

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
August 25, 2016 – 9:30 A.M.

Chairman Bech K. Bruun called to order the meeting of the Texas Water Development Board at 9:33 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.

Chairman Bruun stated he wanted to consider Items 20, 21, and 22 at this time, if there was no objection. There being none, the General Counsel called Item 20 for consideration.

20. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS FOR GRANT APPLICATIONS FOR FLOOD PROTECTION. Michael Segner, Water Science and Conservation, presented this item. Luis Valdez, Darrell Nichols, and Kharley Smith, also addressed the Board. Jameson Courtney and Brian Lillibridge, did not wish to address the Board but registered their opinion in favor of this item.

Director Jackson moved to authorize the Executive Administrator to negotiate and execute contracts in a total amount not to exceed \$3.5 million from the Disaster Contingency Fund Number 453, for grant applications for Flood Protection.

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

21. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE A CONTRACT IN A TOTAL AMOUNT NOT TO EXCEED \$150,000 FROM THE DISASTER CONTINGENCY FUND NO. 453 TO STUDY STREAM GAGE AND WEATHER STATION PLACEMENT REQUIREMENTS TO IMPROVE HYDROMETEOROLOGICAL FLOOD FORECASTING IN TEXAS. Mark Wentzel, Water Science and Conservation, presented this item.

Director Lake moved to authorize the Executive Administrator to negotiate and execute a contract in a total amount not to exceed \$150,000 from the Disaster Contingency Fund No. 453 to study stream gage and weather station placement requirements to improve hydrometeorological flood forecasting in Texas.

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

22. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE A PAYABLE CONTRACT IN AN AMOUNT NOT TO EXCEED \$2,191,015 (\$1,827,280 FROM THE TEXAS WATER DEVELOPMENT BOARD) FOR CONTINUATION OF THE WATER RESOURCES INVESTIGATIONS DATA COLLECTION PROGRAM WITH THE U.S. GEOLOGICAL SURVEY IN FISCAL YEAR 2017; AND AMEND THE CONTRACT IN AN AMOUNT NOT TO EXCEED \$100,000 IF NEEDED AND ADDITIONAL FUNDS BECOME AVAILABLE. Mark Wentzel, Water Science and Conservation, presented this item.

Director Jackson moved to authorize the Executive Administrator to negotiate and execute a payable contract in an amount not to exceed \$2,191,015 for continuation of the Water Resources Investigations data collection program with the U.S. Geological Survey in Fiscal Year 2017; and amend the contract in an amount not to exceed \$100,000 if additional funds become available.

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

2. CONSIDER APPROVING INTERNAL AUDIT'S FISCAL YEAR 2017 AUDIT PLAN. Nicole Campbell, Internal Auditor, presented this item.

Director Jackson moved to adopt the proposed Internal Audit Fiscal Year 2017 Audit Plan.

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

3. CONSIDER APPROVING THE INTERNAL AUDIT CHARTER. Nicole Campbell, Internal Auditor, presented this item.

Director Lake moved to approve the proposed Internal Audit Charter.

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

4. BRIEFING AND DISCUSSION OF THE QUARTERLY INVESTMENT REPORT FOR THE PERIOD MARCH 1 – MAY 31, 2016. Elaine Wilson, Finance Division, presented this item.

No action was taken on this item.

Chairman Bruun recognized Will Conley, County Commissioner, Hays County, who addressed the Board and registered his opinion in favor of Item 20.

5. BRIEFING AND DISCUSSION ON THE BOND SALE RESULTS FOR THE STATE OF TEXAS, GENERAL OBLIGATION WATER FINANCIAL ASSISTANCE AND REFUNDING BONDS, SERIES 2016B, WATER FINANCIAL ASSISTANCE REFUNDING BONDS, SERIES 2016C (ECONOMICALLY DISTRESSED AREAS PROGRAM) AND WATER FINANCIAL ASSISTANCE REFUNDING BONDS, SERIES

2016D (STATE PARTICIPATION PROGRAM) TOTALING \$149,540,000. David Duran, Debt and Portfolio Management, presented this item. Anne Burger Entrekin and Tim Petersen also addressed the Board.

No action was taken on this item.

6. CONSIDER AUTHORIZING BY RESOLUTION THE EXECUTIVE ADMINISTRATOR TO UTILIZE PREPAYMENTS TO PAY AND DEFEASE GENERAL OBLIGATION BONDS. David Duran, Debt and Portfolio Management, presented this item.

Director Jackson moved to adopt the proposed Resolution authorizing the Executive Administrator and Development Fund Manager to utilize prepayments, transferred pursuant to Board Resolution Number 06-10, to pay, redeem, and defease Water Financial Assistance Bonds.

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

7. CONSIDER APPROVING BY RESOLUTION THE REIMBURSEMENT OF THE COSTS OF PROVIDING FINANCIAL ASSISTANCE TO BORROWERS THROUGH THE ISSUANCE, SALE AND DELIVERY OF UP TO \$96,090,000 OF DRINKING WATER STATE REVOLVING FUND REVENUE BONDS. David Duran, Debt and Portfolio Management, presented this item.

Director Lake moved to adopt the proposed Resolution approving the reimbursement of the costs of providing financial assistance to borrowers through the issuance, sale and delivery of up to \$96,090,000 of Drinking Water State Revolving Fund Revenue Bonds, as recommended by the Executive Administrator.

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

8. CONSIDER APPROVING BY RESOLUTION THE TRANSFER OF FUNDS FROM THE TEXAS WATER DEVELOPMENT FUND II WATER FINANCIAL ASSISTANCE ACCOUNT TO THE CLEAN WATER STATE REVOLVING FUND TO MEET STATE MATCH REQUIREMENTS OF THE 2016 FEDERAL GRANT; AND THE REPAYMENT OF THE MATCH PROVIDED. David Duran, Debt and Portfolio Management, presented this item.

Director Jackson moved to adopt the proposed Resolution authorizing the transfer of \$12,129,800 from the Texas Water Development Fund II Water Financial Assistance Account to the Clean Water State Revolving Fund to meet state match requirements of the 2016 federal grant; and the repayment of the match provided, as recommended by our Executive Administrator.

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

9. CONSIDER APPROVING BY RESOLUTION THE TRANSFER OF FUNDS FROM THE

TEXAS WATER DEVELOPMENT FUND II WATER FINANCIAL ASSISTANCE ACCOUNT TO THE DRINKING WATER STATE REVOLVING FUND TO MEET STATE MATCH REQUIREMENTS OF THE 2016 FEDERAL GRANT; AND THE REPAYMENT OF THE MATCH PROVIDED. David Duran, Debt and Portfolio Management, presented this item.

Director Lake moved to adopt the proposed Resolution authorizing the transfer of \$9,600,429 from the Texas Water Development Fund II Water Financial Assistance Account to the Drinking Water State Revolving Fund to meet state match requirements of the 2016 federal grant; and the repayment of the match provided, as recommended by the Executive Administrator.

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

10. CONSIDER EXTENDING THE TERM OF THE AGREEMENT FOR UNDERWRITERS TO SERVE THE TEXAS WATER DEVELOPMENT BOARD FOR BOND SALES AND OTHER UNDERWRITING ACTIVITIES AS NECESSARY FROM AUGUST 31, 2016 THROUGH FEBRUARY 28, 2017. David Duran, Debt and Portfolio Management, presented this item. Mark Ellis, Jefferies, registered his opinion in favor of this item.

Director Jackson moved to approve the extension of the term of the agreement for underwriters to serve the Texas Water Development Board for bond sales and other underwriting activities as necessary from August 31, 2016 through February 28, 2017, as recommended by our Executive Administrator.

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

11. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO EXECUTE CONTRACT AMENDMENTS TO EXTEND THE TERM OF THE CONSULTANT CONTRACTS WITH THE FINANCIAL ADVISORS FROM SEPTEMBER 1, 2016 THROUGH FEBRUARY 28, 2017. David Duran, Debt and Portfolio Management, presented this item.

Director Lake moved to authorize the Executive Administrator to execute contract amendments to extend the term of the consultant contracts with the agency's financial advisors from September 1, 2016 through February 28, 2017.

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

12. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF SAN ANTONIO, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM (BEXAR COUNTY) FOR A \$14,360,000 LOAN FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE CONSTRUCTION PHASE COSTS ASSOCIATED WITH IMPROVEMENTS AT THE DOS RIOS WATER RECYCLING CENTER. Clay Schultz, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed Resolution providing the City of San Antonio, acting by and through the San Antonio Water System, financial assistance from the Clean Water State Revolving Fund to finance construction phase costs associated with improvements at the Dos Rios Water Recycling Center, as recommended by our Executive Administrator.

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

13. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE CITY OF SAN ANTONIO, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM (BEXAR COUNTY) FOR A \$12,500,000 LOAN FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE CONSTRUCTION PHASE COSTS ASSOCIATED WITH IMPROVEMENTS TO THE 34TH STREET PUMP STATION. Clay Schultz, Water Supply and Infrastructure, presented this item. Hope Wells, San Antonio Water System, registered her opinion in favor of Items 12 and 13.

Director Lake moved to adopt the proposed Resolution providing the City of San Antonio, acting by and through the San Antonio Water System, financial assistance from the Drinking Water State Revolving Fund to finance construction phase costs associated with improvements to the 34th Street Pump Station, as recommended by the Executive Administrator.

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

14. CONSIDER APPROVING BY RESOLUTION A REQUEST FROM THE SPRINGS HILL WATER SUPPLY CORPORATION (GUADALUPE AND WILSON COUNTIES) FOR PARTIAL RELEASE OF LIEN AND CONSENT TO CONVEY CERTAIN TRACTS OF LAND OWNED BY THE CORPORATION. Joe Reynolds, Assistant General Counsel, presented this item. Christie Dickenson registered her opinion in favor of this item.

Director Jackson moved to adopt the proposed Resolution providing the Springs Hill Water Supply Corporation a partial release of lien and consent to convey certain tracts of land owned by the Corporation, as recommended by our Executive Administrator.

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

15. CONSIDER APPROVING THE STATE FISCAL YEAR 2017 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN. Mark Wyatt, Water Supply and Infrastructure, presented this item.

Director Lake moved to approve the State Fiscal Year 2017 Clean Water State Revolving Fund Intended Use Plan, as recommended by the Executive Administrator.

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

16. CONSIDER APPROVING THE STATE FISCAL YEAR 2017 DRINKING WATER

STATE REVOLVING FUND INTENDED USE PLAN. Mark Wyatt, Water Supply and Infrastructure, presented this item.

Director Jackson moved to approve the State Fiscal Year 2017 Drinking Water State Revolving Fund Intended Use Plan, as recommended by our Executive Administrator.

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

17. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO EXECUTE THE STATE FISCAL YEAR 2017 DRINKING WATER STATE REVOLVING FUND SET-ASIDE CONTRACT BETWEEN THE TEXAS WATER DEVELOPMENT BOARD AND THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. Jo Dawn Bomar, Water Supply and Infrastructure, presented this item.

Director Lake moved to authorize the Executive Administrator to execute the State Fiscal Year 2017 Drinking Water State Revolving Fund Set-Aside Contract between the Texas Water Development Board and the Texas Commission on Environmental Quality.

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

18. CONSIDER APPROVING THE DRAFT REPORT: *ACTIVITIES AND RECOMMENDATIONS BY THE TEXAS GROUNDWATER PROTECTION COMMITTEE: REPORT TO THE 85TH LEGISLATURE*. Kathy Hopkins, Water Science and Conservation, presented this item.

Director Jackson moved to approve the draft report: “Activities and Recommendations by the Texas Groundwater Protection Committee: Report to the 85th Legislature”, as recommended by our Executive Administrator.

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

19. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE A CONTRACT IN RESPONSE TO A REQUEST FOR QUALIFICATIONS TO DETERMINE THE MOST EFFECTIVE AND ACCURATE PROCESS TO MEASURE WATER CONSERVATION STATEWIDE. John Sutton, Water Science and Conservation, presented this item. Stephen Cortes and Carole Baker registered their opinion in favor of this item.

Director Lake moved to authorize the Executive Administrator to negotiate and execute a contract in a total amount not to exceed \$2,250,000 to determine the most effective and accurate process to measure water conservation statewide.

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

23. 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.

24. No public comments were received.

25. The Board did not meet in closed session.

The meeting was adjourned at 11:28 a.m.

APPROVED and ordered of record this, the 25th day of August, 2016.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker,
Executive Administrator