

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING
October 17, 2013

Chairman Carlos Rubinstein called to order the meeting of the Texas Water Development Board at 8:32 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. In addition to Chairman Rubinstein, Directors Bech Bruun and Mary Ann Williamson were also in attendance, and a quorum was present.

Members of the Texas Water Development Board staff attending included: Chris Adams, Stacy Barna, Jim Bateman, Joyce Bourenane, James Bronikowski, Kelly Burton, Chris Caran, David Carter, JoAnne Duncan, Jeff Dunsworth, Scot Foltz, Larry French, Lisa Glenn, Maxine Gilford, Rene Gonzalez, Mark Hall, Ingrid Hansen, Dan Hardin, Francia Harutunian, Ruben Hernandez, Amanda Jenami, Zhenwen Jia, Chris Jurgens, Sandy Kaiser, Jennifer Kennedy, Merry Klonower, Kevin Kluge, Jessica Kohlrenken, Randy Lara, Mireya Loewe, Ryan Long, LeeRoy Lopez, Robert Mace, Jeremy Mazur, Piper Montemayor, John Muras, Darrell Nichols, Mike Parcher, Javier Pena, Ken Petersen, Debbie Ramirez, Joe Reynolds, Nancy Richards, Steve Rodriguez, Leo Ruiz, Bob Sahm, Michael Segner, Caaren Skrobarczyk, Ruben Solis, John Sutton, John Steib, Augustine Tambe, Rebecca Trevino, Cameron Turner, Jeff Walker, Mark Wentzel, and David Yager.

The following individuals were present:

Tom Armagost, Deerhaven WCID
Fred Aus, Texas Rural Water Association
Trish Bode, HillCo Partners
Danielle Bradford, Piper Jaffray
Anne Burger, First Southwest
Mario Chapa, Aqua SUD
Rob Connins, Siebert Brandford Shank
Mark Ellis, Jefferies
David Esquivel, City of Cleburne
Frank Flores, Agua SUD
Perry Fowler, Perry Fowler & Associates
David Fusilier, Naismith Engineering
Kim Galvin, City of Cleburne
Eloy David Gonzalez, Agua SUD
Gary Graham, City of West
Jacquelyn Greenwood, Rep. Four Price's Office
Stafford Gunning, Freese & Nichols
Kris Heckmann
Yeerabhadra R. Kajuluri, Agua SUD
Kyle Kacal, State Representative
Keith Kindle, Hibbs & Todd, Inc.
Dale Lehman, Piper Jaffray

Jim Maughan, Deerhaven WCID
David Mendez, Agua SUD
Manuel Mendez, Agua SUD
Art Morales, BOSC, Inc.
Sergio Munoz, Jr., State Representative
Tommy Musky, City of West
David Nacienceno, City of Palmview
Bill Norris, Norris Leal Engineering
Gerardo Perez, City of Palmview
Josh Reyna, Sen. Juan Hinojosa's Office
Richard Sanchez, Rep. Sergio Munoz Jr.'s Office
Ramon Segovia, City of Palmview
Ryan Skrobarczyk, Rep. Kyle Kacal's Office
Dalton Smith, Bank of America
Mehgan Taack, TCEQ
Houston Tower, Representative Eddie Lucio III's Office
Les Trobman, TCEQ
George Walker, Jr., City of West
Terra Willett, Rep. Kyle Kacal's Office
Christina Wisdom, Gardere Wynne Sewell
Cris Vela, Agua SUD

1. CONSIDER APPROVAL OF THE MINUTES OF THE SEPTEMBER 18, 2013, BOARD MEETING.

Director Bruun moved to approve the minutes; the motion was seconded by Director Williamson; it passed unanimously.

2. CONSIDER APPROVAL OF THE MINUTES OF THE SEPTEMBER 19, 2013, BOARD MEETING.

Director Williamson moved to approve the minutes; the motion was seconded by Director Bruun; it passed unanimously.

3. CONSIDER APPROVING INTERNAL AUDIT'S FISCAL YEAR 2014 AUDIT PLAN. Amanda Jenami, Internal Auditor, presented this item.

Director Bruun moved to approve the Fiscal Year 2014 Audit Plan; Director Williamson seconded; it passed unanimously.

4. CONSIDER THE ANNUAL REVIEW, AMENDMENTS, AND APPROVAL OF THE BOARD'S INVESTMENT POLICY AND STRATEGIES. Piper Montemayor, Debt & Portfolio Management, presented this item.

Director Williamson moved to approve the Board's Investment Policy and Strategies with the amendments; Director Bruun seconded; it passed unanimously.

5. CONSIDER THE ANNUAL REVIEW, AMENDMENTS, AND APPROVAL OF THE BOARD'S DEBT MANAGEMENT POLICY. Piper Montemayor, Debt & Portfolio Management, presented this item.

Director Bruun moved to approve the Board's Debt Management Policy with the amendments; Director Williamson seconded; it passed unanimously.

6. CONSIDER APPROVING BY RESOLUTION, THE OFFICIAL INTENT TO REIMBURSE COSTS OF LOANS THROUGH THE ISSUANCE, SALE, AND DELIVERY OF UP TO \$136,069,530 OF CLEAN WATER REVOLVING FUND REVENUE BONDS. Piper Montemayor, Debt & Portfolio Management, presented this item to the Board.

Director Williamson moved to approve the issuance of up to \$136,069,530 of Clean Water Revolving Fund Revenue Bonds; Director Bruun seconded; it passed unanimously.

7. CONSIDER APPROVAL OF POPULATION PROJECTIONS FOR ALL REGIONAL WATER PLANNING AREAS FOR USE IN THE 2016 REGIONAL WATER PLANS. Kevin Kluge, Water Resource Planning, presented this item.

Director Bruun moved to approve the population projections for use in the 2016 Regional Water Plans; Director Williamson seconded; it passed unanimously.

8. CONSIDER APPROVAL OF WATER DEMAND PROJECTIONS FOR ALL REGIONAL WATER PLANNING AREAS FOR USE IN THE 2016 REGIONAL WATER PLANS. Kevin Kluge, Water Resource Planning, presented this item.

Director Williamson moved to approve the water demand projections for use in the 2016 Regional Water Plans; Director Bruun seconded; it passed unanimously

9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE CADDO LAKE WATER SUPPLY CORPORATION (HARRISON COUNTY) FOR A LOAN IN THE AMOUNT OF \$290,000 FROM THE RURAL WATER ASSISTANCE FUND TO FINANCE CONSTRUCTION OF A GROUND STORAGE TANK AND REHABILITATION OF WATER SYSTEM COMPONENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. Javier Peña, Financial Analyst, presented this item.

Director Bruun moved to approve the Corporation's request; Director Williamson seconded; it passed unanimously.

10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE CITY OF AMARILLO (POTTER AND RANDALL COUNTIES) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$8,939,131, CONSISTING OF A \$8,495,000 LOAN AND \$444,131 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND, TO FINANCE THE CONSTRUCTION OF A LIFT STATION REPLACEMENT, RELOCATION OF A FORCE MAIN LINE, AND INSTALLATION OF A GRAVITY SEWER MAIN, UTILIZING THE PRE-DESIGN FUNDING OPTION. Javier Peña, Financial Analyst, presented this item.

Director Williamson moved to approve the City's request; Director Bruun seconded; it passed unanimously.

11. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF BANGS (BROWN COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$330,000, CONSISTING OF A \$231,000 LOAN AND \$99,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE INSTALLATION OF AN AUTOMATIC METER READING SYSTEM TO IMPROVE BILLING EFFICIENCIES, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Caaren Skrobarczyk, Financial Analyst, presented this item.

Director Bruun moved to approve the City's request; Director Williamson seconded; it passed unanimously.

12. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF CITY OF CUSHING (NACOGDOCHES COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$727,000, CONSISTING OF A \$510,000 LOAN AND \$217,000 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND, TO FINANCE THE REHABILITATION OF AN EXISTING WASTEWATER TREATMENT PLANT, UTILIZING THE PRE-DESIGN FUNDING OPTION. Caaren Skrobarczyk, Financial Analyst, presented this item.

Director Bruun moved to approve the City's request; Director Williamson seconded; it passed unanimously.

13. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF CLEBURNE (JOHNSON COUNTY) FOR A LOAN IN THE AMOUNT OF \$2,380,000 FROM THE WATER INFRASTRUCTURE FUND TO FINANCE LAND ACQUISITION, PLANNING, AND ENVIRONMENTAL COSTS ASSOCIATED WITH THE LAKE WHITNEY WATER SUPPLY PROJECT. Caaren Skrobarczyk, Financial Analyst, presented this item. David Esquivel, Assistant City Manager, City of Cleburne, and Kim Galvin, Director of Finance, City of Cleburne, also addressed the Board.

Director Bruun moved to approve the City's request; Director Williamson seconded; it passed unanimously.

14. CONSIDER, BY RESOLUTION, A REQUEST FROM THE AGUA SPECIAL UTILITY DISTRICT (HIDALGO COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$31,510,000, CONSISTING OF A \$1,845,000 LOAN AND \$365,000 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND AND A \$29,300,000 GRANT FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE CONSTRUCTION OF A WASTEWATER COLLECTION SYSTEM TO PROVIDE FIRST TIME WASTEWATER SERVICE TO THE EASTERN PORTION OF THE DISTRICT'S SERVICE AREA INCLUDING THE COMMUNITY OF PALMVIEW AND SURROUNDING AREAS. Caaren Skrobarczyk, Financial Analyst, presented this item. State Representative Sergio Munoz, Jr.; Frank Flores, District Manager, Agua SUD; Mario Chapa, President, Agua SUD Board; and Eloy David Gonzalez, V.P., Agua SUD Board, also addressed the Board.

Director Williamson moved to approve the District's request; Director Bruun seconded; it passed unanimously.

15. CONSIDER, BY RESOLUTION, A REQUEST FROM THE DEERHAVEN WATER CONTROL AND IMPROVEMENT DISTRICT (LLANO COUNTY) FOR A \$1,250,000 LOAN FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE REPLACEMENT OF PORTIONS OF THE EXISTING WATER DISTRIBUTION SYSTEM TO INCREASE PRESSURE AND PROVIDE FIRE FLOW CAPACITY, UTILIZING THE PRE-DESIGN FUNDING OPTION. Dain Larsen, Financial Analyst, presented this item.

Director Bruun moved to approve the District's request; Director Williamson seconded; it passed unanimously.

16. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF RALLS (CROSBY COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$252,500, CONSISTING OF A \$130,000 LOAN AND \$122,500 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND, TO FINANCE PLANNING AND DESIGN COSTS RELATING TO THE CONSTRUCTION OF A NEW WASTEWATER TREATMENT PLANT, UTILIZING THE PRE-DESIGN FUNDING OPTION. Dain Larsen, Financial Analyst, presented this item. State Representative Drew Springer, also addressed the Board.

Director Williamson moved to approve the City's request; Director Bruun seconded; it passed unanimously.

17. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF SWEETWATER (NOLAN COUNTY) FOR A LOAN IN THE AMOUNT OF \$1,935,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE CONSTRUCTION OF A NEW WELL FIELD TO MEET WATER NEEDS RELATED TO ON-GOING DROUGHT, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Dain Larsen, Financial Analyst, presented this item. Keith Kindle, Hibbs & Todd Inc., also addressed the Board.

Director Bruun moved to approve the City's request; Director Williamson seconded; it passed unanimously.

18. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF BRECKENRIDGE (STEPHENS COUNTY) FOR A LOAN IN THE AMOUNT OF \$2,380,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE CONSTRUCTION OF AN EMERGENCY FLOATING PUMP STATION ON LAKE DANIEL, THE REPLACEMENT OF WATER LINES FOR THE REDUCTION OF WATER LOSS, AND HYDRAULIC MODELING FOR FUTURE EMERGENCY WATER SUPPLY INTERCONNECTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Jeff Walker, Project Development, presented this item. Nancy Richards, Project Engineering and Review, and Keith Kindle, Hibbs & Todd Inc., also addressed the Board.

Director Williamson moved to approve the City's request; Director Bruun seconded; it passed unanimously.

19. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF WEST (MCLENNAN COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$4,915,318, CONSISTING OF A \$2,485,000 LOAN AND \$2,430,318 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND, TO FINANCE CONSTRUCTION OF A NEW WELL AND STORAGE TO MEET PRESSURE AND CAPACITY NEEDS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Jeff Walker, Project Development, presented this item. State Representative Kyle Kacal, and Tommy Musky, Mayor, City of West, also addressed the Board.

Director Bruun moved to approve the City's request; Director Williamson seconded; it passed unanimously.

20. CONSIDER, BY RESOLUTION, A REQUEST FROM THE CITY OF WEST (MCLENNAN COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$5,157,075, CONSISTING OF A \$3,460,000 LOAN AND \$1,697,075 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND, TO FINANCE EXPANSION OF A WASTEWATER TREATMENT PLANT AND REHABILITATION OF THE COLLECTION SYSTEM TO REDUCE INFLOW AND INFILTRATION, UTILIZING THE PRE-DESIGN FUNDING OPTION. Jeff Walker, Project Development, presented this item.

Director Williamson moved to approve the City's request; Director Bruun seconded; it passed unanimously.

21. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE CITY OF HONDO (MEDINA COUNTY) MADE IN TWDB RESOLUTION NO. 13-07 FOR WATER LINE AND STORAGE REHABILITATION PROJECTS AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN FROM THE \$533,074 DRINKING

WATER STATE REVOLVING FUND LOAN FOR WATER DISTRIBUTION SYSTEM IMPROVEMENTS. Jennifer Kennedy, Environmental Review, presented this item.

Director Bruun moved to approve the City's request; Director Williamson seconded; it passed unanimously.

22. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE CITY OF MCALLEN (HIDALGO COUNTY) MADE IN TWDB RESOLUTION NO. 12-39 FOR THE INSTALLATION OF A WASTEWATER INTERCEPTOR SEWER AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN FROM THE \$1,700,000 CLEAN WATER STATE REVOLVING FUND LOAN FOR THE SPRAGUE SEWER INTERCEPTOR PROJECT. Jennifer Kennedy presented this item.

Director Williamson moved to approve the City's request; Director Bruun seconded; it passed unanimously.

23. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO THE CITY OF GOLDTHWAITE (MILLS COUNTY) MADE IN TWDB RESOLUTION NO. 13-06 AFTER ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR CONSTRUCTION FROM THE \$2,100,296 DRINKING WATER STATE REVOLVING FUND LOAN FOR A SUPPLEMENTAL WATER SUPPLY PROJECT. Christopher Jurgens, Environmental Review, presented this item.

Director Bruun moved to approve the City's request; Director Williamson seconded; it passed unanimously.

24. CONSIDER APPROVING BY RESOLUTION, AN AMENDMENT TO TWDB RESOLUTION NO. 13-102, CITY OF ROSCOE (NOLAN COUNTY), DELETING THE REQUIREMENT FOR A RESERVE ACCOUNT. Ingrid Hansen, Deputy General Counsel, presented this item.

Director Williamson moved to approve the City's request; Director Bruun seconded; it passed unanimously.

25. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE A CONTRACT WITH TEXAS TECH UNIVERSITY ON OR BEFORE JANUARY 31, 2014, IN AN AMOUNT NOT TO EXCEED \$1,800,000 FROM THE AGRICULTURAL WATER CONSERVATION FUND, TO EXTEND THE TEXAS ALLIANCE FOR WATER CONSERVATION PROJECT. Cameron Turner, Program Specialist, presented this item.

Director Bruun moved to authorize the Executive Administrator to negotiate and execute a contract with Texas Tech University; Director Williamson seconded; it passed unanimously.

26. CONSIDER AUTHORIZING PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE SECTION 358.6 RELATING TO THE FREQUENCY OF WATER LOSS AUDITS BY RETAIL PUBLIC UTILITIES PROVIDING POTABLE WATER. John Sutton, Program Specialist, presented this item.

Director Williamson moved to authorize publication of proposed amendments to 31 TAC, §358.6; Director Bruun seconded; it passed unanimously.

27. 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.

28. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

No comments were received.

Chairman Rubinstein recognized the following legislative staff members in attendance at the meeting:

Jacquelyn Greenwood, Rep. Four Price's Office
Josh Reyna, Sen. Juan Hinojosa's Office
Richard Sanchez, Rep. Sergio Munoz Jr.'s Office
Ryan Skrobarcyk, Rep. Kyle Kacal's Office
Houston Tower, Representative Eddie Lucio III's Office
Terra Willett, Rep. Kyle Kacal's Office

29. 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.

Chairman Rubinstein adjourned the meeting at 10:25 a.m.

APPROVED and ordered of record this, the 21st day of November, 2013.

TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein, Chairman

ATTEST:

Kevin Patteson
Executive Administrator