

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
May 4, 2011

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 10:30 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following Board Members were present:

Joe M. Crutcher, Vice-Chairman
Thomas Weir Labatt III
Lewis H. McMahan
Billy Bradford, Jr.
Monte Cluck

Members of Texas Water Development Board staff attending included: Chris Adams, Stacy Barna, Jim Bateman, David Bell, Joyce Bourenane, Carolyn Brittin, Kelly Burton, Melanie Callahan, Kathy Calnan, David Carter, Shari Daffern, JoAnne Duncan, Mark Evans, Luis Farias, Wendy Foster, Lisa Glenn, Rene Gonzalez, Ingrid Hansen, Mark Hall, Dan Hardin, Francia Harutunian, Samantha Heng, Ruben Hernandez, Bill Hutchison, Jaswir Judge, Sanjeev Kalaswad, Merry Klonower, Jerry Laman, Amanda Lavin, Kathleen Ligon, Darryl Lindgens, Mireya Loewe, Ryan Long, Michelle McFaddin, David Meesey, Piper Montemayor, Darrell Nichols, Mike Parcher, Lisa Petoskey, Debbie Ramirez, Ernest Rebuck, Joe Reynolds, Steve Rodriguez, Clay Schultz, Mike Smith, Shawn Snyder, Ruben Solis, John Steib, David Yager, Jeff Walker, Gilbert Ward, and Mark Wentzel.

The following individuals were present:

Barry Adair, Raymond James
Ann Beecroft, Board Member, Zavala County WCID #1
Raj Bhattarai, City of Austin
Steve Brewer, City of La Feria
James Busby, P.E., Burgess & Niple, Inc., for City of Menard
Mike Byrd, Rayburn Country MUD
Heather Cooke, Austin Water Utility
Kim Edwards, Fidelity Capital Markets
Ann Burger Entrekin, First Southwest
Jose Gaytan, V.P., Bank of Texas
Juan Gomez, City of La Feria
Guy Goodson, Rayburn Country MUD
Gopal Guthikonda, City of Austin
Roy Gutierrez, City of Robstown
Ruth Haberman, Upper Brushy Creek WCID
Rhome Hill, Utility Director, City of Menard
Barbara Hooten, Mayor, City of Menard
Jesus Jimenez, City of Robstown

Sharon Key, City Administrator, City of Menard
Jill Kimball, General Manager, Zavala County WCID #1
Sarah Kinkle, Sunset Commission
Jerry Kyle, Andrews Kurth
Chris Lane, City of Eden
Richard LeFevre, Zavala County WCID #1
Dale Lehman, Piper Jaffray
Judge Joe Luna, Zavala County WCID #1
Michael Maya, Halff Associates, Inc.
Greg Meszaros, Austin Water Utility
Mitchell Page, San Jacinto River Authority
Lorraine Palacios, Ramirez & Co.
Jules Parrish, City of Austin
Timothy Peterson, J. P. Morgan
Sunny K. Philip, City of La Feria
John Poe, Westwood Shores MUD
Larry Quick, Upper Brushy Creek WCID
Fred Ramirez, Austin Water Utility
Jerome Scanlon, Upper Brushy Creek WCID
Eric Scheibe, Halff Associates, Inc.
Arthur Shepard, Rayburn Country MUD
Jody Slagle, City of Austin
Steve Stevens, Mesa Water
Ramesh Swaminathan, City of Austin
Dennis Waley, PFM
W.E. West, Jr., Guadalupe Blanco River Authority
Joe Winston, City of La Feria

1. **CONSIDER APPROVAL OF THE MARCH 2011 BOARD MEETING MINUTES.**

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

2. **PRESENTATION OF THE U.S. ENVIRONMENTAL PROTECTION AGENCY PERFORMANCE AND INNOVATION IN THE STATE REVOLVING FUND CREATING ENVIRONMENTAL SUCCESS AWARD TO THE CITY OF AUSTIN.** John Steib, Director, ARRA Implementation, presented the award. Raj Bhattarai with the City of Austin addressed the Board.

REPORTS

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

4. 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
5. REPORT ON CHANGE IN FUNDING THE COMMITMENT MADE TO THE **CITY OF DEL RIO (VAL VERDE COUNTY)** IN BOARD RESOLUTION NO. 09-73 FROM THE FY 2009 DRINKING WATER STATE REVOLVING FUND CAPITALIZATION GRANT TO THE FY 2010 DRINKING WATER STATE REVOLVING FUND CAPITALIZATION GRANT. Luis Farias, Financial Analyst, Project Finance

CONSENT

6. AUTHORIZE THE INTERIM EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN INCREASE IN THE AMOUNT OF THE CONTRACT WITH GRANT THORNTON FOR FRAUD, WASTE AND ABUSE INVESTIGATION NOT TO EXCEED \$375,000. Jerry Laman, Project Oversight in Project Finance
7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BRYAN (BRAZOS COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,445,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Mark Evans, Project Oversight, Project Finance
8. CONSIDER APPROVING BY MINUTE ORDER, A CORRECTION OF THE STATEMENT CONCERNING DEBT SERVICE STRUCTURE IN THE MEMORANDUM PRESENTED TO THE BOARD IN SUPPORT OF THE BOARD'S COMMITMENT TO THE **CITY OF BRYAN (BRAZOS COUNTY)** IN RESOLUTION NO. 10-75 FOR A LOAN IN THE AMOUNT OF \$15,685,000 FROM THE CLEAN WATER STATE REVOLVING FUND. Mike Smith, Financial Analyst, Office of Project Finance & Construction Assistance
9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ROBSTOWN (NUECES COUNTY)** FOR A LOAN IN THE AMOUNT OF \$2,635,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Mark Evans, Project Oversight, Project Finance
10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF LA FERIA (CAMERON COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$8,381,340, WITH UP TO 100 PERCENT PRINCIPAL FORGIVENESS, FROM THE CLEAN WATER STATE REVOLVING FUND – DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Mark Evans, Project Oversight, Project Finance
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF LA FERIA (CAMERON COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$7,167,700, WITH UP TO 100 PERCENT PRINCIPAL FORGIVENESS, FROM THE DRINKING WATER

STATE REVOLVING FUND – DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Luis Farias, Financial Analyst, Project Finance

12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **BRUNI RURAL WATER SUPPLY CORPORATION (WEBB COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$375,000 CONSISTING OF: (A) A LOAN IN THE AMOUNT OF \$112,000; AND (B) \$263,000 IN LOAN FORGIVENESS, FROM THE DRINKING WATER STATE REVOLVING FUND – DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Luis Farias, Financial Analyst, Project Finance
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **WESTWOOD SHORES MUNICIPAL UTILITY DISTRICT (TRINITY COUNTY)** FOR A NINE-MONTH EXTENSION OF THE \$960,000 LOAN COMMITMENT FROM THE TEXAS WATER DEVELOPMENT FUND IN RESOLUTION NO. 09-61 TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Mark Evans, Project Oversight, Project Finance
14. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ROSCOE (NOLAN COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,765,000, WITH UP TO 100 PERCENT PRINCIPAL FORGIVENESS, FROM THE DRINKING WATER STATE REVOLVING FUND – DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN OPTION. Luis Farias, Financial Analyst, Project Finance
15. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF MENARD (MENARD COUNTY)** FOR A GRANT IN THE AMOUNT OF \$92,750 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM - PLANNING & RESEARCH FUND FOR THE PLANNING COSTS TO PROVIDE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (FINANCE COMMITTEE ITEM NO. 4) Mireya Loewe, Project Oversight, Project Finance
16. CONSIDER APPROVING BY RESOLUTION: (A) A REQUEST FROM THE **ZAVALA COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 (ZAVALA COUNTY)** TO AMEND TWDB RESOLUTION NO. 01-11, RELATING TO THE ALLOCATION OF EDAP FUNDING TO INCLUDE FUNDING FOR HOOK-UPS; AND (B) A DECREASE IN THE AMOUNT OF THE EDAP GRANT COMMITMENT FROM \$6,515,000 TO \$5,694,100. (FINANCE COMMITTEE ITEM NO. 5) Mireya Loewe, Project Oversight, Project Finance
17. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **MONTGOMERY COUNTY UTILITY DISTRICT NO. 3 (MONTGOMERY COUNTY)** FOR A LOAN IN THE AMOUNT OF \$5,420,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols, Project Oversight, Project Finance

18. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **RAYBURN COUNTRY MUNICIPAL UTILITY DISTRICT (JASPER COUNTY)** FOR A LOAN IN THE AMOUNT OF \$4,975,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER AND WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols, Project Oversight, Project Finance

19. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SAN JACINTO RIVER AUTHORITY (MONTGOMERY COUNTY)** TO AUTHORIZE AMENDMENT OF RESOLUTION AUTHORIZING ISSUANCE OF \$21,500,000 SAN JACINTO RIVER AUTHORITY SPECIAL PROJECT REVENUE BONDS (GRP PROJECT) SERIES 2009 REGARDING THE ADDITIONAL BONDS TEST AND RELATED CHANGES. (FINANCE COMMITTEE ITEM NO. 6) Darrell Nichols, Project Oversight, Project Finance

20. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SOMERVELL COUNTY WATER DISTRICT (SOMERVELL COUNTY)** TO AMEND TWDB RESOLUTION NO. 11-09 TO REDUCE THE AMOUNT OF THE COMMITMENT AND CHANGE THE SOURCE OF FUNDS FROM THE WATER INFRASTRUCTURE FUND TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM. Darrell Nichols, Project Oversight, Project Finance

21. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF EDEN (CONCHO COUNTY)** TO AMEND TEXAS WATER DEVELOPMENT BOARD RESOLUTION 11-03 TO CHANGE THE SOURCE OF FUNDS FROM THE WATER INFRASTRUCTURE FUND TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM. Darrell Nichols, Project Oversight, Project Finance

22. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **BLUEBONNET WATER SUPPLY CORPORATION (BELL AND MCLENNAN COUNTIES)** FOR A PARTIAL RELEASE OF LIEN ON PROPERTY OWNED BY THE CORPORATION. Michelle McFaddin, Staff Attorney

23. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **GOLDEN WATER SUPPLY CORPORATION (WOOD AND VAN ZANDT COUNTIES)** FOR A PARTIAL RELEASE OF LIEN ON PROPERTY OWNED BY THE CORPORATION. Jim Bateman, Staff Attorney

24. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF EAST TAWAKONI (RAINS AND HUNT COUNTIES)** MADE IN RESOLUTION NO. 10-69 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,000,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR WATER SYSTEM IMPROVEMENTS. Kathy Calnan, Environmental Review, Construction Assistance

25. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **G-M WSC (SABINE COUNTY)** MADE IN RESOLUTION NO. 9-20 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$2,970,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR WATER

SYSTEM IMPROVEMENTS. Kathy Calnan, Environmental Review, Construction Assistance

26. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **CITY OF DEL RIO (VAL VERDE COUNTY)** MADE IN RESOLUTION NO. 09-73 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$10,000,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER MAIN REPLACEMENT PROJECT. Kathy Calnan, Environmental Review, Construction Assistance

27. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS ON OR BEFORE AUGUST 31, 2011 IN A TOTAL AMOUNT NOT TO EXCEED \$1,000,000 FOR SOLICITED GRANT APPLICATIONS FOR FLOOD PROTECTION PLANNING; AND (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. Gilbert Ward, Hydrologist, Federal and State Programs

Mr. Vaughan stated that Items 3-5 required no action by the Board. Mr. Crutcher moved to approve Board Consent Items Nos. 6-27; Mr. Cluck seconded; it passed unanimously.

Mr. Steve Brewer, Mayor of the City of La Feria, addressed the Board. He thanked and complemented the staff of the Board for their assistance with the City's project.

REGULAR

28. BRIEFING, DISCUSSION AND POSSIBLE ACTION ON STATUS, FUTURE ACTIVITIES, AND REQUIRED ACTIONS BY TEXAS WATER DEVELOPMENT BOARD FOR 2012 STATE WATER PLAN. Carolyn Brittin, Deputy Executive Administrator of Water Resources Planning and Information, presented this item. Dan Hardin, Director of Water Resources Planning, and Robert Mace, Deputy Executive Administrator, Water Science & Conservation, also addressed the Board.

No action was taken on this item.

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

No action was taken on this item.

30. CONSIDER ADOPTING A RESOLUTION HONORING JAMES E. HERRING FOR HIS SERVICE TO THE TEXAS WATER DEVELOPMENT BOARD.

Mr. Labatt moved to adopt the resolution; the motion was seconded by Mr. McMahan; it passed unanimously.

31. CONSIDER ADOPTING A RESOLUTION HONORING JACK HUNT FOR HIS SERVICE TO THE TEXAS WATER DEVELOPMENT BOARD.

Mr. Labatt moved to adopt the resolution; the motion was seconded by Mr. McMahan; it passed unanimously.

32. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

33. 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.

The meeting adjourned at 11:19 a.m.

APPROVED and ordered of record this, the 22nd day of June, 2011.

TEXAS WATER DEVELOPMENT BOARD

Edward G. Vaughan, Chairman

ATTEST:

Melanie Callahan,
Interim Executive Administrator