

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
February 25, 2015

Chairman Carlos Rubinstein called to order the meeting of the Texas Water Development Board at 9:30 a.m. in Room 170 of the Stephen F. Austin Building, 1700 N. Congress Avenue, Austin, Texas. In addition to Chairman Rubinstein, Directors Kathleen Jackson and Bech Bruun were also in attendance, and a quorum was present.

The General Counsel announced the first item for consideration:

1. DISCUSSION REGARDING OUTREACH EFFORTS AND ACTIVITIES BY THE BOARD.

No action was taken on this item.

2. CONSIDERATION AND ACKNOWLEDGEMENT OF MATERIAL CHANGES TO CONTRACTS FOR GOODS AND SERVICES AWARDED UNDER CHAPTER 2155 OF THE TEXAS GOVERNMENT CODE EXECUTED DURING THE FIRST QUARTER OF FISCAL YEAR 2015. David Carter, Operations and Administration, presented this item.

Director Jackson moved to approve the issuance of the Resolution acknowledging material changes to contracts for goods and services awarded under Chapter 2155 of the Texas Government Code executed during the first quarter of fiscal year 2015.

The motion was seconded by Director Bruun; it passed unanimously.

3. BRIEFING AND DISCUSSION ON THE BOND SALE RESULTS FOR STATE OF TEXAS, GENERAL OBLIGATION WATER FINANCIAL ASSISTANCE REFUNDING BONDS SERIES 2015A (\$33,045,000), 2015B TAXABLE (\$69,985,000) AND 2015C ECONOMICALLY DISTRESSED AREAS PROGRAM (\$16,915,000). Amanda Landry, Chief Financial Officer, presented this item. Anne Burger Entekin, First Southwest, and Keith Richard and Blaine Brunson, Morgan Stanley, also addressed the Board.

No action was taken on this item.

4. CONSIDER APPROVING BY RESOLUTION: (A) THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, GENERAL OBLIGATION WATER FINANCIAL ASSISTANCE BONDS, SERIES 2015D TO FUND THE COMMITMENT TO THE LOWER COLORADO RIVER AUTHORITY IN A PRINCIPAL AMOUNT NOT TO EXCEED \$255,000,000; (B) A PRELIMINARY OFFICIAL STATEMENT; (C) AUTHORIZATION FOR 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; AND (D) AMENDING BOARD RESOLUTION 14-72 TO INCREASE THE COMMITMENT MADE BY THE BOARD TO LCRA TO \$255,000,000 TO ENSURE CONSISTENCY WITH THE

BOARD'S BOND ISSUANCE. Amanda Landry, Chief Financial Officer, presented this item.

Director Bruun moved to:

Amend Board Resolution 14-72 to increase the commitment made by the Board to LCRA to \$255,000,000 to ensure consistency with the Board's bond issuance, and to revise Standard Condition Number 4 to read as follows:

“The Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, at a redemption price of par, together with accrued interest to the date fixed for redemption.”;

Adopt the proposed Resolution authorizing the issuance, sale and delivery of State of Texas, General Obligation Water Financial Assistance Bonds, Series 2015D to fund the commitment to the Lower Colorado River Authority in a principal amount not to exceed \$255,000,000;

Approve the proposed Preliminary Official Statement to be used in the marketing of the bonds; and

Authorize 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.

The motion was seconded by Director Jackson; it passed unanimously.

5. CONSIDER A REVISION OF THE NOT TO EXCEED AGGREGATE PRINCIPAL ESTABLISHED AT THE JANUARY 29, 2015 BOARD MEETING TO \$110,000,000 DUE TO CHANGES IN THE PLAN OF FINANCE, AND APPROVE BY RESOLUTION THE FOLLOWING: (A) THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, GENERAL OBLIGATION WATER FINANCIAL ASSISTANCE BONDS, SERIES 2015E (ECONOMICALLY DISTRESSED AREAS PROGRAM), 2015F, AND 2015G (TAXABLE) IN ONE OR MORE SERIES IN A PRINCIPAL AMOUNT NOT TO EXCEED \$110,000,000; (B) A PRELIMINARY OFFICIAL STATEMENT; AND (C) AUTHORIZATION FOR 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. Byron Johnson, Director, Debt & Portfolio Management, presented this item.

Director Jackson moved to:

Revise the “not-to-exceed” aggregate principal established at the January 29, 2015 board meeting to \$110,000,000 due to changes in the plan of finance;

Adopt the proposed Resolution authorizing the issuance, sale and delivery of State of Texas, General Obligation Water Financial Assistance Bonds, Series 2015E, 2015F, and 2015G in one or more series in a principal amount not to exceed \$110,000,000;

Approve the proposed Preliminary Official Statement to be used in the marketing of the bonds; and

Authorize 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.

The motion was seconded by Director Bruun; it passed unanimously.

6. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE BAYLOR WATER SUPPLY CORPORATION (BAYLOR, KNOX, ARCHER, THROCKMORTON, YOUNG COUNTIES) FOR \$500,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE PLANNING, DESIGN AND CONSTRUCTION OF THE BUFKIN WELL FIELD TO ADDRESS AN URGENT NEED RELATED TO DROUGHT. Brenner Brown, Water Supply and Infrastructure, presented this item.

Director Bruun moved to adopt the proposed resolution providing the Baylor Water Supply Corporation financial assistance from the Drinking Water State Revolving Fund to finance the planning, design and construction of the Bufkin well field to address an urgent need related to drought, as recommended by the Executive Administrator.

The motion was seconded by Director Jackson; it passed unanimously.

7. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CENTRAL TEXAS WATER SUPPLY CORPORATION (BELL, BURNET, CORYELL, FALLS, LAMPASAS, MILAM, AND WILLIAMSON COUNTIES) FOR A \$5,000,000 LOAN FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE THE PLANNING, ACQUISITION, DESIGN AND CONSTRUCTION OF A WATER PLANT EXPANSION AND NEW WATER WELLS; AND A WAIVER OF THE REQUIREMENT FOR CONSISTENCY WITH THE REGIONAL AND STATE WATER PLAN. Brenner Brown, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed resolution providing the Central Texas Water Supply Corporation financial assistance from the Texas Water Development Fund to finance the planning, acquisition, design and construction of a water plant expansion and new water wells; and a waiver of the requirement for consistency with the Regional and State Water Plan, as recommended by the Executive Administrator.

The motion was seconded by Director Bruun; it passed unanimously.

8. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF MALONE (HILL COUNTY) FOR \$179,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE PLANNING, DESIGN, AND CONSTRUCTION OF WATER METER REPLACEMENT. Brenner Brown, Water Supply and Infrastructure, presented this item.

Director Bruun moved to adopt the proposed Resolution providing the City of Malone

financial assistance from the Drinking Water State Revolving Fund to finance the planning, design, and construction of water meter replacement, as recommended by the Executive Administrator.

The motion was seconded by Director Jackson; it passed unanimously.

Chairman Rubinstein recognized the following individuals attending the meeting today: James King, State Representative Molly White's Office and Mark Smith, Texas Water Infrastructure Network.

9. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF SAN MARCOS (HAYS, CALDWELL, GUADALUPE, AND COMAL COUNTIES) FOR FINANCIAL ASSISTANCE TOTALING \$4,617,955 CONSISTING OF A \$4,275,000 LOAN AND \$342,955 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE THE CONSTRUCTION OF WASTEWATER SYSTEM IMPROVEMENTS AS PART OF ITS SANITARY SEWER OVERFLOW INITIATIVE. Clay Schultz, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed Resolution providing the City of San Marcos financial assistance from the Clean Water State Revolving Fund to finance the construction of wastewater system improvements as part of its sanitary sewer overflow initiative, as recommended by the Executive Administrator.

The motion was seconded by Director Bruun; it passed unanimously.

10. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50 (HARRIS COUNTY) FOR A \$2,460,000 LOAN FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE THE PLANNING, DESIGN, AND CONSTRUCTION OF SANITARY SEWER LINE REPAIRS AND A NEW WASTEWATER TREATMENT PLANT. Nancy Richards, Water Supply and Infrastructure, presented this item.

Director Bruun moved to adopt the proposed Resolution providing the Harris County Municipal Utility District No. 50 financial assistance from the Clean Water State Revolving Fund to finance the planning, design, and construction of sanitary sewer line repairs and a new wastewater treatment plant, as recommended by the Executive Administrator.

The motion was seconded by Director Jackson; it passed unanimously.

11. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF REKLAW (CHEROKEE AND RUSK COUNTIES) FOR FUNDING IN THE AMOUNT OF \$1,050,000 CONSISTING OF A \$850,000 LOAN AND \$200,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE CONSTRUCTION COSTS RELATING TO WATER SYSTEM IMPROVEMENTS INCLUDING A NEW WATER WELL, PUMPING, AND STORAGE FACILITIES. Nancy Richards, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed Resolution providing the City of Reklaw financial assistance from the Drinking Water State Revolving Fund to finance the construction costs relating to water system improvements including a new water well, pumping, and storage facilities, as recommended by the Executive Administrator.

The motion was seconded by Director Bruun; it passed unanimously.

12. BRIEFING AND DISCUSSION ON THE 2017 STATE WATER PLAN. Matt Nelson, Water Use, Projections, & Planning, presented this item. Anne Marie Dorsa also addressed the Board.

No action was taken on this item.

13. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO AMEND THE AGRICULTURAL WATER CONSERVATION GRANT CONTRACT WITH TEXAS TECH UNIVERSITY TO INCLUDE AN ADDITIONAL AMOUNT NOT TO EXCEED \$1.8 MILLION FROM THE AGRICULTURAL WATER CONSERVATION FUND. Mindy Conyers, Water Science and Conservation, presented this item. Chuck West, Texas Tech University, and Rick Kellison, Texas Alliance for Water Conservation, also addressed the Board.

Director Bruun moved to authorize the Executive Administrator to amend the Agricultural Water Conservation Grant Contract with Texas Tech University to include an additional amount not to exceed \$1.8 million from the Agricultural Water Conservation Fund.

The motion was seconded by Director Jackson and Chairman Rubinstein; it passed unanimously.

14. BRIEFING AND DISCUSSION ON U.S. BUREAU OF RECLAMATION'S COLLABORATIVE ACTIVITIES WITH THE TEXAS WATER DEVELOPMENT BOARD. Sanjeev Kalaswad, Water Science and Conservation, presented this item. Collins Balcombe, U. S. Bureau of Reclamation, also addressed the Board.

No action was taken on this item.

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

No action was taken on this item.

16. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

Public comments were received from Stephen Box, Executive Director, Environmental Stewardship.

17. THE BOARD MAY CONDUCT A CLOSED MEETING TO RECEIVE LEGAL ADVICE

AND DISCUSS PENDING OR CONTEMPLATED LITIGATION, SETTLEMENT OFFERS, AND/OR THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE OR DISMISSAL OF SPECIFIC BOARD EMPLOYEES, INCLUDING THE EXECUTIVE ADMINISTRATOR AND GENERAL COUNSEL, AS PERMITTED BY SECTIONS 551.071 AND 551.074, THE TEXAS OPEN MEETINGS ACT, CODIFIED AS CHAPTER 551 OF THE TEXAS GOVERNMENT CODE. THE BOARD MAY ALSO MEET IN OPEN MEETING TO TAKE ACTION ON LEGAL OR PERSONNEL MATTERS CONSIDERED IN THE CLOSED MEETING AS REQUIRED BY SECTION 551.103 OF THE OPEN MEETINGS ACT, CHAPTER 551 OF THE GOVERNMENT CODE.

The Board did not meet in closed session.

Chairman Rubinstein adjourned the meeting at 11:54 a.m.

APPROVED and ordered of record this, the 25th day of February, 2015.

TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson,
Executive Administrator