

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
March 17, 2011

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 10:01 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, Tom Barnett, Wendy Barron, Jim Bateman, Joyce Bourenane, Carolyn Brittin, David Buaas, Kelly Burton, Melanie Callahan, Kathy Calnan, Chris Caran, David Carter, Jessica Cortez, Shari Daffern, Mark Evans, Luis Farias, Wendy Foster, Lisa Glenn, Rene Gonzalez, Ingrid Hansen, Kristin Haag, Mark Hall, Dan Hardin, Francia Harutunian, Samantha Heng, Ruben Hernandez, Bill Hutchison, Sanjeev Kalaswad, Angela Kennedy, Merry Klonower, Kevin Kluge, Jerry Laman, Amanda Lavin, Cori Leva, Darryl Lindgens, Mireya Loewe, Ryan Long, Michelle McFaddin, Temple McKinnon, David Meeseey, Piper Montemayor, John Muras, Darrell Nichols, Ivan Ortiz, Mike Parcher, Lisa Petoskey, Debbie Ramirez, Ernest Rebuck, Minerva Regalado, Cindy Ridgeway, Melissa Robbins, Steve Rodriguez, Linda Ruiz-McCall, Clay Schultz, Michael Segner, Shawn Snyder, John Steib, Tom Tagliabue, Comer Tuck, David Yager, Jeff Walker, and Gilbert Ward.

The following individuals were present:

Barry Adair, Raymond James
Jorge Arcante, City of Alton
John Barr, Bluescope Water
Dale Bennington, Eastland County WSD
Karl Biggers, M.R. Beal & Co.
Danielle Bradford, Piper Jaffray
Robert Byrd, Comal County
Colin Chaffield, Bluescope Water
Jan Collins
Christina Delgadillo, H2O4Texas
Frank Dunlap, Salvation Army
Kim Edwards, Fidelity
Mark Ellis, Jefferies & Company
Anne Burger Entrekin, First Southwest
Larry Fuson, Eastland County WSD

Jose Gaytan, Bank of Texas
Anne-Marie Hansen, Bank of Texas
Heather Harward, H2O4Texas
Keith Kindle, Enprotec, Hibbs & Todd
Sarah Kinkle, Sunset Commission
Jerry Kyle, Jr., Andrews Kurth
Richard LeFevre, City of Alton
Dale Lehman, Piper Jaffray
Chris Maxwell-Gaines
Mark Nicholson, Southwest Securities
Hilario Ortiz, Jr., City of Alton
Lorraine Palacios, Ramirez & Co.
Timothy Peterson, J.P. Morgan
Jordan R. Pierce, Katherine Anne Porter School
Robin Redford, Ramirez & Co.
Keith Richard, Morgan Stanley
Ron Roberts, Community Resource & Recreation Center
Steve Stevens, Mesa Water
Kevin Sullivan, Walter P. Moore
Barry G. Wall, Rainwater Systems, Inc.
Steve Walthour, North Plains GCD
Blake West, Innovative Water Solution
Tim Williams, J.P. Morgan
Ryan Wannemacher, J.P. Morgan
Darin Zumwalt, Community Resource & Recreation Center

1. CONSIDER APPROVAL OF THE FEBRUARY 2011 BOARD MEETING MINUTES.

Mr. McMahan moved to approve the minutes; the motion was seconded by Mr. Hunt; it passed unanimously.

Prior to continuing with Agenda Item No. 2, Frank Dunlap, Salvation Army Executive Director, addressed the Board.

2. PRESENTATION OF THE 2010 RAIN CATCHER AWARDS. Jorge Arroyo, Director of Innovative Water Technologies in Water Science and Conservation, and Sanjeev Kalaswad, Geologist in Innovative Water Technologies, presented the awards.

REPORTS

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

CONSENT

5. BRIEFING, DISCUSSION AND CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **KEMPNER WATER SUPPLY CORPORATION (LAMPASAS COUNTY)** TO AMEND THE LOAN AGREEMENT CALL DATE PROVISIONS RELATED TO RESOLUTION NOS. 06-64 AND 08-100; AND COMMITMENT ID NUMBERS L060040, L060040A, L060041 AND L090005. (FINANCE COMMITTEE ITEM NO. 2) Piper Montemayor, Director of Debt & Portfolio Management
6. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ALTON (HIDALGO COUNTY)** FOR A LOAN, WITH UP TO 100% PRINCIPAL FORGIVENESS, IN THE AMOUNT OF \$9,595,000 FROM THE CLEAN WATER STATE REVOLVING FUND - DISADVANTAGED COMMUNITIES PROGRAM TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Mark Evans, Project Oversight, Project Finance
7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **EASTLAND COUNTY WATER SUPPLY DISTRICT (EASTLAND COUNTY)** FOR A LOAN IN THE AMOUNT OF \$11,650,000, CONSISTING OF A LOAN FOR \$3,495,000 AND LOAN FORGIVENESS FOR \$8,155,000, FROM THE DRINKING WATER STATE REVOLVING FUND-DISADVANTAGED COMMUNITIES PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Luis Farias, Financial Analyst, Project Finance
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **RED RIVER COUNTY WATER SUPPLY CORPORATION (RED RIVER COUNTY)** FOR A THREE MONTH EXTENSION FOR THE \$3,500,000 COMMITMENT FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Luis Farias, Financial Analyst, Project Finance
9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF GROVETON (TRINITY COUNTY)** FOR A GRANT IN THE AMOUNT OF \$145,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE ACQUISITION AND DESIGN COSTS FOR A WATER SYSTEM IMPROVEMENT PROJECT. (FINANCE COMMITTEE ITEM NO. 4) Mireya Loewe, Project Oversight, Project Finance
10. CONSIDER APPROVAL BY MINUTE ORDER OF THE PRIORITIZATION OF APPLICATIONS SUBMITTED FOR FINANCIAL ASSISTANCE FROM THE WATER

INFRASTRUCTURE FUND AND THE STATE PARTICIPATION ACCOUNT OF THE WATER DEVELOPMENT FUND II. (FINANCE COMMITTEE ITEM NO. 3) Darrell Nichols, Project Oversight, Project Finance

11. CONSIDER APPROVAL BY MINUTE ORDER OF AMENDMENTS TO THE STATE FISCAL YEAR 2011 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN. Stacy Barna, Director, Program Development,
12. CONSIDER APPROVAL BY MINUTE ORDER OF AMENDMENTS TO THE STATE FISCAL YEAR 2011 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN. Stacy Barna, Director, Program Development
13. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS IN A TOTAL AMOUNT NOT TO EXCEED \$468,645 FOR SOLICITED GRANT PROPOSALS FOR THE DEVELOPMENT OF REGIONAL FACILITY PLANS; AND (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. David Meesey, Manager, Water Resources Planning
14. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS AS APPROVED AND DIRECTED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FOR SOLICITED GRANT APPLICATIONS FROM FEMA'S SEVERE REPETITIVE LOSS GRANT PROGRAM, WITHIN 120 DAYS FROM FEMA'S NOTIFICATION OF AWARD. Kathy Hopkins, Program Specialist in Federal and State Programs
15. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS AS APPROVED AND DIRECTED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FOR FEMA'S FLOOD MITIGATION ASSISTANCE PLANNING AND PROJECT GRANTS, WITHIN 120 DAYS FROM FEMA'S NOTIFICATION OF FUNDING APPROVAL. Ivan Ortiz, Program Specialist in Federal and State Programs
16. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO **POSSUM KINGDOM WATER SUPPLY CORPORATION (PALO PINTO COUNTY)** MADE IN TWDB RESOLUTION NO. 06-065 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,625,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR WATER SYSTEM IMPROVEMENTS. Kathy Calnan, Environmental Review, Construction Assistance
17. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO INCREASE FUNDING UNDER A CONTRACT WITH TEXAS AGRILIFE EXTENSION BY AN AMOUNT NOT TO EXCEED \$126,596 FOR THE EDWARDS AQUIFER RECOVERY IMPLEMENTATION PROGRAM. Matt Nelson, Regional Water Planning

18. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS ON OR BEFORE JULY 31, 2011, WITH THE RECOMMENDED APPLICANTS FOR FISCAL YEAR 2011 AGRICULTURAL WATER CONSERVATION GRANTS NOT TO EXCEED A TOTAL OF \$488,630 FROM THE AGRICULTURAL WATER CONSERVATION FUND. Comer Tuck, Director, Water Science and Conservation

Mr. Steve Walthour, North Plains Groundwater Conservation District, addressed the Board in support of Consent Item No. 18.

Mr. McMahan moved to approve Board Consent Items Nos. 5-18; Mr. Labatt seconded; it passed unanimously.

REGULAR

19. CONSIDER APPOINTING A REPRESENTATIVE FOR THE AGRICULTURAL WATER USERS INTEREST GROUP ON THE WATER CONSERVATION ADVISORY COUNCIL. Robert Mace, Deputy Executive Administrator, Water Science and Conservation, presented this item.

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

20. BRIEFING AND DISCUSSION CONCERNING THE 82nd LEGISLATURE, INCLUDING BILLS FILED, CURRENT AND ANTICIPATED ISSUES, APPROPRIATIONS, AND THE TEXAS WATER DEVELOPMENT BOARD'S LEGISLATIVE PRIORITIES REPORT. Wendy Foster, Director of Governmental Relations, addressed the Board.

No action was taken on this item.

21. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No public comments were received.

Mr. Labatt stated that this would be the last Board appearance for Board member and Finance Committee Chairman, Jack Hunt. He thanked Mr. Hunt for his many years of service to the Board and the State of Texas.

22. 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 10:27a.m.

APPROVED and ordered of record this, the 4th day of May, 2011.

TEXAS WATER DEVELOPMENT BOARD

Edward G. Vaughan, Chairman

ATTEST:

Melanie Callahan,
Interim Executive Administrator