

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 October 19, 2011, at the Texas AgriLife Extension Service Calhoun County Auditorium, 186 County Road 101, Port Lavaca, Calhoun County, Texas. Directors present were Grace G. Kunde, Oscar H. Fogle, Arlene N. Marshall, Myrna P. McLeroy, James L. Powers, Frank J. Pagel, Dennis L. Patillo, and Tommy Mathews. Director Robert "Rusty" Brockman was absent. Also present were W. E. West, Jr., General Manager; James Lee Murphy, Executive Manager of Water Resources and Utility Operations; Alvin Schuerg, Executive Manager of Finance and Administration; Todd Votteler, Executive Manager of Intergovernmental Relations and Policy; Bruce Wasinger, General Counsel; David Welsch, Executive Manager of Business Development and Resource Management; Gary Asbury, Project Manager; Debbie Magin, Director of Water Quality Services; Tommy Hill, Chief Engineer; Tommy Schulte, Regional Representative; Bryan Serold, Operations Manager-Lower Basin; John Smith, Operations Manager-Upper Basin; LaMarriol Smith, Manager of Communication and Education; Cricket Dietert, Executive Assistant to the General Manager; Connie Rothe, Board Relations Assistant; Leigh Crettenden, Web Master; Angela Baxley, Network Administrator; Wilfred Korth, Chief Ranger-Coleto Creek Park; Cinde Thomas-Jimenez, Environmental Education Administrator; Herb Wittliff, Manager of Port Lavaca Operations; Linda McPherson, Secretary, Port Lavaca Water Treatment Plant; Steve Jester, Executive Director representing the Guadalupe-Blanco River Trust; Tommie

Streeter-Rhoad, Executive Director representing the San Antonio Bay Foundation; Roger Nevola, legal counsel; Jim Dublin representing Dublin and Associates; Steve Holzheuser, consultant; Stephen F. Wilson, DVM, former GBRA Director and President of the San Antonio Bay Foundation; Todd Merendino, Trustee of the Guadalupe-Blanco River Trust and representing Ducks Unlimited, Inc.; Alan Thompson representing Klotz and Associates; Jack Campbell representing West Side Calhoun County Navigation District; Carrie McCannelles representing the Port Lavaca Wave; State Representative Geanie Morrison; Justin Unruh, Chief of Staff for Representative Geanie Morrison; Rob Bernal, Refugio County Commissioner; and Tracy Fredin, John Shepard, and Corey Mohan representing Hamline University.

Chair Kunde 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 and Calhoun County Courthouses, the Texas AgriLife Extension Service Office, and at the GBRA office in Seguin, Texas, pursuant to Title 5, Chapter 551 of the Texas Government Code. A quorum being present, the following proceedings were had:

Director McLeroy led the Pledge of Allegiance to the United States flag and Texas flag.

The Chair called for comments from the public. There were no comments from the public at this time.

The Chair called for **Consent Item 1 - Consideration of and possible action approving the September 21, 2011, Board meeting minutes; Consent Item 2 -**

Consideration of and possible action approving the monthly operations report for September 2011; and Consent Item 3 - Consideration of and possible action approving Directors' expense vouchers. Upon motion by Director Patillo, seconded by Director McLeroy, the Board unanimously approved Consent Items 1, 2, and 3.

Next, the Chair called for **General Manager Item 4 - Discussion of the Executive Reports addressing matters relating to safety, utility operations including Luling Water Treatment Plant Expansion and ASR Facilities, 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, attendance at SB 3 BBEST and BBASC meetings, construction management including the regional raw water pipeline capacity improvements, River Bend pump station replacement matters including easement acquisition and geotechnical investigation, River Annex bank stabilization; Clean Rivers Program, activities including the finalization of 2012-13 Quality Assurance Project Plan including contracts with the Texas Commission on Environmental Quality and the Upper Guadalupe River Authority, Plum Creek Project activities, Operations, Geronimo Creek Watershed Protection Plan activities, Environmental Flows Project activities, River Network Project activities, water quality activities, San Antonio Bay Foundation activities, Economic and Community Development activities, events and projects, Water and Wastewater Services activities including Bulverde area regional wastewater activities, complete agreement of**

transfer of wastewater operations to Wimberley, Rural Utilities - Dunlap wastewater service area activities, Mid-Basin water supply, Gonzales County groundwater project activities; Tri-Community Water Supply Corporation water supply matters, Resource Protection activities including lake management and water safety, Lake Dunlap Dam repairs, Canyon Lake operations, implementation of water conservation measures, Plum Creek Watershed Protection, Gorge Preservation Society matters, Gonzales area flood warning matters, information technology, human resources, budget activities, accounting and finance. No discussion was had on General Manager Item 4.

The Chair then called for **Action Item 5 - Consideration of and possible action approving the selection of an Administrator for the Guadalupe-Blanco River Authority 457(b) Plan and Defined Contribution Plan.** John Smith addressed the Board regarding the selection of an Administrator for the GBRA Plans. GBRA has three retirement plans, a Defined Benefit Pension Plan for employees hired before January 1, 2011, the new Defined Contribution Plan for employees hired on or after January 1, 2011, and a Section 457(b) Employee Savings Plan. The initial contribution into the Defined Contribution Plan will be made on or prior to December 31, 2011. GBRA must engage a Plan Administrator/Investment Manager to accept this contribution and coincidentally allocate the contribution among a line-up of investment funds which participating employees have selected. The GBRA Retirement and Benefit Committee recently interviewed three firms which provide plan administration services for both 457 Plans as well as Defined Contribution Plans. The three firms included ICMA-RC (the

current 457 Plan Administrator), TIAA-CREF, and Lincoln Financial Group. The Committee selected Lincoln Financial Group to be the Plan Administrator/Investment Manager for the new Defined Contribution Plan and to replace ICMA-RC as the Administrator for the 457 Plan. Upon motion by Director Fogle, seconded by Director Powers, the Board unanimously approved the Retirement and Benefit Committee's selection of Lincoln Financial Group as the Plan Administrator/Investment Manager for GBRA's 457 Plan and Defined Contribution Plan.

The Chair called for **Action Item 6 - Consideration of and possible action approving amendments to Policies and Regulations Governing Public Use of the Coletto Creek Park and Reservoir.** Bryan Serold introduced Wilfred Korth, Chief Ranger of the Coletto Creek Park and Lake Wood Recreation Division. Since opening to the public in 1981, the Guadalupe-Blanco River Authority has adopted rules and regulations governing the use of the Coletto Creek Park and Reservoir. These regulations were adopted to insure the health and safety of the general public utilizing the reservoir and park facilities for family-oriented outdoor recreation activities. The regulations also insure the safety and security of all reservoir properties and facilities that have been designated as "restricted" or "prohibited" use areas where the general public may be excluded from all access and activities or allowed to utilize some areas with certain restrictions applied. GBRA periodically conducts a review of its regulations to determine if revisions are necessary to address certain issues and changing conditions. GBRA has completed its review of the current regulations. A copy of the Policies and Regulations are submitted to the Texas Parks and Wildlife's Law

Enforcement Division. Upon motion by Director Marshall, seconded by Director Powers, the Board unanimously approved amendments to the Policies and Regulations Governing Public Use of the Coleta Creek Park and Reservoir. A copy of the Policies and Regulations are attached and made a part of these minutes.

Next, the Chair called for **Action Item 7 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Memorandum of Understanding between the Guadalupe-Blanco River Authority, Ducks Unlimited, Inc., the San Antonio Bay Foundation, and the Guadalupe-Blanco River Trust.** Todd Votteler briefed the Board on the Memorandum of Understanding. In 2009, a representative of both the Guadalupe-Blanco River Authority staff and Guadalupe-Blanco River Trust met with the Director of Conservation Operations for Ducks Unlimited in Memphis, Tennessee. The purpose of the discussion was to begin exploring a formal relationship regarding cooperative conservation projects in the Guadalupe River Basin. Calhoun and Refugio Counties have been identified as priority wetlands conservation areas in the North American Waterfowl Conservation Plan. After the initial meeting additional steps were taken to explore the possibility of a more formal working relationship, including contacts between Ducks Unlimited management and the GBRA Board, and the addition of Todd Merendino, Ph.D. to the Guadalupe-Blanco River Trust Board. The purpose of this Memorandum of Understanding is to establish a framework between the Parties to facilitate cooperative efforts in the conservation of important natural resources of mutual concern associated with the Guadalupe River System through the establishment of a formal relationship. GBRA is a water

conservation and reclamation district that provides stewardship for the water resources in its ten-county statutory district, which begins near the headwaters of the Guadalupe and Blanco Rivers and ends at San Antonio Bay. Guadalupe-Blanco River Trust is a charitable non-profit organization that seeks to preserve the unique natural heritage of the Guadalupe watershed for future generations, by protecting open landscapes, working farms and ranches, and wildlife habitat through conservation easements, education, and outreach that connects people to the water and the land. The San Antonio Bay Foundation is a charitable non-profit organization that seeks to protect and steward the resources of San Antonio Bay and its associated estuarine system through education, outreach, partnerships, and habitat restoration. Ducks Unlimited is a charitable non-profit organization that seeks to protect the natural balance of our continent's wetland ecosystems, ensuring the future viability of waterfowl and other wetland wildlife by protecting, enhancing, restoring and managing important wetlands and associated uplands for the benefit of wildlife and people. In keeping with their respective functions and purposes: the Parties share a mutual commitment to the stewardship of the Guadalupe River, including associated wetlands, the delta and San Antonio Bay (Guadalupe River System); the Parties share a mutual commitment to understanding the distribution, condition of and threats to biological diversity within the Guadalupe River System; the Parties share a mutual commitment to understanding threats to water quality and water quantity within the Guadalupe River System; the Parties share a mutual recognition of the important ecological role that wetlands play within the Guadalupe River System; and the Parties share a mutual commitment to

working cooperatively with landowners, communities and others to identify, understand and resolve conservation challenges within the Guadalupe River System. In order to achieve the foregoing purpose, the Parties respectively agree as follows: to work cooperatively for the achievement of mutually held objectives; to develop agreements for specific projects or initiatives that address mutually held objectives as appropriate; to recognize and promote the partnership through the distribution of information via newsletters, press releases, organizational website, etc., as space and resources allow and as is mutually agreeable by all parties; and to provide in-kind staff support at the discretion of the individual organization. The term of this Memorandum of Understanding is a period of five years from the date of execution. Upon motion by Director Marshall, seconded by Director Fogle, the Board unanimously approved a Memorandum of Understanding between the Guadalupe-Blanco River Authority, the Guadalupe-Blanco River Trust and San Antonio Bay Foundation and Ducks Unlimited, Inc. A copy of the Memorandum of Understanding is attached and made a part of these minutes.

Texas State Representative Geanie Morrison and Justin Unruh joined the meeting at this time. Chair Kunde welcomed them to the meeting.

The Chair then called for **Action Item 8 - Consideration of and possible action approving a Resolution approving the consensus based Edwards Aquifer Recovery Implementation Program Habitat Conservation Plan.** Todd Votteler briefed the Board on the Edwards Aquifer Recovery Implementation Program. Beginning in 2006 with an ad hoc effort and accelerating in 2007 with the passage of

Senate Bill 3, Article 12, by the Texas Legislature the Edwards Aquifer Recovery Implementation Program (EARIP) has been working to develop a habitat conservation plan (HCP) under the federal Endangered Species Act. The Edwards Aquifer is a unique groundwater resource, extending 180 miles from Brackettville in Kinney County to Kyle in Hays County. It is the primary source of drinking water for over 2 million people in south central Texas and serves the domestic, agricultural, industrial, and recreational needs of the area. The Edwards Aquifer is the source of the only two major springs remaining in Texas - the San Marcos and the Comal. These springs feed the San Marcos and Comal Rivers which are tributaries to the Guadalupe River. Eight species that depend directly on water in or discharged from the Edwards Aquifer system are federally-listed as threatened or endangered. These species include: fountain darter, San Marcos salamander, San Marcos gambusia, Texas blind salamander, Peck's cave amphipod, Comal Springs dryopid beetle, Comal Springs riffle beetle, and Texas wild rice. The primary threat to the aquifer-dependent listed species is the intermittent loss of habitat from reduced springflows. Springflow loss is the combined result of naturally fluctuating rainfall patterns, regional intermittent pumping, and temporal drawdown of the aquifer. In 1991, the Sierra Club filed a lawsuit under the Federal Endangered Species Act that resulted in the creation of the Edwards Aquifer Authority ("EAA"). Judge Lucius Bunton's judgment in that resulted in an ultimatum to the Texas Legislature to regulate the Edwards Aquifer, otherwise the federal court would consider ordering the federal government to do so. The Texas Legislature directed the EAA to regulate pumping from the aquifer, implement critical period

management restrictions, and pursue measures to ensure minimum continuous springflows of the Comal and San Marcos Springs are maintained to protect endangered and threatened species to the extent required by federal law. Today, competing water needs within the region continue to influence management of the resource, and a workable plan for the long-term protection for the federally-listed species has yet to be adopted among the region's stakeholders. In late 2006, the U. S. Fish and Wildlife Service ("FWS") brought together stakeholders from throughout the region to participate in a unique collaborative process to develop a plan to contribute to the recovery of federally-listed species dependent on the Edwards Aquifer. This process is referred to as the Edwards Aquifer Recovery Implementation Program ("EARIP"). In May 2007, the Texas Legislature directed the EAA and certain other state and municipal water agencies to participate in the EARIP and to prepare a FWS-approved plan by 2012, the deadline set by Judge Bunton, for managing the Aquifer to preserve the listed species at Comal and San Marcos Springs. The Legislature directed that the plan must include recommendations regarding withdrawal adjustments during critical periods that ensure that federally-listed species associated with the Edwards Aquifer will be protected. Recovery Implementation Programs (RIPs) are voluntary, multi-stakeholder initiatives that seek to balance water use and development with the recovery of federally listed species. Due to the diversity of issues and level of conflict often associated with water issues, RIPs must take a long-term, interdisciplinary approach that incorporates policy formation, scientific research, habitat restoration, education, and other activities as defined by the participants. The implementation time-

frame for existing programs ranges from 15–50 years, and may be extended, if necessary. Formation of a RIP requires that the stakeholders participating in the program develop a comprehensive document that outlines the program goals, activities, timelines, measurements of success, and roles of the participants. Development of the program document can take six (6) months to several years, however, once the program document is finalized, stakeholders who are interested in participating in program implementation sign a Cooperative Agreement to implement the activities outlined in the program document. It is important to note that participation in the program is open to all stakeholders, including those who may not have participated in the development of the program document. In addition, stakeholders who participated in the development of the program document may elect to not participate in program implementation. Upon finalization of the program document and signing of the Cooperative Agreement by participants, the Secretary of Interior will also sign the Cooperative Agreement to provide the official authorization for establishing the program. Because Secretarial Authorization is a federal action, establishment of the program is subject to NEPA and consultation under Section 7 of the ESA. NEPA compliance is necessary because the authorization (and funding) of such a Program constitutes a significant Federal action and this authorization (and funding) further necessitates ESA compliance under Section 7 of the ESA. Once the program is authorized by the Secretary of Interior and all regulatory requirements are met, participants, Congressional representatives, and their staff, can develop authorizing legislation for obtaining long-term, line-item Congressional funding to implement program activities.

Federal funding legislation typically requires a non-federal match that is provided by the non-federal program participants. Additionally, downstream water rights holders have been asked to contribute a portion (\$1 million) of the estimated \$20 million annual cost of the EARIP HCP (an additional \$10 million is needed in year one). GBRA's proposed annual contribution is \$400,000 with a not to exceed two percent (2%) annual increase over the 15-year period. The EARIP steering committee intends to return to the Texas Legislature in upcoming sessions to request authorization to hold a regional sales tax election as a substitute financing mechanism for funding the EARIP. If an election is successful and a regional sales tax is established, GBRA's annual funding commitment will be eliminated. GBRA staff believes the consensus based EARIP HCP's commitment to flows are less than those necessary for the endangered and threatened species at Comal and San Marcos Springs, the flows needed downstream for the instream flows and freshwater inflows for San Antonio Bay, as well as human needs. After nearly five years of discussion and negotiation GBRA staff believes the consensus based plan is best that can be achieved short of requiring additional federal litigation. In addition, GBRA staff notes that it is recommending the EARIP HCP that will be voted on by the EARIP Steering Committee and not an EARIP HCP that may be subsequently altered by the Edwards Aquifer Authority Board, as that would not be a consensus based HCP. Upon motion by Director Patillo, seconded by Director Mathews, the Board unanimously authorized the General Manager, or his designee, to negotiate and execute, on behalf of the GBRA Board of Directors, a Resolution approving the consensus based Edwards Aquifer Recovery Implementation Program Habitat

Conservation Plan. A copy of the Resolution is attached and made a part of these minutes.

The Chair called for **Action Item 9 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Purchase and Sale Agreement between the Guadalupe-Blanco River Authority and SJW Corporation.**

No discussion or action was had on Action Item 9.

Next, the Chair called for **Discussion Item 10 - Presentation and discussion by Executive Director Tommie Rhoad on the San Antonio Bay Foundation.**

Executive Director Tommie Rhoad gave a presentation on the San Antonio Bay Foundation. The San Antonio Bay Foundation was created 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. The mission of the San Antonio Bay Foundation is to foster and steward the natural resources of the San Antonio Bay estuarine system for optimal benefit of marine life, coastal wildlife, and the people who use it for recreation and their livelihoods. The Foundation Board is diverse and is comprised of members from various segments of the community. Environmental projects the Foundation is currently working on include invasive aquatic vegetation control, monitoring water quality parameters in the Bay and in the wetlands, a permanent monitoring site at Austwell Pier, and a sight near the mouth of the Guadalupe River. The San Antonio Bay Foundation is also working on creating a comprehensive guide to San Antonio Bay, creating an interactive website, and creating educational kiosks to be placed in area libraries.

The Chair then called for **Discussion Item 11 - Presentation and discussion on the Calhoun County Wastewater Study**. Bryan Serold gave a presentation on the Calhoun County Regional Wastewater Facility Study. An application was submitted to the Texas Water Development Board for funding assistance to conduct a regional wastewater planning study for Calhoun County in December 2009. The Texas Water Development Board awarded GBRA the planning grant in March 2010. The engineering firm of Camp, Dresser, and McKee was selected to prepare the Study. Mr. Serold continued discussion regarding project participants; study focus areas; Scope of Work; project timeline; population and growth projections; current, planned and potential subdivisions; existing wastewater treatment plants in the area; Study area regional concept; Study area overview; calculation of wastewater flow projections; collection system alternatives; and summary report.

The Chair recessed the meeting at 11:19 a.m. The Chair reconvened the meeting at 11:29 a.m.

The Chair called for **Discussion Item 12 - Presentation by the Hamline University of Minnesota regarding GBRA's new middle school program *Waters to the Sea-Guadalupe River Project***. Cindy Thomas-Jimenez introduced Tracy Fredin, John Shepard, and Corey Mohan representing Hamline University. Mrs. Thomas-Jimenez also gave an overview of GBRA's middle school program. Representatives of Hamline University made a presentation to the Board on *Waters to the Sea-Guadalupe River*. The University is working with GBRA on an interactive middle school program that promotes watershed literacy and stewardship.

Next, the Chair called for **Discussion Item 13 - Discussion regarding the draft *Water for Texas 2012 State Water Plan* prepared by the Texas Water Development Board.** General Manager West briefed the Board on the draft *Water for Texas 2012 State Water Plan* prepared by the Texas Water Development Board which is proposed for approval next month. There are several proposed GBRA projects in the Plan.

The Chair then called for **Discussion Item 14 - 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 Recovery Implementation Program as well as meetings and activities of the Edwards Aquifer Authority. Discussion was also had regarding meetings of the South Central Texas Regional Water Advisory Committee and the Guadalupe Basin Coalition. The Guadalupe Basin Coalition and the City of San Marcos have also approved similar Resolutions for the Edwards Aquifer Recovery Implementation Program Habitat Conservation Plan.

The Chair called for **Discussion Item 15 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust and the Gorge Preservation Society.** There was no discussion on Discussion Item 15.

Next, the Chair called for **Discussion Item 16 - 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, elevation of Canyon Reservoir, rainfall events, daily average flows, and the U. S. Drought Monitor Seasonal Outlook.

The Chair then called for **Discussion Item 17 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West briefed the Board on several news articles relating to the Eagle Ford Shale fracking and a draft report on the Eagle Ford Shale and the Carrizo Aquifer.

The Chair recessed the open meeting at 12:11 p.m. The Chair closed the open meeting and convened the meeting in executive session at 12:52 p.m. The open meeting reconvened in open session at 1:29 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 1:30 p.m. subject to call by the Chair.

Chair

Secretary