



Edwards Aquifer Authority

900 E. Quincy
San Antonio, TX 78215
EdwardsAquifer.org

Meeting Minutes - Draft

Board of Directors

Tuesday, July 12, 2016

3:00 PM

EAA Board Room

A. Call to Order – Roll Call – Pledge of Allegiance.

Chairman Buckner called the meeting to order at 3:11 p.m.

Present: 13 - Director Fohn Bendele, Chairman Luana Buckner, Director Rebekah Bustamante, Vice Chair Susan Hughes, Director Don Laffere, Director Craig Massouh, Director Gary Middleton, Director Carol Patterson, Director Pat Stroka, Secretary Enrique Valdivia, Director Ron Walton, Director Scott Yanta and Director Ben Youngblood III

Absent: 4 - Director Amy Akers, Treasurer Ron Ellis, Director Rader Gilleland and Director Byron Miller

B. Public comment.

There were no citizens who requested to address the board.

C. General Manager's announcements and reports.

C.1

- Staffing Items of Interest (anniversaries, new hires)
- Recent Activities/Events (reports on conferences attended, meetings held, etc.)
- Upcoming Activities/Events (conferences, meetings, etc.)
- Operational Announcements (schedule changes, program updates, etc.)
- Recent Activities of the Edwards Aquifer Habitat Conservation Program
- Recent Legislative Activities
- Aquifer Conditions

Mr. Roland Ruiz, General Manager, made the following announcements:

- Mr. Andi Zhang was hired as a Senior Modeler for Aquifer Management Services.
- Ms. Kristina Tolman was hired as a Habitat Conservation Program Coordinator for the Habitat Conservation Program.
- Mr. Shaun Gibson, Director of Information Technology, completed 10 years of service with the EAA.
- The 2017 EAHCP Work Plans were submitted to the EAA in accordance with the FMA. The plans were submitted prior to June 30 for use in the EAA budgeting process.
- The next Distinguished Lecturer would be Dr. Maureen Muldoon, Professor at the University of Wisconsin, Oshkosh, on Friday, September 30, 2016. The lecture would be from 9:00 a.m. to 4:00 p.m. on the campus of Southwest Research Institute in San Antonio, Texas. Dr. Muldoon's lecture theme is Fractures – They Mess Up Your Flow System (and They Are Everywhere).
- Mr. Geary Schindel, Chief Technical Officer/Director, briefed the board on current aquifer conditions.

D. Treasurer's Report**D.1 Unaudited financial statements for May 2016.**

In Treasurer Ellis' absence, Mr. Ruiz noted that the unaudited financial statements for May 2016 were included in the packet and presented to the Finance/Administrative Committee on June 28.

E. Board Reports**E.1 Receive report from Director Gary Middleton, South Central Texas Water Advisory Committee (SCTWAC) representative to the board, regarding downstream water conditions of the Guadalupe River Basin and current activities and issues of interest to SCTWAC.**

Director Middleton briefed the board, and commented that river conditions were almost back to normal, but still a little high. He also noted that Mr. Tom Brown, consultant for the EAA Effectiveness Report, completed staff interviews. A draft of the report would be ready by early August for the SCTWAC Committee to review and provide comments.

F. Consent Agenda**F.1 Approval of previous board meeting minutes
- Regular Board Meeting - June 14, 2016**

Approval of previous board meeting minutes
- Regular Board Meeting - June 14, 2016

F.2 Consider recommendation from the Permits/Enforcement Committee regarding a settlement counter-offer from James Thomas Neutze related to exceeding authorized groundwater withdrawals during 2015.

Accept the counter offer from James Thomas Neutze regarding the pending enforcement matter.

F.3 Consider recommendation from the Permits/Enforcement Committee to approve a conversion of base irrigation groundwater owned by Texas By Anderson Family Properties, LP, based on the installation of conservation equipment.

Adopt a Final Order Granting Application to Convert Base Irrigation Groundwater for Initial Regular Permit No. P101-212 (ME00438) based on the installation of conservation equipment submitted by Texas By Anderson Family Properties, LP.

[Attached and made a part of these minutes.]

- F.4 Consider recommendation from the Permits/Enforcement Committee to approve a conversion of base irrigation groundwater owned by William T. Tschirhart, Jr., Trustee of the Billy T. Trust, based on the installation of conservation equipment.**

Adopt a Final Order Granting Application to Convert Base Irrigation Groundwater for Initial Regular Permit No. P100-223 (ME00348) based on the installation of conservation equipment submitted by William T. Tschirhart, Jr., Trustee of the Billy T. Trust.

[Attached and made a part of these minutes.]

- F.5 Consider recommendation from the Permits/Enforcement Committee to approve a conversion of base irrigation groundwater owned by DH335 Partners, LLC, based on the installation of conservation equipment.**

Adopt a Final Order Granting Application to Convert Base Irrigation Groundwater for Initial Regular Permit No. P102-029 (UV00575) based on the installation of conservation equipment submitted by DH335 Partners, LLC.

[Attached and made a part of these minutes.]

- F.6 Consider recommendation from the Finance/Administrative Committee to approve an agreement with Valley View Consulting, LLC, in the estimated amount of \$47,500, to serve as the EAA investment advisor for a period of two years.**

Approve an agreement with Valley View Consulting, LLC, to serve as the EAA investment advisor for the period July 13, 2016 through June 30, 2018.

[Attached and made a part of these minutes.]

- F.7 Consider recommendation from the Finance/Administrative Committee to approve payment to Kemp Smith for legal services for May 2016.**

Approve payment to Kemp Smith in the amount of \$60,768.74 for legal services for May 2016.

- F.8 Consider recommendation from the Executive Committee to approve a Joint Election Agreement between the Bexar County Elections Administrator, acting on behalf of Bexar County, and other political subdivisions, including the Edwards Aquifer Authority, for the conducting of joint elections by the political subdivisions, including for the 2016 general directors election of the Edwards Aquifer Authority.**

Approve a Joint Election Agreement with the Bexar County Elections Administrator for the 2016 general directors election of the Edwards Aquifer Authority.

[Attached and made a part of these minutes.]

A motion was made by Director Laffere, seconded by Secretary Valdivia, to approve the consent agenda. The motion passed viva voce.

G. Individual Consideration

- G.1 Consider recommendation from the Finance/Administrative Committee to approve a contract with Web-Hed Technologies, Inc., for the development of an EAA data management system in the amount of \$276,289.88.**

A motion was made by Director Youngblood, seconded by Secretary Valdivia, to adopt Resolution and Order No. 07-16-846 of the Edwards Aquifer Authority Board of Directors approving Contract No. 16-805-AFS between the EAA and Web-Hed Technologies, Inc. DBA Web-Head for the development of an EAA Data Management System, in an amount not to exceed \$276,289.88, for the period July 13, 2016, through July 12, 2019, and authorizing the General Manager to execute the contract. The motion passed viva voce.

[Attached and made a part of these minutes.]

- G.2 Consider recommendation from the Finance/Administrative Committee to approve an amended engagement letter with Kemp Smith for legal services.**

A motion was made by Director Youngblood, seconded by Director Massouh, to approve the amended engagement letter with Kemp Smith for legal services. The motion passed viva voce.

[Attached and made a part of these minutes.]

- G.3 Consider recommendation from the Executive Committee to approve an interlocal contract between the EAA and New Braunfels Utilities for construction of Phase 1 of the Comal Springs Conservation Center, in an amount not to exceed \$540,000.**

A motion was made by Director Massouh, seconded by Director Walton, to adopt Resolution and Order No. 07-16-847 of the Edwards Aquifer Authority Board of Directors approving an interlocal contract between the EAA and New Braunfels Utilities, for construction of Phase 1 of the Comal Springs Conservation Center, in an amount not to exceed \$540,000, for the period July 13, 2016, through January 31, 2018, and authorizing the General Manager to execute the contract. The motion passed viva voce.

[Attached and made a part of these minutes.]

- G.4 Consider recommendation from EAA staff to approve a resolution and order calling for the election of seven voting members to the EAA Board of Directors from seven single-member districts within the boundaries of the EAA to be held on November 8, 2016.**

A motion was made by Director Patterson, seconded by Director Laffere, to adopt Resolution and Order No. 07-16-848 of the Board of Directors of the Edwards Aquifer Authority calling for the election of seven voting members to the EAA Board of Directors from seven single-member districts within the boundaries of the EAA to be held on November 8, 2016, and providing for matters related to the holding of said election in accordance with applicable law. The motion passed viva voce.

[Attached and made a part of these minutes.]

- G.5 Consider EAA staff recommendation to authorize payment to Glenn and JoLynn Bragg in an amount not to exceed \$4,585,000, to satisfy the final judgment in Bragg v. Edwards Aquifer Authority, No. 06-11-18170-CV.**

A motion was made by Director Yanta, seconded by Director Stroka, to authorize the General Manager to make payment to satisfy the full amount of the judgment in Bragg v. Edwards Aquifer Authority, No. 06-11-18170-CV, including applicable court costs. The motion passed viva voce.

H. Staff Reports

- H.1 Receive report from EAA staff on the status of the EAHCP Long Term Refugia Operations contract.**

Mr. Nathan Pence, Executive Director - HCP, briefed the board regarding the status of the EAHCP Long Term Refugia Operations contract.

This staff report was presented.

H.2**Receive report from EAA staff on the five-year financial forecast.**

Mr. Ruiz noted that the EAA received the GFOA Distinguished Budget Award. He also briefed the board regarding maintaining the Aquifer Management Fee (AMF) rate, recommending toggling between the HCP and operating budget, proposing to reduce the rate on the HCP side and end up with a slow rate of increase to the reserve fund balance in the HCP, increasing the rate on the operating side to recoup the cost of the Bragg settlement, and building capacity in the operating budget to meet enhanced programming needs on the water quality side. He also noted that about five new positions could be added over the next two years, if needed.

Ms. Shelly Hendrix, Director/Controller Financial Services, briefed the board regarding the five-year financial forecast, including a full picture of the budget cycle, revenue, and highlights of the five-year forecast.

This staff report was presented.

I. Closed Session.

The Board of Directors of the Edwards Aquifer Authority may go into a closed session under the authority of the Government Code, Chapter 551, Texas Open Meetings Act, to discuss:

I.1**Closed Session.****1. Consultation with Attorney - Pending Litigation (§ 551.071)****Active Litigation:**

Guadalupe-Blanco River Auth. v. Royal Crest Homes (22nd Hays Cnty. filed June 15, 1989)

Bragg v. Edwards Aquifer Auth. (38th Medina Cnty. judgment May 17, 2016)

League of United Latin Am. Citizens v. Edwards Aquifer Auth. (W.D. Tex. filed June 21, 2012)

GG Ranch, Ltd. v. Edwards Aquifer Auth. (5th Cir. decision May 5, 2016)

In re Jaffe, No. 16-50355 (W.D. Tex. filed Feb. 12, 2016)

Active Litigation - Enforcement:

Edwards Aquifer Auth. v. Barnard (274th Hays Cnty. filed Oct. 6, 2010)

2. Consultation with Attorney - Attorney/Client Privileged Consultations (§ 551.071)**3. Consultation with Attorney - Settlement Offers (§ 551.071)****4. Consultation with Attorney (§ 551.071)****5. Deliberations Regarding Real Property (§ 551.072)****6. Deliberations Regarding Personnel Matters (§ 551.074)**

The board did not meet in closed session.

J. Consider recommendation(s) regarding matters discussed in closed session.

The board did not consider any recommendations.

K. Discuss items for future board meeting agendas.

The board did not discuss future meeting agenda items.

L. Adjournment.

There being no further business to discuss, the meeting adjourned at 4:07 p.m.

*Enrique P. Valdivia
Secretary, Board of Directors*

*Jennifer Wong-Esparza
Assistant to Board Secretary*