

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
August 15, 2013

Chairman Billy R. Bradford, Jr. called to order the regular meeting of the Texas Water Development Board at 9:17 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: Renita Bankhead, Stacy Barna, Jim Bateman, Ben Benzaquen, Patricia Blanton, JoDawn Bomar, Joyce Bourenane, Kelly Burton, Melanie Callahan, David Carter, Donald Dawkins, Carla Daws, Jeff Dunsworth, Scot Foltz, Larry French, Monica Galuski, Maxine Gilford, Lisa Glenn, Rhonda Goike, Mark Hall, Dan Hardin, Ruben Hernandez, Nicki Hise, Amanda Jenami, Chris Jurgens, Sandy Kaiser, Jason Kemp, Jennifer Kennedy, Merry Klowner, Randy Lara, Darryl Lingens, Ryan Long, LeeRoy Lopez, Robert Mace, Jeremy Mazur, Dave Mitamura, Piper Montemayor, Brannon Morrison, Lauren Mulverhill, Ben Mungia, Darrell Nichols, Brenda O'Neill, Mike Parcher, Ken Petersen, Samantha Pollard, Debbie Ramirez, Nancy Richards, Steve Rodriguez, Robert Sahn, Joel Smith, Ruben Solis, Rebecca Trevino, Jeff Walker, David Yeager, and Jessica Zuba.

The following individuals were present:

Andy Bynam, Mesirow Financial	Tom Liu, Bank of America
Ken, Kenni, Billie, & Taylor Callahan	Bill Madden
Lisa Daniel, Public Financial Management	Nancy Marstiller
Kim Edwards, Piper Jaffray	Art Morales, BOSCO, Inc.
Mark Ellis, Jefferies	Tilman Naylor, Jefferies
Daniel Esparza, State Senator Eddie Lucio's Office	Lorraine Palacios, Ramirez & Co.
Bryan Farney	Tim Peterson, JP Morgan
Darrell Farr, State Senator Eddie Lucio's Office	Robin Redford, Ramirez & Co.
Perry Fowler, Fowler Group	Keith Richard, Morgan Stanley
Jose Gaytan, Bank of Texas	Ben J. Rosenberg, U.S. Capital Advisors
Jeff Heckler, Hays County Public Utility Authority	Jill Savory
Conor Kenny, Chief of Staff for State Representative Lon Burnam	Patrick Scott, Barclays
Keith Kindle, Hibbs & Todd Inc.	Benjamin Shields, Texas Commission on Environmental Quality
Jerry Kyle Jr., Andrews Kurth	Dalton Smith, Bank of America
Dale Lehman, Piper Jaffray	Peter Stare, First Southwest
	Eva Steinle-Darling, Carollo Engineers
	Barron Wallace, Bracewell & Guiliani

Chairman Bradford recognized Darrell Farr from State Senator Eddie Lucio's Office, who presented gavels to Chairman Bradford and Melanie Callahan, Executive Administrator, on behalf

of the Senator in appreciation for their service to the Texas Water Development Board and State of Texas.

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

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

2. ADOPTION OF A RESOLUTION OF APPRECIATION TO MELANIE CALLAHAN FOR HER YEARS OF PUBLIC SERVICE AND HER SUPPORT OF THE TEXAS WATER DEVELOPMENT BOARD.

Mr. Vaughan moved to adopt the resolution; the motion was seconded by Mr. Rylander; it passed unanimously.

3. PRESENTATION OF CERTIFICATES OF APPRECIATION TO THE MEMBERS OF THE TEXAS WATER DEVELOPMENT BOARD FOR THEIR PUBLIC SERVICE TO THE PEOPLE OF THE STATE OF TEXAS. Melanie Callahan, Executive Administrator, presented this item.

Each Board member gave a statement of appreciation.

Chairman Bradford introduced Bill Madden, former Chairman of the Texas Water Development Board, who addressed the Board.

REPORTS

4. 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)

5. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. (Jeff Walker)

6. REPORT ON THE ACTIVITIES AND PERFORMANCE OF THE TEXAS WATER DEVELOPMENT BOARD UNDERWRITING TEAM DURING FISCAL YEAR 2013. (Monica Galuski, Debt & Portfolio Management)

7. REPORT ON PREPAYMENTS AND RELATED DEBT ACTIVITIES DURING FISCAL YEAR 2013. (Benjamin Benzaquen, Debt & Portfolio Management)

8. REPORT ON DEBT RELATED SERVICE PROVIDER CONTRACTS DURING FISCAL YEAR 2013. (Piper Montemayor, Debt & Portfolio Management)

9. REPORT ON ACTIVITIES RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM (EDAP), INCLUDING THE EDAP STATUS REPORT. (Mireya Loewe, Project Oversight)

Chairman Bradford announced that Items 4-9 are reports that have been submitted to the Board

but are not posted for discussion or action.

CONSENT

10. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN AMENDED INTERAGENCY CONTRACT WITH THE DEPARTMENT OF INFORMATION RESOURCES FOR DATA CENTER SERVICES TO SPECIFY A MAXIMUM COST AND TO AUTHORIZE THE PURCHASE OF CLOUD SERVICES. (Darryl Lindgens)
11. CONSIDER APPROVING BY RESOLUTION, THE ESTABLISHMENT OF A NEW TAX-EXEMPT LENDING RATE SCALE FOR THE DEVELOPMENT FUND II PROGRAM. (FINANCE COMMITTEE ITEM NO. 3) (Monica Galuski)
12. CONSIDER APPROVING BY RESOLUTION: (A) THE TRANSFER OF FUNDS FROM THE WATER FINANCIAL ASSISTANCE ACCOUNT OF THE WATER DEVELOPMENT FUND II TO THE CLEAN WATER STATE REVOLVING FUND TO MEET STATE MATCH REQUIREMENTS FOR THE FEDERAL FISCAL YEAR 2013 FEDERAL GRANT; AND (B) THE REPAYMENT OF THE MATCH. (FINANCE COMMITTEE ITEM NO. 5) (Brannon Morrison)
13. CONSIDER APPROVING BY RESOLUTION: (A) THE TRANSFER OF FUNDS FROM THE WATER FINANCIAL ASSISTANCE ACCOUNT OF THE WATER DEVELOPMENT FUND II TO THE DRINKING WATER STATE REVOLVING FUND TO MEET STATE MATCH REQUIREMENTS FOR THE FEDERAL FISCAL YEAR 2013 FEDERAL GRANT; AND (B) THE REPAYMENT OF THE MATCH. (FINANCE COMMITTEE ITEM NO. 6) (Brannon Morrison)
14. CONSIDER APPROVING A RESOLUTION DELEGATING TO THE EXECUTIVE ADMINISTRATOR AUTHORITY TO UTILIZE PREPAYMENTS TO DEFEASE CLEAN WATER STATE REVOLVING FUND BONDS. (FINANCE COMMITTEE ITEM NO. 7) (Benjamin Benzaquen)
15. CONSIDER APPROVING A RESOLUTION DELEGATING TO THE EXECUTIVE ADMINISTRATOR AUTHORITY TO UTILIZE PREPAYMENTS TO DEFEASE GENERAL OBLIGATION BONDS. (FINANCE COMMITTEE ITEM NO. 8) (Benjamin Benzaquen)
16. CONSIDER APPROVING A RESOLUTION AUTHORIZING THE USE OF EXCESS INTEREST REPAYMENTS TO ACCELERATE THE REPAYMENT OF STATE REVOLVING FUND MATCH DEBT. (FINANCE COMMITTEE ITEM NO. 9) (Benjamin Benzaquen)
17. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF WOODLOCH (MONTGOMERY COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$427,613, CONSISTING OF A \$130,000 LOAN AND \$297,613 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE PLANNING AND DESIGN OF WASTEWATER SYSTEM IMPROVEMENTS. (Jessica Zuba)

18. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **MARION J. SMITH DBA SMITH MANAGEMENT SERVICES-COX ADDITION (LUBBOCK COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$128,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Javier Pena)
19. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **MARION J. SMITH DBA SMITH MANAGEMENT SERVICES-PLOTT ACRES (LUBBOCK COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$148,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Javier Pena)
20. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **MARION J. SMITH DBA SMITH MANAGEMENT SERVICES-TOWN NORTH VILLAGE (LUBBOCK COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$200,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Javier Pena)
21. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF FALFURRIAS (BROOKS COUNTY)** FOR: (A) A THREE-MONTH EXTENSION OF THE \$385,000 LOAN COMMITMENT FROM THE CLEAN WATER STATE REVOLVING FUND THROUGH TWDB RESOLUTION NO. 13-22, TO FINANCE PLANNING AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS; AND (B) A CHANGE IN PLEDGE. (Dain Larsen)
22. CONSIDER APPROVING BY RESOLUTION, AN AMENDMENT TO TWDB RESOLUTION NO. 13-75, WHICH MAKES A COMMITMENT TO THE **SAN ANTONIO WATER SYSTEM**, ACTING ON 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. (Dain Larsen)
23. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO **JJM DEVELOPMENT, INC. DBA VALLEY ACRES MOBILE HOME PARK (EL PASO COUNTY)** MADE IN TWDB RESOLUTION NO. 13-67 FOR SELECT PROJECT ELEMENTS AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$50,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR THE INSTALLATION OF AN ARSENIC TREATMENT SYSTEM. (Jennifer Kennedy)
24. CONSIDER: (A) AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE A CONTRACT WITH THE STATE OFFICE OF ADMINISTRATIVE HEARINGS IN AN AMOUNT NOT TO EXCEED \$15,000 FOR MEDIATION SERVICES IN SUPPORT OF CONFLICT RESOLUTION BETWEEN REGIONS AND C AND D; (B) INCREASING THE REGION C AND REGION D REGIONAL WATER PLANNING

CONTRACTS FOR ADMINISTRATIVE COSTS ASSOCIATED WITH CONDUCTING PUBLIC HEARINGS AND OTHER COSTS OF MEDIATION IN A TOTAL AMOUNT NOT TO EXCEED \$17,000; AND (C) TRANSFERRING AN AMOUNT NOT TO EXCEED \$32,000 FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. (Matt Nelson)

25. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE A CONTRACT ON OR BEFORE NOVEMBER 22, 2013, NOT TO EXCEED A TOTAL AMOUNT OF \$300,000 FOR SOLICITED RESEARCH ON THE FISCAL YEAR 2013 PRIORITY RESEARCH TOPICS; AND (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. (Robert Mace)
26. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE PAYABLE AND RECEIVABLE CONTRACTS IN A TOTAL AMOUNT NOT TO EXCEED \$1,062,745 (\$639,400 FROM THE TEXAS WATER DEVELOPMENT BOARD) FOR CONTINUATION OF THE WATER RESOURCES INVESTIGATIONS DATA COLLECTION PROGRAM WITH THE U. S. GEOLOGICAL SURVEY FOR FISCAL YEAR 2014; AND (B) AMEND THE CONTRACTS IN A TOTAL AMOUNT NOT TO EXCEED \$100,000 IF ADDITIONAL FUNDS BECOME AVAILABLE. (Mark Wentzel)
27. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE RESEARCH CONTRACTS IN A TOTAL AMOUNT NOT TO EXCEED \$546,675 ON OR BEFORE AUGUST 31, 2014, FROM THE RESEARCH AND PLANNING FUND FOR FISCAL YEAR 2013 AND 2014 FOR ENVIRONMENTAL STUDIES OF TEXAS STREAMS, RIVERS, BAYS, AND ESTUARIES; AND (B) TRANSFER \$471,140 FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND AFTER SEPTEMBER 1, 2013. (Ruben Solis)
28. BRIEFING ON THE HYDROGRAPHIC SURVEY PROGRAM. (Jason Kemp)
29. CONSIDER AUTHORIZING PUBLICATION OF NOTICE OF RE-ADOPTION OF 31 TEXAS ADMINISTRATIVE CODE CHAPTERS 353, 359, 363, 364, AND 367 PURSUANT TO RULE REVIEW. (Jim Bateman)

Mr. Vaughan moved to approve Board Consent Items Nos. 10-29. Mr. Cluck seconded; it passed unanimously.

REGULAR

30. BRIEFING AND DISCUSSION ON TEXAS WATER DEVELOPMENT BOARD FINANCING PROGRAMS. Melanie Callahan, Executive Administrator, presented this item.

No action was taken on this item.

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

No action was taken on this item.

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

No action was taken on this item.

33. BRIEFING, DISCUSSION, AND CONSIDER APPROVING THE STATE FISCAL YEAR 2014 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN. Stacy Barna, Project Development, presented this item.

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

34. BRIEFING, DISCUSSION, AND CONSIDER APPROVING THE STATE FISCAL YEAR 2014 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN. Stacy Barna, Project Development, presented this item.

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

35. CONSIDER APPOINTMENT OF MEMBERS FOR THE WATER CONSERVATION ADVISORY COUNCIL. Robert Mace, Water Science & Conservation, presented this item.

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

36. BRIEFING AND DISCUSSION ON DROUGHT CONDITIONS IN THE STATE OF TEXAS. Mark Wentzel, Water Science & Conservation, presented this item.

No action was taken on this item.

37. DISCUSSION AND APPOINTMENT OF INTERIM EXECUTIVE ADMINISTRATOR.

Mr. Vaughan moved to appoint Robert E. Mace as Interim Executive Administrator to serve from August 16, 2013 through August 31, 2013; Mr. McMahan seconded; it passed unanimously.

38. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

39. 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 10:45 a.m.

APPROVED and ordered of record this, the 19th day of September, 2013.

TEXAS WATER DEVELOPMENT BOARD

_____, Chairman

ATTEST:

_____,
Executive Administrator

The Minutes of the August 15, 2013 Board meeting are unsigned. They were not approved prior to the expiration of the terms of all of the board members.