

MINUTES OF THE  
TEXAS WATER DEVELOPMENT BOARD  
BOARD MEETING  
November 21, 2013

Chairman Carlos Rubinstein called to order the meeting of the Texas Water Development Board at 9:29 a.m. in Room E1.004 of the Texas State Capitol Building, 1100 Congress Avenue, Austin, Texas. In addition to Chairman Rubinstein, Directors Bech Bruun and Mary Ann Williamson were also in attendance, and a quorum was present.

The following individuals were present:

J. Arroyo	Jerry Kyle, Andrews Kurth
Fred Aus, Texas Rural Water Association	Cam Lindsey, Wilmington Trust
Justin Baxter, Senate Finance Committee	Jeff Leuschel, McCall Parkhurst & Horton
Tina Beck, Legislative Budget Board	Ben Medina, City of Rio Hondo
Trish Bode, HillCo Partners	Luke Metzger, Environment Texas
Amanda Bidings, CitiGroup	Rick Menchaca, BOSC, Inc.
Anne Burger, First Southwest	Art Morales, BOSC, Inc.
Robert Collins, Siebert Brandford Shank	Guy Nakalams, Jefferies
Heather Cooke, City of Austin	Tilman Naylor, Jefferies
Doug Cuny, City of Grand Prairie	Kevin Oldham
Lisa Daniel, Public Financial Management	Timothy C. Peterson, J.P. Morgan
Kim Edwards, Piper Jaffray	Ben Rosenberg, U.S. Capital Advisors
Mark Ellis, Jefferies	Gregory Salinas, McCall Parkhurst & Horton
Perry Fowler, Perry Fowler & Associates	Patrick Scott, Barclays
Brad Franklin, City of Arlington	Jon Schnautz, Speaker's Office
Sarah Hicks, Senate Finance Committee	Dalton Smith, Bank of America
Shawnell Holmuni, Siebert Brandford Shank	Houston Tower, Representative Eddie Lucio III's Office
Cheri Huddleston, CitiGroup	Ryan Vise, Governor's Office
Wayne Hunter, Engineer	Terry Zrubek
Matt Johansen, CitiGroup	
Ken Kramer, Sierra Club	

1. CONSIDER: (A) ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE REFUNDING BONDS, TAXABLE SERIES 2013D (STATE PARTICIPATION) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000; (B) ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE REFUNDING BONDS, TAXABLE SERIES 2013E (ECONOMICALLY DISTRESSED AREAS PROGRAM) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,500,000; (C) ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE REFUNDING BONDS, SERIES 2013F IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$31,000,000; (D) ADOPTION OF A RESOLUTION

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE REFUNDING BONDS, TAXABLE SERIES 2013G IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$115,000,000; (E) APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF THE BONDS; AND (F) APPROVING AND AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND DEVELOPMENT FUND MANAGER TO ACT ON BEHALF OF THE TEXAS WATER DEVELOPMENT BOARD IN THE SALE AND DELIVERY OF SUCH BONDS. Rebecca Trevino, Chief Financial Officer, presented this item.

Director Bruun moved to:

Adopt the proposed Resolutions authorizing the issuance, sale and delivery of State of Texas Water Financial Assistance Refunding Bonds, Taxable Series 2013D in an aggregate principal amount not to exceed \$20,000,000; Taxable Series 2013E in an aggregate principal amount not to exceed \$15,500,000; Series 2013F in an aggregate principal amount not to exceed \$31,000,000; and Taxable Series 2013G in an aggregate principal amount not to exceed \$115,000,000;

Approve as final the proposed Preliminary Official Statement to be used in the marketing of the bonds; and

Authorize the Executive Administrator and Development Fund Manager to act on behalf of the Texas Water Development Board in the sale and delivery of such bonds.

The motion was seconded by Director Williamson; it passed unanimously.

2. CONSIDER APPROVAL OF THE INTERNAL AUDIT CHARTER. Amanda Jenami, Internal Auditor, presented this item.

Director Williamson moved to approve the Revised Internal Audit Charter; the motion was seconded by Director Bruun; it passed unanimously.

3. CONSIDER APPROVING INTERNAL AUDIT'S FISCAL YEAR 2013 ANNUAL REPORT. Amanda Jenami, Internal Auditor, presented this item.

Director Williamson moved to approve the Fiscal Year 2013 Annual Report; Director Bruun seconded; it passed unanimously.

4. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **ANGELINA WATER SUPPLY CORPORATION (ANGELINA COUNTY)** TO: (A) PREPAY LOAN NO. 1675 WITH THE TEXAS WATER DEVELOPMENT BOARD BY ESCROW ACCOUNT; (B) RELEASE THE TWDB'S LIENS SECURING THE LOAN; AND (C) AUTHORIZE THE EXECUTIVE ADMINISTRATOR TO TAKE ALL ACTIONS NECESSARY TO EFFECT THE TRANSACTION. Jim Bateman, Staff Attorney, presented this item.

Director Bruun moved to approve proposed Resolution:

Authorizing Angelina Water Supply Corporation to Prepay Loan No. 1675 with the Texas Water Development Board by escrow account;

Releasing the Texas Water Development Board's liens securing the Loan; and

Authorizing the Executive Administrator to take all actions necessary to effect the transaction.

Director Williamson seconded; it passed unanimously.

5. **CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE CITY OF ARLINGTON (TARRANT COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$4,023,640, CONSISTING OF A \$3,430,000 LOAN AND \$593,640 IN LOAN FORGIVENESS FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE THE REPLACEMENT OF EXISTING LINES TO IMPROVE THE PERFORMANCE OF THE WASTEWATER COLLECTION SYSTEM.** Javier Pena, Financial Analyst, presented this item.

Director Bruun moved to adopt the proposed Resolution providing the City of Arlington financial assistance from the Clean Water State Revolving Fund to finance the replacement of existing lines to improve the performance of the wastewater collection system, as recommended by the Executive Administrator.

Director Williamson seconded; it passed unanimously.

Brad Franklin, Utilities Engineering Manager for the City of Arlington, addressed the Board. He presented a letter of appreciation from Mayor Robert Cluck.

6. **CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE GREATER TEXOMA UTILITY AUTHORITY ON BEHALF OF CITY OF VAN ALSTYNE (GRAYSON COUNTY) FOR A LOAN IN THE AMOUNT OF \$1,730,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE THE REPLACEMENT OF COLLECTION LINES AND REHABILITATION OF WASTEWATER TREATMENT FACILITIES, UTILIZING THE PRE-DESIGN FUNDING OPTION.** Javier Pena, Financial Analyst, presented this item.

Director Williamson moved to adopt the proposed Resolution providing the Greater Texoma Utility Authority on behalf of City of Van Alstyne a loan from the Clean Water State Revolving Fund to finance the replacement of collection lines and rehabilitation of wastewater treatment facilities, utilizing the pre-design funding option, as recommended by the Executive Administrator.

Director Bruun seconded; it passed unanimously.

7. **CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE CITY OF DE LEON (COMANCHE COUNTY) FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,348,750, CONSISTING OF A \$520,000 LOAN AND \$828,750 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE REPLACEMENT OF CAST-IRON DISTRIBUTION LINES TO REDUCE WATER LOSS.** Javier Pena, Financial Analyst, presented this item.

Director Williamson moved to adopt the proposed Resolution providing the City of De Leon financial assistance from the Drinking Water State Revolving Fund to finance the replacement of cast-iron distribution lines to reduce water loss, as recommended by the Executive Administrator.

Director Bruun seconded; it passed unanimously.

8. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF GRAND PRAIRIE (DALLAS, ELLIS AND TARRANT COUNTIES)** FOR A LOAN IN THE AMOUNT OF \$4,000,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE INSTALLATION OF APPROXIMATELY 6,500 WATER METERS TO INCLUDE ADVANCED METERING INFRASTRUCTURE TECHNOLOGY IN AN EFFORT TO ACHIEVE WATER SYSTEM SAVINGS AND CONSERVATION GOALS. Jessica Zuba, Financial Analyst, presented this item.

Director Bruun moved to adopt the proposed Resolution providing the City of Grand Prairie a loan from the Drinking Water State Revolving Fund to finance the installation of approximately 6,500 water meters to include advanced metering infrastructure technology in an effort to achieve water system savings and conservation goals, as recommended by the Executive Administrator.

Director Williamson seconded; it passed unanimously.

Doug Cuny, Customer Service Manager for the City of Grand Prairie, also addressed the Board.

9. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **MALOY WATER SUPPLY CORPORATION (HUNT COUNTY)** FOR A LOAN IN THE AMOUNT OF \$420,000 FROM THE RURAL WATER ASSISTANCE FUND TO FINANCE WATER SYSTEM IMPROVEMENTS TO BRING THE SYSTEM INTO REGULATORY COMPLIANCE AND IMPROVE SERVICE. Jessica Zuba, Financial Analyst, presented this item.

Director Williamson moved to adopt the proposed Resolution providing the Maloy Water Supply Corporation a loan from the Rural Water Assistance Fund to finance water system improvements to bring the system into regulatory compliance and improve service, as recommended by the Executive Administrator.

Director Bruun seconded; it passed unanimously.

10. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **VALLEY WATER SUPPLY CORPORATION (DICKENS COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$981,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO REPLACE WATER DISTRIBUTION LINES IN AN EFFORT TO REDUCE WATER LOSS. Jessica Zuba, Financial Analyst, presented this item.

Director Williamson moved to adopt the proposed Resolution providing the Valley Water Supply Corporation financial assistance from the Drinking Water State Revolving Fund to replace water distribution lines in an effort to reduce water loss, as recommended by the Executive Administrator.

Director Bruun seconded; it passed unanimously.

11. CONSIDER APPROVING BY RESOLUTION, A REQUEST FROM THE **CITY OF CARBON (EASTLAND COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$794,147, CONSISTING OF A \$95,000 LOAN AND \$699,147 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE A WATER LINE REPLACEMENT TO ADDRESS WATER LOSS AND DRILLING TWO NEW WATER WELLS

TO PROVIDE ADDITIONAL WATER SOURCES, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. Caaren Skrobarczyk, Financial Analyst, presented this item.

Director Williamson moved to adopt the proposed Resolution providing the City of Carbon financial assistance from the Drinking Water State Revolving Fund to finance a water line replacement to address water loss and drilling two new water wells to provide additional water sources, utilizing the pre-design commitment option, as recommended by the Executive Administrator.

Director Bruun seconded; it passed unanimously.

12. CONSIDER APPROVING BY RESOLUTION, AN AMENDMENT TO TWDB RESOLUTION NO. 13-120 FOR THE **CITY OF RALLS (CROSBY COUNTY)** TO CHANGE THE SECURITY PLEDGE FROM TAX AND SURPLUS REVENUE TO NET REVENUES OF THE UTILITY SYSTEM. Dain Larsen, Financial Analyst, presented this item.

Director Bruun moved to adopt the proposed Resolution amending Texas Water Development Board Resolution No. 13-120 for the City of Ralls to change the security pledge from Tax and Surplus Revenue to Net Revenues of the utility system, as recommended by the Executive Administrator.

Director Williamson seconded; it passed unanimously.

13. CONSIDER APPROVING BY RESOLUTION, REINSTATEMENT OF TWDB RESOLUTION NO. 13-43 FOR THE **AQUA WATER SUPPLY CORPORATION (BASTROP COUNTY)** AND A THREE MONTH EXTENSION FOR THE \$181,768 COMMITMENT FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE THE PLANNING AND DESIGN OF CERTAIN WASTEWATER SYSTEM IMPROVEMENTS. Jeff Walker, Water Supply and Infrastructure, presented this item.

Director Bruun moved to adopt the proposed Resolution reaffirming the commitment within Texas Water Development Board Resolution No. 13-43 for the Aqua Water Supply Corporation, and providing a three month extension for the commitment from the Clean Water State Revolving Fund, to finance the planning and design of certain wastewater system improvements, as recommended by the Executive Administrator.

Director Williamson seconded; it passed unanimously.

The General Counsel recommended that the Board consider taking up affirmation items 14 through 20 together for consideration. He stated that staff were available to answer questions or provide information if requested.

14. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$200,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO THE **CITY OF CARBON (EASTLAND COUNTY)** MADE IN TWDB RESOLUTION NO. 13-04 FOR THE REPLACEMENT OF A WATER SUPPLY PIPELINE AND THE INSTALLATION OF TWO NEW WELLS AFTER COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN. Jennifer Kennedy, Environmental Review, presented this item.

15. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,907,908 FROM THE DRINKING WATER STATE REVOLVING FUND TO THE **CITY OF MARLIN (FALLS COUNTY)** MADE IN TWDB RESOLUTION NO. 12-49 FOR WATER LINE AND METER REPLACEMENTS AFTER COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION. Jennifer Kennedy, Environmental Review, presented this item.
16. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$3,793,916 FROM THE DRINKING WATER STATE REVOLVING FUND TO THE **CITY OF RIO HONDO (CAMERON COUNTY)** MADE IN TWDB RESOLUTION NO. 13-107 FOR AN EMERGENCY HARLINGEN WATERLINE INTERCONNECT AFTER COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION OF THE PROPOSED EMERGENCY PROJECT COMPONENTS. Jennifer Kennedy, Environmental Review, presented this item.
17. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,970,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO THE **EAST RIO HONDO WATER SUPPLY CORPORATION (CAMERON COUNTY)** MADE IN TWDB RESOLUTION NO. 13-103 FOR AN EMERGENCY PUMP STATION AND TRANSMISSION LINE AFTER COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION. Jennifer Kennedy, Environmental Review, presented this item.
18. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$5,157,075 FROM THE CLEAN WATER STATE REVOLVING FUND TO THE **CITY OF WEST (MCLENNAN COUNTY)** MADE IN TWDB RESOLUTION NO. 13-124 FOR THE REPLACEMENT OF DAMAGED SEWER LINES AND MANHOLES AFTER COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION. Jennifer Kennedy, Environmental Review, presented this item.
19. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$1,310,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO THE **CITY OF AMARILLO (RANDALL COUNTY)** MADE IN TWDB RESOLUTION NO. 13-26 FOR THE INSTALLATION OF THE ARDEN ROAD TRANSMISSION LINE AND PUMP STATION IMPROVEMENTS AFTER COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR ACQUISITION AND DESIGN. Jennifer Kennedy, Environmental Review, presented this item.
20. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$130,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO THE **LAKE PALO PINTO AREA WATER SUPPLY CORPORATION (PALO PINTO COUNTY)** MADE IN TWDB RESOLUTION NO. 12-96 FOR THE REHABILITATION OF THE WATER TREATMENT PLANT AFTER

COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN. Kathy Calnan, Environmental Review, presented this item.

Director Bruun moved to adopt the Resolutions affirming commitments to provide financial assistance as set forth in Items 14 through 20, as recommended by the Executive Administrator.

Director Williamson seconded; it passed unanimously.

Chairman Rubinstein recognized Houston Tower, Legislative Director, Representative Eddie Lucio III's Office, in attendance at the meeting today.

21. CONSIDER AUTHORIZING: (A) A TRANSFER OF FUNDS, NOT TO EXCEED \$45,000, FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND, FOR REIMBURSEMENT OF TRAVEL EXPENSES FOR THE STAKEHOLDER COMMITTEE OF REGIONAL WATER PLANNING GROUP CHAIRS AND DESIGNEES ESTABLISHING UNIFORM STANDARDS FOR PRIORITIZING REGIONAL WATER PLAN PROJECTS; AND (B) EXECUTION OF LETTER AGREEMENTS WITH REGIONAL WATER PLANNING GROUP CHAIRS AND THEIR DESIGNEES FOR THE PURPOSE OF REIMBURSEMENT OF RELATED TRAVEL EXPENSES. Matt Nelson, Regional Water Planning, presented this item.

Director Williamson moved to approve the transfer of funds, not to exceed \$45,000, from the Water Assistance Fund to the Research and Planning Fund, for reimbursement of travel expenses for the Stakeholder Committee of regional water planning group chairs and designees establishing uniform standards for prioritizing regional water plan projects; and authorize the execution of letter agreements with regional water planning group chairs and their designees for the purpose of reimbursement of related travel expenses.

Director Bruun seconded; it passed unanimously.

22. BRIEFING AND DISCUSSION ON PROGRESS OF THE STAKEHOLDER COMMITTEE FOR ESTABLISHING UNIFORM STANDARDS FOR PRIORITIZATION OF REGIONAL WATER PLAN PROJECTS. Matt Nelson, Regional Water Planning, presented this item. Ken Kramer, Water Resources Chair, Sierra Club, Lone Star Chapter, also addressed the Board.

No action was taken on this item.

23. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE A RESEARCH CONTRACT WITH THE U.S. ARMY CORPS OF ENGINEERS NOT TO EXCEED \$15,000 FROM THE RESEARCH AND PLANNING FUND, TO SUPPORT STUDIES OF THE RIO GRANDE IN TEXAS UNDER THE RIO GRANDE ENVIRONMENTAL MANAGEMENT PROGRAM. Brenner Brown, Water Science and Conservation, presented this item.

Director Bruun moved to authorize Executive Administrator to negotiate and execute a research contract with the U.S. Army Corps of Engineers not to exceed \$15,000 from the Research and Planning Fund, to support studies of the Rio Grande in Texas under the Rio Grande Environmental Management Program.

Director Williamson seconded; it passed unanimously.

24. 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.

25. THE BOARD WILL RECEIVE COMMENTS FROM THE PUBLIC.

Luke Metzger, Director, Environment Texas, addressed the Board. He presented the Board members with petitions in support of water conservation and a pamphlet entitled “Down to the Last Drop”.

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

Sarah Hicks, Committee Director, Senate Finance;  
Jusin Baxter, Senate Finance Committee;  
Tina Beck, Legislative Budget Board;  
Jon Schnautz, Speaker’s Office; and  
Ryan Vise, Governor’s Office

26. 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 10:29 a.m.

APPROVED and ordered of record this, the \_\_\_\_ day of \_\_\_\_\_, 2013.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Carlos Rubinstein, Chairman

ATTEST:

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Kevin Patteson  
Executive Administrator