

MINUTES OF THE  
TEXAS WATER DEVELOPMENT BOARD  
BOARD MEETING  
September 20, 2012

Vice-Chairman Joe M. Crutcher called to order the regular meeting of the Texas Water Development Board at 9:09 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. In addition to Vice-Chairman Crutcher, the following Board Members were also present:

Lewis H. McMahan  
Edward G. Vaughan  
Monte Cluck  
F. A. "Rick" Rylander

Chairman Billy Bradford, Jr. did not attend the meeting.

Members of Texas Water Development Board staff attending included: Chris Adams, Jorge Arroyo, Stacy Barna, Jim Bateman, Joyce Bourenane, James Bronikowski, Kelly Burton, Melanie Callahan, David Carter, JoAnne Duncan, Mark Ellison, Mark Evans, Luis Farias, Scott Foltz, Wendy Foster, Larry French, Monica Galuski, Maxine Gilford, Lisa Glenn, Rene Gonzales, Mark Hall, Ingrid Hansen, Dan Hardin, Francia Harutunian, Ruben Hernandez, Janie Hopkins, Amanda Jenami, Zhenwen Jia, Chris Jurgens, Sandy Kaiser, Jennifer Kennedy, Merry Klonower, Randy Lara, Dain Larsen, Darryl Lindgens, Mireya Loewe, Ryan Long, Robert Mace, Issa McDaniel, Michelle McFaddin, David Meeseey, Dave Mitamura, Piper Montemayor, Darrell Nichols, Brenda O'Neill, Javier Pena, Ken Petersen, Lisa Petoskey, Samantha Pollard, Debbie Ramirez, Joe Reynolds, Cindy Ridgeway, Steve Rodriguez, Melissa Rothrock, Jim Scott, Joel Smith, Shawn Snyder, Ruben Solis, Comer Tuck, Jeff Walker, Gilbert Ward, Mark Wentzel, David Yeager, and Jessica Zuba.

The following individuals were present:

Evan Autry, State Representative Jim Keffer's Office  
John Baldwin, Coastal Water Authority  
Susan Bandy, City of Houston  
Kate Bechtal  
Linda Brookins, Texas Commission on Environmental Quality  
Tom Brown, City of Alpine  
Carmen Cernosek, Lt. Gov. David Dewhurst's Office  
Shauna Fitzsimmons, Lloyd Gosselink  
Perry L. Fowler, Associated General Contractors of Texas  
Jesus Garcia, City of Alpine  
Phyllis Garcia, San Antonio Water System  
Joshua Grimes, Prairielands Groundwater Conservation District  
David Harris, City of Brownwood  
Doug Hearne, City of Brownwood  
Shana Horton  
Keith Kindle, Hibbs & Todd, Inc.  
Joel Kluupp, Texas Commission on Environmental Quality  
Sharon Ukey, City of Menard  
Katy Lumpkin  
Kate Markloaf, Burgess Well Company

Rick Menchaca, BOSC  
Clayton Pope, City of Houston  
Avinash Rangra, City of Alpine  
Anji Rangra, City of Alpine  
James Roach, City of Menard  
L. J. Skiles, City of Menard  
Stacey Steinbach, TAGD  
Hope Wells, San Antonio Water System  
C.E. Williams, Panhandle Groundwater District  
Lara Zent, Texas Rural Water Association

1. CONSIDER APPROVAL OF THE AUGUST 16, 2012 BOARD MEETING MINUTES.

Mr. Vaughan moved to approve the minutes; the motion was seconded by Mr. Cluck; 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, Contract Administration)
3. FINANCIAL ASSISTANCE PROGRAMS PERFORMANCE REPORT REGARDING LOAN AND GRANT COMMITMENT ACTIVITY. (Jeff Walker, Project Development)
4. REPORT ON ACTIVITIES RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. (Mireya Loewe, Project Oversight)

Vice-Chairman Crutcher announced that Items 2-4 are reports that have been submitted to the Board but are not posted for discussion or action.

#### CONSENT

5. CONSIDER APPROVAL OF THE ANNUAL REVIEW OF THE BOARD'S INVESTMENT POLICY AND STRATEGIES. (FINANCE COMMITTEE ITEM NO. 2) (Piper Montemayor)
6. CONSIDER APPROVING THE BOARD'S DEBT MANAGEMENT POLICY. (FINANCE COMMITTEE ITEM NO. 3) (Piper Montemayor)
7. CONSIDER APPROVING BY RESOLUTION, THE ESTABLISHMENT OF A NEW TAX-EXEMPT LENDING RATE SCALE FOR THE ECONOMICALLY DISTRESSED AREAS PROGRAM. (FINANCE COMMITTEE ITEM NO. 5) (Monica Galuski)
8. CONSIDER APPROVING BY RESOLUTION: (A) A REQUEST FROM THE **GREENBELT MUNICIPAL AND INDUSTRIAL WATER AUTHORITY (DONLEY COUNTY)** FOR THE BOARD'S APPROVAL OF THE ISSUANCE OF ADDITIONAL BONDS; AND (B) AUTHORIZATION FOR THE EXECUTIVE ADMINISTRATOR TO TAKE ALL ACTIONS NECESSARY TO EFFECT

THE BOARD'S APPROVAL. (Jim Bateman/Piper Montemayor)

9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM **BRUSHY CREEK REGIONAL UTILITY AUTHORITY (TRAVIS AND WILLIAMSON COUNTIES)** (AUTHORITY) FOR APPROVAL TO AMEND THE RESOLUTIONS ISSUED BY THE AUTHORITY FOR THE CITIES OF ROUND ROCK, CEDAR PARK AND LEANDER IN JUNE, 2009 PURSUANT TO TWDB RESOLUTION NO. 08-03, TO RESOLVE AN INCONSISTENCY RELATING TO WHEN THE AUTHORITY MUST SUBMIT ANNUAL AUDITS. (Michelle McFaddin)
10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF MCALLEN (HIDALGO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$7,808,511, CONSISTING OF \$6,655,000 IN LOAN AND \$1,153,511 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Dain Larsen)
11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF COMANCHE (COMANCHE COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,269,750 CONSISTING OF \$705,000 IN LOAN AND \$564,750 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Jessica Zuba)
12. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF MENARD (MENARD COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,087,000 CONSISTING OF \$550,000 IN LOAN AND \$537,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Caaren Skrobarczyk)
13. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF PARIS (LAMAR COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$3,400,778, CONSISTING OF \$2,900,000 IN LOAN AND \$500,778 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Dain Larsen)
14. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF RANGER (EASTLAND COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,612,761 CONSISTING OF \$895,000 IN LOAN AND \$717,761 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Caaren Skrobarczyk)
15. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF ALPINE (HUDSPETH COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$204,000 CONSISTING OF A \$102,000 GRANT AND A \$102,000 LOAN FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR ACQUISITION AND DESIGN COSTS RELATING TO WASTEWATER SYSTEM IMPROVEMENTS. (Jessica Zuba)

16. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **PANHANDLE GROUNDWATER CONSERVATION DISTRICT (CARSON, GRAY, WHEELER, DONLEY, ARMSTRONG, POTTER, AND ROBERTS COUNTIES)** FOR A LOAN IN THE AMOUNT OF \$2,000,000 FROM THE AGRICULTURAL WATER CONSERVATION PROGRAM TO PROVIDE FINANCING FOR AN AGRICULTURAL WATER CONSERVATION PROGRAM. (Javier Pena)
17. CONSIDER APPROVAL OF: (A) THE PRIORITIZATION OF APPLICATIONS SUBMITTED FOR FINANCIAL ASSISTANCE FROM THE WATER INFRASTRUCTURE FUND AND THE STATE PARTICIPATION ACCOUNT; AND (B) SETTING A SUBSIDY OF 100 BASIS POINTS FOR LOANS FUNDED WITH THE PROCEEDS OF WATER INFRASTRUCTURE FUND BONDS ISSUED IN FISCAL YEAR 2013. (Darrell Nichols/Dan Hardin/Piper Montemayor/Jim Bateman)
18. CONSIDER AUTHORIZING STAFF TO PUBLISH A REQUEST FOR APPLICATIONS FOR A TOTAL AMOUNT NOT TO EXCEED \$400,000 FROM THE RESEARCH AND PLANNING FUND FOR REGIONAL WATER AND WASTEWATER FACILITY PLANNING GRANTS. (David Meeseey)
19. CONSIDER AUTHORIZING STAFF TO PUBLISH A REQUEST FOR APPLICATIONS FOR A TOTAL AMOUNT NOT TO EXCEED \$900,000 FROM THE RESEARCH AND PLANNING FUND FOR FLOOD PROTECTION PLANNING GRANTS. (Gilbert Ward)
20. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE CONTRACTS FOR FUNDING FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) TO UPDATE FLOODPLAIN MAPS IN ACCORDANCE WITH FEMA'S RISKMAP PROGRAM. (Jim Scott)

Mr. McMahan asked for a discussion on Board Consent Item No. 17. Dan Hardin, Water Resource Planning & Information, addressed the Board. Melanie Callahan, Executive Administrator, also addressed the Board.

Mr. Cluck moved to approve Board Consent Items Nos. 4-20. Mr. Vaughan seconded; it passed unanimously.

#### REGULAR

21. BRIEFING, DISCUSSION, AND CONSIDER APPROVING THE TEXAS WATER DEVELOPMENT BOARD'S LEGISLATIVE PRIORITIES REPORT TO THE 83<sup>RD</sup> LEGISLATURE. Wendy Foster, Governmental Relations, presented this item.

Mr. McMahan recommended identifying the State Water Plan as the Board's top priority and moved to otherwise approve staff's recommendation; Mr. Cluck seconded; it passed unanimously.

22. CONSIDER AUTHORIZING A PORTFOLIO SALE AND SERVICING AGREEMENT BETWEEN THE TEXAS WATER RESOURCES FINANCE AUTHORITY AND THE TEXAS WATER DEVELOPMENT BOARD. Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

Mr. Cluck moved to approve staff's recommendation; Mr. Rylander seconded; it passed unanimously.

23. BRIEFING AND DISCUSSION CONCERNING THE 2013 CLEAN WATER STATE REVOLVING FUND CAPITALIZATION GRANT. Stacy Barna, Program Development, presented this item. Ken Petersen, General Counsel, also addressed the Board.

No action was taken on this item.

24. BRIEFING, DISCUSSION, AND CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF BROWNWOOD (BROWN COUNTY)** FOR A LOAN IN THE AMOUNT OF \$12,000,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FUND A DIRECT RE-USE PROJECT, UTILIZING THE PRE-DESIGN FUNDING OPTION. Jeff Walker, Project Development, presented this item and then introduced Joel Smith, Project Engineering & Review, who also made a presentation to the Board.

Mr. Vaughan moved to approve staff's recommendation; Mr. Rylander seconded; it passed unanimously.

25. BRIEFING AND DISCUSSION ON THE GUIDANCE AND METHODOLOGY FOR WATER CONSERVATION REPORTING THAT IS BEING DEVELOPED UNDER TEXAS WATER CODE §16.403(B); AND CONSIDER AUTHORIZING: (A) PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE SECTION 363.15 RELATING TO REQUIRED WATER CONSERVATION PLAN; AND (B) THE SUBSEQUENT PUBLICATION OF NOTICE OF ADOPTION OF THE RULEMAKING IF NO SUBSTANTIVE COMMENTS REQUIRE BOARD CONSIDERATION. Comer Tuck, Water Science & Conservation, presented this item.

Mr. McMahan moved to approve staff's recommendation; Mr. Vaughan seconded; it passed unanimously.

Vice Chairman, Joe Crutcher, recognized the following individuals in attendance at the meeting today:

Evan Autry, State Representative Jim Keffer's Office and  
Carmen Cernosek, Lt. Gov. David Dewhurst's Office

26. BRIEFING, DISCUSSION, AND CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO: (A) PUBLISH THE PROPOSED REPEAL OF 31 TEXAS ADMINISTRATIVE CODE (TAC) CHAPTER 356 RELATING TO GROUNDWATER MANAGEMENT; AND (B) PUBLISH FOR ADOPTION PROPOSED 31 TAC CHAPTER 356, RELATING TO GROUNDWATER MANAGEMENT. Larry French, Water Science & Conservation, presented this item.

Mr. Vaughan moved to approve staff's recommendation; Mr. Cluck seconded; it passed unanimously.

27. BRIEFING, DISCUSSION, AND POSSIBLE ACTION ON THE REPORT *ACTIVITIES AND RECOMMENDATIONS OF THE TEXAS GROUNDWATER PROTECTION COMMITTEE: A*

*REPORT TO THE 83RD LEGISLATURE.* Larry French, Water Science & Conservation, presented this item.

Mr. McMahan moved to approve staff's recommendation; Mr. Rylander seconded; it passed unanimously.

28. BRIEFING AND DISCUSSION ON DROUGHT CONDITIONS IN THE STATE OF TEXAS. Mark Wentzel, Water Science & Conservation, presented this item.

No action was taken on this item.

29. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

30. 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 10:05 a.m.

APPROVED and ordered of record this, the 17th day of October, 2012.

TEXAS WATER DEVELOPMENT BOARD

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Billy R. Bradford, Jr., Chairman

ATTEST:

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Melanie Callahan,  
Executive Administrator