

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
May 16, 2013

Chairman Billy R. Bradford, Jr. called to order the regular meeting of the Texas Water Development Board at 9:15 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. In addition to Chairman Bradford, all other Board members were in attendance with the exception of Monte Cluck and a quorum was present:

Lewis H. McMahan
Joe M. Crutcher
Edward G. Vaughan
F. A. "Rick" Rylander

Members of the Texas Water Development Board staff attending included: Chris Adams, Jorge Arroyo, Renita Bankhead, Stacy Barna, Jim Bateman, Joyce Bourenane, Carolyn Brittin, Kelly Burton, Melanie Callahan, Kathy Calnan, David Carter, Marvin Chaney, Dale Crockett, JoAnne Duncan, Mark Ellison, Scot Foltz, Larry French, Maxine Gilford, Lisa Glenn, Rene Gonzales, Carla Guthrie, Mark Hall, Dan Hardin, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Sandy Kaiser, Jennifer Kennedy, Merry Klonower, Randy Lara, Kathleen Ligon, LeeRoy Lopez, Ryan Long, Robert Mace, Jeremy Mazur, David Meeseey, Dave Mitamura, Piper Montemayor, Ken Petersen, Lisa Petoskey, Samantha Pollard, Debbie Ramirez, Joe Reynolds, Steve Rodriguez, Michael Segner, Ruben Solis, Rebecca Trevino, Comer Tuck, Jeff Walker, Gilbert Ward, Mark Wentzel, David Yager, and Jessica Zuba.

The following individuals were present:

Danielle Bradford, Piper Jaffray
Anne Burger Entrekin, First Southwest
Curtis Flowers, Loop Capital Markets
Jose Gaytan, Bank of Texas
John Hall, Harris County MUD No. 50
Keith Kindle, Enprotec/Hibbs & Todd
Jerry Kyle, Andrews Kurth
Dale Lehman, Piper Jaffray
Rudy Mejia, Estrada Hinojosa
Rick Menchaca, BOSC, Inc.
Daivd Mendez, Agua SUD, Brady & Wortham Bond Counsel
Tillman Naylor, Jefferies
Timothy Peterson, J.P. Morgan
Ben Rosenberg, U. S. Capital Advisors
Dalton Smith, Bank of America/Merrill Lynch
Karin Werness, Backstrom McCorley Berry

1. CONSIDER APPROVAL OF THE APRIL 18, 2013 BOARD MEETING MINUTES.

Mr. Vaughan 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, Contract Administration)
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.

CONSENT

5. 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 (DEVELOPMENT FUND), IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$72 MILLION; AND (B) SELECTION OF UNDERWRITER(S) FOR THE NEGOTIATION OF THE BOND ISSUE. (FINANCE COMMITTEE ITEM NO. 4) (Monica Galuski)
6. CONSIDER 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 REFUNDING BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$296,055,000. (FINANCE COMMITTEE ITEM NO. 5) (Monica Galuski)
7. CONSIDER APPROVING BY RESOLUTION, THE ESTABLISHMENT OF A NEW TAXABLE LENDING RATE SCALE FOR THE DEVELOPMENT FUND II PROGRAM. (FINANCE COMMITTEE ITEM NO. 6) (Piper Montemayor)
8. CONSIDER APPROVING BY RESOLUTION: (A) A REQUEST FROM **EL PASO COUNTY, TEXAS** FOR A WAIVER OF REDEMPTION PROVISIONS OF THE \$195,000 EL PASO COUNTY, TEXAS EAST MONTANA WATERWORKS SYSTEM REVENUE BONDS (ECONOMICALLY DISTRESSED AREAS ACCOUNT), SERIES 2000-A; AND (B) AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO TAKE ANY ACTIONS NECESSARY TO EFFECT THE PROVISIONS OF THE WAIVER. (Jim Bateman)
9. CONSIDER APPROVING BY RESOLUTION, A REQUEST BY **AGUA SPECIAL UTILITY DISTRICT (HIDALGO COUNTY)** FOR A PARTIAL RELEASE OF LIEN ON CERTAIN DISTRICT PROPERTY FOR SALE TO TEXAS DEPARTMENT OF

TRANSPORTATION FOR USE AS HIGHWAY RIGHT-OF-WAY. (Joe Reynolds)

10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BRADY (MCCULLOCH COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$700,000 CONSISTING OF A LOAN IN THE AMOUNT OF \$350,000 AND LOAN FORGIVENESS IN THE AMOUNT OF \$350,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE PLANNING COSTS OF WATER SYSTEM IMPROVEMENTS. (Javier Pena)
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF DELL CITY (HUDSPETH COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$244,450 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE PLANNING AND DESIGN COSTS RELATING TO WATER SYSTEM IMPROVEMENTS. (Javier Pena)
12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF WORTHAM (FREESTONE COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,815,295 CONSISTING OF A LOAN IN THE AMOUNT OF \$280,000 AND LOAN FORGIVENESS IN THE AMOUNT OF \$1,535,295 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Javier Pena)
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50 (HARRIS COUNTY)** A LOAN IN THE AMOUNT OF \$1,350,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO PROVIDE WATER AND WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Finance Committee Item No. 7) (Jessica Zuba)
14. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **RED RIVER COUNTY WATER SUPPLY CORPORATION (RED RIVER COUNTY)** MADE IN TWDB RESOLUTIONS NOS. 09-37 AND 11-16 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,250,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER SYSTEM IMPROVEMENTS PROJECT. (Kathy Calnan)
15. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **AGUA SPECIAL UTILITY DISTRICT (HIDALGO COUNTY)** MADE IN RESOLUTION NO. 13-42 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$4,750,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR A WASTEWATER SYSTEM IMPROVEMENT PROJECT. (Kathy Calnan)
16. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF BRECKENRIDGE (STEPHENS COUNTY)** MADE IN TWDB RESOLUTION NO. 12-92 FOR SELECT PROJECT ELEMENTS AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE

\$1,193,461 CLEAN WATER STATE REVOLVING FUND EQUIVALENCY PROGRAM LOAN FOR THE CITY'S NEW CLARIFIER PROJECT. (Jennifer Kennedy)

17. CONSIDER APPROVING THE RECEIPT OF A GIFT OF EQUIPMENT, VALUED AT \$9,188, FROM THE MATAGORDA CURRENT METER PROJECT FOR THE PURPOSE OF MONITORING CURRENTS IN MATAGORDA BAY. (Carla Guthrie)
18. CONSIDER THE APPOINTMENT OF A MEMBER TO THE WATER CONSERVATION ADVISORY COUNCIL TO REPRESENT THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. (Comer Tuck)

Chairman Bradford asked if anyone wished to comment on items listed on the Board's Consent Agenda.

Board Member Vaughan commented on Consent Item No. 17;
Board Member McMahan had a question on Consent Item No. 10. Staff members, Javier Pena, David Yeager and John Sutton addressed the question.
Board Member McMahan commented on Consent Item No. 12.

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

REGULAR

19. BRIEFING AND DISCUSSION ON STATUS OF RED TAPE REDUCTION INITIATIVE. Jeff Walker, Project Development, presented this item.

No action was taken on this item.

20. CONSIDER APPROVAL OF AMENDMENTS TO THE STATE FISCAL YEAR (SFY) 2013 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN. Stacy Barna, Program Development, presented this item.

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

21. BRIEFING AND DISCUSSION CONCERNING THE 83RD LEGISLATURE, INCLUDING BILLS FILED, AND CURRENT AND ANTICIPATED ISSUES. Jeremy Mazur, Governmental Relations, presented this item.

No action was taken on this item.

22. BRIEFING AND DISCUSSION ON DROUGHT CONDITIONS IN THE STATE OF TEXAS. Mark Wentzel, Water Science & Conservation, presented this item. Robert Mace, Water Science & Conservation, also addressed the Board.

No action was taken on this item.

23. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

24. 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 items.

The meeting adjourned at 10:02 a.m.

APPROVED and ordered of record this, the 20th day of June, 2013.

TEXAS WATER DEVELOPMENT BOARD

Billy R. Bradford, Jr., Chairman

ATTEST:

Melanie Callahan,
Executive Administrator