

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
June 20, 2013

Chairman Billy R. Bradford, Jr. called to order the regular meeting of the Texas Water Development Board at 9:10 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 F. A. "Rick" Rylander, and a quorum was present:

Lewis H. McMahan
Joe M. Crutcher
Edward G. Vaughan
Monte Cluck

Members of the Texas Water Development Board staff attending included: Chris Adams, Renita Bankhead, Stacy Barna, Jim Bateman, Joyce Bourenane, Kelly Burton, Melanie Callahan, Kathy Calnan, David Carter, Mark Ellison, Luis Farias, Scot Foltz, Larry French, Monica Galuski, Maxine Gilford, Lisa Glenn, Rene Gonzales, Mark Hall, Dan Hardin, Francia Harutunian, Ruben Hernandez, Nicki Hise, Amanda Jenami, Chris Jurgens, Sandy Kaiser, Jennifer Kennedy, Merry Klonower, Randy Lara, Mireya Loewe, LeeRoy Lopez, Ryan Long, Robert Mace, Jeremy Mazur, David Meeseey, Piper Montemayor, Ben Munguia, Ken Petersen, Samantha Pollard, Debbie Ramirez, Joe Reynolds, Nancy Richards, Steve Rodriguez, Jim Scott, Mike Segner, Ruben Solis, Joel Smith, John Sutton, Augustine Tambe, Comer Tuck, Cameron Turner, Jeff Walker, David Yager, Larry Zamzow, and Jessica Zuba.

The following individuals were present:

Danielle Bradford, Piper Jaffray
Anne Burger Entekin, First Southwest
Todd Caldwell, Bureau of Economic Geology-UT/Austin
Curtis Flowers, Loop Capital Markets
Perry Fowler
Jose Gaytan, Bank of Texas
State Representative Kyle Kacal, House District 12
Keith Kindle, Enprotec/Hibbs & Todd
Jerry Kyle, Andrews Kurth
Dale Lehman, Piper Jaffray
Rudy Mejia, Estrada Hinojosa
Rick Menchaca, BOSCO, Inc.
David Mendez, Agua SUD, Brady & Wortham Bond Counsel
Michael Moya, Half Associates
Tillman Naylor, Jefferies
Timothy Peterson, J.P. Morgan
Ben Rosenberg, U. S. Capital Advisors
John Rusk, City of Kosse
Dalton Smith, Bank of America/Merrill Lynch
Karin Werness, Backstrom McCorley Berry
Terra Willett, Chief of Staff, State Rep. Kyle Kacal, H.D. 12

1. CONSIDER APPROVAL OF THE MAY 16, 2013 BOARD MEETING MINUTES.

Mr. Crutcher moved to approve the minutes; the motion was seconded by Mr. Cluck; it passed unanimously.

REPORTS

2. UPDATE ON THE RECOVERY OF BOLIVAR PENINSULA SPECIAL UTILITY DISTRICT FROM HURRICANE IKE IN 2008. (Piper Montemayor, Debt and Portfolio Management)
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, Contract Administration)
4. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. (Jeff Walker, Project Development)
5. REPORT ON ACTIVITIES RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. (Mireya Loewe, Project Oversight)

Chairman Bradford announced that Items 2-5 are reports that have been submitted to the Board but are not posted for discussion or action.

Chairman Bradford then stated that the Board would now take up Item No. 21 on the Board's Regular Agenda.

21. BRIEFING AND DISCUSSION CONCERNING THE 83RD LEGISLATURE, INCLUDING BILLS PASSED, AND CURRENT AND ANTICIPATED ISSUES. Jeremy Mazur, Governmental Relations, presented this item. Melanie Callahan, Executive Administrator, also addressed the Board.

No action was taken on this item.

The Board then proceeded with the Consent agenda:

CONSENT

6. CONSIDER ADOPTION OF A RESOLUTION AUTHORIZING THE TERMINATION AND CLOSURE OF THE LIEN RELATING TO THE STATE REVOLVING FUND SENIOR LIEN REVENUE BONDS; AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND THE DEVELOPMENT FUND MANAGER TO TAKE ALL NECESSARY ACTIONS TO ACCOMPLISH THE PURPOSES OF THIS RESOLUTION; AND AUTHORIZING RELATED MATTERS. (FINANCE COMMITTEE ITEM NO. 2) (Piper Montemayor)
7. CONSIDER ADOPTION OF AN AMENDED AND RESTATED MASTER RESOLUTION

AUTHORIZING A FINANCING PROGRAM (2013) TO PROVIDE FUNDS TO THE STATE WATER POLLUTION CONTROL REVOLVING FUND; APPROVING AND AUTHORIZING TEXAS WATER DEVELOPMENT BOARD STATE REVOLVING FUND REVENUE BONDS TO BE ISSUED IN VARIOUS SERIES AND TO BE SOLD AND DELIVERED IN VARIOUS FORMS AND IN INSTALLMENTS; PROVIDING FOR BOND ENHANCEMENT AGREEMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND RESOLVING OTHER MATTERS. (FINANCE COMMITTEE ITEM NO. 3) (Piper Montemayor)

8. CONSIDER ADOPTION OF THE SEVENTH SUPPLEMENTAL RESOLUTION: (A) AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS WATER DEVELOPMENT BOARD STATE REVOLVING FUND REVENUE REFUNDING BONDS, SERIES 2013A, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$80 MILLION; (B) APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF SUCH BONDS; AND (C) APPROVING AND 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. 4) (Piper Montemayor)
9. CONSIDER ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE BONDS, SERIES 2013B (DEVELOPMENT FUND PROGRAM) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$62,000,000; APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF THE BONDS; AND APPROVING AND AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND 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. 5) (Monica Galuski)
10. CONSIDER ADOPTION OF A RESOLUTION: (A) AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE REFUNDING BONDS, SERIES 2013C IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$58,820,000; (B) APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF THE BONDS; AND (C) APPROVING AND AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND 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. 6) (Monica Galuski)
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF COMANCHE (COMANCHE COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,071,500, CONSISTING OF A \$755,000 LOAN AND \$316,500 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND FOR WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Jessica Zuba)

12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **JJM DEVELOPMENT, INC. DBA VALLEY ACRES MOBILE HOME PARK (EL PASO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$50,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Javier Pena)
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF KOSSE (LIMESTONE COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$449,000 CONSISTING OF A LOAN IN THE AMOUNT OF \$225,000 AND A GRANT IN THE AMOUNT OF \$224,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR PLANNING, ACQUISITION AND DESIGN COSTS FOR WATER SYSTEM IMPROVEMENTS. (Caaren Skrobarczyk)
14. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **BELL COUNTY WCID NO 2 (BELL COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,500,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE PLANNING, DESIGN, AND CONSTRUCTION COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Dain Larsen)
15. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF CADDO MILLS (HUNT COUNTY)** MADE IN TWDB RESOLUTION NO. 11-71 FOR SELECT PROJECT ELEMENTS AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$4,430,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR THE FM 36 & FM 1903 SEWER LINE PROJECT. (Jennifer Kennedy)
16. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF HUBBARD (HILL COUNTY)** MADE IN RESOLUTION NO. 11-101 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,500,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER SYSTEM IMPROVEMENTS PROJECT. (Kathy Calnan)
17. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF EAGLE PASS WATER WORKS SYSTEM (MAVERICK COUNTY)** MADE IN RESOLUTION NO. 13-28 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$8,223,296 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER SYSTEM IMPROVEMENTS PROJECT. (Kathy Calnan)
18. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS ON OR BEFORE AUGUST 30, 2013, WITH THE RECOMMENDED APPLICANTS FOR FISCAL YEAR 2013 AGRICULTURAL WATER CONSERVATION GRANTS, NOT TO EXCEED A TOTAL OF \$595,729 FROM THE AGRICULTURAL WATER CONSERVATION FUND. (Cameron Turner)

19. CONSIDER AUTHORIZING PUBLICATION OF NOTICE OF INTENT TO REVIEW 31 TEXAS ADMINISTRATIVE CODE CHAPTERS 353, 359, 363, 364, AND 367. (Jim Bateman)

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

Mr. Vaughan moved to approve Board Consent Items Nos. 6-19. Mr. McMahan seconded; it passed unanimously.

REGULAR

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

No action was taken on this item.

22. BRIEFING, DISCUSSION AND 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. Cluck moved to approve staff's recommendation; Mr. McMahan seconded; it passed unanimously.

23. BRIEFING AND DISCUSSION ON THE DRAFT STATE FISCAL YEAR 2014 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.

24. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO PUBLISH A REQUEST FOR STATEMENTS OF QUALIFICATIONS IN THE *TEXAS REGISTER* TO CONDUCT RESEARCH ON FISCAL YEAR 2013 PRIORITY WATER RESEARCH TOPICS FOR A TOTAL AMOUNT NOT TO EXCEED \$300,000 FROM THE RESEARCH AND PLANNING FUND. Robert Mace, Water Science and Conservation, presented this item.

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

25. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS UP TO A TOTAL AMOUNT OF \$446,537 AND ANY ADDITIONAL FUNDS CONTRIBUTED BY OTHER PARTIES TO ACQUIRE NEW DIGITAL DATA AND ENHANCE AERIAL PHOTO ARCHIVING. Jim Scott, Water Resources Planning and Information, presented this item.

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

26. BRIEFING AND DISCUSSION ON DROUGHT CONDITIONS IN THE STATE OF TEXAS. Ruben Solis, Water Science & Conservation, presented this item.

No action was taken on this item.

27. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

28. THE BOARD WILL RECESS INTO EXECUTIVE SESSION UNDER GOVERNMENT CODE §551.071 TO CONSULT WITH ITS ATTORNEYS CONCERNING *TEXAS WATER DEVELOPMENT BOARD V. WARD TIMBER, LTD., ET AL.*, CAUSE NO. 11-12-00030-CV (11TH CIRCUIT COURT OF APPEALS). THE BOARD WILL THEN RECONVENE IN OPEN SESSION FOR ANY DISCUSSION OR ACTION DEEMED APPROPRIATE. (Ken Petersen, General Counsel)

The Board will then reconvene in open session for any discussion or action deemed appropriate.

Note time: 10:32 a.m. – Recess into Executive Session.

Note time: 10:59 a.m. – Reconvened in Open Session.

No further discussion or action necessary

29. 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 11:00 a.m.

APPROVED and ordered of record this, the 18th day of July, 2013.

TEXAS WATER DEVELOPMENT BOARD

Billy R. Bradford, Jr., Chairman

ATTEST:

Melanie Callahan,
Executive Administrator