

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 December 16, 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, Kenneth Motl, and William R. Carbonara. Director Darrel McLain was absent. 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; Jaynellen Ladd, Natural Resource Specialist; Mary Newman, Project Coordinator; Stephanie Shelly, Division Manager-Calhoun/Refugio Counties; Sandra Terry, Investment Manager; Susan Hubbert, Accounting Manager; Josie Longoria, Regional Lab Director; Rebecca Wilson, Social Media/Community Relations Specialist; Kylie

Gudgell, Quality Assurance Officer; Carrie Kasnicka, Guadalupe-Blanco River Trust Conservation Director, Dan Alonso, San Antonio Bay Foundation Executive Director; Wallis Gudgell, 2015 GBRA retiree; Susan Gudgell; Roger Nevola, legal counsel; Jim Dublin with Dublin and Associates; David Engel with Engel and Associates; Steve Holzheuser, consultant; Mike Del Toro with Alonzo, Bacarisse, Irvine and Palmer; Stefan Schuster; and Felix Arambula with San Antonio Water System.

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:

Director Patillo 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 **Chair Item 1 - Recognition of 2015 Guadalupe-Blanco River Authority retiree Wallis Gudgell for his 15 years of meritorious and faithful service.** Chair Mathews and General Manager West introduced and recognized Wallis Gudgell for his 15 years of dedicated and meritorious service to the Guadalupe-Blanco River Authority. Chair Mathews also welcomed Susan Gudgell, wife of Wallis. Chair Mathews presented a plaque honoring Wallis Gudgell.

Next, Chair Mathews called for **Chair Item 2 - Consideration of and possible action appointing Directors Seats 1 and 2 to serve on the San Antonio Bay Foundation for the term of January 1, 2016 through December 31, 2016 in accordance with the By-Laws Article Three, Section 3.2.** Todd Votteler briefed the Board on the San Antonio Bay Foundation Director appointments. The San Antonio Bay Foundation is a nonprofit organization established in July 2008, by GBRA to serve as a vehicle for the protection and preservation of the bay and estuary system at the end of the Guadalupe River Basin. The vision of the Foundation is to champion a healthy and prosperous bay system which provides a quality environment for marine life, coastal wildlife and provides for recreation and commercial endeavors for residents and visitors. In accordance with the Bylaws of the San Antonio Bay Foundation so that the Foundation 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 Directors Seats 1 and 2 shall always be made so that the Foundation and the Guadalupe-Blanco River Authority will maintain a close and continuing relationship. Upon motion by Director Patillo, seconded by Director Carbonara, the Board unanimously appointed Darel Ball and Mike Urrutia for Seats 1 and 2 to serve on the Board of Directors of the San Antonio Bay Foundation. The Directors appointed to Seats 1 and 2 shall serve one (1) year terms.

The Chair recessed the open meeting at 10:14 a.m. The Chair then closed the open meeting and convened the meeting in executive session at 10:14 a.m. pursuant to

Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 10:38 a.m.

The Chair then called for **Consent Item 3 - Consideration of and possible action approving the minutes of the November 18, 2015, Board meeting; Consent Item 4 - Consideration of and possible action approving the monthly financial report for November 2015; Consent Item 5 - Consideration of and possible action approving the monthly operations report for November 2015; and Consent Item 6 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Patillo, seconded by Director Carbonara, the Board unanimously approved Consent Item 3, 4, 5, and 6.

The Chair called for **General Manager Item 7 - 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, finance reports, and 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. Michael Urrutia briefed the Board on operation activities of the Regional Laboratory, drinking water standards, and renewal of the Buda Wastewater Treatment Plant permit. Teresa Van Booven briefed the Board on the H-5 island lots, water conservation plans, Chamber of Commerce banquets for 2016, and the upcoming New Braunfels 50th annual Texas Legislative Conference. Mary Newman updated the Board on the Emergency Watershed Protection Program related to the 2015 Memorial Day flood event. LaMarriol Smith introduced Rebecca Wilson, GBRA's new Social Media/Community Relations Specialist. Ms. Smith also briefed the Board on employment of a new Grant Writer for GBRA. The Board was briefed on media, education, publications, marketing, and grant activities. Alvin Schuerg informed the Board on several promotions within GBRA. Darel Ball recognized Stephanie Shelly on her promotion to Division Manager-Calhoun/Refugio Counties. Mr. Ball gave an update

on the Miss Guadalupe I boat accident. 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 November 30, 2015.

Next, the Chair called for **Action Item 8 - Consideration of and possible action approving the Fiscal Year 2015 Annual Financial Audit and distribution of the Comprehensive Annual Financial Report.** Alvin Schuerg recognized Susan Hubbert for compiling the Comprehensive Annual Financial Report. Alvin Schuerg introduced Mike Del Toro with Alonzo, Bacarisse, Irvine and Palmer. LaMarriol Smith addressed the Board regarding the theme for this year's annual report. Mr. Del Toro briefed the Board on the Independent Auditor's Report and informed the Board that they have issued their unqualified opinion regarding GBRA's financial statements as of August 31, 2015. The audit firm has also provided their annual Management Letter in addition to a Report on Compliance on Internal Controls, which is a required report for all federal grant recipients. Upon motion by Director Patillo, seconded by Director Brockman, the Board unanimously approved the Fiscal Year 2015 annual audit and distribution of the Comprehensive Annual Financial Report.

The Chair then called for **Action Item 9 - Consideration of and possible action approving Board Policy – 403 Investment Policy as written and the investment strategy contained therein.** GBRA Board Policy 403 – Investment Policy and the Texas Public Funds Investment Act require GBRA's Board of Directors to annually approve the investment policy and the investment strategy contained therein. The GBRA staff is not recommending any changes to Board Policy – 403 Investment

Policy and recommends that the Board of Directors continue to approve Policy 403 – Investment Policy as written. Upon motion by Director Brockman, seconded by Director Kunde, the Board unanimously approved Board Policy – 403 Investment Policy as written and the investment strategy contained therein. A copy of the Policy is attached and made a part of these minutes.

The Chair called for **Action Item 10 - 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 to buy and sell investment securities as approved by the GBRA Board of Directors on December 17, 2014. The staff is recommending to continue using the following eight security broker/dealers to buy and sell investment securities for future transactions: Bank of America Merrill Lynch, Dallas; First Southwest Company, Austin; FTN Financial (First Tennessee Bank), Memphis; JP Morgan Chase Securities, San Antonio; Raymond James Financial Inc., Dallas; SWS Securities, Dallas; Vining Sparks, Memphis; and Wells Fargo Securities LLC, Houston. Upon motion by Director Meador, 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 11 - Consideration of and possible action authorizing the General Manager to negotiate and execute a letter agreement with the City of San Marcos for the First Five Year Renewal of and Third Amendment to the Plant Operating Agreement to the Service Contract for Water Treatment Facilities Operations and Asset Management.** GBRA has operated the San Marcos Water Treatment Plant since 2000. On September 20, 2005 the City of San Marcos requested proposals and subsequently entered into a Service Contract for Water Treatment Facilities Operations and Asset Management which included the City's groundwater system. On December 16, 2005 the Transition Period ended and the parties agreed the Operation Period commenced. Over the following ten (10) years, GBRA operated the Facilities in accordance with the contract providing the City of San Marcos exemplary water from both the surface water plant and the groundwater system. The plant was expanded from 9 MGD to 21 MGD in 2008 and truly operates as a regional system supplementing the ground water resources of the Edwards Aquifer and protecting the San Marcos springs as intended. On November 3, 2015 the City of San Marcos residents voted to prohibit the addition of fluoride to the municipal water supply. The City of San Marcos City Council approved a resolution on December 1, 2015 approving an amendment to the Service Contract for Water Treatment Facilities Operations and Asset Management between the City and the Guadalupe-Blanco River Authority to extend the contract for an additional five year term and modifying the contract items regarding fluoridation of the municipal drinking water. Upon motion by Director Meador, seconded by Director Fogle, the Board unanimously

authorized the General Manager to execute a letter agreement with the City of San Marcos for the First Five Year Renewal of and Third Amendment to the Plant Operating Agreement of the Service Contract for Water Treatment Facilities Operations and Asset Management. A copy of the letter agreement is attached and made a part of these minutes.

The Chair then called for **Discussion Item 12 - 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.

The Chair called for **Discussion Item 13 - 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. Carrie Kasnicka briefed the Board of the kick-off planning meeting for the Plum Creek Wetlands Preserve. Dan Alonso briefed the Board on the activities of the San Antonio Bay Foundation. Jaynellen Ladd briefed the Board on activities at the Canyon Lake Gorge and Gorge Preservation Society.

Next, the Chair called for **Discussion Item 14 - Discussion regarding Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin.** Tommy Hill briefed the Board on the Base Flow Report, Water Quality Index, and condition of the Guadalupe Basin, including 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.

The Chair then called for **Discussion Item 15 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on Interim Legislative Hearings and the Texas Water Development Board meeting relating to administration of emergency appropriations from the Office of the Governor for installation of a network of stream gages and making funds available to State and local entities for floodplain management.

The Chair called for **Discussion Item 16 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on the status of the “Waters of the United States” issue and legislative activities.

There being no further business to be brought before the Board, the meeting was adjourned at 12:11 p.m. subject to call by the Chair.

Chair

Secretary