by Director Motl, the Board unanimously confirmed the General Manager has always been and continues to be authorized under the By-Laws of the Guadalupe-Blanco River Authority to take any and all actions relating to Application No. 12469 of New Braunfels Utilities for a permit to appropriate public water that the General Manager deems necessary or desirable to protect the interests of GBRA including, without limitation, to cause to be timely filed with the Texas Commission on Environmental Quality GBRA's plea to the jurisdiction and request for contested case hearing on the application; and,

in addition to confirming the General Manager's authority under the By-Laws, ratified all actions relating to the application that have been previously taken by the General Manager including, without limitation, causing to be timely filed GBRA's plea to the jurisdiction and request for contested case hearing on the application, and authorized the General Manager to take any and all future actions relating to the application that the General Manager deems necessary or desirable to protect the interests of GBRA.

The Chair then called for **Action Item 12 - Consideration of and possible action approving Guadalupe-Blanco River Authority Board Resolution regarding the implementation of water reclamation projects in the Guadalupe River Basin.**

General Manager West and James Murphy briefed the Board on the reclamation of treated wastewater and other water reclamation efforts as a strategy to manage future water supply needs. Reclamation efforts in this category are often characterized as the "reuse" of wastewater collected, treated, and subsequently discharged for the most part by municipal wastewater treatment facilities. The Texas Water Development Board also offers grants to political subdivisions for the technical evaluation of reuse alternatives to meet water supply needs. There remain many legal, technical, and regulatory challenges to the integration of reclaimed wastewater into the State's municipal water supply portfolio, and much work remains before this resource can be properly evaluated and compared with other sources of supply. A particular difficulty is posed by the lack of specific legislation addressing direct or indirect reuse of treated wastewater effluent and other water reclamation efforts. Reuse is not a new source of water supply. It is best characterized as the reallocation of existing supplies. Most

reuse applications in Texas were predicated on either stored or imported water that would not otherwise have appeared in the stream. As a consequence the impacts on existing water rights were negligible. The South Central Texas Regional Water Planning Group (Region L) recently recommended several municipal reuse projects for inclusion in the 2017 State Water Plan. These projects were included at the last minute and were allotted little or no discussion by the Region L group. Of major concern to GBRA and others was the lack of any discussion regarding impacts on existing water rights. While municipal effluent represents the largest source for these projects, the legislature has yet to enact clear, specific legislation to address issues of ownership of effluent and impacts of reuse on more senior water rights. The lack of specific legislation addressing reuse means that GBRA must be vigilant in protecting existing and future surface water rights from encroachments cloaked under the guise of reuse and reclamation projects. Upon motion by Director Brockman, seconded by Director Motl, the Board unanimously approved a Board Resolution regarding the implementation of water reclamation projects in the Guadalupe River Basin. A copy of Resolution is attached and made a part of these minutes.

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, the Guadalupe Basin Coalition, and the South Central Texas Water Advisory Committee.

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.** Todd Votteler briefed the Board on the activities of the Guadalupe-Blanco River Trust and the San Antonio Bay Foundation.

The Chair then called for **Discussion Item 15 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** Charlie Hickman briefed the Board on the October 30, 2015 flood event.

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 the Texas House of Representatives Interim Charges and adoption of the South Central Texas Regional Planning Group Region L Plan.

Next, the Chair called for **Discussion Item 17 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on the Waters of the United States and legislative activities.

Darel Ball briefed the Board on a recent work boat accident on the Guadalupe River relating to the removal of log jams.

The Chair recessed the open meeting at 12:15 p.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:50 p.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 2:23 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 2:24 p.m. subject to call by the Chair.

Chair

Secretary