

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
December 15, 2011

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 9:05 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following Board Members were present:

Joe M. Crutcher, Vice-Chairman
Thomas Weir Labatt III
Lewis H. McMahan
Billy Bradford, Jr.
Monte Cluck

Members of Texas Water Development Board staff attending included: Chris Adams, Jorge Arroyo, Stacy Barna, Jim Bateman, Joyce Bourenane, Carolyn Brittin, Tammie Brown, David Buaas, Kelly Burton, Melanie Callahan, Chris Caran, David Carter, Jo Ann Duncan, Mark Evans, Luis Farias, Wendy Foster, Monica Galuski, Maxine Gilford, Lisa Glenn, Rene Gonzales, Mark Hall, Ingrid Hansen, Dan Hardin, Francia Harutunian, Samantha Heng, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Merry Klowner, Jessica Kohlrenken, Randy Lara, Dain Larson, Amanda Lavin, Kathleen Ligon, Darryl Lindgens, Mireya Loewe, Ryan Long, Robert Mace, Issa McDaniel, Temple McKinnon, David Meesey, Dave Mitamura, Piper Montemayor, John Muras, Matt Nelson, Darrell Nichols, Brenda O'Neill, Javier Pena, Ken Petersen, Lisa Petoskey, Rima Petrossian, Jonathan Pi, Debbie Ramirez, Minerva Regalado, Joe Reynolds, Cindy Ridgeway, Steve Rodriguez, Clay Schultz, Jim Scott, Joel Smith, Shawn Snyder, John Steib, John Sutton, Comer Tuck, Jeff Walker, David Yager, and Jessica Zuba.

The following individuals were present:

Tom Bohl, Assistant Attorney General
Wayne Andrews, West Harris County Regional Water Authority
Charles Beseda, Birome Water Supply Corporation
Curtis Campbell, Red River Authority of Texas
Carlos Colina-Vargas, City of Alamo
Eleazar Escobedo, City of Alamo
Liz Fazio, Committee Director, House Natural Resources
Francisco Flores, Agua Special Utility District
David Guerra, Agua Special Utility District
Jaime Gutierrez, City of Alamo
Enrique Guzman, City of Alamo
Kirk Holland, Barton Springs/Edwards Aquifer Conservation District
Katz Lumpkin, Agua Special Utility District
Diana Martinez, City of Alamo
James Lee Murphy, Guadalupe-Blanco River Authority
Curt Olson, Texas Budget Source
Luciano Ozuna, Jr., City of Alamo
Greer Pagan, West Harris County Regional Water Authority
Timothy Peterson, J.P. Morgan
Todd Votteler, Guadalupe Blanco River Authority

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

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

REPORTS

2. CONTRACT STATUS REPORT REGARDING THE STATUS OF PENDING CONTRACTS THAT ARE UNDER DEVELOPMENT AND EXECUTED CONTRACTS THAT HAVE BEEN PREVIOUSLY APPROVED BY THE BOARD. (David Carter)
3. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. (Jeff Walker)
4. REPORT ON ACTIVITIES RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. (Mireya Loewe)

CONSENT

5. CONSIDER APPROVING BY SEPARATE RESOLUTIONS: (A) AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE BONDS, SERIES 2012A IN ONE OR MORE SERIES FOR THE WATER INFRASTRUCTURE FUND IN A PRINCIPAL AMOUNT NOT TO EXCEED \$51,000,000 AND SERIES 2012B IN ONE OR MORE SERIES FOR THE ECONOMICALLY DISTRESSED AREAS PROGRAM IN A PRINCIPAL AMOUNT NOT TO EXCEED \$26,000,000; (B) APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF THE BONDS; AND (C) APPROVING AND AUTHORIZING THE DEVELOPMENT FUND MANAGER AND EXECUTIVE ADMINISTRATOR TO ACT ON BEHALF OF THE TEXAS WATER DEVELOPMENT BOARD IN THE SALE AND DELIVERY OF SUCH BONDS. (Finance Committee Item No. 2) (Monica Galuski)
6. CONSIDER APPROVING BY RESOLUTION: (A) THE **LOWER COLORADO RIVER AUTHORITY'S** PURCHASE OF THE BOARD'S OWNERSHIP INTEREST IN THE CITY OF LEANDER WATER SUPPLY PROJECT UNDER THE STATE PARTICIPATION PROGRAM; AND (B) AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO TAKE ALL ACTIONS NECESSARY TO EFFECT THE TRANSACTION. (Finance Committee Item No. 3) (Piper Montemayor/Jim Bateman)
7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF CENTER (SHELBY COUNTY)** FOR A LOAN IN THE AMOUNT OF \$2,070,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Finance Committee Item No. 5) (Dain Larsen)
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **VILLAGE OF**

VINTON (EL PASO COUNTY) FOR A THREE MONTH EXTENSION TO THE \$1,210,000 LOAN COMMITMENT FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS. (Javier Pena)

9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF HUBBARD (HILL COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,500,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Finance Committee Item No. 6) (Dain Larsen)
10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ROBERT LEE (COKE COUNTY)** FOR: (A) FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,750,000, CONSISTING OF A \$825,000 LOAN AND \$1,925,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND - DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION; AND (B) A WAIVER OF THE REQUIREMENT FOR CONSISTENCY WITH THE REGIONAL AND STATE WATER PLANS. (Finance Committee Item No. 7) (Dain Larsen)
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **NORTH SAN SABA WATER SUPPLY CORPORATION (SAN SABA COUNTY)** FOR A THREE-MONTH EXTENSION TO THE \$310,000 LOAN COMMITMENT FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE PLANNING, ACQUISITION AND DESIGN OF WATER SYSTEM IMPROVEMENTS. (Caaren Skrobarczyk)
12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **AGUA SPECIAL UTILITY DISTRICT (HIDALGO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$2,426,000 FROM THE ECONOMICALLY DISTRESSED AREA PROGRAM TO FINANCE ACQUISITION AND DESIGN COSTS FOR A WASTEWATER PROJECT IN THE EASTERN PORTION OF THE DISTRICT. (Caaren Skrobarczyk)
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **CITY OF ALAMO (HIDALGO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$4,679,000 CONSISTING OF A \$4,400,000 GRANT AND A \$279,000 LOAN FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS. (Jessica Zuba)
14. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **GREATER TEXOMA UTILITY AUTHORITY- GAINSVILLE (COOKE COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,135,000 FROM THE WATER INFRASTRUCTURE FUND TO FINANCE WATER SYSTEM IMPROVEMENTS. (Javier Pena)
15. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **GUADALUPE BLANCO RIVER AUTHORITY (GONZALEZ, HAYS, CALDWELL, COMAL, GUADALUPE, AND KENDALL COUNTIES)** FOR A LOAN IN THE AMOUNT OF \$4,400,000 FROM THE WATER INFRASTRUCTURE FUND TO FINANCE DEVELOPMENT

COSTS FOR THE MID-BASIN WATER SUPPLY PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Caaren Skrobarczyk)

16. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **WEST HARRIS COUNTY REGIONAL WATER AUTHORITY (HARRIS COUNTY)** FOR A LOAN IN THE AMOUNT OF \$41,965,000 FROM THE WATER INFRASTRUCTURE FUND TO FINANCE DEVELOPMENT COSTS FOR A WATER SUPPLY PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Caaren Skrobarczyk)
17. CONSIDER APPROVING BY RESOLUTION: (A) A REQUEST FROM THE **BIROME WATER SUPPLY CORPORATION (HILL, LIMESTONE AND MCLENNAN COUNTIES)** FOR A LOAN IN THE AMOUNT OF \$665,000 FROM THE RURAL WATER ASSISTANCE FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION; AND (B) AN AMENDMENT OF RESOLUTION NO. 10-33 REGARDING ADDITIONAL DEBT. (Jessica Zuba)
18. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **PARKER COUNTY SPECIAL UTILITY DISTRICT (PARKER AND PALO PINTO COUNTIES)** FOR A LOAN IN THE AMOUNT OF \$2,000,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM IMPROVEMENTS. (Javier Pena)
19. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **WALKER COUNTY SPECIAL UTILITY DISTRICT (WALKER COUNTY)** FOR A THREE-MONTH EXTENSION TO THE \$500,000 LOAN COMMITMENT FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM IMPROVEMENTS. (Caaren Skrobarczyk)
20. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **SAN ANTONIO WATER SYSTEM (BEXAR COUNTY)** MADE IN TWDB RESOLUTION NO. 11-63 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$19,630,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR WASTEWATER SYSTEM IMPROVEMENTS. (Clay Schultz)
21. CONSIDER AUTHORIZING: (A) PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE SECTION 356.23 RELATING TO DESIGNATION OF GROUNDWATER MANAGEMENT AREAS; AND (B) THE SUBSEQUENT PUBLICATION OF NOTICE OF ADOPTION OF THE RULEMAKING IF NO SUBSTANTIVE COMMENTS REQUIRE BOARD CONSIDERATION. (Joe Reynolds/Rima Petrossian)
22. BRIEFING CONCERNING PROPOSED RULE REVISION PROCESS FOR 31 TEXAS ADMINISTRATIVE CODE CHAPTER 356, GROUNDWATER MANAGEMENT. (Cindy Ridgeway)
23. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO EXTEND THE DEADLINE FOR NEGOTIATION AND EXECUTION OF CERTAIN RESEARCH AND PLANNING FUND CONTRACTS FROM JANUARY 16, 2012, TO ON OR BEFORE MAY 31,

2012, FOR ENVIRONMENTAL STUDIES OF TEXAS STREAMS, RIVERS, BAYS, AND ESTUARIES APPROVED AT THE AUGUST 10, 2011 BOARD MEETING FOR FISCAL YEARS 2011 AND 2012. (Ruben Solis)

Mr. Crutcher moved to approve Board Consent Items Nos. 5-23. Mr. Bradford seconded; it passed unanimously.

Chairman Vaughan recognized two representatives of Agua Special Utility District that wished to address the Board. Mr. Frank Flores, District Manager, and Dario Guerra, Project Manager, each addressed the Board and thanked Board staff for their assistance with their project and expressed their appreciation to the Board for approving funding for the project (Board Consent Item No. 12).

REGULAR

24. THE BOARD WILL RECESS INTO EXECUTIVE SESSION UNDER SECTION 551.071, GOVERNMENT CODE, TO RECEIVE ADVICE FROM ITS ATTORNEYS CONCERNING *WARD TIMBER, ET AL. V. TEXAS WATER DEVELOPMENT BOARD*, CAUSE NO. D-1-GN-000121, 126TH JUDICIAL COURT OF TRAVIS COUNTY, TEXAS. THE BOARD WILL THEN RECONVENE IN OPEN MEETING FOR ANY APPROPRIATE DISCUSSION OR ACTION.

The Board recessed into Executive Session at 9:10 a.m.

The Board recessed its executive session at 9:20 a.m., and reconvened in open meeting at 9:21a.m.

No action was taken on this item.

25. BRIEFING AND DISCUSSION ON COMMENTS RECEIVED ON THE DRAFT 2012 STATE WATER PLAN AND CONSIDER ADOPTION OF THE 2012 STATE WATER PLAN. Carolyn Brittin, Deputy Executive Administrator, Water Resources Planning & Information, presented this item.

Mr. Labatt moved to approve the State Water Plan as recommended by staff. Mr. Bradford seconded; it passed unanimously.

Chairman Vaughan then made a statement for the record (copy attached).

The Board received a fax from Sanjiv Yainik, Collin County Business Alliance, who was unable to attend today's meeting but wanted to go on the record as being in favor of the adoption of the 2012 State Water Plan.

Mr. Labatt thanked staff for their work on the Plan.

Ms. Brittin also thanked all those who contributed and assisted with the preparation of the Plan.

Chairman Vaughan recognized Liz Fazio, Committee Director, House Natural Resources, who was in attendance at the meeting today.

26. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS TO PROVIDE \$700,000 AND ANY ADDITIONAL FUNDING FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY FOR USE BY LOCAL COMMUNITIES TO UPDATE FLOODPLAIN MAPS IN ACCORDANCE WITH FEMA'S RISKMAP PROGRAM. Jim Scott, Director, Texas Natural Resources Information System, presented this item.

Mr. McMahan moved to recommend approval of the staff recommendation as proposed; the motion was seconded by Mr. Labatt; it passed unanimously.

27. BRIEFING AND DISCUSSION ON DROUGHT CONDITIONS IN THE STATE OF TEXAS. Mark Wentzel, Surface Water Resources, Water Science & Conservation, presented this item.

No action was taken on this item.

28. THE BOARD WILL RECESS INTO EXECUTIVE SESSION, PURSUANT TO GOVERNMENT CODE SECTION 551.074, TO INTERVIEW CANDIDATES FOR THE POSITION OF EXECUTIVE ADMINISTRATOR AND THEN RECONVENE IN OPEN MEETING FOR ANY ADDITIONAL DISCUSSION AND TO TAKE ANY APPROPRIATE ACTION, INCLUDING APPOINTING THE EXECUTIVE ADMINISTRATOR.

The Board recessed into Executive Session in Room 172 of the Stephen F. Austin Building, at 9:53 a.m. to interview candidates for the position of Executive Administrator. The candidates were called for interviews in alphabetical order, beginning with Stacy Barna, followed by Melanie Callahan, and concluding with Jeff Walker.

The Board recessed its executive session at 11:53 a.m., and reconvened in open meeting at 11:55 a.m.

Chairman Vaughan and Mr. McMahan expressed appreciation to all applicants who interviewed for the position of Executive Administrator.

Mr. Labatt made a motion to appoint Melanie Callahan to serve as Executive Administrator. The motion was seconded by Mr. Bradford; it passed unanimously.

29. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No public comments were received.

30. 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 APPROPRIATE 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 11:57 a.m.

APPROVED and ordered of record this, the 2nd day of February, 2012.

TEXAS WATER DEVELOPMENT BOARD

Edward G. Vaughan, Chairman

ATTEST:

Melanie Callahan,
Executive Administrator

STATEMENT OF CHAIRMAN VAUGHAN

The 2012 State Water Plan comes before us at a critical time. The management of the State's water resources and financing adequate water supplies has not been more challenging since the 1950's drought of record, and the State Water Plan is pivotal to that task. As many of you are aware, the Texas Water Development Board is involved in litigation challenging our approval of the Region C and Region D regional water plans. Those plans are included in the State Water Plan that we have just approved. The Board is mindful of our statutory duty to adopt a State Water Plan within the timeframe prescribed by the Texas Legislature. However, the Board and the agency also are mindful of the courts and the judicial process. The record should reflect that when this litigation is concluded, the Board is committed to taking any action that may be necessary to fully comply with the final decision of the courts.