

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
April 19, 2012

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 10:07 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
Monte Cluck
Billy Bradford, Jr.

Members of Texas Water Development Board staff attending included: Chris Adams, Jorge Arroyo, Stacy Barna, Jim Bateman, Ben Benzaquen, Joyce Bourenane, David Buaas, Kelly Burton, Melanie Callahan, Katherine Calnan, David Carter, Michael Clough, JoAnne Duncan, Mark Evans, Mary Jo Fear, Scott Foltz, Wendy Foster, Francia Harutunian, Larry French, Monica Galuski, Maxine Gilford, Lisa Glenn, Rene Gonzales, Mark Hall, Dan Hardin, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Merry Klonower, Jessica Kohlrenken, Dain Larsen, Mireya Loewe, Ryan Long, Robert Mace, Michelle McFaddin, Temple McKinnon, David Meeseey, Dave Mitamura, Piper Montemayor, Ben Munguia, Matt Nelson, Darrell Nichols, Brenda O'Neill, Javier Pena, Ken Petersen, Lisa Petoskey, Jonathan Pi, Samantha Pollard, Debbie Ramirez, Joe Reynolds, Cindy Ridgeway, Steve Rodriguez, Michael Segner, Caaren Skrobarczyk, Joel Smith, John Steib, Rebecca Trevino, Comer Tuck, Jeff Walker, Gilbert Ward, Mark Wentzel, David Yaeger, and Jessica Zuba.

The following individuals were present:

Aluano Arreola, City of Del Rio
Bill Bunch, Save Our Springs
Conception Cardona, Border Organization
Ken Carver, Kinney County GCD
Ruben Chairez, Primera Iglesia Bautista de Del Rio
Teresa Charles
Maria Ciserio
Lisa Cadena Craig, Citizens of Del Rio
Orlando Cruz, City of San Juan
Ronnie Cruz, City of San Juan
Juan DeHoyos, Border Organization
Lupita DeLaPaz
Ramon Duran, Border Organization
Robert Eads, City of Del Rio
Greg Ellis, GMA 7 and 10
William Faulk, III
Shanna Fitzsimmons, Lloyd Gosselink
Juan Carlos Fuentes, Border Organization
Sandra Fuentes, Border Organization
David Fusilier, Naismith Engineering
Guadalupe Galindo, Border Organization

Joey Garcia, Citizens of Val Verde County
Ronald Green, City of Val Verde
Armando Guajaredo, Border Organization
Chris Hale
Alpha Hernandez
Gloria Hernandez, Border Organization
Yazmin Hernandez
Vic Hilderbran, Uvalde County UWCD
Kirk Holland
Scott Holland
Esperanza Homes, Border Organization
Elise Huntsman
Lauren Huntsman
Scott Jenkins, Office of Rep. Armando Martinez
Mark Krey, City of Springtown
Ina Landeros, Border Organization
Allan Lange, Lipan-Kickapoo WCD
Patrick Lindner, GMA 7
Edelmira Martinez, Border Organization
Guillermiria Martinez, Border Organization
Maria Martinez
Jeremy Mazur, Office of Rep. Bill Callegari
Daniel Meyer, Plum Creek WCD
Jesus Meza, Border Organization
Luis Meza, Border Organization
Trey Nesloney, Grass Valley Water, L.P.
Beau Nettleton, Val Verde County
Joel Pigg, Real Edwards Conservation & Reclamation District
Maria Polanco, Border Organization
Phillip Poplin
Elvira Porter
Ramiro Ramon, Val Verde County
Frances Rodriguez
J.J. Rodriguez, City of San Juan
Rolf Rodriguez, City of McAllen
Tomas Rodriguez, Jr., City of Laredo
Caroline Runge, GMA 7
David Sorola
Pauline Sorola
Marta Gonzales-Stitts
Roland Trees, Real Edwards Conservation & Reclamation District
Cris Vela, City of San Juan
Isaac Villanova, Border Organization
Olga Villanova, Border Organization
Jacob Wedemeyer, Val Verde County
Sue Young, Lone Wolf GCD

Chairman Vaughan recognized Scott Jenkins from the office of State Representative Armando “Mando” Martinez.

1. CONSIDER APPROVAL OF THE MARCH 2012 BOARD MEETING MINUTES.

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

Chairman Vaughan announced that Items 2-7 are reports that have been submitted to the Board but are not posted for discussion or action.

REPORTS

2. REPORT ON THE RESULTS OF THE SURVEY OF EMPLOYEE ENGAGEMENT. (Chris Adams, Director, Human Resources)
3. 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, Director, Human Resources)
4. 2011-2012 REPORT ON CUSTOMER SERVICE. (Ben Munguia, Governmental Relations)
5. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. (Jeff Walker, Project Development)
6. STATUS OF APPLICATIONS FOR FINANCIAL ASSISTANCE. (Jeff Walker, Project Development)
7. REPORT ON ACTIVITIES RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. (Mireya Loewe, Project Oversight)

CONSENT

8. BRIEFING, DISCUSSION AND CONSIDER APPROVING THE REVISED AUDIT PLAN FOR FISCAL YEAR 2012. Audit Committee Item No. 6. (Amanda Jenami)
9. CONSIDER: (A) AUTHORIZING BY RESOLUTION THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE REFUNDING BONDS, TAXABLE SERIES 2012D (ECONOMICALLY DISTRESSED AREAS PROGRAM) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$15,725,000; (B) AUTHORIZING BY RESOLUTION THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE REFUNDING BONDS, TAXABLE SERIES 2012E (STATE PARTICIPATION PROGRAM) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$35,840,000; (C) APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF THE BONDS; AND (D) AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND THE DEVELOPMENT FUND MANAGER TO ACT ON BEHALF OF THE TEXAS WATER DEVELOPMENT BOARD IN THE SALE AND DELIVERY OF SUCH BONDS. Finance Committee Item No. 3. (Benjamin Benzaquen/Monica Galuski)
10. CONSIDER: (A) AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND THE

DEVELOPMENT FUND MANAGER TO TAKE ALL NECESSARY ACTIONS FOR THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS (ECONOMICALLY DISTRESSED AREAS PROGRAM) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$34,061,406; AND (B) SELECTION OF UNDERWRITER(S) FOR THE NEGOTIATION OF THE BOND ISSUE. Finance Committee Item No. 4. (Monica Galuski)

11. CONSIDER APPROVING BY RESOLUTION, THE ESTABLISHMENT OF A NEW TAX-EXEMPT LENDING RATE SCALE FOR THE DEVELOPMENT FUND PROGRAM. Finance Committee Item No. 5. (Piper Montemayor)
12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BURNET (BURNET COUNTY)** FOR AN EXTENSION OF TIME IN WHICH TO CLOSE THE \$10,710,000 COMMITMENT IN RESOLUTION NO. 10-50 FROM THE CLEAN WATER STATE REVOLVING FUND FOR THE CONSTRUCTION OF WASTEWATER SYSTEM IMPROVEMENTS. Finance Committee Item No. 6. (Jeff Walker)
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF HOUSTON (HARRIS COUNTY)** FOR A LOAN IN THE AMOUNT OF \$48,750,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE THE CONSTRUCTION OF WASTEWATER SYSTEM IMPROVEMENTS. (Jessica Zuba)
14. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **HIDALGO COUNTY MUD NO. 1 (HIDALGO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,129,896, CONSISTING OF A \$1,500,000 LOAN AND \$629,896 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE THE CONSTRUCTION OF WASTEWATER SYSTEM IMPROVEMENTS. (Jessica Zuba)
15. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF SPRINGTOWN (PARKER COUNTY)** FOR A LOAN IN THE AMOUNT OF \$3,930,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Javier Pena)
16. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ALBA (WOOD COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$150,000, CONSISTING OF A LOAN IN THE AMOUNT OF \$105,000 AND \$45,000 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE PLANNING AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (Javier Pena)
17. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF LAREDO (WEBB COUNTY)** FOR A LOAN IN THE AMOUNT OF \$48,750,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Javier Pena)
18. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF SAN JUAN (HIDALGO COUNTY)** FOR A LOAN IN THE AMOUNT OF \$445,000 FROM THE CLEAN

WATER STATE REVOLVING FUND TO FINANCE PLANNING AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (Caaren Skrobarczyk)

19. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF RANGER (EASTLAND COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$600,000, CONSISTING OF A LOAN IN THE AMOUNT OF \$300,000 AND \$300,000 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE PLANNING AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (Caaren Skrobarczyk)
20. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF MCALLEN (HIDALGO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,700,000, CONSISTING OF A LOAN IN THE AMOUNT OF \$1,190,000 AND \$510,000 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE PLANNING AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (Dain Larsen)
21. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF MOUNT VERNON (FRANKLIN COUNTY)** FOR A LOAN IN THE AMOUNT OF \$3,820,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Dain Larsen)
22. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BROWNSVILLE (CAMERON COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$25,345,000, CONSISTING OF \$24,505,000 IN GRANT AND A LOAN OF \$840,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO PROVIDE CONSTRUCTION FOR FIRST TIME WASTEWATER SERVICE IN THE FM 511-802 AREA. Finance Committee Item No. 7. (Jessica Zuba)
23. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ELDORADO (SCHLEICHER COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,495,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Dain Larsen)
24. CONSIDER DISAPPROVING A REQUEST FROM THE **TOWN OF ANTHONY (EL PASO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,540,000 CONSISTING OF: (A) A LOAN IN THE AMOUNT OF \$762,000; AND (B) \$1,778,000 LOAN FORGIVENESS, FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE PLANNING, ACQUISITION AND DESIGN RELATING TO WATER SYSTEM IMPROVEMENTS. Finance Committee Item No. 8. (Dain Larsen)
25. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF COMMERCE (HUNT COUNTY)** MADE IN RESOLUTION NO. 08-139 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$2,740,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR WATER SYSTEM IMPROVEMENTS. (Kathy Calnan)
26. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF**

ROSCOE (NOLAN COUNTY) MADE IN RESOLUTION NO. 11-25 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,765,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER SYSTEM IMPROVEMENT PROJECT. (Kathy Calnan)

27. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO PUBLISH IN THE *TEXAS REGISTER* A REQUEST FOR STATEMENTS OF QUALIFICATIONS FOR A TOTAL AMOUNT NOT TO EXCEED \$900,000 FOR RESEARCH PROJECTS IN SUPPORT OF THE GROUNDWATER AVAILABILITY MODELING PROGRAM. (Cindy Ridgeway)
28. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS IN A TOTAL AMOUNT NOT TO EXCEED \$67,500 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)
29. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS ON OR BEFORE AUGUST 31, 2012 IN A TOTAL AMOUNT NOT TO EXCEED \$933,000 FOR SOLICITED GRANT APPLICATIONS FOR FLOOD PROTECTION PLANNING; (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND; AND (C) PUBLISH A REQUEST FOR APPLICATIONS (RFAS) IN THE *TEXAS REGISTER* FOR A TOTAL AMOUNT NOT TO EXCEED \$67,000 FROM THE RESEARCH AND PLANNING FUND FOR FLOOD PROTECTION PLANNING GRANTS. (Gilbert Ward)
30. CONSIDER APPROVAL OF THE 2012 TEXAS FLOODPLAIN MAPPING PLAN PREPARED FOR SUBMISSION TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY. Work Session Item No. 5. (Jim Scott)

Mr. Labatt moved to approve Board Consent Items Nos. 8-30. Mr. Crutcher seconded; it passed unanimously.

REGULAR

31. BRIEFING, DISCUSSION, AND CONSIDER AUTHORIZING: (A) PUBLICATION OF PROPOSED REPEAL OF 31 TEXAS ADMINISTRATIVE CODE (TAC) CHAPTER 355, SUBCHAPTER C RELATING TO REGIONAL PLANNING GRANTS; 31 TAC CHAPTER 357 RELATING TO REGIONAL WATER PLANNING GUIDELINES; AND 31 TAC CHAPTER 358, SUBCHAPTER A RELATING TO STATE WATER PLAN DEVELOPMENT; AND (B) PUBLICATION OF PROPOSED 31 TAC CHAPTER 355, SUBCHAPTER C RELATING TO REGIONAL PLANNING GRANTS; 31 TAC CHAPTER 357 RELATING TO REGIONAL WATER PLANNING; AND 31 TAC CHAPTER 358, SUBCHAPTER A RELATING TO STATE WATER PLAN DEVELOPMENT FOR ADOPTION. Temple McKinnon, Regional Water Planning, presented this item.

Mr. Labatt moved to approve staff's recommendation; Mr. Cluck seconded; it passed unanimously.

32. BRIEFING AND DISCUSSION ON DROUGHT CONDITIONS IN THE STATE OF TEXAS. Mark Wentzel, Surface Water Resources, Water Science & Conservation, addressed the Board.

Item No. 32 was considered at the Board's Finance Committee meeting today.

33. BRIEFING, DISCUSSION, AND POSSIBLE ACTION ON APPEALS OF THE REASONABLENESS OF THE DESIRED FUTURE CONDITION ADOPTED BY THE GROUNDWATER CONSERVATION DISTRICTS IN GROUNDWATER MANAGEMENT AREA 7 FOR THE EDWARDS-TRINITY (PLATEAU) AQUIFER IN KINNEY AND VAL VERDE COUNTIES.

Chairman Vaughan introduced Ken Petersen, the Board's General Counsel, and asked that he explain the rules and procedures for staff, presenters, and persons wishing to make public comments on agenda Items Nos. 33 and 34.

Mr. Petersen stated that rules for the Boards' consideration of Items No. 33 and 34 would be as follows:

- Petitioners' statements – 10 minutes for each Petitioner;
- Districts' statements – 10 minutes for each petition;
- Staff presentation – 10 minutes for each petition;
- Board members may ask a speaker questions at any time and may extend the speaker's time as needed to address any question;
- Public comment – 3 minutes per speaker.

He introduced Joe Reynolds, Staff Attorney, who began presentation of Agenda Item No. 33.

Mr. Reynolds introduced Trey Nesloney, attorney representing Petitioner, Grass Valley Water, L.P., who addressed the Board.

Mr. Reynolds then introduced Patrick Lindner, attorney for Respondents GMA 7 Districts, who addressed the Board.

Mr. Reynolds then presented staff's overview on technical issues and staff's recommendation that the Board consider the DFC adopted by the Districts in GMA 7 to be reasonable.

The following individuals made public comments to the Board:

- Pastor Ruben Chairez of "Primera Iglesia Bautista de Del Rio" provided comments through an interpreter, Marion Sanchez.
- Lisa Cadena Craig, Citizens of Del Rio
- Sandra Fuentes, Border Organization
- Alpha Hernandez
- Vic Hilderbran, Uvalde County UWCD
- Elise Huntsman
- Frances Rodriguez
- David Sorola
- Pauline Sorola

Marta Gonzales-Stitts

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

The Board then considered agenda Item No. 34.

34. BRIEFING, DISCUSSION, AND POSSIBLE ACTION ON APPEAL OF THE REASONABLENESS OF THE DESIRED FUTURE CONDITIONS ADOPTED BY THE GROUNDWATER CONSERVATION DISTRICTS IN GROUNDWATER MANAGEMENT AREA 10 FOR THE WESTERN SUBDIVISION OF THE EDWARDS (BALCONES FAULT ZONE) AQUIFER IN KINNEY COUNTY.

Mr. Reynolds, staff attorney, introduced Trey Nesloney, attorney representing Petitioner, Grass Valley Water, L.P., who addressed the Board.

Mr. Reynolds then introduced Kirk Holland, General Manager, Barton Springs/Edwards Aquifer Conservation District, and Greg Ellis, attorney representing Respondents GMA 10 Districts, who addressed the Board.

Joe Reynolds then addressed the Board and presented staff's overview on technical issues and staff's recommendation that the Board consider the DFC adopted by the Districts in GMA 10 to be reasonable.

No other individuals made public comments to the Board.

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

35. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No public comments were received.

36. 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 11:48 a.m.

APPROVED and ordered of record this, the 15th day of May, 2012.

TEXAS WATER DEVELOPMENT BOARD

Billy R. Bradford, Jr., Chairman

ATTEST:

Melanie Callahan,
Executive Administrator