

\$418 million), the project has been divided into six major phases to be developed as funds become available.

The Project includes over 14 miles of new drainage channels, improvements to approximately 40 miles of existing channels, construction of a major detention lake (approximately 250 acres) south of Edinburg International Airport, and numerous weirs, bridges, and other flood control structures.

In 2015, the 84th Legislature, in HB 1 Rider No. 27, appropriated to the Texas Water Development Board (TWDB) an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the District to implement the Project. On August 24, 2017, the TWDB and the District executed a grant agreement (G1000667) for \$4,500,000 from the General Revenue Fund for this project.

In 2017, the 85th Legislature, in SB 1 Rider No. 25, appropriated to the TWDB an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the District to implement the Project. At this time, through an amendment to grant agreement G1000667, the District seeks reimbursement of planning and design costs with this appropriation.

KEY ISSUES

Financial

The funding being provided by the TWDB is in the form a 100% grant; therefore, it is not subject to a risk score. For grants, TWDB staff reviews audited financial information and other documentation to assess the entity's ability to manage existing obligations and business practices. Based on this analysis, staff believes the District has the adequate capabilities to manage its obligations.

Legal

Section 403.095(a) of the Texas Government Code provides that revenue that has been set aside by law for a particular purpose or entity is available for that purpose or entity to the extent money is appropriated for that purpose or entity.

Among its other duties and responsibilities, the TWDB has jurisdiction over areas specifically assigned by law, Tex. Water Code § 6.012(a)(4). The Legislature set aside funds for the Project and specifically directed the TWDB to provide those funds to the District for that purpose. Consequently, the TWDB may provide the funds from the General Revenue Fund without reference to the requirements of other TWDB programs. The conditions necessary to effect the financing are only those necessary to protect the interests of the TWDB, and document the transaction to the satisfaction of the Executive Administrator.

RECOMMENDATION

The Executive Administrator recommends authorizing the Executive Administrator to execute an amendment to the grant agreement (G1000667) with the Hidalgo County

Hidalgo County Drainage District No. 1
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Drainage District No. 1 to include an additional \$2,000,000 grant pursuant to Rider No. 25 of the General Appropriations Act.

Attachments:
TWDB Resolution (19 -)

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN
AMENDMENT TO THE HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 GENERAL
APPROPRIATIONS GRANT IN AN AMOUNT NOT TO EXCEED \$2,000,000

(19-)

WHEREAS, the Legislature, through the General Appropriations Act, 84th Leg. R.S., ch. 1281, § 1, 2015, (HB 1) appropriated to the Texas Water Development Board (the TWDB) an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the Hidalgo County Drainage District No. 1 (District); and

WHEREAS, the funds are to be used to implement a flood control project authorized and designated by the U.S. Army Corps of Engineers; and

WHEREAS, at its August 17, 2017 meeting, the TWDB, by TWDB Resolution No. 17-092, made a commitment to provide financial assistance to the District for financial assistance in the amount of \$4,500,000 in grant funds for improvements and expansion of its existing drainage system, identified as Project No. 21770; and

WHEREAS, on August 24, 2017, the TWDB and the District executed a grant agreement, TWDB Contract No. G1000667 providing a grant in the amount of \$4,500,000 from the General Revenue Fund; and

WHEREAS, the Legislature, through the General Appropriations Act, 85th Leg. R.S., ch. 605, § 1, 2017, (SB 1) appropriated to the TWDB an amount not to exceed \$10,000,000 out of the General Revenue Fund for the purpose of making a grant to the District; and

WHEREAS, the District, by resolution, has requested that the TWDB amend the previous grant agreement, TWDB Contract No. G1000667, to include the additional \$2,000,000 in appropriations authorized by the 85th Legislature; and

WHEREAS, the TWDB hereby finds that the amendment to the grant is reasonable and that the request is in the public interest and will serve a public purpose in accordance with Section 1 of SB 1 (2017);

NOW, THEREFORE, the Texas Water Development Board resolves as follows:

The Executive Administrator is authorized to negotiate and execute an amendment to TWDB Contract No. G1000667 with the Hidalgo County Drainage District No. 1 to include an amount not to exceed \$2,000,000 in grant funds from the General Revenue Fund.

This commitment will expire on August 31, 2019.

APPROVED and ordered of record this the 13th day of August, 2019.

TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake, Chairman

DATE SIGNED _____

ATTEST:

Jeff Walker, Executive Administrator