

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 July 17, 2013, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Oscar H. Fogle, Grace G. Kunde, Robert “Rusty” Brockman, Dennis L. Patillo, Kenneth Motl, William R. Carbonara, Darrell McLain, and Don B. Meador. Director Tommy Mathews was absent. 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; Tommy Hill, Chief Engineer; Debbie Magin, Director of Water Quality Services; 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; Sandra Terry, Investment Manager; Denise Lyssy, Customer Service Assistant; Jeannine Herrmann, Accounting Assistant; Tricia Ramirez; Darel Ball, Division Manager, Hays-Caldwell; Jerry Sharp, Plant Manager-San Marcos Water Treatment Plant; Charlie Hickman, Engineer; Roger Nevola, legal counsel; Jim Dublin, representing Dublin and Associates; David Engel representing Engel and

Associates; Frank J. Pagel, former GBRA Director; James L. Powers, former GBRA Director; Abigail Nebb and Travis Tindell, GBRA Interns; Molly Cagle and Aaron Streett representing Baker Botts; Steve Bereyso representing San Antonio Water System; Alan Thompson representing Klotz and Associates; and Greg Bowen represent the New Braunfels Herald-Zeitung.

Chair Fogle called the meeting to order at 9:00 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:

In the absence of Secretary-Treasurer Mathews, Chair Fogle appointed Director Brockman to serve as Secretary Pro-Tem.

Director Brockman 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 at this time.

The Chair called for **Chair Item 1 - Consideration of and possible action approving a Resolution honoring Myrna P. McLeroy for her twelve years of meritorious leadership and faithful service as Director, Chair and Secretary-Treasurer of the Board of Directors of the Guadalupe-Blanco River Authority.** Upon motion by Director Motl, seconded by Director Kunde, the Board unanimously approved a Resolution honoring Myrna P. McLeroy for her meritorious leadership and

faithful service as a Director and Officer of the Guadalupe-Blanco River Authority Board of Directors. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Chair Item 2 - Consideration of and possible action approving a Resolution honoring Frank J. Pagel for his twelve years of meritorious leadership and faithful service as Director of the Guadalupe-Blanco River Authority.** Upon motion by Director Motl, seconded by Director Kunde, the Board unanimously approved a Resolution honoring Frank J. Pagel for his meritorious leadership and faithful service as a Director of the Guadalupe-Blanco River Authority Board of Directors. A copy of the Resolution is attached and made a part of these minutes.

The Chair then called for **Chair Item 3 - Consideration of and possible action approving a Resolution honoring James L. Powers for his five years of meritorious leadership and faithful service as Director and Secretary-Treasurer of the Guadalupe-Blanco River Authority.** Upon motion by Director Kunde, seconded by Director Motl, the Board unanimously approved a Resolution honoring James L. Powers for his meritorious leadership and faithful service as a Director and Officer of the Guadalupe-Blanco River Authority Board of Directors. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Chair Item 4 - Consideration of and possible action accepting Board of Directors' Committee assignments.** Upon motion by Director Patillo, seconded by Director Motl, the Board unanimously accepted the Board

Committee assignments. A copy of the Committee assignments is attached and made a part of these minutes.

Next, the Chair called for **Chair Item 5 - Recognition of the San Marcos Water Treatment Plant for its fifth consecutive year receiving the Texas Optimization Program Recognition Award from the Texas Commission on Environmental Quality.** James Murphy introduced Jerry Sharp, Darel Ball, and John Smith. The GBRA employees of the San Marcos Water Treatment Plant were recognized for the fifth consecutive year of receiving the Texas Optimization Program Recognition Award from the Texas Commission on Environmental Quality.

The Chair then called for **Consent Item 6 - Consideration of and possible action approving the minutes of the June 19, 2013, Board meeting; Consent Item 7 - Consideration of and possible action approving the monthly financial report for June 2013; Consent Item 8 - Consideration of and possible action approving the monthly operations report for June 2013; and Consent Item 9 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Brockman, seconded by Director Patillo, the Board unanimously approved Consent Items 6, 7, 8, and 9.

The Chair called for **General Manager Item 10 - Discussion of the Executive Report addressing various matters, including matters relating to: safety, utility operations, 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, USGS Guadalupe River Gain-Loss Study, FEMA Discovery Program, Construction Management including River Bend pump station replacement matters with construction ninety-five percent complete, Mid-Basin Water Supply Project, 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 rights of entry, background data Collections, and environmental sampling, 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 services activities, Bulverde area wastewater including Singing Hills, Berry Oaks, Berryman Investments and Johnson Ranch, Rural Utilities - Dunlap wastewater service area activities, Water Supply Project activities including development of GBRA/Customer facility plan for the Mid-Basin Water Supply Project, infrastructure needs for the Cherryville development in Caldwell County, potential water supply service in the I-34/SH-130 area, completion of the Guidance Document for Interim Wastewater Plants and Lift Stations and work on Wastewater Master Plan for Canyon Lake area, Resource Protection activities including lake management and water safety, implementation of water conservation measures, water strategies, Gonzales area flood warning plan, Canyon Lake/Sattler Office, Gorge Preservation Society, information technology,

human resources, accounting and finance. No discussion was had on General Manager Item 10.

Next, the Chair called for **Action Item 11 - Consideration of and possible action approving a supplemental contribution to the GBRA Defined Benefit Pension Plan for Fiscal Year 2013.** 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 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 latest Actuarial Valuation that GBRA has received is dated January 1, 2013 and that Valuation places the Unfunded Actuarial Accrued Liability at \$5,118,163 with a funding ratio of 79.4 percent. In June 2010, the GBRA Board directed the staff to aggressively reduce the Unfunded Actuarial Accrued Liability by making supplemental contributions to the Plan in addition to the Plan's "normal" annual contributions. In consideration of this directive, GBRA has made supplemental contributions of \$3,000,000 (August 2010), \$600,000 (August 2011), and \$500,000 (September 2012). During the June Board meeting, a discussion was held related to a Fiscal Year 2013 Defined Benefit Plan supplemental contribution. Upon motion by Director Patillo, seconded by Director Brockman, the Board unanimously approved a supplemental contribution to the GBRA Defined Benefit Pension Plan for Fiscal Year 2013 in the amount of \$600,000.

The Chair then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to execute the Flood Protection and Planning Grant contract with Texas Water Development Board, in order to secure funding in the amount of \$397,738, and to negotiate and execute Interlocal Agreements with each of the entities participating in the Lower Guadalupe River Basin Feasibility Study.** To date twelve (12) entities with GBRA's Basin have shown interest in participating in Phase II for \$1.59 million. The U. S. Army Corps of Engineers amendment to initiate Phase II has been signed and will provide fifty percent (50%) of the funds. The next step is to enter into a contract between the Texas Water Development Board and GBRA to obtain an additional twenty-five percent (25%) grant funding for the project, and to execute Interlocal Agreements between each participating entity and GBRA to provide the twenty-five percent (25%) local cost share. Phase I of the Study is currently underway and evaluates existing flooding potential and mitigation measures along the Guadalupe River below Canyon Reservoir through Victoria County, along with the entire length of Blanco and San Marcos Rivers. Phase II will provide the same level of study effort along local creeks within the participating communities. GBRA will not financially contribute towards Phase II, but will serve as the local sponsor for this project, in which capacity it shall perform all administrative duties associated with the project including, but not limited to, entering into contract(s) with consultants(s) and contract administration necessary with the Texas Water Development Board the U.S. Army Corps of Engineers. The communities participating in the study will be responsible for their portion of the local cost share under Interlocal Agreements with

GBRA. Upon motion by Director Kunde, seconded by Director Brockman, the Board unanimously authorized the General Manager to execute the Flood Protection and Planning Grant contract with Texas Water Development Board, in order to secure funding in the amount of \$397,738, and to negotiate and execute Interlocal Agreements with each of the entities participating in the Lower Guadalupe River Basin Feasibility Study. A copy of the Flood Protection Planning Grant and the Interlocal Agreements are attached and made a part of these minutes.

The Chair called for **Action Item 13 - Consideration and possible action authorizing the General Manager to negotiate and execute a Letter Agreement by and between Bremer Ranch and the Guadalupe-Blanco River Authority (GBRA), for the reservation of 100 acre-feet of water on an annual basis from the GBRA Western Canyon Regional Treated Water Supply System.** No discussion or action was taken on Action Item 13.

Next, the Chair called for **Action Item 14 - Consideration and possible action authorizing the General Manager to negotiate and execute a Letter Agreement by and between Couser Ranch and the Guadalupe-Blanco River Authority (GBRA), for the reservation of 100 acre-feet of water on an annual basis from the GBRA Western Canyon Regional Treated Water Supply System.** No discussion or action was taken on Action Item 14.

The Chair then called for **Discussion Item 15 - Discussion regarding the Fiscal Year 2014 Work Plan and Budget.** Alvin Schuerg informed the Board of GBRA's receipt of the Government Finance Officers Association Distinguished Budget

Presentation Award for GBRA's Fiscal Year 2013 Work Plan and Budget. This award has been received for fifteen consecutive years. Mr. Schuerg recognized Sandra Terry, Jeannine Hermann, Denise Lyssy, and Tricia Ramirez for their work on the Fiscal Year 2014 Work Plan and Budget. The Work Plan and Budget consists of twenty-seven individual budgets. Alvin Schuerg continued discussion with the Board on the 2014 Work Plan and Budget including a Quick Reference Guide, customer meetings, GBRA's operations, format of the Work Plan and Budget, consolidated budget summary, operating revenue, operating expenses, a ten year consolidated budget summary, and budgeted revenue by customer county. Discussion continued on the staffing summary, wage compensation structure, financial reserve chart, rates and rate structures. Mr. Schuerg briefed the Board on several Divisions of GBRA including the General Division, Hydroelectric Division, Rural Utilities Division, Water Sales Division, the Western Canyon Water Treatment Plant, the Luling Water Treatment Plant, and the Canyon Hydroelectric Division. Mr. Schuerg briefed the Board on the executive summary of the proposed 2014 Work Plan and Budget.

The Chair recessed the open meeting at 11:01 a.m. and reconvened the open meeting at 11:13 a.m.

The Chair called for **Discussion Item 16 - 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 Edwards Aquifer Recovery

Implementation Program Habitat Conservation Plan, and the Guadalupe Basin Coalition.

Next, the Chair called for **Discussion Item 17 - 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 activities of the Guadalupe-Blanco River Trust including the selection of a new Executive Director, Jeff Crosby. The Board was also briefed on activities of the San Antonio Bay Foundation including an application for a \$150,000 grant from the U. S. Fish and Wildlife Service Fish Passage Program to assist with the removal of log jams on the Guadalupe and San Antonio Rivers.

The Chair then called for **Discussion Item 18 - 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.

The Chair called for **Discussion Item 19 - Discussion regarding local and State water planning and water resource issues.** General Manager West briefed the Board on the Texas Water Conservation Association's letter to the National Water Resources Association informing cancellation of Texas' membership in the Association.

Next, the Chair called for **Discussion Item 20 - Discussion regarding national water planning and water resource issues.** General Manager West briefed the Board on activities relating to the Endangered Species Act.

The Chair recessed the open meeting at 11:42 a.m. The Chair then closed the open meeting and convened the meeting in executive session at 12:16 p.m. pursuant to Chapter 551, Texas Government Code. The Chair reconvened the meeting in open session at 1:23 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:24 p.m. subject to call by the Chair.

Chair

Secretary Pro-Tem