

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
January 20, 2011

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 10:32 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The Chairman announced that Board Member James Herring would not be in attendance. The following Board Members were present:

Jack Hunt, Vice Chairman
Joe M. Crutcher, Member
Thomas Weir Labatt III, Member
Lewis H. McMahan, Member

Members of Texas Water Development Board staff attending included: Chris Adams, Jorge Arroyo, Stacy Barna, Wendy Barron, Jim Bateman, Lann Bookout, Joyce Bourenane, Carolyn Brittin, Melanie Callahan, Kathy Calnan, David Carter, Mark Evans, Luis Farias, Wendy Foster, Lisa Glenn, Rene Gonzalez, Kristin Haag, Mark Hall, Dan Hardin, Francia Harutunian, Samantha Heng, Bill Hutchison, Christopher Jurgens, Angela Kennedy, Kevin Kluge, Amanda Lavin, Cori Leva, Darryl Lindgens, Mireya Loewe, Temple McKinnon, David Meeseey, Dave Mitamura, Piper Montemayor, Matt Nelson, Darrell Nichols, Ken Petersen, Lisa Petoskey, Debbie Ramirez, Minerva Regalado, Joe Reynolds, Cindy Ridgeway, Melissa Robbins, Steve Rodriguez, Virginia Sabia, Clay Schultz, Jim Scott, John Steib, Tom Tagliabue, Connie Townsend, Comer Tuck, David Yager, Jeff Walker, and Kevin Ward.

The following individuals were present:

James Beach, LBG-Guyton
Anne Burger Entrekin, First Southwest
Terry L. Fowler, Associated General Contractors of Texas
Jose Gaytan, Bank of Texas
Brad Hamer, Ecological Communications Corp.
Anne-Marie Hansen, Bank of Texas
Kirt Harle, Stephens Regional Special Utility District
Celina Hemmeter, City Administrator, City of Eden
Kathy Keane, City of Eden
Van Kelien
Keith Kindle, Enprotec, Hibbs & Todd
Sarah Kinkle, Sunset Commission
Jerry Kyle, Andrews Kurth
Chris Lane, SAMCO Capital Markets
Dale Lehman, Piper Jaffray
Jill S. Madden, Ecological Communications Corp.
Wendall Moody, City of Eden
Mark Nicholson, Southwest Securities

Tom Oppenheim, Morgan Keegan
Keith Richard, Morgan Stanley
Ben J. Rosenberg, Coastal Securities
Shirley Ross, CDM
Carlos Sharpless, Stearne Agee
Haskell Simon, President, Coastal Plains Groundwater Conservation District
Eugene Spann, Mayor, City of Eden
Steve Stevens, Mesa Water
Phil Taylor, General Manager, Stephens Regional Special Utility District
Sylvia West, City of Eden

1. CONSIDER APPROVAL OF THE DECEMBER 2010 BOARD MEETING MINUTES.

Mr. Labatt moved to approve the minutes; the motion was seconded by Mr. Crutcher; it passed unanimously.

2. BRIEFING AND DISCUSSION ON THE WORK SESSION OF JANUARY 19, 2011, AND THE AUDIT AND FINANCE COMMITTEE MEETINGS OF JANUARY 20, 2011.

No action was taken on this item.

CONSENT

3. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. Amanda Lavin, Deputy Executive Administrator of Project Finance

4. CONTRACT STATUS REPORT REGARDING THE CURRENT STATUS OF PENDING CONTRACTS THAT ARE UNDER DEVELOPMENT AND EXECUTED CONTRACTS THAT HAVE BEEN PREVIOUSLY APPROVED BY THE BOARD. David Carter, Manager, Contracting and Purchasing

5. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF HOUSTON (HARRIS COUNTY)** FOR A FIVE MONTH EXTENSION TO CLOSE A \$58,245,000 LOAN COMMITMENT FROM THE CLEAN WATER STATE REVOLVING FUND PROGRAM. Mark Evans, Project Oversight, Project Finance

6. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **STEPHENS REGIONAL SPECIAL UTILITY DISTRICT (STEPHENS COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$5,800,000 CONSISTING OF A \$1,740,000 LOAN AND \$4,060,000 LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND – DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Luis Farias, Financial Analyst, Project Finance

7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF EDEN (CONCHO COUNTY)** FOR: (A) A GRANT IN THE AMOUNT OF \$2,680,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR STATE WATER PLAN PROJECTS; (B) A GRANT IN THE AMOUNT OF \$995,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR RURAL STATE WATER PLAN PROJECTS; AND (C) A ZERO PERCENT INTEREST LOAN IN THE AMOUNT OF \$1,000,000 FROM THE WATER INFRASTRUCTURE FUND - RURAL PROGRAM TO FINANCE CONSTRUCTION OF A WATER SUPPLY PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols, Project Oversight, Project Finance
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **UPPER TRINITY REGIONAL WATER DISTRICT (DENTON COUNTY)** FOR AN EIGHT MONTH EXTENSION FOR THE \$26,680,000 LOAN COMMITMENT IN RESOLUTION NO. 09-28 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols, Project Oversight, Project Finance
9. BRIEFING, DISCUSSION AND CONSIDER APPROVAL OF A POLICY SPECIFYING DISADVANTAGED COMMUNITY ELIGIBILITY FOR PORTIONS OF A SERVICE AREA IN THE STATE REVOLVING FUND LOAN PROGRAMS. Stacy Barna, Director, Program Development, Project Finance
10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **BEAVER CREEK WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 (BURLESON COUNTY)** FOR A GRANT IN THE AMOUNT OF \$57,750 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM RESEARCH AND PLANNING FUND FOR THE PREPARATION OF A WATER FACILITY PLAN. (FINANCE COMMITTEE ITEM NO. 3) Mireya Loewe, Project Oversight, Project Finance
11. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS FOR RESEARCH IN SUPPORT OF THE GROUNDWATER AVAILABILITY MODELING PROGRAM NO LATER THAN MARCH 31, 2011, AND TO TRANSFER UP TO \$1,220,000 FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND WITH AN ADDITIONAL \$257,567 FROM GENERAL REVENUE FOR A TOTAL NOT TO EXCEED \$1,477,567. Cindy Ridgeway, Hydrologist, Groundwater Availability Modeling, Water Science and Conservation

Chairman Vaughan stated that Board Consent Items Nos. 3 and 4 did not require any action by the Board. He further stated that Item No. 7 would be considered separately from the other Consent Agenda items and that Item No. 9 would not be considered. Mr. McMahan then moved to approve Board Consent Items Nos. 5, 6, 8, 10 and 11; Mr. Labatt seconded; it passed unanimously.

The Board then considered Item No. 7. Darrell Nichols presented the item. Keith Kendall, Engineer for the project for the City of Eden also addressed the Board.

Eugene Spann, Mayor of the City of Eden, also addressed the Board.

Mr. Labatt moved to approve the staff recommendation as proposed; the motion was seconded by Mr. Hunt; it passed unanimously.

REGULAR

12. BRIEFING AND DISCUSSION CONCERNING THE SUMMARY OF 2011 REGIONAL WATER PLANS FOR THE 82ND TEXAS LEGISLATURE. Dan Hardin, Director of Water Resources Planning, presented this item. Kevin Ward, Executive Administrator, Carolyn Brittin, Deputy Executive Administrator of Water Resources Planning and Information, and Melanie Callahan, Chief Financial Officer and Interim Executive Administrator, also addressed the Board.

No action was taken on this item.

13. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO PUBLISH A REQUEST FOR REGIONAL WATER PLANNING GRANT APPLICATIONS FOR UP TO \$3,320,492 TO COMMENCE FUNDING THE FOURTH CYCLE (2011-2015) OF REGIONAL WATER PLANNING. Matt Nelson, Team Lead, Regional Water Planning presented this item. Dan Hardin, Director of Water Resources Planning, also addressed the Board.

Mr. Labatt moved to approve the staff recommendation as proposed; the motion was seconded by Mr. Hunt; it passed unanimously.

14. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

Comments were received from Haskell Simon, President of Coastal Plains Groundwater Conservation District.

No other comments were received.

15. THE BOARD MAY DISCUSS AND CONSIDER ITEMS FROM THE WORK SESSION OF JANUARY 19, 2011, OR THE AUDIT OR FINANCE COMMITTEE MEETINGS OF JANUARY 20, 2011.

No items were discussed.

16. THE BOARD WILL RECESS INTO EXECUTIVE SESSION, PURSUANT TO GOVERNMENT CODE §551.074, TO CONSIDER THE DUTIES AND COMPENSATION OF THE EXECUTIVE ADMINISTRATOR AND RECONVENE IN OPEN MEETING FOR ANY ADDITIONAL DISCUSSION OR TO TAKE ANY ACTION NECESSARY.

The Board did not recess into executive session.

17. THE BOARD MAY RECESS INTO EXECUTIVE SESSION TO CONSULT WITH ITS ATTORNEYS REGARDING ANY POSTED MATTER IN WHICH THE BOARD MAY SEEK THE ADVICE OF ITS ATTORNEYS UNDER GOVERNMENT CODE §551.071 AND WILL RECONVENE IN OPEN SESSION FOR ANY NECESSARY ACTION ON ANY MATTER CONSIDERED IN EXECUTIVE SESSION.

The Board did not recess into executive session to consider any other items.

The meeting adjourned at 11:25 a.m.

APPROVED and ordered of record this, the 14th of February, 2011.

TEXAS WATER DEVELOPMENT BOARD

Edward G. Vaughan, Chairman

ATTEST:

J. Kevin Ward
Executive Administrator