

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
July 21, 2016 – 9:30 A.M.

Chairman Bech K. Bruun 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 Bruun, Directors Kathleen Jackson and Peter Lake 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. CONSIDER APPROVING BY RESOLUTION: (A) THE ISSUANCE OF TEXAS WATER DEVELOPMENT BOARD STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, SERIES 2016; (B) THE EXECUTION OF THE BOND INDENTURE; (C) THE EXECUTION OF THE 2016 STATE WATER IMPLEMENTATION FUND FOR TEXAS FUNDS TRANSFER AGREEMENT; (D) THE PRELIMINARY OFFICIAL STATEMENT; (E) THE UNDERWRITING SYNDICATE; AND (F) THE AUTHORIZATION OF THE EXECUTIVE ADMINISTRATOR, THE DEVELOPMENT FUND MANAGER, AND THE CHIEF FINANCIAL OFFICER TO ACT ON BEHALF OF THE TEXAS WATER DEVELOPMENT BOARD IN THE SALE AND DELIVERY OF THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS ISSUANCE. David Duran, Debt and Portfolio Management, presented this item.

Director Jackson moved to adopt the proposed Resolution, which includes the approval of the following:

the issuance of Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2016 in an aggregate principal amount not to exceed \$850,000,000;

the execution of the 2016 Bond Indenture;

the execution of the 2016 State Water Implementation Fund for Texas Funds Transfer Agreement;

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

the authorization of the Executive Administrator, the Development Fund Manager, and the

Chief Financial Officer to act on behalf of the Texas Water Development Board in the sale and delivery of the State Water Implementation Revenue Fund for Texas Revenue Bonds issuances, and to make non-material changes to the bond documents to effectuate the intent of the Board; and

approval of the following underwriting firms to serve as co-managers for the bond sale:

- BOSC, Inc.
- Citigroup Global Markets Inc.
- Coastal Securities
- Mesirov Financial
- Morgan Stanley & Co.
- Ramirez & Co.
- RBC Capital Markets and
- SAMCO Capital Markets.

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

3. OVERVIEW OF THE 2016 STATE WATER IMPLEMENTATION FUND FOR TEXAS FINANCIAL ASSISTANCE PROGRAM. Jessica Zuba, Water Supply and Infrastructure, presented this item.

No action was taken on this item.

4. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF WACO (MCLENNAN COUNTY) FOR A \$12,000,000 LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE CONSTRUCTION OF A METER REPLACEMENT PROJECT. Caaren Skrobarczyk, Water Supply and Infrastructure, presented this item. Dale Fisseler, City Manager, City of Waco, also addressed the Board. The Board also received letters of support from State Representative Charles "Doc" Anderson and from the Greater Waco Chamber of Commerce.

Director Lake moved to adopt the proposed Resolution providing the City of Waco financial assistance in a low interest loan from the State Water Implementation Revenue Fund for Texas to finance the construction of a meter replacement project, as recommended by the Executive Administrator.

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

5. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF BRYAN (BRAZOS COUNTY) FOR AN \$18,000,000 MULTI-YEAR, LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE PLANNING, DESIGN, ACQUISITION AND CONSTRUCTION OF AN AQUIFER STORAGE AND RECOVERY PROJECT. Caaren Skrobarczyk, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed Resolution providing the City of Bryan financial assistance in a multi-year, low interest loan from the State Water Implementation Revenue Fund for Texas to finance the planning, design, acquisition and construction of an Aquifer Storage and Recovery Project, as recommended by our Executive Administrator.

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

6. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD (EL PASO COUNTY) FOR A \$150,000,000 MULTI-YEAR, LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE LAND AND WATER RIGHTS ACQUISITION. Lee Huntoon, Water Supply and Infrastructure, presented this item.

Director Lake moved to adopt the proposed Resolution providing the El Paso Water Utilities Public Service Board financial assistance in a multi-year, low interest loan from the State Water Implementation Revenue Fund for Texas to finance land and water rights acquisition, 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 CITY OF KELLER (TARRANT COUNTY) FOR A \$12,180,000 MULTI-YEAR, LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE DESIGN AND CONSTRUCTION OF WATER IMPROVEMENTS TO THE DISTRIBUTION SYSTEM. Luis Farias, Water Supply and Infrastructure, presented this item. The Board members received a letter of support from State Representative Giovanni Capriglione.

Director Jackson moved to adopt the proposed Resolution providing the City of Keller financial assistance in a multi-year, low interest loan from the State Water Implementation Revenue Fund for Texas to finance the design and construction of water improvements to the distribution system, as recommended by our Executive Administrator.

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

8. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1 (DENTON AND TARRANT COUNTIES) FOR A \$4,635,000 LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE ACQUISITION, DESIGN, AND CONSTRUCTION OF A WATER TRANSMISSION PIPELINE. Luis Farias, Water Supply and Infrastructure, presented this item.

Director Lake moved to adopt the proposed Resolution providing the Trophy Club Municipal Utility District No. 1 financial assistance in a low interest loan from the State Water

Implementation Revenue Fund for Texas to finance the acquisition, design, and construction of a water transmission pipeline, as recommended by the Executive Administrator.

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

9. CONSIDER APPROVING BY RESOLUTIONS A REQUEST FROM THE CITY OF AUSTIN (TRAVIS COUNTY) FOR \$167,175,000 MULTI-YEAR, LOW-INTEREST LOAN COMMITMENTS FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE PLANNING, DESIGN AND CONSTRUCTION OF AN ADVANCED METERING INFRASTRUCTURE PROJECT AND EXPANSION AND ENHANCEMENT OF ITS RECLAIMED WATER SYSTEM, AND A REQUEST FOR A WAIVER FROM THE REQUIREMENT TO INCLUDE FUNDS TO MITIGATE WATER LOSS AS PART OF PROJECT NUMBER 51041. Clay Schultz, Water Supply and Infrastructure, presented this item. Rich Coronado and Chris Chen, Austin Water, also addressed the Board. Heather Cooke, Legislative Coordinator, Austin Water, registered her opinion in favor of this item.

Director Jackson moved to adopt the proposed Resolutions providing the City of Austin financial assistance in multi-year, low interest loans from the State Water Implementation Revenue Fund for Texas to finance the planning, design and construction of an advanced metering infrastructure project and expansion and enhancement of its reclaimed water system, and a waiver from the requirement to include funds to mitigate water loss as part of project number 51041, as recommended by the Executive Administrator.

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

10. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE SCHERTZ/SEGUIN LOCAL GOVERNMENT CORPORATION (COUNTIES OF BEXAR, GUADALUPE, AND COMAL) FOR \$66,500,000 IN FINANCIAL ASSISTANCE CONSISTING OF A \$43,670,000 LOW INTEREST LOAN COMMITMENT AND A \$22,830,000 BOARD PARTICIPATION COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE PLANNING, ACQUISITION, DESIGN AND CONSTRUCTION PHASES OF A REGIONAL WATER SUPPLY PROJECT AND TRANSMISSION PIPELINE. Clay Schultz, Water Supply and Infrastructure, presented this item.

Director Lake moved to adopt the proposed Resolution providing the Schertz/Seguin Local Government Corporation financial assistance in a low interest loan and board participation from the State Water Implementation Revenue Fund for Texas to finance the planning, acquisition, design and construction phases of a regional water supply project and transmission pipeline, as recommended by the Executive Administrator.

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

11. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (HARRIS COUNTY) TO AMEND TEXAS

WATER DEVELOPMENT BOARD RESOLUTION NO. 15-077 TO AUTHORIZE A \$225,675,000 INCREASE IN FINANCIAL ASSISTANCE FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS FOR COSTS RELATED TO THE INTERNAL DISTRIBUTION EXPANSION AND THE SECOND SOURCE TRANSMISSION LINES PHASE I PROJECTS. Nancy Richards, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed Resolution amending Resolution No. 15-077 to increase financial assistance from the State Water Implementation Revenue Fund for Texas to the North Harris County Regional Water Authority for costs related to the Internal Distribution Expansion and the Second Source Transmission Lines Phase I projects, as recommended by our Executive Administrator.

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

12. CONSIDER AMENDING BY RESOLUTION THE PREVIOUSLY ADOPTED TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 15-076, AS AMENDED BY BOARD RESOLUTION NO. 15-130, TO ACCOMPLISH THE FOLLOWING: 1) REFLECT A PLEDGE OF A SUBORDINATE LIEN ON THE CITY OF HOUSTON'S COMBINED UTILITY SYSTEM GENERAL PURPOSE FUND REVENUES FOR THE REMAINING COMMITMENT OF \$270,210,000 SWIFT FUNDING FOR THE CITY, 2) MODIFY THE CITY'S ANNUAL LOAN CLOSING SCHEDULE WHICH INCLUDES MOVING FUNDS FORWARD IN TIME AS WELL AS MOVING FUNDS AMONG THE CITY'S SWIFT PROJECTS, AND 3) DELEGATE TO THE EXECUTIVE ADMINISTRATOR, THE AUTHORITY TO APPROVE THE MOVEMENT OF FUNDS AMONG THE CITY'S SWIFT PROJECTS. Nancy Richards, Water Supply and Infrastructure, presented this item.

Director Lake moved to adopt the proposed Resolution amending Board Resolution Number 15-076, as amended by Resolution Number 15-130, to reflect a pledge of a subordinate lien on the City of Houston's Combined Utility System General Purpose Fund revenues for the remaining committed SWIFT funding for the City and to modify the City's Annual Loan Closing Schedule which includes moving funds forward in time as well as moving funds among the City's SWIFT projects, as recommended by the Executive Administrator; and to delegate to the Executive Administrator the authority to approve the movement of funds among the City's SWIFT projects.

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

13. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY (HARRIS COUNTY) FOR A \$12,585,000 MULTI-YEAR, LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE TRANSMISSION AND DISTRIBUTION EXPANSION; AND TO AMEND TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 15-078 AUTHORIZING A \$2,905,000 INCREASE IN FINANCIAL ASSISTANCE FROM THE STATE WATER

IMPLEMENTATION REVENUE FUND FOR TEXAS FOR COSTS RELATED TO THE SECOND SOURCE TRANSMISSION LINES PHASE I PROJECT. Nancy Richards, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed Resolution providing the Central Harris County Regional Water Authority financial assistance in a multi-year, low interest loan from the State Water Implementation Revenue Fund for Texas to finance the Transmission and Distribution Expansion; and to amend Board Resolution Number 15-078 to increase financial assistance from the SWIRFT for costs related to the Second Source Transmission Lines Phase I project, as recommended by our Executive Administrator.

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

14. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF BEEVILLE (BEE COUNTY) FOR A \$4,500,000 LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE CONSTRUCTION OF A NEW WELL FIELD AT CHASE FIELD. Mireya Loewe, Water Supply and Infrastructure, presented this item. Jack Hamlett, City Manager, City of Beeville, also addressed the Board. Stephanie Cecil, Project Manager, Freese and Nichols, Inc., registered her opinion in favor of this item.

Director Lake moved to adopt the proposed Resolution providing the City of Beeville financial assistance in a low interest loan from the State Water Implementation Revenue Fund for Texas to finance the construction of a new well field at Chase Field, as recommended by the Executive Administrator.

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

15. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE SABINE RIVER AUTHORITY (ORANGE AND NEWTON COUNTIES) FOR A \$75,000,000 MULTI-YEAR, LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE PLANNING, ACQUISITION, DESIGN, AND CONSTRUCTION OF A NEW RAW WATER PUMP STATION ALONG THE SABINE RIVER. Mireya Loewe, Water Supply and Infrastructure, presented this item. David Montagne, General Manager, Sabine River Authority, also addressed the Board. Travis Williams, Sabine River Authority, registered his support in favor of this item.

Director Jackson moved to adopt the proposed Resolution providing the Sabine River Authority financial assistance in a multi-year, low interest loan from the State Water Implementation Revenue Fund for Texas to finance the planning, acquisition, design, and construction of a new raw water pump station along the Sabine River, as recommended by our Executive Administrator.

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

16. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE UNITED IRRIGATION DISTRICT (HIDALGO COUNTY) FOR AN \$8,100,000 LOW INTEREST LOAN COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS TO FINANCE THE PLANNING, ACQUISITION, DESIGN, AND CONSTRUCTION OF AN OFF-CHANNEL STORAGE FACILITY. Mireya Loewe, Water Supply and Infrastructure, presented this item.

Director Lake moved to adopt the proposed Resolution providing the United Irrigation District financial assistance in a low interest loan from the State Water Implementation Revenue Fund for Texas to finance the planning, acquisition, design, and construction of an off-channel storage facility, as recommended by the Executive Administrator.

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

17. CONSIDER APPOINTING A MEMBER TO THE WATER CONSERVATION ADVISORY COUNCIL. Mindy Conyers, Water Science and Conservation, presented this item.

Director Jackson moved to appoint Aubrey Spear to represent regional water planning groups on the Water Conservation Advisory Council, with a term to expire on August 31, 2021.

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

18. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE EIGHT CONTRACTS IN A TOTAL AMOUNT NOT TO EXCEED \$745,000 ON OR BEFORE FEBRUARY 1, 2017, FOR ENVIRONMENTAL FLOW STUDIES IN THE BRAZOS, COLORADO AND LAVACA, AND NUECES BASIN AND BAY AREAS AND TO REDIRECT \$55,000 IN FUNDING TO THE PURCHASE OF WATER QUALITY INSTRUMENTS FOR THE ESTUARY MONITORING PROGRAM. Carla Guthrie, Water Science and Conservation, presented this item.

Director Lake moved to authorize the Executive Administrator to negotiate and execute eight contracts in a total amount not to exceed \$745,000 on or before February 1, 2017, for environmental flow studies in the Brazos, Colorado and Lavaca, and Nueces basin and bay areas; and to redirect \$55,000 in funding to the purchase of water quality instruments for the Estuary Monitoring Program.

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

19. CONSIDER AUTHORIZING PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE CHAPTER 357, RELATING TO REGIONAL WATER PLANNING GUIDELINES. Temple McKinnon, Water Supply and Infrastructure, presented this item.

Director Jackson moved to authorize the publication of proposed amendments to 31 Texas Administrative Code Chapter 357, relating to Regional Water Planning Guidelines, as

recommended by our Executive Administrator.

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

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

No action was taken on this item.

21. No public comments were received.

22. The Board did not meet in closed session.

The meeting was adjourned at 11:15 a.m.

APPROVED and ordered of record this, the 21st day of July, 2016.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker,
Executive Administrator