

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
June 21, 2012

Chairman Billy Bradford, Jr. called to order the regular meeting of the Texas Water Development Board at 9:39 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following Board Members were present:

Joe M. Crutcher, Vice-Chairman
Edward G. Vaughan
Lewis H. McMahan
Monte Cluck
F. A. "Rick" Rylander

Members of Texas Water Development Board staff attending included: Stacy Barna, Joyce Bourenane, Carolyn Brittin, Kelly Burton, Melanie Callahan, Katherine Calnan, David Carter, Michael Clough, Luis Farias, Scott Foltz, Francia Harutunian, Larry French, Lisa Glenn, Rene Gonzales, Mark Hall, Dan Hardin, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Merry Klonower, Jessica Kohlrenken, Darryl Lindgens, Mireya Loewe, Ryan Long, Robert Mace, Michelle McFaddin, David Meesey, Piper Montemayor, Darrell Nichols, Brenda O'Neill, Ken Petersen, Lisa Petoskey, Samantha Pollard, Debbie Ramirez, Joe Reynolds, Steve Rodriguez, Leo Ruiz, Jim Scott, Michael Segner, Caaren Skrobarczyk, Joel Smith, John Steib, Cameron Turner, Jeff Walker, Gilbert Ward, Mark Wentzel, Carlton Wilkes, David Yaeger, and Jessica Zuba.

The following individuals were present:

Jesse Aguirre, North Alamo WSC
Eric Allmon, Environmental Stewardship
Steve Box, Environmental Stewardship
Steve Bremer, North Harris County RWA
Crista Bromley, City of Burnet
Tina Bui, City of Austin
Carmen Cernosek, Lt. Governor's Office
Joe Cook, Lost Pines GCD
Robby Cook, Lost Pines GCD
Andrew Donnelly
Liz Fazio, House Natural Resources Committee
Ivan Garcia, North Alamo WSC
Drew Gholson, Post Oak Savannah GCD
Judy Graci, Village of Volente
James W. Griffith, North Alamo WSC
Gilbert J. Guerra, North Alamo WSC
Mario Guzman, Village of Volente
Ruth Haberman, Upper Brushy Creek WCID
Heather Harward, H2O4Texas
Keith Hausberger, Lost Pines GCD
David Hawes, East Aldine Management District
Jay Howard, Hillco Partners
Tony Jaso, City of Del Rio

Russell Johnson, End-Op, L.P.
Horacio Juarez, El Paso County Tornillo
David Lein, GMA 12/Lost Pines GCD
Jonathan Letz, Kerr County
Kate Makhlouf, Burgess Well
Wanda Martinez, North San Saba WSC
Marcy McAllister, Water Power Nexus Consulting
Hari Michel, Carollo Engineers
James Lee Murphy, GBRA
Ryan Nesmith, San Jacinto River Authority
Monique Norman
Guy Overby, Kerr County
Mitchell Page, San Jacinto River Authority
Melanie Phillips
Larry Quick, Upper Brushy Creek WCID
Donald Ripley, Coastal Water Authority
Dean Robbins, Texas Water Conservation Association
Jose Rodriguez, Naismith Engineering, Inc.
Steven Sanchez, North Alamo WSC
Don Sarich, San Jacinto River Authority
John Schlotzhauer, Village of Volente
July Schlotzhauer, Village of Volente
John Schnautz, Speaker Joe Straus' Office
Stefan Schuster, Lost Pines GCD
Seana Sealy, North San Saba WSC
Jonathan Stinson, Governor's Office
Carroll Thosl, Village of Volente
Beth Townsend
David Van Dresar, Fayette County GCD
David Vaughn, City of Burnet
Francelia Vega, El Paso County Tornillo
Gary Westbrook, Post Oak Savannah GCD
Leo Wick, Fayette County GCD
Bobby Witt, H2O4Texas

Chairman Bradford began by introducing the new member of the Board, F.A. "Rick" Rylander. He stated Mr. Rylander was from Iraan, Texas and was accompanied to the meeting today by his wife, Mary.

Chairman Bradford then recognized the following individuals in attendance at the meeting today:

Liz Fazio, House Natural Resources Committee
Carmen Cernosek, Lt. Governor's Office
John Schnautz, Speaker Joe Straus' Office
Jonathan Stinson, Governor's Office

1. CONSIDER APPROVAL OF THE MAY 15, 2012 BOARD MEETING MINUTES.

Mr. Crutcher moved to approve the minutes; the motion was seconded by Mr. McMahan; 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, Director, Human Resources)
3. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. (Jeff Walker, Project Development)
4. REPORT ON ACTIVITIES RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. (Mireya Loewe, Project Oversight)

Chairman Bradford announced that Items 2-4 are reports that have been submitted to the Board but are not posted for discussion or action.

Chairman Bradford then asked that Robert Mace, Deputy Executive Director, Water Science & Conservation, present Item No. 23 to the Board.

23. CONSIDER STAFF PROCEDURES FOR REVIEW OF WATER LOSS INFORMATION IN THE REVIEW OF FINANCIAL ASSISTANCE APPLICATIONS. (John Sutton/Robert Mace)

No action was taken on this item.

The Board then considered the Consent Agenda:

CONSENT

5. CONSIDER APPROVING A REQUEST FROM THE **KEMPNER WATER SUPPLY CORPORATION (LAMPASAS COUNTY)** TO AMEND THE REPAYMENT SCHEDULES RELATED TO LOAN ID NUMBERS L060040, L060040A, L060041 AND L090005. Finance Committee Item No. 3. (Piper Montemayor)
6. CONSIDER APPROVING: (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, IN ONE OR MORE SERIES (DEVELOPMENT FUND PROGRAM), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$250 MILLION; AND (B) SELECTION OF UNDERWRITERS FOR THE NEGOTIATION OF THE BOND ISSUE. Finance Committee Item No. 4. (Piper Montemayor/Melissa Popkoff)
7. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN INTERAGENCY CONTRACT WITH THE DEPARTMENT OF INFORMATION RESOURCES (DIR) FOR DATA CENTER SERVICES. (Lisa Petoskey)
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF DEL RIO (VAL VERDE COUNTY)** FOR A LOAN IN THE AMOUNT OF \$5,000,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM

IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Jessica Zuba)

9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **KERR COUNTY (KERR COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,924,000 CONSISTING OF A LOAN IN THE AMOUNT OF \$570,000 AND LOAN FORGIVENESS IN THE AMOUNT OF \$1,290,000 FROM THE CLEAN WATER STATE REVOLVING FUND AND A GRANT IN THE AMOUNT OF \$64,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE PLANNING, ACQUISITION AND DESIGN RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (Caaren Skrobarczyk)
10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF MARLIN (FALLS COUNTY)** FOR A LOAN IN THE AMOUNT OF \$3,000,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Finance Committee Item No. 5. (Caaren Skrobarczyk)
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF MARLIN (FALLS COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,907,908 CONSISTING OF A LOAN IN THE AMOUNT OF \$1,680,000 AND LOAN FORGIVENESS IN THE AMOUNT OF \$1,227,908 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Finance Committee Item No. 6. (Caaren Skrobarczyk)
12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BRADY (MCCULLOCH COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$500,000 CONSISTING OF A LOAN IN THE AMOUNT OF \$350,000 AND LOAN FORGIVENESS IN THE AMOUNT OF \$150,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE PLANNING, ACQUISITION AND DESIGN RELATING TO WATER SYSTEM IMPROVEMENTS. (**Javier Pena**)
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BROWNSVILLE (CAMERON COUNTY)** FOR A GRANT IN THE AMOUNT OF \$2,000,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE CONSTRUCTION OF FIRST-TIME WASTEWATER SERVICE IN THE VILLANUEVA COLONIA. Finance Committee Item No. 7. (Jessica Zuba)
14. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **EAST ALDINE MANAGEMENT DISTRICT (HARRIS COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$10,486,094 IN GRANT AND LOAN FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO CONSTRUCT FIRST-TIME WATER AND WASTEWATER SERVICE. Finance Committee Item No. 8. (Jessica Zuba)
15. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **EL PASO COUNTY TORNILLO WATER IMPROVEMENT DISTRICT (EL PASO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$140,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE PLANNING AND DESIGN COSTS FOR WASTEWATER SYSTEM IMPROVEMENTS. (Jessica Zuba)

16. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **EL PASO WATER UTILITIES PUBLIC SERVICE BOARD (EL PASO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$570,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS TO THE TURF ESTATES COMMUNITY. (Caaren Skrobarczyk)
17. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **NORTH ALAMO WATER SUPPLY CORPORATION (HIDALGO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$1,154,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE PLANNING, ACQUISITION AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (Jessica Zuba)
18. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SAN JACINTO RIVER AUTHORITY (MONTGOMERY COUNTY)** FOR A LOAN IN THE AMOUNT OF \$230,530,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE CONSTRUCTION OF A WATER SUPPLY PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Caaren Skrobarczyk)
19. CONSIDER APPROVING BY RESOLUTION, A REQUEST BY THE **CITY OF WILLIS (MONTGOMERY COUNTY)** FOR APPROVAL TO AMEND THE DEFINITION OF “OPERATING AND MAINTENANCE EXPENSES” IN THE ORDINANCES ISSUED PURSUANT TO TWDB RESOLUTION NO. 95-10 AS SUCH DEFINITION RELATES TO THE APPLICATION OF THE ADDITIONAL BONDS TEST. (Dain Larsen/Michelle McFaddin)
20. CONSIDER APPROVING BY RESOLUTION, A REQUEST BY THE **CITY OF BURNET (BURNET COUNTY)** TO AMEND TWDB RESOLUTION NO. 10-50 TO EXPAND THE SCOPE OF THE CLEAN WATER STATE REVOLVING FUND PROJECT TO INCLUDE THE PLANNING AND DESIGN OF COLLECTION SYSTEM REHABILITATION AND THE PLANNING AND DESIGN OF AN EXTENSION TO THE CITY’S WASTEWATER REUSE SYSTEM. (Mark Evans)
21. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **NORTH SAN SABA WATER SUPPLY CORPORATION (SAN SABA COUNTY)** MADE IN RESOLUTION NOS. 11-41 AND 11-103 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN FROM THE \$310,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER SYSTEM IMPROVEMENT PROJECT. (Kathy Calnan)
22. CONSIDER APPROVAL OF STAFF RECOMMENDATIONS FOR FISCAL YEAR 2012 AGRICULTURAL WATER CONSERVATION GRANTS. (Cameron Turner)
24. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS ON OR BEFORE SEPTEMBER 30, 2012 IN A TOTAL AMOUNT NOT TO EXCEED \$67,000 FOR SOLICITED GRANT APPLICATIONS FOR FLOOD PROTECTION PLANNING; AND (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. (Gilbert Ward)
25. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS AND PURCHASE ORDERS FOR CAPITAL EXPENDITURES UP

TO \$175,000, IN ADDITION TO ANY FUNDS CONTRIBUTED BY OTHER ENTITIES, TO ACQUIRE ELEVATION DATA FOR THE FLOODPLAIN AND STRATEGIC MAPPING PROGRAMS. (Felicia Retiz/Jim Scott)

26. BRIEFING, DISCUSSION AND CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO CONVEY SUPPORT FOR THE POSITION OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ON THE ALLOCATION OF WATERS IN THE RIO GRANDE AT FORT QUITMAN. (Dave Mitamura/Ken Petersen)

Mr. Vaughan moved to approve Board Consent Items Nos. 5-22 and 24-26. Mr. Cluck seconded; it passed unanimously.

Chairman Bradford stated that a photo-op had been requested by representatives from the East Aldine Management District, and the Board would accommodate that request before continuing with the regular agenda.

Upon completion of the photo-op, the Board proceeded with the regular agenda as follows:

REGULAR

27. BRIEFING, DISCUSSION, AND CONSIDER APPROVING THE 2013-2017 STRATEGIC PLAN. Samantha Pollard, Operations and Administration, presented this item. Carolyn Brittin, Deputy Executive Administrator, Water Resources Planning & Information, also addressed the Board.

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

28. BRIEFING AND DISCUSSION ON THE DRAFT STATE FISCAL YEAR 2013 CLEAN WATER AND DRINKING WATER STATE REVOLVING FUND INTENDED USE PLANS. Stacy Barna, Program Development, presented this item.

No action was taken on this item.

Chairman Bradford then requested that the Board consider Item No. 30 on the agenda at this time.

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

No action was taken on this item.

Chairman Bradford then called Item No. 29 for Board consideration.

29. 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 12 FOR THE SPARTA, QUEEN CITY, CARRIZO-WILCOX, CALVERT BLUFF, SIMSBORO, HOOPER, YEGUA-JACKSON, AND BRAZOS RIVER ALLUVIUM AQUIFERS.

Chairman Bradford 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 Item No. 29.

Mr. Petersen stated that rules for the Boards' consideration of Item No. 29 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. 29.

Mr. Reynolds introduced Eric Allmon, Attorney representing Petitioner, Environmental Stewardship, who addressed the Board. He reserved 5 minutes of his allotted time for closing statements.

Mr. Reynolds introduced Russell Johnson, Attorney representing Petitioner, End Op, L.P., who addressed the Board. He reserved 4 minutes of his allotted time for closing statements.

Mr. Reynolds then introduced David Lein, representing Respondents GMA 12 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 12 to be reasonable.

Mr. Johnson made a closing statement. Mr. Allmon made a closing statement.

Before taking public comments on this item, the Chairman recognized Mr. Petersen, General Counsel, who stated that the Board had received written public comments on this item via email. He stated that copies of all those comments were furnished to the Board members.

Chairman Bradford then asked for public comments on this agenda item.

The following individuals made public comments to the Board:

- Steve Box, Executive Director, Environmental Stewardship
- Melanie Phillips, resident of Bastrop County
- Gary Westbrook, General Manager, Post Oak Savannah GCD

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

31. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

The following individuals made public comments to the Board:
Carol Thosl, Village of Volente

Judy Gracie, Village of Volente

32. 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.

Chairman Bradford made a statement congratulating Executive Administrator, Melanie Callahan, on receiving the Administrator of the Year Award by the Texas State Agency Business Administrator's Association (TSABAA).

The meeting adjourned at 10:57 a.m.

APPROVED and ordered of record this, the 19th day of July, 2012.

TEXAS WATER DEVELOPMENT BOARD

Billy R. Bradford, Jr., Chairman

ATTEST:

Melanie Callahan,
Executive Administrator