

TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator
Jeff Walker, Deputy Executive Administrator
Les Trobman, General Counsel

FROM: Annette Lown Mass, Assistant General Counsel
Nancy Richards, Team Lead

DATE: October 13, 2015

SUBJECT: Lake Livingston Water Supply and Sewer Service Corporation

ACTION REQUESTED

Approve by Resolution the request by Lake Livingston Water Supply and Sewer Service Corporation (Corporation) for a release of lien on certain tracts of property owned by the Corporation.

BACKGROUND

The Texas Water Development Board (TWDB) currently holds the following debt of the Corporation:

Loan ID	Original Principal	Principal Remaining Balance	Call Date	Program	Type of Proceeds
L070049	\$ 17,500,000	\$ 14,320,000	12/01/2017	DWSRF	Taxable
L1000099	\$ 3,130,000	\$ 3,130,000	12/01/2023	DWSRF	Taxable

By letter dated August 10, 2015, the Corporation has requested that the Board provide its consent and release its lien on 31 individual lots of land. As part of the pledged security for the loans, the TWDB holds a Deed of Trust and Security Agreement that creates a security interest in the real property of the Corporation as well as the personal property of the Corporation necessary to operate the system.

The subject tracts are identified in two Deeds of Trust provided by the Corporation as indicated in the attachments to this memorandum. Section 28(a)(2) of each of the Corporation's bond resolutions for its \$17,500,000 Taxable Water Revenue Bonds, Series 2007, and its \$3,130,000

	:	Our Mission
	:	Board Members
To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas	:	Bech Bruun, Chairman Kathleen Jackson, Member
	:	
	:	
	:	Kevin Patteson, Executive Administrator

Taxable Water Revenue Bonds, Series 2013 requires Board consent for the conveyance of these properties.

KEY ISSUES

The TWDB staff has reviewed the request, the outstanding balances on the loans, and impact of the limited releases of lien on the remaining asset base of the Corporation. The remaining security pledged by the Corporation will be sufficient to ensure that the debt obligations of the Corporation are met and the limited release of lien for these tracts will neither compromise the security offered by the Corporation under the Deed of Trust and Security Agreement nor impair the Corporation's ability to meet its debt obligations.

The attached Resolution provides the Board's approval of the partial release of lien, consents to the conveyance of the real estate, and authorizes the Executive Administrator to take actions necessary to give effect to this Resolution. The Resolution also requires that (1) the Corporation will pay any and all costs of documentation and filing of the partial release of lien; and (2) the Corporation must provide to the TWDB all relevant documents regarding the conveyance of the real estate.

RECOMMENDATION

The Executive Administrator recommends that the Board approve a Resolution granting the Corporation's request for partial release of its lien conditioned on the following:

1. The Corporation is responsible for paying all costs of documentation and filing of the partial release of lien; and
2. The Corporation will continue to abide by all conditions and meet all obligations in accordance with the TWDB Resolutions and Bond Ordinances.

Attachments:

- A. Letter requesting Partial Release of Lien from Skelton Slusher Barnhill Watkins Wells, PLLC
- B. Draft Board Resolution granting the Partial Release of Lien

**Skelton | Slusher
Barnhill | Watkins | Wells**

PLLC
Attorneys at Law

Attachment A

September 27, 2015

Krystal Garcia Riley
Direct Dial: 936.633.4231
kriley@skeltonslusher.com

Annette Mass
Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711-3231

Re: Lake Livingston Water Supply and Sewer Service Corporation

Dear Ms. Mass:

Lake Livingston Water Supply and Sewer Service Corporation ("Lake Livingston") owns several lots that are not needed to operate its water system. The lots have little value to Lake Livingston and are a burden to maintain. Lake Livingston would like to sell the lots and use the proceeds to improve its water system.

The lots that Lake Livingston would like to sell are part of the Deed of Trust and Security Agreement granted to the TWDB by Lake Livingston on March 15, 2013 (loan number 13-09) and/or the Deed of Trust and Security Agreement dated July 26, 2007 (loan number 07-24).

The lots included in the two deeds of trust that the corporation would like to sell are shown on the enclosed list. Lake Livingston requests that the TWDB release its lien as to these lots. The corporation will continue to be able to operate its system without these properties.

Please let me know if the TWDB has any opposition to releasing the lots. If you need further information, please contact me.

Sincerely,



Krystal Garcia Riley

**Skelton | Slusher
Barnhill | Watkins | Wells**

PLLC
Attorneys at Law

John D. Stover
Direct Dial: 936.632.3130
Direct Fax: 936.632.6545
jstover@skeltonslusher.com

LAKE LIVINGSTON WSSSC PROPERTIES

Subdivision	Description	County
Eagles Nest Deed of Trust 2013 Tract 15	Lot 15, Section 1 Vol 4 Pg 12 0.2701 acres 11766.00 sq. ft.	Polk
SILVER CREEK HILLS Deed of Trust 2007 Tract 49	5 acre Tract Tract 7, Sec. 2 Silver Creek Hills Subdivision	Polk 5 Acres
GREEN ACRES Deed of Trust 2013 Tract 45	Lots 137 thru 234	Polk
Lake Livingston Estates Deed of Trust 2007 Tract 6	Lot 9, Block 14, Sec. 14 Vol. 4, Pg 1	Polk
Nugents Cove Deed of Trust 2013 Tract 20	Blk. 11, Lot 6, Vol 3, Pg 21 50' x 120'	Polk
Paradise Acres Deed of Trust 2007 Tract 30 Deed of trust 2013 Tract 44	Sec.2, Blk. 13, Lots 18,19,20 180' x 100'	Polk
Wells Landing Subdivision Kickapoo Wildlife Club Deed of Trust 2013 Tract 40	Lot 6, Blk 3, Sec 1 of Kickapoo Wildlife Club 158.00 Sq. Ft.	Polk
Wilson Lake Estates Tract 41	Lot 9, Block 2 Vol 2, Pg 39	Polk
Wilson Lake Estates Tract 42	Lot 10, Block 2 Vol 2, Pg 39	Polk
Crystal Lakes DOT 2007, tract 27 DOT 2013, tract 25	Lot 63 0.4263 acres 18750.00 Sq. Ft.	Polk

Big Thicket Lk. Est. Jennifer Plant Deed of Trust 2007, Tract 9 Lot 53 Deed of Trust 2013, Tract 6 Lot 53, 54	Sec. 5 Lots 53/54/55 30' x 133.40' 7,095.92 Sq. Ft. 0.16 acres	Liberty
Big Thicket Lk. Est. Royce Plant Deed of Trust 2007 Tract 8	Sec. 17, Lot 370 0.1435 acres 6250.00 Sq. Ft. 50' x 125.00'	Liberty
HORSESHOE LAKE ESTATES Deed of Trust 2007 Tract 5	Sec. 17, Blk 1, Lot 1	Liberty
Old Snake River Coachwhip Plant Deed of Trust 2007 Tract 13	Sec. 3 Lot54 9,016.92 Sq Ft.	Liberty
SAM HOUSTON LK. EST.#2 Deed of Trust 2013 Tract 7	Sec. 12, .06 acres Park Area	Liberty
Holiday Shores #4 Tract 3	Lot 764, Block 1 Vol. 120, Pg. 622	San Jacinto

A RESOLUTION OF
THE TEXAS WATER DEVELOPMENT BOARD
APPROVING A REQUEST OF
LAKE LIVINGSTON WATER SUPPLY AND SEWER SERVICE CORPORATION
FOR PARTIAL RELEASE OF LIEN

(15-)

WHEREAS, the Texas Water Development Board (the "TWDB"), made a loan to the Lake Livingston Water Supply and Sewer Service Corporation (the "Corporation") through the purchase of the Corporation's \$17,500,000 Taxable Water Revenue Bonds, Series 2007 and \$3,130,000 Taxable Water Revenue Bonds, Series 2013 (the "Obligations"); and

WHEREAS, the Corporation's Obligations are secured by two Deeds of Trust and Security Agreements (the "Deeds of Trust") dated July 26, 2007 and March 15, 2013, on the Corporation's water system assets; and

WHEREAS, the Corporation now desires to convey 31 individual lots of land as listed in the attached letter (the "Properties"), which are properties covered under the Deeds of Trust; and

WHEREAS, Section 28(a)(2) of the Corporation's bond resolutions for its \$17,500,000 Taxable Water Revenue Bonds, Series 2007, and \$3,130,000 Taxable Water Revenue Bonds, Series 2013 require TWDB consent for the conveyance of the Properties; and

WHEREAS, the TWDB finds that the Properties are not a significant part of the Corporation's water system; and

WHEREAS, the TWDB finds that in its opinion the security pledged by the Corporation will be sufficient to meet the debt obligations of the Corporation, and that a release of the TWDB's lien on the certain lots of land will not compromise the security offered by the Corporation nor impair the Corporation's ability to meet its Obligations; and

WHEREAS, the TWDB further finds that it is in the public interest for the TWDB to grant a partial release of lien and to permit the Corporation to convey the Properties.

NOW THEREFORE, based on said considerations and findings, the Texas Water Development Board resolves as follows:

1. The TWDB approves a release from its lien on the Properties listed in Attachment 1;
2. The TWDB consents to the Corporation's conveyance of the Properties;
3. The Corporation will pay any and all costs of documentation and filing of the release of lien;
4. The Corporation must provide to the TWDB all relevant documents regarding the conveyance of the Properties; and

5. The TWDB authorizes the Executive Administrator to take all actions necessary to give effect to this Resolution.

APPROVED and ordered of record this the 28th day of October, 2015.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator

Skelton | Slusher
Barnhill | Watkins | Wells
PLLC
Attorneys at Law

Attachment 1

John D. Stover
Direct Dial: 936.632.3130
Direct Fax: 936.632.6545
jstover@skeltonslusher.com

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Tract 5		
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Coachwhip Plant	9,016.92 Sq Ft.	
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Tract 13		
SAM HOUSTON LK. EST.#2	Sec. 12, .06 acres Park Area	Liberty
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Holiday Shores #4	Lot 764, Block 1	San Jacinto
	Vol. 120, Pg. 622	
Tract 3		