

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
July 18, 2013

Chairman Billy R. Bradford, Jr. called to order the regular meeting of the Texas Water Development Board at 9:41 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, and a quorum was present:

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

Members of the Texas Water Development Board staff attending included: Chris Adams, Renita Bankhead, Stacy Barna, Jim Bateman, Joyce Bourenane, Kelly Burton, Melanie Callahan, David Carter, Marvin Chaney, Tim Craig, Donald Dawkins, JoAnne Duncan, Mark Ellison, Scot Foltz, Larry French, Maxine Gilford, Lisa Glenn, Rene Gonzales, Mark Hall, Dan Hardin, Francia Harutunian, Ruben Hernandez, Janie Hopkins, Amanda Jenami, Chris Jurgens, Sandy Kaiser, Jennifer Kennedy, Merry Klowner, Randy Lara, Dain Larsen, Mireya Loewe, Ryan Long, LeeRoy Lopez, Robert Mace, Jeremy Mazur, David Meeseey, Piper Montemayor, Brenda O'Neill, Javier Pena, Ken Petersen, Samantha Pollard, Debbie Ramirez, Nancy Richards, Steve Rodriguez, Sunny Sadler, Robert Sahn, Mike Segner, Caaren Skrobarczyk, Joel Smith, Robert Solis, John Sutton, Rebecca Trevino, Jeff Walker, Carlton Wilkes, and Larry Zamzow.

The following individuals were present:

Chris Allen, First Southwest
Clay Barnett, Greater Texoma Utility Authority
Leatrice Bradford
Linda Brookins, TCEQ
Ruben Chapa
Jerry Chapman, Greater Texoma Utility Authority
Neil Deeds, Intera
Mark Ellis, Jefferies
Bryan Farney, Farney Holdings
Dan Ferguson, City of Wimberley
Phyllis Garcia, SAWS
Anthony Gengo, Cross Oak Group
Shana Horton, Kelly Haret & Hallman, LLP
State Representative Kyle Kacal, House District 12
Dale Lehman, Piper Jaffray
Russel Lenz, Associated General Contractors
Ben Medina, City of Rio Hondo
Rick Menchaca, BOSCO, Inc.

David Mendez
Todd Morgan
Tim Peterson, JP Morgan
Lee Pittman, International Paper
Ben J. Rosenberg, U.S. Capital Advisors
Benjamin Shields, TCEQ
Dalton Smith, Bank of America
Sara Whitaker, International Paper
Ryan Weiseman, State Senator Kevin Eltife's Office
Terra Willett, Chief of Staff, State Rep. Kyle Kacal, H.D. 12

Chairman Bradford thanked all in attendance at the meeting today. He welcomed State Representative Kyle Kacal and his Chief of Staff, Terra Willett, and Ryan Weiseman from the office of State Senator Kevin Eltife. He also introduced his wife, Leatrice Bradford, who accompanied him to the meeting today.

1. CONSIDER APPROVAL OF THE JUNE 20, 2013 BOARD MEETING MINUTES.

Mr. Rylander moved to approve the minutes; the motion was seconded by Mr. Vaughan; 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.

CONSENT

6. CONSIDER REQUESTING BY RESOLUTION, A PAYMENT FROM THE TEXAS WATER RESOURCES FINANCE AUTHORITY OF UP TO \$7,700,000 FOR FISCAL YEAR 2014. (Piper Montemayor)

7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF RIO GRANDE CITY (STARR COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,930,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Javier Pena)
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SAN ANTONIO RIVER AUTHORITY (BEXAR, WILSON, KARNES, AND GOLIAD COUNTIES)** FOR A LOAN IN THE AMOUNT OF \$4,300,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE A WATERSHED MASTER PLAN. (Dain Larsen)
9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SAN ANTONIO WATER SYSTEM**, ACTING ON THE BEHALF OF THE CITY OF SAN ANTONIO (**BEXAR COUNTY**), FOR A LOAN IN THE AMOUNT OF \$60,100,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Dain Larsen)
10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF HICO (HAMILTON COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$3,035,893, CONSISTING OF A \$1,520,000 LOAN AND \$1,515,893 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Dain Larsen)
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SAN ANTONIO WATER SYSTEM**, ACTING ON THE BEHALF OF THE CITY OF SAN ANTONIO (**BEXAR COUNTY**), FOR A LOAN IN THE AMOUNT OF \$26,370,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Dain Larsen)
12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **GREATER TEXOMA UTILITY AUTHORITY ON BEHALF OF THE CITY OF ECTOR (FANNIN COUNTY)** FOR A LOAN IN THE AMOUNT OF \$340,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Javier Pena)
13. CONSIDER APPROVING BY RESOLUTION, AN AMENDMENT OF TWDB RESOLUTION NO. 13-46 PURSUANT TO A REQUEST FROM THE **CITY OF WIMBERLEY (HAYS COUNTY)** FOR A CHANGE IN THE TYPE OF PROPOSED PUBLIC SECURITY OFFERED FOR FINANCIAL ASSISTANCE FROM THE CLEAN WATER STATE REVOLVING FUND FOR PLANNING AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (FINANCE COMMITTEE ITEM NO. 3) (Caaren Skrobarczyk)
14. CONSIDER APPROVING BY RESOLUTION, AN AMENDMENT OF TWDB RESOLUTION NO. 13-32 PURSUANT TO A REQUEST FROM THE **WHITE RIVER**

MUNICIPAL WATER DISTRICT (CROSBY COUNTY) TO: (A) AUTHORIZE USE OF THE TWDB'S FINANCIAL ASSISTANCE FOR CONSTRUCTION ACTIVITIES RELATED TO EMERGENCY WATER SYSTEM IMPROVEMENTS; AND (B) EXTEND THE TWDB'S COMMITMENT FOR TWO (2) MONTHS. (Luis Farias)

15. **CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE CITY OF EMORY (RAINS COUNTY) MADE IN TWDB RESOLUTION NO. 12-94 FOR SELECT PROJECT ELEMENTS AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,423,521 DRINKING WATER STATE REVOLVING FUND LOAN FOR SURFACE WATER TREATMENT PLANT IMPROVEMENTS. (Jennifer Kennedy)**
16. **CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE CITY OF SMYER (HOCKLEY COUNTY) MADE IN TWDB RESOLUTION NO. 13-14 FOR SELECT PROJECT ELEMENTS AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$369,767 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER ADSORPTION TREATMENT SYSTEM PROJECT. (Jennifer Kennedy)**
17. **CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE EASTLAND COUNTY WATER SUPPLY DISTRICT (EASTLAND COUNTY) MADE IN RESOLUTION NO. 11-15 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FROM THE \$11,650,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR DESIGN AND CONSTRUCTION OF A WATER SYSTEM IMPROVEMENTS PROJECT. (Kathy Calnan)**
18. **CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE BRAZOS RIVER AUTHORITY TO: (A) AMEND COVENANTS FOR WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2009, HELD BY THE TEXAS WATER DEVELOPMENT BOARD, TO DELETE CERTAIN REQUIREMENTS RELATING TO CONSULTING ENGINEER SERVICES; AND (B) AUTHORIZE THE EXECUTIVE ADMINISTRATOR TO TAKE ALL ACTIONS NECESSARY TO EFFECT THE TERMS OF THE AMENDED RESOLUTION. (Jim Bateman)**
19. **CONSIDER APPROVING THE FISCAL YEAR 2014 CONTRACT BETWEEN THE TEXAS WATER DEVELOPMENT BOARD AND THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR THE DRINKING WATER STATE REVOLVING FUND PROGRAM - SMALL SYSTEMS TECHNICAL ASSISTANCE AND PUBLIC WATER SYSTEM SUPERVISION SET-ASIDES. (Stacy Barna/Jessica Kohlrenken)**
20. **CONSIDER APPROVING: (A) AMENDMENT OF CURRENT 31 TAC SECTION 354.4 RELATING TO A MEMORANDUM OF UNDERSTANDING WITH THE TEXAS DEPARTMENT OF AGRICULTURE AS REQUIRED BY SB 1, 83RD LEG. R.S.; AND (B) ADOPTION OF THE AMENDED RULE IF THERE ARE NO SUBSTANTIVE PUBLIC COMMENTS. (Stacy Barna)**
21. **CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS FOR RESEARCH IN SUPPORT OF THE**

GROUNDWATER AVAILABILITY MODELING PROGRAM NO LATER THAN NOVEMBER 30, 2013; AND (B) TRANSFER UP TO \$540,135 FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. (Larry French)

22. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) EXECUTE A WATER QUALITY LAB SERVICES CONTRACT WITH THE LOWER COLORADO RIVER AUTHORITY IN FISCAL YEAR 2014 IN AN AMOUNT NOT TO EXCEED \$196,000; AND (B) TRANSFER UP TO \$100,000 FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. (Janie Hopkins)

Mr. McMahan moved to approve Board Consent Items Nos. 6-12 and 14-22. Mr. Cluck seconded; it passed unanimously.

REGULAR

13. CONSIDER APPROVING BY RESOLUTION, AN AMENDMENT OF TWDB RESOLUTION NO. 13-46 PURSUANT TO A REQUEST FROM THE CITY OF WIMBERLEY (HAYS COUNTY) FOR A CHANGE IN THE TYPE OF PROPOSED PUBLIC SECURITY OFFERED FOR FINANCIAL ASSISTANCE FROM THE CLEAN WATER STATE REVOLVING FUND FOR PLANNING AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (FINANCE COMMITTEE ITEM NO. 3) Caaren Skrobarczyk, Financial Analyst, presented this item.

Mr. Cluck moved to approve staff recommendation as proposed; the motion was seconded by Crutcher; it passed unanimously.

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

No action was taken on this item.

25. 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. State Representative, Kyle Kacal, also addressed the Board.

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

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

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

24. 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 Director, and Piper Montemayor, Debt & Portfolio Management, also addressed the Board.

No action was taken on this item.

27. 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.

28. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

The following persons made public comments:

Jerry Chapman, General Manager, Greater Texoma Utility Authority
Ben Medina, City Manager, City of Rio Hondo

29. 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.

10:44 a.m. – Recess into Executive Session.

11:00 a.m. – Reconvened in Open Session.

Ken Petersen, General Counsel, then presented this item for further discussion in Open Session. No action was taken.

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 items.

The meeting adjourned at 11:10 a.m.

APPROVED and ordered of record this, the 15th day of August, 2013.

TEXAS WATER DEVELOPMENT BOARD

Billy R. Bradford, Jr., Chairman

ATTEST:

Melanie Callahan,
Executive Administrator