

TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator
Jeff Walker, Deputy Executive Administrator, Water Supply and Infrastructure
Les Trobman, General Counsel

FROM: Kendal Payne, Assistant General Counsel
Nancy Richards, Team Lead

DATE: February 25, 2016

SUBJECT: Partial Release of lien for Beechwood Water Supply Corporation
Loan No. L080034 (DWSRF)

ACTION REQUESTED

Consider approving by resolution, a request from Beechwood Water Supply Corporation (Corporation) for a partial release of lien on 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	Call Date	Program	Type of Proceeds
L080034	\$1,369,000	\$1,075,000	12/1/2018	DWSRF	Taxable

By letter dated February 3, 2016, the Corporation has requested that the Board provide its consent and partial release of lien for the sale of a tract of land that contains an office building. As part of the pledged security for the loan, 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. By letter dated February 1, 2016, the Corporation indicated that the property was used as an office for the Corporation in the past, but is not an integral part of the system and will not affect the Corporation’s operations. The Corporation has since moved to a new office building and wishes to sell the old office building to a willing buyer. The subject tract is identified in the Deed of Trust and on maps provided by the Corporation as indicated in the attachments to this Memorandum. Section

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 | Peter Lake, Member
:
: Kevin Patteson, Executive Administrator

28(A)(2) of the Corporation's bond resolution for its \$1,369,000 Taxable Water System Revenue Bonds, Series 2008, states that the Corporation may only mortgage, pledge, encumber, sell, lease or otherwise dispose of the Water System in accordance with the Deed of Trust and Security Agreement, so long as the bonds are outstanding. Section 2.05 of the Deed of Trust and Security Agreement states that the Corporation must receive the prior written consent of the TWDB in order to sell, transfer, or otherwise convey all or any part of the Trust Estate.

KEY ISSUES

The Executive Administrator's (EA) staff has reviewed the request, the outstanding balances on the loan, and impact of the limited release 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 this tract 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 the 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 EA recommends approving, by resolution, the request from Beechwood Water Supply Corporation for a partial release of lien and consent to the conveyance of real estate. The EA further recommends that the Board authorize the EA to take all actions necessary to give effect to the Resolution.

Attachments:

1. Resolution (16-)
2. Letter from the Corporation of February 3, 2016, requesting release of lien
3. Letter (sent by email) from the Corporation of February 1, 2016, with attachments

A RESOLUTION OF
THE TEXAS WATER DEVELOPMENT BOARD
APPROVING A REQUEST OF
BEECHWOOD WATER SUPPLY CORPORATION
FOR PARTIAL RELEASE OF LIEN

(16 -)

WHEREAS, the Texas Water Development Board (the "TWDB"), made a loan to the Beechwood Water Supply Corporation (the "Corporation") through the purchase of the Corporation's \$1,369,000 Taxable Water System Revenue Bonds, Series 2008 (the "Obligations") and through \$241,000 in loan forgiveness; and

WHEREAS, the Corporation's Obligations are secured by a Deed of Trust and Security Agreement (the "Deed of Trust") dated August 11, 2008, on the Corporation's water system assets; and

WHEREAS, the Corporation now desires to convey one tract of land, located at 120 Eastwood Loop, Beechwood III Subdivision, Lot 13 (the "Property"), which is property covered under the Deed of Trust; and

WHEREAS, Section 2.05 of the Deed of Trust and Security Agreement states that the Corporation must receive the prior written consent of the TWDB in order to sell, transfer, or otherwise convey all or any part of the Trust Estate; and

WHEREAS, the TWDB finds that the Property is 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 limited release of the TWDB's lien on the Property under the Deed of Trust 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 Property.

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

1. The TWDB consents to the conveyance of the Property.
2. The TWDB approves a release of lien for the Property.
3. The TWDB authorizes the Executive Administrator to take all actions necessary to give effect to this Resolution.

Such resolution is conditioned as follows:

1. The Corporation will pay any and all costs of documentation and filing of the release of lien.
2. The Corporation must provide to the TWDB all relevant documents regarding the conveyance of the Property.

APPROVED and ordered of record this the 21st day of March, 2016.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

ATTEST:

Kevin Patteson
Executive Administrator

BEECHWOOD WATER SUPPLY CORPORATION

5137 Fairdale Road • Hemphill, Texas 75948

Phone (409) 579-3926

February 3, 2016

Ms. Kendal Payne,

Beechwood Water Supply Corporation is requesting a partial release of lien. The Corporation would like to sell the property located at 120 Eastwood Loop, Beechwood III Subdivision, Lot 13. The property was previously used as the water offices, but the offices have since relocated.

Sincerely,

Laura Zito
General Manager

BEECHWOOD WATER SUPPLY CORPORATION

5137 Fairdale Road • Hemphill, Texas 75948

Phone (409) 579-3926

February 1, 2016

Ms. Kendal Payne,

Attached you will find relevant deeds, maps and description for the property located at 120 Eastwood Loop, Hemphill, Texas 75948 or Beechwood III, Lot 13. The property was used as an office for the water supply corporation, but is not an integral part of the system and will not affect the corporations operations.

The tax certificate reflects land value at \$4,000.00. The selling price is \$17,500.00.

Please contact me if you require additional information.

Sincerely,

Laura Zito
General Manager

MARTHA M. STONE
 SABINE COUNTY TAX OFFICE
 P O BOX 310
 HEMPHILL, TX 75948-0310
 (409)787-2257

TAX CERTIFICATE

Certificate Number: 16072

I hereby certify that after checking the records of the Taxing Jurisdictions listed below, the following delinquent taxes, penalties and interest are due on the property described below, if paid by the last day of the month in which this certificate is issued.

Owner ID: 30608	Owner Interest: 1.000000	Parcel ID/Seq: 601022 / 1	Suit: N
BEECHWOOD WATER SUPPLY		Account #: 27070-02060-00000-000000	Acres: 0.000
CORP (TAX EXEMPT)		Legal TRACT #1 FROM SAB INV CORP	Land Value: \$ 4000
HC 6 BOX 763		Description: (LOT 13 BEECHWOOD #3)	Pers Value: \$ 0
HEMPHILL TX, 75948-9624		TAX EXEMPT	Improv. Value: \$ 0
			Ag/Timber: \$ 0
Property Address:	Abst/Subdiv:	Block:	HS Code:
		Lot:	Cat Code: XCI
			DV Amt: 0
			MTG/Loan: -

Year	Entity	Value	Original Tax	Tax Due	Discount	Penalty Interest	Total Due
2015	01 COUNTY	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals:			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2015	31 HEMPHILL ISD	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals:			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2015	60 HOSPITAL DT	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals:			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parcel Total:			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Jurisdiction	Tax	Discount	Penalty	Other Payment	Total Amount	Code	Ref Number	Posting Date
01	\$0.00	\$0.00	0.00	\$0.00	\$0.00	P	Zero Posting	10/01/2015
31	\$0.00	\$0.00	0.00	\$0.00	\$0.00	P	Zero Posting	10/01/2015
60	\$0.00	\$0.00	0.00	\$0.00	\$0.00	P	Zero Posting	10/01/2015
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			

Signed By: Debbie Bragg
 Date: 1/13/16
 Issued By: Debbie Bragg
 Issued To: TOLEDO BEND TITLE & ABSTRACT
 Issued Date: 01/13/2016 DPIYRMO: 201601

Fee: \$10.00

If the above described property has received special valuation based on its use, additional rollback taxes including penalty and interest, may become due based on the statutory provisions of the special valuation. Property omitted from the appraisal roll as described under Tax Code Section 25.21 is not included in this certificate [Tax Code Section 31.08(b)].

71/374 ORR
10-26-95
11-3-95

Vest Deed

- OGM
Rsvd.

WARRANTY DEED

953015

THE STATE OF TEXAS §
COUNTY OF SABINE §

KNOW ALL MEN BY THESE PRESENTS:

That SABINE INVESTMENT COMPANY OF TEXAS, INC., a Texas corporation ("GRANTOR"), whose address is P. O. Box 153105, Lufkin, Texas 75915-3105 for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration, to it in hand paid by BEECHWOOD WATER AND SEWER SYSTEM ("GRANTEE"), whose address is Rt. 2, Box 637, Kempfill, Texas 75948, has granted, sold and conveyed and by these presents does Grant, Sell and Convey unto the said GRANTEE subject to the reservations and exceptions hereinafter stated, all those certain tracts of land in Sabine County, Texas, described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN FOR ALL PURPOSES;

and a non-exclusive easement and right-of-way across all those certain tracts of land in Sabine County, Texas, described as follows:

SEE EXHIBIT "B" ATTACHED HERETO AND INCORPORATED HEREIN FOR ALL PURPOSES (Exhibit "A" and Exhibit "B" collectively the "Property").

This conveyance is made and accepted subject to the matters set forth and described on Exhibit "C" attached hereto and incorporated herein for all purposes.

GRANTOR hereby reserves unto itself, its successors and assigns, all of the oil, gas and other minerals owned by GRANTOR in and under and that may be produced from the Property. GRANTOR hereby waives the use of the surface thereof for purposes of

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mining, drilling, exploring, operating and developing said lands for oil, gas and other minerals and removing the same therefrom.

GRANTEE, by acceptance of this deed, hereby assumes liability for subsequent ad valorem tax assessments for prior years due to change in land usage.

TO HAVE AND TO HOLD the Property unto GRANTEE, his, her, its and/or their successors, heirs, executors, administrators and assigns, forever, and GRANTOR does hereby warrant and forever defend, all and singular, the Property unto the said GRANTEE, his, her, its and/or their successors, heirs, executors, administrators and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof, subject to the reservations and conditions herein contained.

DATED this 26th day of October, 1995.

SABINE INVESTMENT COMPANY OF
TEXAS, INC.

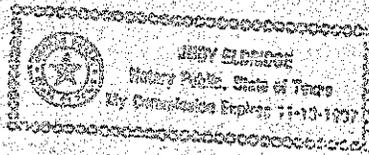
By: James E. Brassel
James E. Brassel, President

By: Robert G. Luttrell
Robert G. Luttrell,
Chairman of the Board

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STATE OF TEXAS §
COUNTY OF ANGELINA §

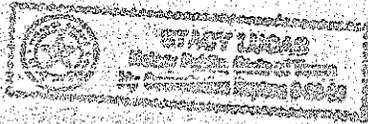
This instrument was acknowledged before me on this 26th day of October, 1995, by James E. Brasse, President of SABINE INVESTMENT COMPANY OF TEXAS, INC. a Texas corporation, on behalf of said corporation.



Judy Eldridge
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF ANGELINA §

This instrument was acknowledged before me on this 30th day of October, 1995, by Robert G. Luttrell, Chairman of the Board of SABINE INVESTMENT COMPANY OF TEXAS, INC. a Texas corporation, on behalf of said corporation.



Stacy G. Quinn
Notary Public, State of Texas

TRACT NUMBER 1

TRACT Lot Number 12, out of the "Rosewood 222 Subdivision" on the A. W. Canfield Leases, Abstract 3, and the Amelia Russell Lease Abstract 31, according to the plat recorded in Volume 1, Page 279, of the Map Records of Sabine County, Texas.

TRACT NUMBER 2

SEEDS PLANT FIELD NOTES

SEEDS all that certain tract or parcel of land lying and situated in Sabine County, Texas out of the AMELIA RUSSELL SURVEY, ABSTRACT NO. 31 and being a part or portion of that certain 20.00 acre tract described as TRACT NO. 5 in a deed from Yucipe Industries, Inc. to Sabine Investment Company of Texas, Inc., dated December 31, 1958 and recorded in Volume 122, on Page 694 of the Map Records of Sabine County, Texas to which reference is hereby made for all purposes and the said part or portion being described by metes and bounds as follows, to-wit:

COMMENCE at a 1 1/4" iron pipe with aluminum cap marked U. C. -4-S-1261 found for corner where the Toledo Sand Fee Taking Line intersects the Southern West boundary line of the acreage referred to as .16 acre tract, said corner being Sabine River Authority corner No. 1475;

THENCE two (2) lines with the said Fee Taking Line as follows:

- (1) S 81° 28' 18" E, at 37.32 feet, a 5/8" iron pin found for corner;
- (2) S 7° 32' 23" W, at 25.04 feet a 1/2" iron pin set for corner at the PLACE OF BEGINNING of the herein described tract;

THENCE S 51° 00' 12" E, at 71.22 feet a 1/2" iron pin set for corner;

THENCE S 14° 31' 21" E, at 110.00 feet a 1/2" iron pin set for corner;

THENCE S 75° 25' 50" W, at 25.21 feet intersect the said Fee Taking Line, a 1/2" iron pin set for corner;

THENCE two (2) lines with the said Fee Taking Line as follows:

- (1) S 25° 14' 05" W, at 25.77 feet a 5/8" iron pin found for corner;
- (2) S 7° 23' 22" E, at 51.72 feet the point end place of beginning and containing 0.225 acre of land, more or less.

Exhibit A

TRACE NUMBER 3

MAPEN PLANT FIELDNOTES

BEING all that certain tract or parcel of land lying and situated in Sabine County, Texas out of the ANSELIA MURRELL Survey, Abstract No. 51 and being a part or portion of that certain 124.89 acre tract described as TRACT NO. 1 in a deed from Peoples Industries, Inc. to Sabine Investment Company of Texas, Inc., dated December 31, 1963 and recorded in Volume 133, on Page 694 of the Deed Records of Sabine County, Texas to which reference is hereby made for all purposes and the said part or portion being described by notes and courses as follows, to-wit:

BEGINNING S 62° 45' 44" W 458.46 feet from the West corner of Lot No. 8 of Resubdivided II Subdivision, as recorded in Volume 1, on Page 144 of the Plat Records of Sabine County, Texas, a 1/2" iron pin set for corner on the projection of the South R.O.M. line of Ridgcrest Street;

THENCE S 25° 28' 47" E, at 207.47 feet a 1/2" iron pin set for corner on the North margin of an oil topped county road;

THENCE S 84° 48' 31" W, along the North margin of the said road, at 65.32 feet, a point for corner;

THENCE N 16° 17' 03" W, at 208.79 feet a 1/2" iron pin set for corner on the said projection line of the South R.O.M. line of Ridgcrest Street;

THENCE N 62° 45' 44" E, with the said projection of the South R.O.M. line of Ridgcrest Street, at 33.27 feet the point and place of beginning and containing 0.237 acre of land, more or less.

Exhibit B

ROAD EASEMENT

BEING a 20 foot wide strip of land out of the aforesaid referred to 90.18 acre tract and the said 20 foot wide strip lying 15 feet on each side of a centerline described as follows:

BEGINNING S 14° 31' 21" E 15.21 feet from the foregoing described 0.225 acre tract, a point for corner on the East boundary line of same;

THENCE Eight (8) lines with the said centerline as follows:

- (1) N 65° 59' 43" E, 97.65 feet;
- (2) S 70° 57' 56" E, 113.16 feet;
- (3) N 87° 40' 35" E, 328.60 feet;
- (4) N 15° 57' 30" E, 437.17 feet;
- (5) N 10° 40' 11" W, 275.63 feet;
- (6) N 25° 49' 31" W, 230.75 feet;
- (7) N 81° 25' 22" W, 261.01 feet;
- (8) N 45° 19' 05" W, at 228.82 feet to a point for corner in the center of an oil topped road;

ROAD EASEMENT

BEING all that certain tract or parcel of land lying and situated in Sabine County, Texas out of the RUSSELL SURVEY, ABSTRACT NO. 51 and being a part or portion of that certain 134.69 acre tract described as TRACT NO. 1 in a deed from Temple Industries, Inc. to Sabine Investment Company of Texas, Inc., dated December 31, 1969 and recorded in Volume 139, on Page 694 of the Plat Records of Sabine County, Texas to which reference is hereby made for all purposes and the said part or portion being a strip of land 20 feet in width and lying 25 feet on each side of a centerline described as follows, to-wit:

BEGINNING N 25° 14' 45" W 23.01 feet from the West corner of Beachwood II Subdivision, as recorded in Volume 1, on Page 144 of the Plat Records of Sabine County, Texas, a point for corner in the centerline of the Southwest end of Ridgecrest Street;

THENCE S 62° 46' 43" W, at 474.75 feet a point for corner from which the Northwest corner of the foregoing described 0.123 acre tract has a bearing S 76° 17' 03" E 25.46 feet.

FIELDNOTES OF A 20 FOOT WIDE EASEMENT

BEING all that certain tract or parcel of land lying and situated in Sabine County, Texas out of the RUSSELL SURVEY, ABSTRACT NO. 51 and being a part or portion of that certain 134.69 acre tract described as TRACT NO. 1 in a deed from Temple Industries, Inc. to Sabine Investment Company of Texas, Inc., dated December 31, 1969 and recorded in Volume 139, on Page 694 of the Plat Records of Sabine County, Texas to which reference is hereby made for all purposes and the said part or portion being a strip of land 20 feet in width and lying 10 feet on each side of a centerline described as follows, to-wit:

BEGINNING S 62° 46' 44" W 435.46 feet from the West corner of Lot No. 3 of Beachwood II Subdivision, as recorded in Volume 1, on Page 144 of the Plat Records of Sabine County, Texas, a point for corner on the projection of the South E. N. W. line of Ridgecrest Street;

THENCE S 25° 23' 47" E, at 207.83 feet a point for corner on the North margin of an oilfield county road from which a 1/2" iron pin set for reference has a bearing N 64° 49' 31" W 10.22 feet.

Exhibit B

FIELDNOTES OF A 160 FEET EASEMENT

BEING all that certain tract or parcel of land lying and situated in Sabine County, Texas out of the ALMIRA HUNTER SURVEY, ABSTRACT No. 12 and being a part or portion of that certain 90.18 acre tract described as TRACT NO. 3 in a deed from Temple Industries, Inc. to Sabine Investment Company of Texas, Inc., dated December 31, 1939 and recorded in Volume 139, on Page 654 of the Deed Records of Sabine County, Texas to which reference is hereby made for all purposes and the said part or portion being described by notes and bounds as follows, to-wit:

BEGINNING at the intersection of the Toledo Bend Fee Taking Line and the Southern West boundary line of the aforesaid referred to 90.18 acre tract, said corner being Sabine River Authority corner No. 1475, a 1 1/4" iron pipe with aluminum cap marked U. C.-4-51261 found for corner in a branch:

THENCE Two (2) lines with the Southern-West boundary line of the said 90.18 acre tract and the said branch as follows:

(1) S 45° 57' 41" W, at 127.57 feet a point for corner;

(2) N 65° 42' 25" W, at 9.65 feet a point for corner;

THENCE N 81° 01' 34" E, at 317.75 feet a point for corner;

THENCE S 34° 21' 21" E, at 105.75 feet a point for corner;

THENCE S 75° 22' 53" W, at 215.25 feet intersect the said Fee Taking Line a point for corner;

THENCE N 23° 14' 05" W, with the said Fee Taking Line, at 351.73 feet a 1/2" iron pin set for corner;

THENCE N 75° 25' 50" E, at 85.21 feet a 1/2" iron pin set for corner;

THENCE N 14° 31' 21" W, at 110.50 feet a 1/2" iron pin set for corner;

THENCE S 81° 02' 34" W, at 71.25 feet intersect the said Fee Taking Line, a 1/2" iron pin set for corner;

THENCE Two (2) lines with the said Fee Taking Line as follows:

(1) N 7° 23' 22" E, at 32.04 feet a 1/2" iron pin found for corner;

(2) N 85° 23' 15" W, at 37.32 feet the point and place of beginning and containing 2.043 acres of land, more or less.

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EXHIBIT "C"

1. Any reservation or conveyance, in the prior chain of title, of the oil, gas, or other minerals, in, on or under the Property.
2. Any and all easements, covenants, rights-of-way, restrictions, and reservations which may appear of record in the office of the County Clerk of the County in which any or all of the Property is located.
3. Any portion of the Property lying within the boundary of a road or roadway.
4. Any and all existing oil and gas leases relating to the Property to the extent same are still in effect.
5. Rights of parties in possession.
6. Any encroachments, discrepancies, conflicts, shortages in the area, cemeteries and burial grounds and other matters not of record which an accurate survey of the Property would reflect.
7. Any visible or apparent easements or rights-of-way across or upon the Property.
8. Any and all reservations and restrictions that apply to the title to the Property, including utility and flowage easements.
9. Flowage easements, if any, held by the United States Government as shown in the chain of title and/or on the Plat of the subdivision in which the Property is located.

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FILED FOR RECORD
AT 11:30 AM

NOV 03 1995

James McDaniel
James McDaniel
SARASOTA COUNTY CLERK

John S. Irvine
John S. Irvine
SARASOTA COUNTY CLERK

THE CLERK OF THE
COUNTY OF SARASOTA

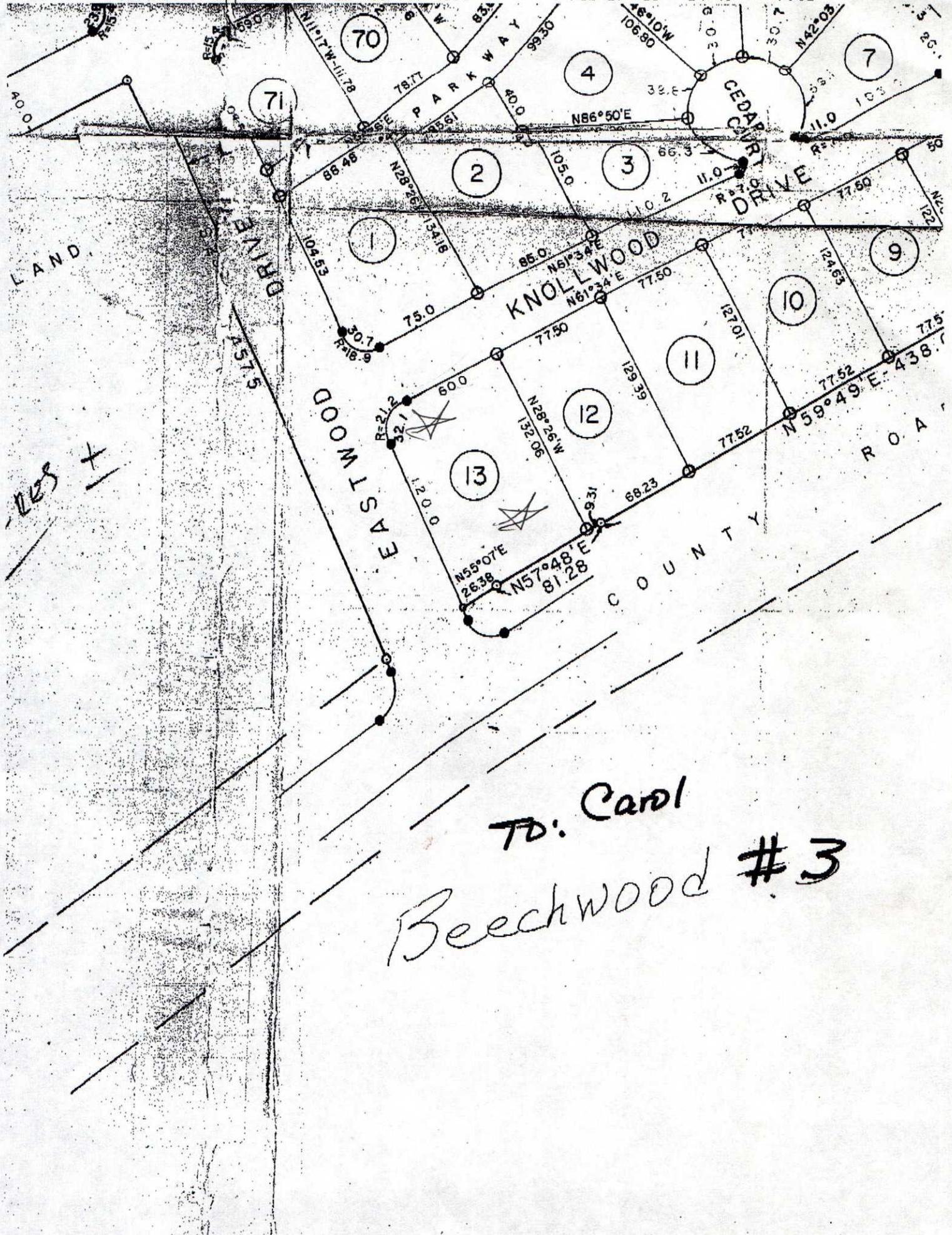
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED AND THEN
STRIPPED FROM THE INDEX AND WAS FULLY RECORDED IN BOOK 1138
PAGE 371 OF THE PUBLIC RECORDS OF SARASOTA COUNTY, FLORIDA AS
CERTIFIED HEREIN BY ME.



RECORDED 11-3-95
PAGE 371

STATE PUBLIC RECORDS
SARASOTA COUNTY, FLORIDA
[Signature]

0071:1138:381



TO: Carol
 Beechwood #3