

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
BOARD MEETING

June 5, 2014

Chairman Carlos Rubinstein called to order the meeting of the Texas Water Development Board at 9:32 a.m. in Room 170 of the Stephen F. Austin Building, 1700 N. Congress Avenue, Austin, Texas. In addition to Chairman Rubinstein, Directors Kathleen Jackson and Bech Bruun were also in attendance, and a quorum was present.

The Chairman began by making the announcement that former Board member, Stuart Sinclair Coleman, from Brownwood, Texas, had passed away. He expressed condolences to the family and thanked Mr. Coleman for his service to the Board and the State of Texas.

The General Counsel announced that the first item for consideration would be an item continued from the May 15, 2014 Board meeting:

1. BRIEFING, DISCUSSION AND CONSIDERATION OF GUIDANCE TO THE TEXAS TREASURY SAFEKEEPING TRUST COMPANY (TRUST) REGARDING UPDATED STATE WATER IMPLEMENTATION FUND FOR TEXAS (SWIFT) FUND UTILIZATION TO ASSIST THE TRUST IN IMPLEMENTING UPDATED INVESTMENT STRATEGIES. Anne Burger Entrekin, First Southwest, presented this item.

Director Bruun moved to approve guidance to the Texas Treasury Safekeeping Trust Company to invest \$500M in investment strategies consistent with Phase 2 of the Trust's Investment Policy Statement.

The Motion was seconded by Director Jackson; it passed unanimously.

The General Counsel announced that the Board would now take up for consideration the following new business:

1. OVERVIEW OF THE DRINKING WATER STATE REVOLVING FUND PROGRAM. Matt Schmidt, Water Supply and Infrastructure, presented this item.

No action was taken on this item.

2. CONSIDER AFFIRMING BY RESOLUTION, THE COMMITMENT TO PROVIDE FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,070,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO THE CITY OF CENTER (SHELBY COUNTY) MADE IN TWDB RESOLUTION NO. 11-99 FOR THE WASTEWATER SYSTEM IMPROVEMENTS AFTER COMPLETION OF ENVIRONMENTAL REVIEW, AND APPROVING RELEASE OF FUNDS FOR DESIGN AND CONSTRUCTION. Jennifer Kennedy, Water Supply and Infrastructure, presented this item.

Director Jackson moved to adopt the proposed Resolution affirming the commitment to provide financial assistance in the amount of \$2,070,000 from the Clean Water State Revolving Fund to the

City of Center made in TWDB Resolution No. 11-99 for wastewater system improvements after completion of environmental review, and approving release of funds for design and construction, as recommended by the Executive Administrator..

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

3. BRIEFING AND DISCUSSION ON THE TEXAS WATER DEVELOPMENT BOARD ENVIRONMENTAL REVIEW PROCESS FOR STATE FUNDED PROJECTS. Jennifer Kennedy, Water Supply and Infrastructure, presented this item.

Chairman Rubinstein stated that the Board had received written comments concerning this item from Ken Kramer, Sierra Club, who was unable to attend the meeting today. The comments will be included in the record.

No action was taken on this item.

4. BRIEFING AND DISCUSSION ON THE AMERICAN IRON AND STEEL REQUIREMENTS FOR THE DRINKING WATER STATE REVOLVING FUND AND CLEAN WATER STATE REVOLVING FUND PROGRAMS. Darrell Nichols, Assistant Executive Administrator, presented this item.

No action was taken on this item.

5. BRIEFING AND DISCUSSION ON THE REQUIREMENTS FOR U.S. IRON AND STEEL AND MANUFACTURED GOODS FOR THE TEXAS WATER DEVELOPMENT FUND, WATER INFRASTRUCTURE FUND, RURAL WATER ASSISTANCE FUND, AND THE ECONOMICALLY DISTRESSED AREAS PROGRAM. Darrell Nichols, Assistant Executive Administrator, presented this item.

No action was taken on this item.

6. CONSIDER APPROVING BY RESOLUTION, THE ESTABLISHMENT OF A NEW TAX-EXEMPT LENDING RATE SCALE FOR THE TEXAS WATER DEVELOPMENT FUND II PROGRAM. Amanda Landry, Chief Financial Officer, presented this item.

Director Bruun moved to adopt the proposed Resolution approving the new lending rate scale in Attachment A to the proposed Resolution, to be effective June 5, 2014, for the tax-exempt lending rates which apply to financial assistance provided from the Financial Assistance Account of the Texas Water Development Fund II, as recommended by the Executive Administrator.

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

7. BRIEFING, DISCUSSION AND CONSIDERATION OF: (A) THE SELECTION AND APPROVAL OF BOND COUNSEL TO SERVE THE TEXAS WATER DEVELOPMENT BOARD; AND (B) AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND ENTER INTO CONTRACTS WITH THE SELECTED BOND COUNSEL FROM JULY 1,

2014 THROUGH AUGUST 31, 2017. Amanda Landry, Chief Financial Officer, presented this item.

Director Jackson moved to approve the selection of the following six law firms to serve the Texas Water Development Board for bond transactions and other legal activities as necessary from July 1, 2014 through August 31, 2017:

Bracewell & Giuliani, LLP,
Escamilla & Poneck, LLP,
The Hardwick Law Firm,
Mahomes & Bolden, P.C.,
McCall Parkhurst & Horton, LLP, and
Fulbright and Jaworski, LLP, a member of Norton Rose Fulbright;

and direct the Executive Administrator to negotiate and enter into contracts with the selected bond counsel.

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

8. BRIEFING, DISCUSSION AND CONSIDERATION OF: (A) THE SELECTION AND APPROVAL OF FINANCIAL ADVISORS TO SERVE THE TEXAS WATER DEVELOPMENT BOARD; AND (B) AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND ENTER INTO CONSULTANT CONTRACTS WITH THE FINANCIAL ADVISORS FROM JULY 1, 2014 THROUGH AUGUST 31, 2016. Amanda Landry, Chief Financial Officer, presented this item.

Director Bruun moved to approve the selection of Estrada Hinojosa and Company, and First Southwest Company to serve as financial advisors to the Texas Water Development Board from July 1, 2014 to August 31, 2016, and direct the Executive Administrator to negotiate and enter into contracts with the selected financial advisors.

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

9. CONSIDER AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO APPROVE A TRANSFER OF FUNDS, NOT TO EXCEED \$15,905, FROM THE WATER ASSISTANCE FUND TO THE RESEARCH AND PLANNING FUND, FOR A CONTRACT WITH THE UNIVERSITY OF TEXAS CENTER FOR PUBLIC POLICY DISPUTE RESOLUTION FOR POTENTIAL FACILITATION SERVICES. Matt Nelson, Water Supply and Infrastructure, presented this item.

Director Jackson moved to authorize the Executive Administrator to approve a transfer of funds, not to exceed \$15,905, from the Water Assistance Fund to the Research and Planning Fund, for a contract with the University of Texas Center for Public Policy Dispute Resolution for potential facilitation services.

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

10. BRIEFING AND DISCUSSION ON HB 4 RULE DEVELOPMENT. Todd Chenoweth, Senior Advisor, presented this item.

No action was taken on this item.

11. Public comments were received from:

Charles Flatten, Hill Country Alliance.

12. THE BOARD DID NOT MEET IN CLOSED SESSION.

Chairman Rubinstein adjourned the meeting at 10:34 a.m.

APPROVED and ordered of record this, the 5th day of June, 2014.

TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator