

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

Chairman Edward G. Vaughan called to order the regular meeting of the Texas Water Development Board at 10:08 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, Joyce Bourenane, Carolyn Brittin, David Buaas, Melanie Callahan, Kathy Calnan, David Carter, Michael Clough, Mark Evans, Luis Farias, Wendy Foster, Maxine Gilford, Lisa Glenn, Rene Gonzalez, Mark Hall, Dan Hardin, Francia Harutunian, Samantha Heng, Amanda Jenami, Chris Jurgens, Sandy Kaiser, Merry Klonower, Jessica Kohlrenken, Dain Larsen, Amanda Lavin, Kathleen Ligon, Darryl Lindgens, Mireya Loewe, Ryan Long, Robert Mace, Issa McDaniel, David Meeseey, Dave Mitamura, Piper Montemayor, Matt Nelson, Darrell Nichols, Javier Pena, Ken Petersen, Lisa Petoskey, Melissa Popkoff, Debbie Ramirez, Joe Reynolds, Nancy Richards, Steve Rodriguez, Clay Schultz, Jim Scott, John Steib, Comer Tuck, Jeff Walker, Gilbert Ward, Mark Wentzel, David Yager, and Jessica Zuba.

The following individuals were present:

Barry Adair, Raymond James  
Tom Brown, Naismith Engineering  
Carmen Cernosek, Lt. Governor Dewhurst's Office  
Tom Duck, Texas Rural Water Association  
Kim Edwards, Fidelity Capital Markets  
Mark Ellis, Jefferies & Company  
Rich Fuller, Pate Taraherrelli Partners  
Jose Gaytan, V.P., Bank of Texas  
Hector Gonzalez, Government Affairs Manager, El Paso Water Utilities  
Doug Holcomb, Texas Commission on Environmental Quality  
Rex Klentzman, West Wood Shores  
Brigadier General Tom Kula, U.S. Army Corps of Engineers  
Dale Lehman, Piper Jaffray  
Michael G. Morrison, Freese and Nichols, Inc.  
Bill Mullican  
Bill Norris, NRS Consulting Engineers  
Leonard Olson, Texas Rural Water Association  
Lorraine Palacios, Ramirez & Co.  
Ben Rosenberg, Coastal Securities, Inc.  
Ray Russo, U.S. Army Corps of Engineers  
Anna Aldridge Smith, P.E., City of Portland  
Kevin Smith, Naismith Engineering

Mike Tanner, City Manager, City of Portland  
Ajay Thomas, Raymond James  
Hope Wells, San Antonio Water System  
Tim Williams, J.P. Morgan  
Lara Zent, Texas Rural Water Association  
Terry Zrubek, Office of the Governor

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

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

REPORTS

2. CONTRACT STATUS REPORT REGARDING THE STATUS OF PENDING CONTRACTS THAT ARE UNDER DEVELOPMENT AND EXECUTED CONTRACTS THAT HAVE BEEN PREVIOUSLY APPROVED BY THE BOARD. (David Carter)
3. REPORT ON PREPAYMENTS RECEIVED DURING FISCAL YEAR 2011. (Melissa Popkoff)
4. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. (Jeff Walker)

CONSENT

5. REVIEW, DISCUSSION, AND CONSIDER APPROVAL OF THE BOARD'S DEBT MANAGEMENT POLICY. (Finance Committee Item No. 2) Piper Montemayor
6. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF CADDO MILLS (HUNT COUNTY)** FOR A LOAN IN THE AMOUNT OF \$4,430,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Mark Evans)
7. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF HOUSTON (HARRIS COUNTY)** FOR A LOAN IN THE AMOUNT OF \$49,900,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Jessica Zuba)
8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **TOWN OF ANTHONY (EL PASO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,540,000 CONSISTING OF: (A) A LOAN IN THE AMOUNT OF \$762,000; AND (B) \$1,778,000 LOAN FORGIVENESS, FROM THE DRINKING WATER STATE REVOLVING FUND-DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Finance Committee Item No. 5) (Luis Farias)
9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BURNET**

**(BURNET COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,375,000 FROM THE DRINKING WATER STATE REVOLVING FUND - DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Javier Pena)

10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **EL PASO WATER UTILITIES PUBLIC SERVICE BOARD (EL PASO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$82,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE PLANNING, ACQUISITION AND DESIGN COSTS TO PROVIDE FIRST TIME WATER SERVICE IN THE CANUTILLO AREA - LA MESA, VINTON, AND SEVENTH STREETS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Finance Committee Item No. 6) (Mireya Loewe)
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **EL PASO WATER UTILITIES PUBLIC SERVICE BOARD (EL PASO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$90,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE PLANNING COSTS TO PROVIDE FIRST TIME WATER SERVICE IN THE CANUTILLO AREA - GEORGIA AND NORMA STREETS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Finance Committee Item No. 7) (Mireya Loewe)
12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF PORTLAND (SAN PATRICIO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,493,000, CONSISTING OF: (A) A \$193,000 LOAN; AND (B) A \$2,300,000 GRANT, FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE CONSTRUCTION COSTS TO PROVIDE FIRST TIME WASTEWATER SERVICE TO THE DOYLE SUBDIVISION, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Finance Committee Item No. 8) (Mireya Loewe)
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF GROVETON (TRINITY COUNTY)** FOR A SIX MONTH EXTENSION TO THE \$145,000 GRANT COMMITMENT IN RESOLUTION NO. 11-17 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE ACQUISITION AND DESIGN COSTS FOR A WATER SYSTEM IMPROVEMENT PROJECT. (Finance Committee Item No. 9) (Mireya Loewe)
14. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8 (MONTGOMERY COUNTY)**: (A) FOR A LOAN IN THE AMOUNT OF \$2,725,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION; AND (B) TO RESCIND TWDB RESOLUTION 10-131 WHICH APPROVED A \$645,000 LOAN FROM THE WATER INFRASTRUCTURE FUND. (Finance Committee Item No. 10) (Jessica Zuba/David Yager)
15. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 9 (MONTGOMERY COUNTY)**: (A) FOR A LOAN IN THE AMOUNT OF \$2,725,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION; AND (B) TO RESCIND TWDB RESOLUTION 10-132 WHICH APPROVED A \$645,000 LOAN FROM THE WATER INFRASTRUCTURE FUND. (Finance Committee Item No. 11)

(Jessica Zuba/David Yager)

16. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **WESTWOOD SHORES MUNICIPAL UTILITY DISTRICT (TRINITY COUNTY)** TO CHANGE THE SCOPE OF THE PROJECT APPROVED IN TWDB RESOLUTION 07-88 FROM CONSTRUCTION OF A NEW SURFACE WATER TREATMENT PLANT TO CONSTRUCTION OF AN INTERCONNECT WITH AN ADJACENT WATER SYSTEM. (Darrell Nichols)
17. CONSIDER APPROVAL OF THE PRIORITIZATION OF APPLICATIONS SUBMITTED FOR FINANCIAL ASSISTANCE FROM THE WATER INFRASTRUCTURE FUND. (Darrell Nichols/Dan Hardin)
18. CONSIDER AUTHORIZING STAFF TO PUBLISH A REQUEST FOR APPLICATIONS IN THE TEXAS REGISTER FOR A TOTAL AMOUNT NOT TO EXCEED \$500,000 FROM THE RESEARCH AND PLANNING FUND FOR REGIONAL WATER AND WASTEWATER FACILITY PLANNING GRANTS. (David Meesey)
19. CONSIDER AUTHORIZING STAFF TO PUBLISH A REQUEST FOR APPLICATIONS IN THE TEXAS REGISTER FOR A TOTAL AMOUNT NOT TO EXCEED \$1,000,000 FROM THE RESEARCH AND PLANNING FUND FOR FLOOD PROTECTION PLANNING. (Gilbert Ward)
20. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO EXECUTE AN IMPLEMENTING AGREEMENT FOR THE EDWARDS AQUIFER RECOVERY IMPLEMENTATION PROGRAM. (Matt Nelson)
21. CONSIDER AUTHORIZING: (A) PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE CHAPTER 384 (CONCERNING RURAL WATER ASSISTANCE FUND); AND (B) THE SUBSEQUENT PUBLICATION OF NOTICE OF ADOPTION OF THE RULEMAKING IF NO SUBSTANTIVE COMMENTS REQUIRE BOARD CONSIDERATION. (Jim Bateman/Rene Gonzalez)
22. CONSIDER APPROVAL OF: (A) THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE DEPARTMENT OF RURAL AFFAIRS AND THE TEXAS WATER DEVELOPMENT BOARD; AND (B) PUBLICATION OF THE MOU AS A BOARD RULE. (Ingrid Hansen)

Chairman Vaughan recognized Lara Zent, General Counsel, Texas Rural Water Association, who offered comments on Item No. 21 on the Consent Agenda.

Mr. McMahan moved to approve Board Consent Items Nos. 5-7 and 9-22 with Item No. 21 modified as requested by Ms. Zent. Item No. 8 was not considered today.

Mr. Cluck seconded; it passed unanimously.

REGULAR

23. REVIEW, DISCUSSION, AND CONSIDER APPROVAL OF THE BOARD'S INVESTMENT POLICY AND STRATEGIES. Piper Montemayor, Director, Debt and Portfolio Management, presented this item.

Mr. Bradford moved to approve the staff recommendation as proposed; the motion was seconded by Mr. Cluck; the motion passed unanimously.

24. BRIEFING AND DISCUSSION OF INTER-AGENCY ACTIVITIES BETWEEN THE TEXAS WATER DEVELOPMENT BOARD AND THE U.S. ARMY CORPS OF ENGINEERS. Dave Mitamura, Deputy Executive Administrator, Program and Policy Development, introduced Brigadier General Tom Kula, U.S. Army Corps of Engineers, who presented this item.

No action was taken on this item.

25. BRIEFING, DISCUSSION, AND CONSIDER APPROVAL OF THE STATE FISCAL YEAR 2012 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN.

This item was not considered at today's meeting.

26. BRIEFING, DISCUSSION, AND CONSIDER APPROVAL OF THE STATE FISCAL YEAR 2012 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.

This item was not considered at today's meeting.

27. BRIEFING, DISCUSSION AND CONSIDER, PURSUANT TO SECTION 2001.034, GOVERNMENT CODE: (A) MAKING A FINDING THAT AN IMMINENT PERIL TO THE PUBLIC HEALTH, SAFETY AND WELFARE REQUIRES IMMEDIATE ADOPTION OF AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE CHAPTER 371 (CONCERNING DRINKING WATER STATE REVOLVING FUND); AND (B) ADOPTING SUCH AMENDMENTS TO ALLOW EXPEDITED CONSIDERATION OF FUNDING PROJECTS TO ADDRESS EMERGENCY CONDITIONS AFFECTING PUBLIC WATER SYSTEMS. Rene Gonzalez, Policy Specialist, Program Development, presented this item. Christopher Jurgens, Project Engineering and Review, also addressed the Board.

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

28. BRIEFING, DISCUSSION AND CONSIDER, PURSUANT TO SECTION 2001.034, GOVERNMENT CODE: (A) MAKING A FINDING THAT AN IMMINENT PERIL TO THE PUBLIC HEALTH, SAFETY AND WELFARE REQUIRES IMMEDIATE ADOPTION OF AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE CHAPTER 375 (CONCERNING CLEAN WATER STATE REVOLVING FUND); AND (B) ADOPTING SUCH AMENDMENTS

TO ALLOW EXPEDITED CONSIDERATION OF FUNDING PROJECTS TO ADDRESS EMERGENCY CONDITIONS AFFECTING WASTEWATER SYSTEMS.

This item was not considered at today's meeting.

29. CONSIDER RELEASE OF THE DRAFT 2012 STATE WATER PLAN FOR PUBLIC COMMENT. Dan Hardin, Director, Water Resources Planning, presented this item.

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

30. BRIEFING AND DISCUSSION ON HISTORICAL AERIAL IMAGERY ARCHIVE PRESERVATION. Jim Scott, Director, Texas Natural Resources Information System, presented this item.

No action was taken on this item.

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

No action was taken on this item.

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 to consider any other items.

The meeting adjourned at 11:32 a.m.

APPROVED and ordered of record this, the 20th day of October, 2011.

TEXAS WATER DEVELOPMENT BOARD

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Edward G. Vaughan, Chairman

ATTEST:

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Melanie Callahan,  
Interim Executive Administrator