

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE MEETING

June 22, 2011

Chairman Thomas Weir Labatt III called to order the meeting of the Finance Committee of the Texas Water Development Board at 9:30 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following members were present:

Edward G. Vaughan
Monte Cluck

Board members Lewis H. McMahan, Joe M. Crutcher, and Billy Bradford, Jr. also attended the meeting.

Members of Texas Water Development Board staff attending included: Jorge Arroyo, Renita Bankhead, Stacy Barna, Joyce Bourenane, Carolyn Brittin, Melanie Callahan, Kathy Calnan, David Carter, Shari Daffern, Mark Evans, Luis Farias, Wendy Foster, Lisa Glenn, Rene Gonzalez, Mark Hall, Dan Hardin, Francia Harutunian, Bill Hutchison, Chris Jurgens, Merry Klonower, Amanda Lavin, Kathleen Ligon, Darryl Lindgens, Mireya Loewe, Robert Mace, Nancy Banks Marsteller, Mark Mathis, Temple McKinnon, Gilbert Mokry, Piper Montemayor, Matt Nelson, Darrell Nichols, Ken Petersen, Lisa Petoskey, Debbie Ramirez, Ernest Rebuck, Patty Robinson, Steve Rodriguez, Ruben Solis, Joel Smith, Mike Smith, Shawn Snyder, John Steib, Comer Tuck, Jeff Walker, and Gilbert Ward.

The following individuals were present:

Barry Adair, Raymond James
Heath Barber, J.P. Morgan
Wayne Blaylock, North San Saba Water Co-Op
Tom Caponi, Bury + Partners, Inc.
David Cole, Moffat WSC
Mark Ellis, Jefferies & Co.
Ann Burger Entrekin, First Southwest
Robert Garber, Moffat WSC
Jose Gaytan, V.P., Bank of Texas
Sarah Kinkle, Sunset Commission
Dennis Ku, Moffat WSC
Jerry Kyle, Andrews Kurth
Dale Lehman, Piper Jaffray
Duncan Morrow, Frost Bank
Bill Mullican
Tilman Naylor, Jefferies & Co.
Robin Redford, Ramirez & Co., Inc.
John Oliver, North San Saba Water Co-Op
Ben Rosenbert, Coastal Securities, Inc.
Wil Sarchet, Carollo Engineers

Deana Sealy, North San Saba WSC
Danny Spencer, North San Saba WSC
Becky Villasenor, Cabrera Capital Markets, LLC
Marisol Warneke, Stifel Nicolaus

1. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 2011 MEETING.

Mr. Vaughan moved to approve the minutes as submitted; the motion was seconded by Mr. Cluck; it passed unanimously.

2. BRIEFING AND DISCUSSION ON FUNDING WATER INFRASTRUCTURE FUND AND ECONOMICALLY DISTRESSED AREAS PROGRAM PROJECTS BASED ON APPROPRIATIONS BY THE 82ND LEGISLATURE FOR DEBT SERVICE. Melanie Callahan, Chief Financial Officer and Interim Executive Administrator, presented this item.

No action was taken on this item.

3. BRIEFING, DISCUSSION AND CONSIDER RECOMMENDING APPROVAL OF: (A) PUBLICATION OF PROPOSED AMENDMENTS TO 31 TEXAS ADMINISTRATIVE CODE CHAPTER 363, SUBCHAPTER L (RELATING TO THE WATER INFRASTRUCTURE FUND); (B) THE SUBSEQUENT PUBLICATION OF NOTICE OF ADOPTION OF THE RULEMAKING IF THERE ARE NO SUBSTANTIVE COMMENTS REQUIRING BOARD CONSIDERATION; AND (C) A SUBSIDY OF 100 BASIS POINTS FOR LOANS FUNDED IN THE FIRST PRIORITIZATION IN FISCAL YEAR 2012, CONTINGENT ON RULEMAKING. (BOARD CONSENT ITEM NO. 18) Piper Montemayor, Director of Debt and Portfolio Management, presented this item.

Mr. Cluck moved to recommend approval of the staff recommendation as proposed; the motion was seconded by Mr. Vaughan; it passed unanimously.

4. CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF A REQUEST FROM THE **NORTH SAN SABA WATER SUPPLY CORPORATION (SAN SABA COUNTY)** FOR A LOAN IN THE AMOUNT OF \$310,000 FROM THE DRINKING WATER STATE REVOLVING FUND PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (BOARD CONSENT ITEM NO. 6) Luis Farias, Project Oversight in Project Finance, presented this item.

Mr. Farias recognized the following persons in attendance today representing the North San Saba Water Supply Corporation: Wayne Blaylock, President, John Oliver, Board Member, Deana Sealy and Danny Spencer, Sealy Engineering, Project Engineers.

Mr. Vaughan moved to recommend approval of the staff recommendation as proposed; the motion was seconded by Mr. Cluck; it passed unanimously.

5. BRIEFING AND DISCUSSION ON ACTIVITIES OF PROJECT FINANCE AND CONSTRUCTION ASSISTANCE RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. Mireya Loewe, Project Oversight in Project Finance, presented this item.

No action was taken on this item.

6. THE COMMITTEE MAY DISCUSS ITEMS FROM THE BOARD MEETING OF JUNE 22, 2011.

The Committee discussed Board Consent Item No. 17. Robert Mace, Deputy Executive Administrator, Water Science and Conservation, and Melanie Callahan, Chief Financial Officer and Interim Executive Administrator, addressed the Committee.

The Committee discussed Board Consent Item No. 10. John Steib, Director, ARRA & Strategic Initiatives, addressed the Committee.

No other items were discussed.

The meeting adjourned at 10:00 a.m.

APPROVED and ordered of record this, the 21st day of July, 2011.

TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE

Monte Cluck, Acting Chairman

ATTEST:

Melanie Callahan
Interim Executive Administrator