

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE MEETING
June 21, 2012

Chairman Monte Cluck called to order the meeting of the Finance Committee of the Texas Water Development Board at 8:30 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following Committee Members were present:

Monte Cluck
Edward G. Vaughan
F.A. "Rick" Rylander

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: Renita Bankhead, Stacy Barna, Jim Bateman, Joyce Bourenane, Carolyn Brittin, Kelly Burton, Melanie Callahan, Chris Caran, David Carter, JoAnne Duncan, Scott Foltz, Larry French, Lisa Glenn, Rene Gonzales, Mark Hall, Ingrid Hansen, Dan Hardin, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Sandy Kaiser, Merry Klowner, Jessica Kohlrenken, Randy Lara, Dain Larsen, Mireya Loewe, Ryan Long, Robert Mace, Issa McDaniel, David Meesey, Piper Montemayor, Lauren Mulverhill, Matt Nelson, Brenda O'Neill, Ken Petersen, Lisa Petoskey, Samantha Pollard, Melissa Popkoff, Debbie Ramirez, Steve Rodriguez, Michael Segner, Caaren Skrobarczyk, Joel Smith, John Steib, Jeff Walker, Gilbert Ward, David Yeager, and Jessica Zuba.

The following individuals were present:

David R. Abrego, Brownsville PUB
Brent Bassett, City of Marlin
Scott Behn, East Aldine Management District
Jim Buie, Raymond James
Richard Cantu, East Aldine Management District
Carmen Cernosek, Lt. Governor's Office
Roberi Collins, Siebert Brandford
John Daniel, Barclays
Kim Edwards, Fidelity
Mark Ellis, Jefferies
Liz Fazio, House Natural Resources Committee
Jose Gaytan, Bank of Texas
Jim Gilley, City of Marlin
Donald Gonzales
Paula J. Hargis, Kerr County
Cliff Johnson, City of Houston
Tim Kelley, Piper Jaffray
Mark Loethen, City of Houston
Linda Loup, Southwest Securities
Phillip Martin, First Southwest

William McDonald, City of Marlin
Rich Menchaca, BOSC, Inc.
Patrick Moore, Legislative Budget Board
Michael Morrison, GBRA
Tilman Naylor, Jefferies
Mark Nitcholas, Hutchison, Shockey, Erley & Co.
Tom Oppenheim, Raymond James
Gerald Overturff, East Aldine Management District
Tim Peterson, J. P. Morgan
Clay Pope, City of Houston
Ben Rosenberg, Coastal Securities
John Schnautz, Speaker Joe Straus' Office
Patrick Scott, Barclay
Carlos Sharpless, M.R. Beal
Dalton Smith, Bank of America
Zelma Smith, Legislative Budget Board
Jonathan Stinson, Governor's Office
R. Dustin Traylor, Kerr County
Marisol Warneke, Stifel Nicolaus
David Warner, East Aldine Management District
Richard Weiss, Morgan Stanley
John Wolfhope, Freese & Nichols

1. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 15, 2012 MEETING.

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

2. BRIEFING AND DISCUSSION OF ISSUES RELATING TO THE AGENCY'S LEGISLATIVE APPROPRIATIONS REQUEST, INCLUDING REVIEW OF EXCEPTIONAL ITEMS. Renita Bankhead, Director, Budget, presented this item. Robert Mace, Deputy Executive Administrator, Water Science & Conservation, Carolyn Brittin, Deputy Executive Administrator, Water Resources Planning & Information, and Piper Montemayor, Director, Debt & Portfolio Management, also addressed the Committee.

No action was taken on this item.

3. BRIEFING, DISCUSSION AND CONSIDER RECOMMENDING APPROVAL OF A REQUEST FROM THE **KEMPNER WATER SUPPLY CORPORATION (LAMPASAS COUNTY)** TO AMEND THE REPAYMENT SCHEDULES RELATED TO LOAN ID NUMBERS L060040, L060040A, L060041 AND L090005. (BOARD CONSENT ITEM NO. 5) Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

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

4. CONSIDER RECOMMENDING FOR APPROVAL: (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, IN ONE OR MORE SERIES (DEVELOPMENT FUND PROGRAM), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$250 MILLION; AND (B) SELECTION OF UNDERWRITERS FOR THE NEGOTIATION OF THE BOND ISSUE. (BOARD CONSENT ITEM NO. 6) Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

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

5. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF MARLIN (FALLS COUNTY)** FOR A LOAN IN THE AMOUNT OF \$3,000,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (BOARD CONSENT ITEM NO. 10) Caaren Skrobarczyk, Financial Analyst, Project Development, presented this item. Piper Montemayor, Director, Debt & Portfolio Management, also addressed the Committee.

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

6. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF MARLIN (FALLS COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,907,908 CONSISTING OF A LOAN IN THE AMOUNT OF \$1,680,000 AND LOAN FORGIVENESS IN THE AMOUNT OF \$1,227,908 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (BOARD CONSENT ITEM NO. 11) Caaren Skrobarczyk, Financial Analyst, Project Development, presented this item.

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

7. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF BROWNSVILLE (CAMERON COUNTY)** FOR A GRANT IN THE AMOUNT OF \$2,000,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO FINANCE CONSTRUCTION OF FIRST-TIME WASTEWATER SERVICE IN THE VILLANUEVA COLONIA. (BOARD CONSENT ITEM NO. 13) Jessica Zuba, Financial Analyst, Project Development, presented this item.

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

Mr. David Avala, Jr. of the Brownsville Public Utilities Board also addressed the Committee. He expressed appreciation to the Board and staff for assistance with this project.

8. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **EAST ALDINE MANAGEMENT DISTRICT (HARRIS COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$10,486,094 IN GRANT AND LOAN FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM TO CONSTRUCT FIRST-TIME WATER AND WASTEWATER SERVICE. (BOARD CONSENT ITEM NO. 14) Jessica Zuba, Financial Analyst, Project Development, presented this item.

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

9. THE COMMITTEE MAY DISCUSS ITEMS FROM THE BOARD MEETINGS OF JUNE 21, 2012.

No other items were discussed.

The meeting adjourned at 9:27 a.m.

APPROVED and ordered of record this the 16th day of August, 2012.

TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE

Monte Cluck, Chairman

ATTEST:

Melanie Callahan
Executive Administrator