

MINUTES OF THE  
TEXAS WATER DEVELOPMENT BOARD  
BOARD MEETING  
February 14, 2011

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 11:01 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The Chairman announced that Board Member James Herring would not be in attendance. The following Board Members were present:

Jack Hunt, Vice Chairman  
Joe M. Crutcher, Member  
Thomas Weir Labatt III, Member  
Lewis H. McMahan, Member

Members of Texas Water Development Board staff attending included: Chris Adams, Jorge Arroyo, Stacy Barna, Tom Barnett, Wendy Barron, Jim Bateman, Joyce Bourenane, Carolyn Brittin, David Buaas, Kelly Burton, Melanie Callahan, Kathy Calnan, Chris Caran, David Carter, Jessica Cortez, Shari Daffern, Mark Evans, Luis Farias, Wendy Foster, Lisa Glenn, Rene Gonzalez, Ingrid Hansen, Kristin Haag, Mark Hall, Dan Hardin, Francia Harutunian, Samantha Heng, Ruben Hernandez, Bill Hutchison, Christopher Jurgens, Angela Kennedy, Merry Klowner, Kevin Kluge, Jerry Laman, Amanda Lavin, Cori Leva, Darryl Lindgens, Mireya Loewe, Ryan Long, Nancy Marstiller, Temple McKinnon, David Meeseey, Dave Mitamura, Piper Montemayor, John Muras, Matt Nelson, Darrell Nichols, Stuart Norvell, Javier Pena, Lisa Petoskey, Debbie Ramirez, Minerva Regalado, Joe Reynolds, Cindy Ridgeway, Melissa Robbins, Steve Rodriguez, Virginia Sabia, Clay Schultz, Jim Scott, Saquib Shirazi, Joel Smith, Mike Smith, Shawn Snyder, John Steib, Tom Tagliabue, Connie Townsend, Comer Tuck, David Yager, Jeff Walker, Gilbert Ward, Kevin Ward, Mark Wentzel, and Otis Williams.

The following individuals were present:

Danielle Bradford, Piper Jaffray  
Tom Brown, Naismith  
Jim Buie, Raymond James  
Andy Bynam, CitiGroup  
John Daniel, Barclays Capital  
Mark Ellis, Jefferies & Co.  
Anne Burger Entrekin, First Southwest  
Curtis Flowers, Loop Capital Markets  
Jonathan Frels, Vinson & Elkins (City of Cleveland)  
Anne-Marie Hansen, Bank of Texas  
Doug Holcomb, Texas Commission on Environmental Quality (TCEQ)  
Alan Hutson, Somervell County Water District  
Sarah Kinkle, Sunset Commission  
Cari-Michel LaCaillo, TCEQ  
Tom Liu, Bank of America/Merrill Lynch

Senator Eddie Lucio, Jr.  
Tilman Naylor, Jefferies & Co.  
Jon R. Rodriguez, Naismith Engineering  
Louis Sanchez, Office of Senator Lucio  
Patrick Scott, Barclays Capital  
Ryan Wannemacher, J.P. Morgan  
Richard Weiss, Morgan Stanley  
Bill and Lu Ward (parents of J. Kevin Ward)  
Brock Ward, (brother of J. Kevin Ward)  
Teddie Ward, (wife of J. Kevin Ward)  
Ben Wright, Office of Senator Lucio  
Don Young, TCEQ

The Chairman stated that the Board would take up Item No. 16 on today's Regular Agenda as the first item of business.

**16. THE BOARD WILL CONSIDER ADOPTING A RESOLUTION HONORING J. KEVIN WARD FOR HIS SERVICE TO THE TEXAS WATER DEVELOPMENT BOARD.**

Chairman Vaughan recognized Senator Eddie Lucio who made remarks of thanks and appreciation and a presentation of a gavel to outgoing Executive Administrator, Kevin Ward.

Chairman Vaughan then presented Kevin Ward with a Board Resolution thanking him for his service to the Board and the State of Texas.

The Board then considered the Agenda items as follows:

**1. CONSIDER APPROVAL OF THE JANUARY 2010 BOARD MEETING MINUTES.**

Mr. Labatt moved to approve the minutes; the motion was seconded by Mr. Hunt; it passed unanimously.

**CONSENT**

**2. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. Amanda Lavin, Deputy Executive Administrator of Project Finance**

**3. CONTRACT STATUS REPORT REGARDING THE CURRENT STATUS OF PENDING CONTRACTS THAT ARE UNDER DEVELOPMENT AND EXECUTED CONTRACTS THAT HAVE BEEN PREVIOUSLY APPROVED BY THE BOARD. David Carter, Manager, Contracting and Purchasing**

**4. REPORT ON ACTIVITIES OF PROJECT FINANCE AND CONSTRUCTION ASSISTANCE RELATING TO THE ECONOMICALLY DISTRESSED AREAS**

PROGRAM INCLUDING: THE NUMBER OF CONNECTIONS TO DATE; AND THE EDAP STATUS REPORT. Mireya Loewe, Project Oversight, Project Finance

5. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ALTON (HIDALGO COUNTY)** FOR A LOAN, WITH UP TO 100% PRINCIPAL FORGIVENESS, IN THE AMOUNT OF \$9,595,000 FROM THE CLEAN WATER STATE REVOLVING FUND - DISADVANTAGED COMMUNITIES PROGRAM TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Mark Evans, Project Oversight, Project Finance
6. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF CLEVELAND (LIBERTY COUNTY)** TO REINSTATE \$2,360,000 OUT OF A \$5,270,000 ORIGINAL LOAN COMMITMENT FROM THE CLEAN WATER STATE REVOLVING FUND. Mark Evans, Project Oversight, Project Finance
7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SOMERVELL COUNTY WATER DISTRICT (SOMERVELL COUNTY)** FOR: (A) A GRANT IN THE AMOUNT OF \$700,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR RURAL STATE WATER PLAN PROJECTS; AND (B) A ZERO PERCENT INTEREST LOAN IN THE AMOUNT OF \$900,000 FROM THE WATER INFRASTRUCTURE FUND - RURAL PROGRAM TO FINANCE CONSTRUCTION OF A WATER SUPPLY PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols, Project Oversight, Project Finance
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST BY THE **WEST HARRIS COUNTY REGIONAL WATER AUTHORITY (HARRIS COUNTY)** TO AMEND TWDB RESOLUTION NO. 10-133 TO INCREASE THE FUNDING COMMITMENT BY \$2,465,000, FOR A TOTAL COMMITMENT OF \$13,660,000 FROM THE WATER INFRASTRUCTURE FUND, DEFERRED PAYMENT OPTION, TO FINANCE DEVELOPMENT COSTS FOR A WATER SUPPLY PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols, Project Oversight, Project Finance
9. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF BRYAN (BRAZOS COUNTY)** MADE IN TWDB RESOLUTION NO. 10-75 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$15,685,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR WASTEWATER SYSTEM IMPROVEMENTS. Clay Schultz, Environmental Review, Construction Assistance
10. CONSIDER APPROVING THE FISCAL YEAR 2011 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, Director, Program Development, Project Finance /Jessica Cortez, Staff Attorney

11. CONSIDER AUTHORIZING THE PUBLICATION OF NOTICE OF COMPLETION OF RULE REVIEW AND READOPTION OF 31 TEXAS ADMINISTRATIVE CODE CHAPTER 360 (DESIGNATION OF RIVER AND COASTAL BASINS) AS REQUIRED BY TEXAS GOVERNMENT CODE §2001.039. Ingrid Hansen, Deputy General Counsel
12. CONSIDER DESIGNATING THE TEXAS WATER DEVELOPMENT BOARD HUMAN RESOURCES DIRECTOR AS THE "POOL ADMINISTRATOR" OF THE TWDB SICK LEAVE POOL, AS REQUIRED BY TEXAS GOVERNMENT CODE §661.002. Ingrid Hansen, Deputy General Counsel
13. CONSIDER AUTHORIZING: (A) PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE CHAPTERS 363 (CONCERNING FINANCIAL ASSISTANCE PROGRAMS), 371 (CONCERNING DRINKING WATER STATE REVOLVING FUND), 375 (CONCERNING CLEAN WATER STATE REVOLVING FUND) AND 384 (CONCERNING RURAL WATER ASSISTANCE FUND) TO DISAPPROVE A COMMITMENT TO AN APPLICANT FOR FINANCIAL ASSISTANCE IF FUNDS HAVE BEEN OBLIGATED BY THE U. S. DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, FOR THE SAME PROJECT; AND (B) THE SUBSEQUENT PUBLICATION OF NOTICE OF ADOPTION OF THE RULEMAKING IF NO SUBSTANTIVE COMMENTS REQUIRE BOARD CONSIDERATION. Stacy Barna, Director, Program Development, Project Finance /Jim Bateman, Staff Attorney

Chairman Vaughan stated that Board Consent Item Nos. 2, 3, and 4 do not require any action by the Board and that Item No. 5 had been pulled from the agenda and would not be considered by the Board.

Mr. McMahan asked for an update on the request in Item No. 7. Piper Montemayor, Director, Debt & Portfolio Management, addressed the Board.

Mr. Hunt then asked for an explanation on the extensions mentioned in Item No. 3. Carolyn Brittin, Deputy Executive Administrator of Water Resources Planning and Information, and David Carter, Manager, Contracting and Purchasing, addressed the Board.

Mr. Labatt then moved to approve Board Consent Items Nos. 6-13; Mr. Crutcher seconded; it passed unanimously.

#### REGULAR

14. BRIEFING AND DISCUSSION CONCERNING THE 82<sup>nd</sup> LEGISLATURE, INCLUDING BILLS FILED, CURRENT AND ANTICIPATED ISSUES, APPROPRIATIONS, AND THE TEXAS WATER DEVELOPMENT BOARD'S LEGISLATIVE PRIORITIES REPORT. Wendy Foster, Director of Governmental Relations, Carolyn Brittin, Deputy Executive Administrator of Water Resources Planning and Information, and Melanie Callahan, Chief Financial Officer and Interim Executive Administrator, addressed the Board.

No action was taken on this item.

15. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO PUBLISH A REQUEST FOR STATEMENTS OF QUALIFICATIONS IN THE TEXAS REGISTER TO CONDUCT RESEARCH ON FISCAL YEAR 2011 PRIORITY WATER RESEARCH TOPICS FOR A TOTAL AMOUNT NOT TO EXCEED \$500,000 FROM THE RESEARCH AND PLANNING FUND. Robert Mace, Deputy Executive Administrator of Water Science and Conservation, and Carolyn Brittin, Deputy Executive Administrator of Water Resources Planning and Information, addressed the Board

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

17. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

18. 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 NECESSARY ACTION ON ANY MATTER CONSIDERED IN EXECUTIVE SESSION.

The Board did not recess into executive session to consider any other items.

The meeting adjourned at 11:32 a.m.

APPROVED and ordered of record this, the 17<sup>th</sup> day of March, 2011.

TEXAS WATER DEVELOPMENT BOARD

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Edward G. Vaughan, Chairman

ATTEST:

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Melanie Callahan,  
Interim Executive Administrator