

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE MEETING
April 19, 2012

Chairman Thomas Weir Labatt III called to order the meeting of the Finance Committee of the Texas Water Development Board at 9:00 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following Committee 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: Chris Adams, Jorge Arroyo, Stacy Barna, Jim Bateman, Ben Benzaquen, Joyce Bourenane, David Buas, Kelly Burton, Melanie Callahan, Katherine Calnan, David Carter, Michael Clough, JoAnne Duncan, Mark Evans, Mary Jo Fear, Scott Foltz, Wendy Foster, Francia Harutunian, Larry French, Monica Galuski, Maxine Gilford, Lisa Glenn, Rene Gonzales, Mark Hall, Dan Hardin, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Merry Klonower, Dain Larsen, Mireya Loewe, Ryan Long, Robert Mace, Michelle McFaddin, David Meesey, Dave Mitamura, Piper Montemayor, Ben Munguia, Matt Nelson, Darrell Nichols, Brenda O'Neill, Javier Pena, Ken Petersen, Lisa Petoskey, Jonathan Pi, Samantha Pollard, Debbie Ramirez, Joe Reynolds, Cindy Ridgeway, Steve Rodriguez, Joel Smith, John Steib, Rebecca Trevino, Comer Tuck, Jeff Walker, Gilbert Ward, Mark Wentzel, David Yaeger, and Jessica Zuba.

The following individuals were present:

David Abrego, Jr., Brownsville Public Utilities Board
Gilbert Andujo, Town of Anthony
Matt Boles, RBC Capital Markets
Crista Bromley, City of Burnet
Anne Burger, First Southwest
Nora Chavez, Stifel Nicolaus
Cynthia Clarke, Town of Anthony
John Clint, Brownsville Public Utilities Board
Dometrio Cuellar, Town of Anthony
Lisa Daniel, Public Financial Management
Art Franco, Town of Anthony
Sanjuana Garcia, City of Brownsville
Jose Gaytan, Bank of Texas
Rosie Holguin, Town of Anthony
Keith Kindle, CMT
Dale Lehman, Piper Jaffray
Jeff Leuschel, McCall, Parkhurst & Horton
Ruben Lozano, Brownsville Public Utilities Board
Rick Menchaca, BOSCO, Inc.
Art Morales, Siebert Brandford Shank & Co.
Lorraine Palacios, Ramirez & Co.
Ben Rosenberg, Coastal Securities

Chanan Singh, Town of Anthony
Dalton Smith, Merrill Lynch
David Vaughn, City of Burnet
Luis Vela, Town of Anthony
Jennie Zhao, Jefferies

1. CONSIDER APPROVAL OF THE MINUTES OF THE MARCH 2012 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 THE QUARTERLY INVESTMENT REPORT FOR THE PERIOD DECEMBER 1, 2011 THROUGH FEBRUARY 29, 2012. Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

No action was taken on this item.

3. BRIEFING, DISCUSSION AND CONSIDER RECOMMENDING: (A) AUTHORIZING BY RESOLUTION THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE REFUNDING BONDS, TAXABLE SERIES 2012D (ECONOMICALLY DISTRESSED AREAS PROGRAM) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$15,725,000; (B) AUTHORIZING BY RESOLUTION THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE REFUNDING BONDS, TAXABLE SERIES 2012E (STATE PARTICIPATION PROGRAM) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$35,840,000; (C) APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF THE BONDS; AND (D) AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND THE DEVELOPMENT FUND MANAGER TO ACT ON BEHALF OF THE TEXAS WATER DEVELOPMENT BOARD IN THE SALE AND DELIVERY OF SUCH BONDS. Board Consent Item No. 9. Benjamin Benzaquen, Financial Analyst, Debt & Portfolio Management, presented this item.

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

4. CONSIDER RECOMMENDING: (A) AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND THE DEVELOPMENT FUND MANAGER TO TAKE ALL NECESSARY ACTIONS FOR THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS (ECONOMICALLY DISTRESSED AREAS PROGRAM) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$34,061,406; AND (B) SELECTION OF UNDERWRITER(S) FOR THE NEGOTIATION OF THE BOND ISSUE. Board Consent Item No. 10. Monica Galuski, Financial Analyst, Debt and Portfolio Management, presented this item.

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

5. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, THE ESTABLISHMENT OF A NEW TAX-EXEMPT LENDING RATE SCALE FOR THE DEVELOPMENT FUND PROGRAM. Board Consent Item No. 11. Piper Montemayor, Director, Debt & 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.

6. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF BURNET (BURNET COUNTY)** FOR AN EXTENSION OF TIME IN WHICH TO CLOSE THE \$10,710,000 COMMITMENT IN RESOLUTION NO. 10-50 FROM THE CLEAN WATER STATE REVOLVING FUND FOR THE CONSTRUCTION OF WASTEWATER SYSTEM IMPROVEMENTS. Board Consent Item No. 12. Jeff Walker, Project Development, presented this item. He announced there were several representatives from the City of Burnet in attendance at this meeting.

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

7. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF BROWNSVILLE (CAMERON COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$25,345,000, CONSISTING OF \$24,505,000 IN GRANT AND A LOAN OF \$840,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO PROVIDE CONSTRUCTION FOR FIRST TIME WASTEWATER SERVICE IN THE FM 511-802 AREA. Board Consent Item No. 22. Jessica Zuba, Project Development, presented this item. David Abrego, Jr., Brownsville Public Utilities Board, also addressed the Board.

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

8. CONSIDER RECOMMENDING DISAPPROVAL OF A REQUEST FROM THE **TOWN OF ANTHONY (EL PASO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,540,000 CONSISTING OF: (A) A LOAN IN THE AMOUNT OF \$762,000; AND (B) \$1,778,000 LOAN FORGIVENESS, FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE THE PLANNING, ACQUISITION AND DESIGN RELATING TO WATER SYSTEM IMPROVEMENTS. Board Consent Item No. 24. Dain Larsen, Project Development, presented this item. He introduced Art Franco, Mayor, Town of Anthony, and Gilbert Andujo, Engineer, Town of Anthony, who also addressed the Board.

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

9. THE COMMITTEE MAY DISCUSS ITEMS FROM THE WORK SESSION OF APRIL 18, 2012, AND THE AUDIT COMMITTEE AND BOARD MEETINGS OF APRIL 19, 2012.

Mr. Labatt asked to discuss Board Item No. 32 from the Board's Regular Agenda: 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.

Mr. McMahan briefly discussed Items Nos. 15 (Springtown), 16 (Alba) and 19 (Ranger) from the Board's Consent Agenda.

The meeting adjourned at 9:56 a.m.

APPROVED and ordered of record this the 15th day of May, 2012.

TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE

Thomas Weir Labatt III, Chairman

ATTEST:

Melanie Callahan
Executive Administrator