

Minutes of the  
TEXAS WATER RESOURCES FINANCE AUTHORITY  
July 18, 2006

Chairman D.V. Guerra, Jr. called to order the meeting of the Texas Water Resources Finance Authority at approximately 11:03 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following Board Members were present, constituting a quorum:

D.V. Guerra, Jr., Chairman  
Vice Chairman Bill Meadows  
Thomas Weir Labatt III, Secretary/Treasurer  
E.G. Rod Pittman, Member  
Jack Hunt, Member,  
James E. Herring, Member

Persons attending were among those present at the Texas Water Development Board meeting of the same date.

The Authority then considered items on the formal agenda in the following order.

1. CONSIDER APPROVAL OF THE MINUTES OF THE JUNE 2006 MEETING.

Mr. Labatt moved to approve the minutes as submitted; Mr. Pittman seconded the motion; it passed unanimously 4-0.

2. CONSIDER AUTHORIZING THE TRANSFER OF \$161,607 FOR FISCAL YEAR 2007 FROM THE REVENUE FUND OF THE TEXAS WATER RESOURCES FINANCE AUTHORITY (AUTHORITY) TO THE AUTHORITY'S OPERATING FUND FOR THE PAYMENT OF TEXAS WATER DEVELOPMENT BOARD EXPENSES IN SERVICING THE AUTHORITY'S PORTFOLIO.

Ms. Erika Herrera, Portfolio Analyst, Office of Chief Financial Office gave a brief summary of the yearly transfer process based on Rider 10 of the General Appropriations Act passed by the 79<sup>th</sup> Legislature in May 2005, designating \$161,607, in Authority funds to reimburse the Board for the cost of administering Portfolio funds for Fiscal Year 2007. Staff recommended that the Authority approve a Resolution to transfer \$80,804, on or before August 14, 2006 to cover all administrative costs for the first six months of Fiscal Year 2007. Staff is also requesting an additional transfer to occur on or before February 14, 2007, in the amount of \$80,803, to cover the administrative cost for the remaining six months of the Fiscal Year.

Mr. Hunt moved to approve staff recommendations; Mr. Labatt seconded the motion; it passed unanimously 6-0.

3. CONSIDER ADOPTING THE UNDERWRITING POLICIES AND PROCEDURES RELATED TO THE REQUEST FOR QUALIFICATIONS FOR UNDERWRITER FOR FUTURE AUTHORITY NEGOTIATED BOND ISSUES AND RELATED TRANSACTIONS.

Ms. Nancy Marsteller, Development Fund Manager, Office of the Chief Financial Office, provided an overview of the few modifications discussed at the June meeting, which are being incorporated into the proposed 2006 Underwriting Policies and Procedures. She presented a revised attachment highlighting those changes.

She noted that staff and First Southwest Company are reviewing the 31 responses to the Request for Qualifications and staff plans to make a recommendation at the August Authority and Board meetings.

Should the Board approve these proposed changes, a final adopted version of the 2006 Underwriting Policies and Procedures will be sent out to all of the underwriting firms that are selected next month for the new underwriting team. Staff is recommending approval.

Mr. Herring moved to approve the staff recommendation; Mr. Meadows seconded the motion; it passed unanimously 6-0.

The meeting adjourned at 11:20 a.m.

APPROVED and ordered of record this the 15th day of August 2006.

TEXAS WATER RESOURCES FINANCE AUTHORITY

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D.V. Guerra, Jr., Chairman

ATTEST:

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Thomas Weir Labatt III, Secretary/Treasurer