

## **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 16, 2011, at the GBRA River Annex Board Room, 905 Nolan, Seguin, Guadalupe County, Texas. Directors present were Grace G. Kunde, Oscar H. Fogle, Arlene N. Marshall, James L. Powers, Myrna P. McLeroy, Frank J. Pagel, Robert "Rusty" Brockman, Dennis L. Patillo, and Tommy Mathews. 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; Barbara Gunn, Human Resource Manager; Tommy Hill, Chief Engineer; Tommy Schulte, Regional Representative; Bryan Serold, Operations Manager-Lower Basin; John Smith, Operations Manager-Upper Basin; Teresa Van Booven, Project and Community Representative; Cricket Dietert, Executive Assistant to the General Manager; Connie Rothe, Board Relations and Publication Specialist; Angela Baxley, Network Administrator; Jaynellen Ladd, Natural Resource Specialist; Susan Hubbert, Accountant; Cinde Thomas-Jimenez, Environmental Education Administrator; 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

and Rose Marie Eash representing Dublin and Associates; David Engel representing Engel and Associates; Steve Holzheuser, consultant; Calvin Finch representing the San Antonio Water System; Alan Thompson representing Klotz and Associates; Mike Nichols and Mike Morrison representing Freese and Nichols; Forrest Mims of Seguin; Ruth Ann Eledge representing Waters Consulting; and Jeannine Wiginton and Joju Abraham representing Camp, Dresser, and McKee.

Chair Kunde called the meeting to order at 9:06 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 McLeroy led the Pledge of Allegiance to the United States flag and Texas flag.

The Chair called for comments from the public. Forrest Mims addressed the Board on his concerns relating to the City of Seguin's Geronimo Creek Sewer Project. General Manager West informed Mr. Mims that GBRA will look into his concerns.

The Chair called for **Chair Item 1 - Appointment of a Nominating Committee for Officers of the Board of Directors for calendar year 2012.** Chair Kunde appointed Director Pagel to serve as Chair and Directors Brockman and McLeroy to serve as members on the Nominating Committee. The Committee was instructed to present a slate of officers for calendar year 2012 at the December 2011 Board meeting.

Next, the Chair called for **Consent Item 2 - Consideration of and possible action approving the October 18, 2011 and October 19, 2011, Board meeting minutes; Consent Item 3 - Consideration of and possible action approving the monthly financial report for September and October 2011; Consent Item 4 - Consideration of and possible action approving the monthly operations report for October 2011; and Consent Item 5 - Consideration of and possible action approving Directors' expense vouchers.** Upon motion by Director Mathews, seconded by Director Patillo, the Board unanimously approved Consent Items 2, 3, 4, and 5.

The Chair then called for **General Manager Item 6 - Discussion of the Executive Reports addressing matters relating to safety, utility operations including approval of Security Plan for the Coletto Creek Dam, 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, Lower Guadalupe Flood Modeling Project, 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, Plum Creek Project activities, Operations, Geronimo Creek Watershed Protection Plan 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, 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.** James Murphy briefed the Board on GBRA operation and engineering activities. David Welsch briefed the Board on water quality, regional laboratory, and economic 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 October 31, 2011. General Manager West briefed the Board on an article relating to construction of the Circuit of the Americas racetrack in Austin, Texas, and the potential impact on water resources in the area. The Board also viewed a promotional media clip on the Circuit of the Americas racetrack.

The Chair called for **Action Item 7 - Consideration of and possible action approving an amendment to the GBRA Defined Benefit Pension Plan and further resolving to remove Wells Fargo as GBRA's Defined Benefit Plan Discretionary Trustee and naming Wells Fargo as GBRA's Defined Benefit Plan Directed**

**Trustee and Custodian effective on or about January 1, 2012.** 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 current Trustee of the Defined Benefit Plan is Wells Fargo. In their current capacity of “Discretionary Trustee” they have broad duties including the investment of all funds held within the Plan. The GBRA Retirement and Benefit Committee have elected to retain money managers to invest the funds within the Defined Benefit Plan and as such, the duties of Wells Fargo will be more limited. In this new role, Wells Fargo will continue to provide all administrative functions of the Plan but their investment activity will be restricted to fulfilling the directions received from the money managers that GBRA engages. This new role is commonly referred to as a “Directed Trustee”. GBRA anticipates that this change from Discretionary Trustee to Directed Trustee will occur on or about January 1, 2012. Upon motion by Director Fogle, seconded by Director Powers, the Board unanimously approved a Resolution removing Wells Fargo as GBRA’s Defined Benefit Plan Discretionary Trustee and naming Wells Fargo as GBRA’s Defined Benefit Plan Directed Trustee and Custodian effective on or about January 1, 2012 and also approved the Third Amendment to the Defined Benefit Plan the purpose of said Amendment being to allow the above Trustee change. A copy of the Resolution is attached and made a part of these minutes.

Next, the Chair called for **Action Item 8 - Consideration of and possible action selecting Wilmington Trust to serve as the Plan Trustee for the Guadalupe-**

**Blanco River Authority's 457(b) Plan effective on or about January 1, 2012, and further authorizing the General Manager to negotiate and execute the Trust Agreement.** 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 current Administrator of GBRA's 457(b) Plan is ICMA. Due to this relationship, GBRA utilizes ICMA's Trustee Bank to provide trust services for the Plan. Last month, the GBRA Board selected Lincoln Financial Group as the new 457(b) Plan Administrator to be effective on or about January 1, 2012. As a result of this pending change in Plan Administrator, GBRA must also select a new Plan Trustee. The Wilmington Trust Company currently provides the Lincoln Financial Group with trust services. Upon motion by Director Powers, seconded by Director Marshall, the Board unanimously approved the selection of Wilmington Trust to serve as the Plan Trustee for the Guadalupe-Blanco River Authority's 457(b) Plan effective on or about January 1, 2012, and authorized the General Manager to negotiate and execute the Trust Agreement. A copy of a Certified Resolution is attached and made a part of these minutes.

The Chair then called for **Action Item 9 - Consideration of and possible action selecting Wilmington Trust to serve as the Plan Trustee for the Guadalupe-Blanco River Authority's 401(a) Defined Contribution Retirement Plan effective on or about January 31, 2012, and authorizing the General Manager to negotiate and execute the Trust Agreement.** 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. For the new 401(a) Defined Contribution Plan, GBRA selected Lincoln Financial Group to be the Plan Administrator. In addition to selecting a Plan Administrator, GBRA must also select a Plan Trustee. The Wilmington Trust Company currently provides the Lincoln Financial Group with trust services. Upon motion by Director Marshall, seconded by Director Powers, the Board unanimously approved the selection of Wilmington Trust to serve as the Plan Trustee for the Guadalupe-Blanco River Authority's 401(a) Defined Contribution Retirement Plan effective on or about January 1, 2012, and authorized the General Manager to negotiate and execute the Trust Agreement. A copy of a Certified Resolution is attached and made a part of these minutes.

The Chair called for **Action Item 10 - Consideration of and possible action rescinding the ICMA Model Plan as GBRA's 457(b) Plan document and authorizing the General Manager to negotiate and execute a new 457(b) Model Plan Document with Lincoln Financial Group.** 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 GBRA Board of Directors has previously selected Lincoln Financial Group to replace ICMA as the Plan Administrator for GBRA 457(b) Plan. This change in administration will be effective on or about January 1, 2012. Coincident with the Administrator change, GBRA must rescind the current ICMA

457(b) Model Plan Document and replace it with the Lincoln Financial Group 457(b) Model Plan Document. Upon motion by Director Marshall, seconded by Director Powers, the Board unanimously rescinded the ICMA Model Plan as GBRA's 457(b) Plan document on or about January 1, 2012 and authorized the General Manager to negotiate and execute a new 457(b) Model Plan Document with Lincoln Financial Group. A copy of the 457(b) Model Plan Document is attached and made a part of these minutes.

Next, the Chair called for **Action Item 11 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Grant Agreement with Texas State Soil and Water Conservation Board (TSSWCB) for the completion of the scope of work for the project entitled "Water Quality Monitoring in the Geronimo Creek Watershed and Facilitation of the Geronimo and Alligator Creeks Watershed Partnership"**. The Grant Agreement is between GBRA and TSSWCB for November 2011 through August 2013. The Grant Agreement obligates TSSWCB to reimburse up to \$292,421 for actual allowable and eligible costs of performing the tasks prescribed in the Scope of Work. GBRA and the Texas AgriLife Extension will provide a non-federal match of \$191,435, made up by labor, fringe and unrecovered indirect. In 2008, GBRA received funding from the Texas State Soil and Water Conservation Board to facilitate the development of a Watershed Protection Plan for Geronimo Creek and its tributary, Alligator Creek. A Water Protection Plan is a proactive, voluntary strategy for protecting and improving water quality. Geronimo Creek has been designated as impaired due to elevated *E. coli* bacteria and shows



concerns for nutrients due to elevated nitrate-nitrogen. The Water Protection Plan identified activities that if implemented could reduce or eliminate the impairment and improve the water quality in the stream. The Fiscal Year 2012 project provides funding to guide the Water Protection Plan through the final EPA acceptance process and will begin the implementation of the management measures described in the Water Protection Plan. The Texas AgriLife Extension Service will continue to assist in the facilitation of the Geronimo Creek Watershed Partnership and will provide assistance to stakeholders in obtaining funding for implementation projects described in the Plan. Upon motion by Director Patillo, seconded by Director Brockman, the Board unanimously authorized the General Manager to negotiate and execute a Grant Agreement with Texas State Soil and Water Conservation Board for the completion of the scope of work for the project entitled "Water Quality Monitoring in the Geronimo Creek Watershed and Facilitation of the Geronimo and Alligator Creeks Watershed Partnership". A copy of the Grant Agreement is attached and made a part of these minutes.

The Chair then called for **Action Item 12 - Consideration of and possible action authorizing the General Manager to negotiate and execute a Grant Agreement with Texas State Soil and Water Conservation Board (TSSWCB) for the completion of the scope of work for the project entitled "Coordinating Implementation of the Plum Creek Watershed Protection Plan"**. The Grant Agreement is between GBRA and TSSWCB for November 2011 through August 2014. The Grant Agreement obligates TSSWCB to reimburse up to \$216,000 for actual

allowable and eligible costs of performing the tasks prescribed in the Scope of Work. GBRA and other Plum Creek Partners will provide a non-federal match of \$144,000, using apportioned distribution based on population and area served. TSSWCB and AgriLife Extension established the Plum Creek Watershed Partnership in April 2006. The Plum Creek Watershed Partnership Steering Committee completed the “Plum Creek Watershed Protection Plan” in February 2008. This project will provide technical assistance to the Plum Creek Partnership, evaluate progress toward reducing bacterial contamination and nutrient loading described in the Water Protection Plan, and increase the knowledge of citizens, landowners and agricultural producers in the watershed of management measures described in the Plan. In addition to GBRA, matching funds are being provided by Caldwell County, Hays County, the Plum Creek Conservation District, the cities of Lockhart, Buda, Kyle, Uhland and Luling, the Polonia Water Supply Corporation, the Caldwell-Travis Soil and Water Conservation District Number 304, and the Hays County Soil and Water Conservation District Number 351. Upon motion by Director Fogle, seconded by Director Patillo, the Board unanimously authorized the General Manager to negotiate and execute a Grant Agreement with Texas State Soil and Water Conservation Board for the completion of the scope of work for the project entitled “Coordinating Implementation of the Plum Creek Watershed Protection Plan”. A copy of the Grant Agreement is attached and made a part of these minutes.

The Chair called for **Action Item 13 - Consideration of and possible action ratifying a Resolution approving the consensus based Edwards Aquifer Recovery Implementation Program Habitat Conservation Plan.** Twenty-four out of the twenty-

six members of the Edwards Aquifer Recovery Implementation Program Steering Committee, including a representative of GBRA, voted in favor of approving the draft Habitat Conservation Plan and associated documents during a meeting held November 7, 2011. A member representing Medina County Utility District opposed the Plan and a member representing industrial aquifer pumpers abstained from the vote. Upon motion by Director Brockman, seconded by Director Mathews, the Board unanimously approved ratifying 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.

Next, the Chair called for **Action Item 14 - 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 taken on Action Item 14.

The Chair recessed 10:19 a.m. The Chair reconvened the meeting at 10:30 a.m.

The Chair then called for **Discussion Item 15 - Discussion regarding a Market Wage Survey conducted by the Waters Consulting Group on behalf of GBRA.** Barbara Gunn introduced Ruth Ann Eledge representing the Waters Consulting Group. Mrs. Eledge made a presentation on a Market Wage Survey conducted by the Waters Consulting Group for GBRA. The presentation included a comprehensive classification and compensation survey, key objectives, project planning, market analysis, market definition, use of geographic indexes, use of weighted average salary, pay analysis, preliminary findings, and proposed recommendations.

Next, 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.** There was no discussion on Discussion Item 16.

The Chair then called for **Discussion Item 17 - Discussion regarding the activities and transactions of the Guadalupe-Blanco River Trust, the San Antonio Bay Foundation, and the Gorge Preservation Society.** Jaynellen Ladd made a presentation on Canyon Lake Gorge activities including the partnerships, Gorge Preservation Society Board members, guides, docents, tours, volunteers, work days, education outreach, Moonlight in the Gorge Gala, Dr. Bill Ward Memorial, the new tour bus, future sight of the Environmental Learning Center, and future goals.

The Chair 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, elevation of Canyon Reservoir, rainfall events, and the U. S. Drought Monitor Seasonal Outlook.

Next, the Chair called for **Discussion Item 19 - Discussion regarding local, State and national water planning and water resource issues.** General Manager West briefed the Board on Senate and House Natural Resources Hearings and drought conditions throughout the State of Texas.

The Chair recessed the open meeting at 11:33 a.m. The Chair closed the open meeting and convened the meeting in executive session at 11:50 a.m. The open meeting reconvened in open session at 12:54 p.m.

There being no further business to be brought before the Board, the meeting was adjourned at 12: 55 p.m. subject to call by the Chair.

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Chair

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Secretary