

MINUTES OF THE  
TEXAS WATER DEVELOPMENT BOARD  
BOARD MEETING  
June 22, 2011

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 10:02 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: Jorge Arroyo, Renita Bankhead, Stacy Barna, Joyce Bourenane, Carolyn Brittin, Melanie Callahan, Kathy Calnan, David Carter, Shari Daffern, JoAnne Duncan, Mark Evans, Luis Farias, Wendy Foster, Lisa Glenn, Rene Gonzalez, Mark Hall, Dan Hardin, Francia Harutunian, Bill Hutchison, Chris Jurgens, Jason Kemp, Merry Klonower, Amanda Lavin, Kathleen Ligon, Darryl Lindgens, Mireya Loewe, Robert Mace, Nancy Banks Marstiller, Mark Mathis, Issa McDaniel, Temple McKinnon, David Meeseey, Jesse Milonovich, Gilbert Mokry, Piper Montemayor, John Muras, Matt Nelson, Darrell Nichols, Jonathan Pi, Ken Petersen, Lisa Petoskey, Debbie Ramirez, Ernest Rebuck, Patty Robinson, Steve Rodriguez, Jim Scott, Ruben Solis, Joel Smith, Mike Smith, Shawn Snyder, John Steib, Comer Tuck, Jeff Walker, Gilbert Ward, and Larry Zamzow.

The following individuals were present:

Barry Adair, Raymond James  
Jan Bartholomew, San Jacinto River Authority  
Heath Barber, J.P. Morgan  
Wayne Blaylock, North San Saba Water Co-Op  
Tom Caponi, Bury + Partners, Inc.  
David Cole, Moffat WSC  
Mark Ellis, Jefferies & Co.  
Ann Burger Entrekin, First Southwest  
Phyllis Garcia, San Antonio Water System  
Robert Garber, Moffat WSC  
Jose Gaytan, V.P., Bank of Texas  
Sarah Kinkle, Sunset Commission  
Dennis Ku, Moffat WSC  
Jerry Kyle, Andrews Kurth  
Dale Lehman, Piper Jaffray  
Duncan Morrow, Frost Bank  
Tilman Naylor, Jefferies & Co.  
John Oliver, North San Saba Water Co-Op  
Mitchell Page, San Jacinto River Authority

Robin Redford, Ramirez & Co., Inc.  
Ben Rosenbert, Coastal Securities, Inc.  
Wil Sarchet, Carollo Engineers  
Don Sarich, San Jacinto River Authority  
Deana Sealy, North San Saba WSC  
Danny Spencer, North San Saba WSC  
Sam Vaughn, HDR Engineering, Inc.  
Becky Villasenor, Cabrera Capital Markets, LLC  
Marisol Warneke, Stifel Nicolaus

Prior to the consideration of the items on the Board's agenda, Chairman Vaughan commented on former Board Member Jack Hunt's letter of May 17, 2011, regarding his receipt of the Board's resolution of appreciation. He thanked Mr. Hunt for his response.

1. CONSIDER APPROVAL OF THE MAY 2011 BOARD MEETING MINUTES.

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

REPORTS

2. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. Amanda Lavin, External Customer Relations, 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

CONSENT

4. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 6 (HARRIS COUNTY)** FOR A WAIVER OF OPTIONAL REDEMPTION PROVISIONS OF THE HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 6 \$2,300,000 WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 1997. Piper Montemayor/Jim Bateman
5. CONSIDER APPROVING BY MINUTE ORDER AMENDED UNDERWRITING POLICIES AND PROCEDURES FOR UNDERWRITERS SELECTED FOR NEGOTIATED BOND ISSUES. Nancy Banks Marstiller
6. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **NORTH SAN SABA WATER SUPPLY CORPORATION (SAN SABA COUNTY)** FOR A LOAN IN THE AMOUNT OF \$310,000 FROM THE DRINKING WATER STATE REVOLVING FUND PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION.

(FINANCE COMMITTEE ITEM NO. 4) Luis Farias

7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **MOFFAT WATER SUPPLY CORPORATION (BELL COUNTY)** FOR A LOAN IN THE AMOUNT OF \$2,000,000 FROM THE RURAL WATER ASSISTANCE FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **SAN JACINTO RIVER AUTHORITY (MONTGOMERY COUNTY)** FOR A LOAN IN THE AMOUNT OF \$67,470,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE CONSTRUCTION OF A WATER SUPPLY PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. Darrell Nichols
9. 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
10. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN INCREASE IN THE AMOUNT OF THE CONTRACT WITH AECOM FOR AMERICAN RECOVERY AND REINVESTMENT ACT WEB SITE AND PROGRAM SUPPORT FROM \$1,000,000 TO \$1,175,000. Jerry Laman
11. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **STEPHENS REGIONAL SPECIAL UTILITY DISTRICT (STEPHENS COUNTY)** MADE IN RESOLUTION NO. 11-02 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$5,800,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR WATER SYSTEM IMPROVEMENTS. Kathy Calnan
12. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **TYLER COUNTY WATER SUPPLY CORPORATION (TYLER COUNTY)** MADE IN TWDB RESOLUTIONS NOS. 07-60 AND 08-71 FOR SELECT PROJECT ELEMENTS AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$2,025,000 DRINKING WATER STATE REVOLVING FUND LOANS FOR WATER SYSTEM IMPROVEMENTS. Kathy Calnan
13. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE **GOLDEN WATER SUPPLY CORPORATION (WOOD AND VAN ZANDT COUNTIES)** MADE IN RESOLUTION NO. 07-11 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,070,000 DRINKING WATER STATE REVOLVING FUND LOAN FOR A WATER MAIN REPLACEMENT PROJECT. Kathy Calnan
14. CONSIDER AFFIRMING BY RESOLUTION THE COMMITMENT TO THE **CITY OF LIBERTY (LIBERTY COUNTY)** MADE IN TWDB RESOLUTION NO. 07-48 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$8,100,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR WASTEWATER

SYSTEM IMPROVEMENTS. Clay Schultz

15. CONSIDER AFFIRMING BY RESOLUTION THE COMMITMENT TO THE **CITY OF ALTON (HIDALGO COUNTY)** MADE IN TWDB RESOLUTION NO. 11-14 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$9,595,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR WASTEWATER SYSTEM IMPROVEMENTS. Clay Schultz
16. CONSIDER AFFIRMING BY RESOLUTION THE COMMITMENT TO THE **WESTWOOD SHORES MUNICIPAL UTILITY DISTRICT (TRINITY COUNTY)** MADE IN TWDB RESOLUTION NO. 09-61 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION FROM THE \$1,825,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR WASTEWATER SYSTEM IMPROVEMENTS. Clay Schultz
17. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE UP TO FIVE CONTRACTS ON OR BEFORE OCTOBER 17, 2011, NOT TO EXCEED A TOTAL AMOUNT OF \$500,000 FOR SOLICITED RESEARCH ON THE FISCAL YEAR 2011 PRIORITY RESEARCH TOPICS; AND (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. Robert Mace/Carolyn Brittin
18. CONSIDER APPROVAL OF: (A) PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE CHAPTER 363, SUBCHAPTER L (CONCERNING WATER INFRASTRUCTURE FUND); (B) THE SUBSEQUENT PUBLICATION OF NOTICE OF ADOPTION OF THE RULEMAKING IF NO SUBSTANTIVE COMMENTS REQUIRE BOARD CONSIDERATION; AND (C) A SUBSIDY OF 100 BASIS POINTS FOR LOANS FUNDED IN THE FIRST PRIORITIZATION IN FISCAL YEAR 2012, CONTINGENT ON RULEMAKING. (FINANCE COMMITTEE ITEM NO. 3) Jim Bateman/Darrell Nichols/Piper Montemayor

Mr. McMahan had a question regarding Item No. 8. Darrell Nichols, Project Oversight, Project Finance, addressed the Board.

Mr. Vaughan stated that Items 2 and 3 required no action by the Board. Mr. McMahan moved to approve Board Consent Items Nos. 4-18; Mr. Crutcher seconded; it passed unanimously.

#### REGULAR

19. BRIEFING AND DISCUSSION CONCERNING THE 82ND LEGISLATURE, INCLUDING LEGISLATION PASSED, CURRENT AND ANTICIPATED ISSUES, APPROPRIATIONS, AND THE TEXAS WATER DEVELOPMENT BOARD'S LEGISLATIVE PRIORITIES REPORT. Wendy Foster, Director of Governmental Relations, presented this item. Renita Bankhead, Budget Manager, Finance Office, also addressed the Board.

No action was taken on this item.

20. BRIEFING AND DISCUSSION ON THE DRAFT STATE FISCAL YEAR 2011 CLEAN WATER

AND DRINKING WATER STATE REVOLVING FUND INTENDED USE PLANS. Stacy Barna, Director, Program Development, Project Finance, presented this item.

No action was taken on this item.

21. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS FOR THE FOURTH CYCLE (2011-2016) OF REGIONAL WATER PLANNING IN AN AMOUNT NOT TO EXCEED \$3,656,788; AND (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. Matt Nelson, Team Lead, Regional Water Planning, presented this item. Carolyn Brittin, Deputy Executive Administrator, Water Resources Planning and Information, also addressed the Board.

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

22. BRIEFING, DISCUSSION, AND POSSIBLE ACTION ON POLICY RECOMMENDATIONS FOR THE 2012 STATE WATER PLAN AUTHORIZED IN TEXAS WATER CODE, SECTION 16.051(e). Dan Hardin, Director of Water Resources Planning, presented this item. Carolyn Brittin, Deputy Executive Administrator, Water Resources Planning and Information, also addressed the Board.

No action was taken on this item.

23. BRIEFING AND DISCUSSION OF MODELED AVAILABLE GROUNDWATER AND EXEMPT USE NUMBERS FOR GROUNDWATER MANAGEMENT AREAS 1, 2, 4, 9, AND 14. Bill Hutchison, Director, Groundwater Resources, presented this item.

No action was taken on this item.

24. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE CONTRACTS ON OR BEFORE AUGUST 31, 2011, IN SUPPORT OF THE NUECES AND UPPER RIO GRANDE BASIN AND BAY EXPERT SCIENCE TEAMS NOT TO EXCEED A TOTAL OF \$40,000; AND (B) TRANSFER FUNDS FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. Ruben Solis, Director of Surface Water Resources, presented this item.

Mr. Labatt moved to recommend approval of the staff recommendation as proposed; the motion was seconded by Mr. Crutcher; it passed unanimously.

25. CONSIDER AUTHORIZING THE INTERIM EXECUTIVE ADMINISTRATOR TO: (A) NEGOTIATE AND EXECUTE A CONTRACT WITH THE U.S. ARMY CORPS OF ENGINEERS, FORT WORTH DISTRICT, TO UPDATE THE HYDROGRAPHIC SURVEY PROGRAM'S DATA EDITING SOFTWARE IN AN AMOUNT NOT TO EXCEED A TOTAL OF \$79,000; AND (B) TRANSFER \$39,500 FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND. Jason Kemp, Hydrologist, Water Science and Conservation, presented this item.

Mr. McMahan moved to recommend approval of the staff recommendation as proposed; the motion was seconded by Mr. Cluck; it passed unanimously.

26. BRIEFING AND DISCUSSION ON DROUGHT CONDITIONS IN THE STATE OF TEXAS. Ruben Solis, Director of Surface Water Resources, presented this item.

No action was taken on this item.

27. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

28. 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 11:50 a.m.

APPROVED and ordered of record this, the 21st day of July, 2011.

TEXAS WATER DEVELOPMENT BOARD

---

Edward G. Vaughan, Chairman

ATTEST:

---

Melanie Callahan,  
Interim Executive Administrator