



P.O. Box 13231, 1700 N. Congress Ave.
Austin, TX 78711-3231, www.twdb.texas.gov
Phone (512) 463-7847, Fax (512) 475-2053

AGENDA ITEM MEMO

BOARD MEETING DATE: June 12, 2024

TO: Board Members

THROUGH: Bryan McMath, Interim Executive Administrator
Ashley Harden, General Counsel
Rebecca Trevino, Chief Financial Officer

FROM: Alexis Lorick, Assistant General Counsel

SUBJECT: Request for Partial Release of Lien and Release and Approval of Sale
for Certain Easement Interests for Agua Special Utility District

ACTION REQUESTED

Consider approving by resolution a request from Agua Special Utility District (District) for a partial release of lien, release and approval of sale of certain easement interests, and authorization for the Executive Administrator to take all actions necessary, including executing all documents, relating to the transaction.

BACKGROUND

On May 13, 2024, the District requested that the Texas Water Development Board (TWDB) consent to a partial release of lien and approval of sale of real property and easements owned by the District to the County of Hidalgo (County) for a Texas Department of Transportation (TxDot) highway widening project (Project).

KEY ISSUES

Prior to the transfer of the District's fee simple interests in real property or non-possessory (easement) interests in land to the County, the TWDB must release its interests and approve the transfer.

Release of Lien

The TWDB holds a mortgaged deed of trust on the District's property in connection with the issuance of debt that, as of the date of this memo, is fully repaid. The lien is associated with debt of a water supply corporation the District assumed the assets and liabilities of. The real property to be released is in Attachment 2. It is approximately 0.0172 of an acre tract of land (Parcel 73) out of a 0.70 of an acre tract of land located in Tract 17 of the real property of the District. In February 2024, the County initiated condemnation proceedings using

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Leading the state's efforts
in ensuring a secure
water future for Texas

Board Members

Brooke T. Paup, Chairwoman | George B. Peyton V, Board Member | L'Oreal Stepney, P.E., Board Member
Bryan McMath, Interim Executive Administrator

eminent domain for Parcel 73. The District requests that the TWDB release its scant lien interests in Parcel 73.

Non-Possessory (Easement) Interests

In addition to Parcel 73, the County will need additional parcels for the Project that the District holds easement interests in. On May 6, 2024, the District and the County entered into a written agreement (Attachment 3) that the County will acquire the additional parcels necessary for the Project through sale, subject to approval by the TWDB. Per the terms of a 2015 bond order issuing (outstanding) debt of the District to the TWDB, the District cannot impair or encumber its system in a manner that would harm the repayment of its debt without prior approval of the TWDB. The District requests that the TWDB approve the release and sale of easement interests to the County in Attachment 3.

Outstanding Debt and Effect of TWDB Action

The outstanding balances (Outstanding Debt) owed to the TWDB by the District (as of May 14, 2024) are as follows:

- L10000143, Clean Water State Revolving Fund in the amount of \$1,915,000.00.
- L1000289, Drinking Water State Revolving Fund in the amount of \$2,145,000.00.
- L1000423, Clean Water State Revolving Fund in the amount of \$6,745,000.00.

TWDB's Financial Compliance staff reviewed the District's request. Repayments on Outstanding Debt are being made in accordance with associated loan covenants. The District intends to relocate water and sewer lines currently located within the parcels necessary for the Project. There is no anticipated financial impact to the District with the limited release of lien and approval of sale related to easement interests on the outstanding balances of the District's debt in Attachments 2 and 3.

RECOMMENDATION

The Executive Administrator recommends approving by resolution the request from the District for a partial release of lien, release and approval of sale of certain easement interests, and authorization to take all actions necessary to give effect to the attached resolution.

LEGAL/SPECIAL CONDITIONS

- The District will bear financial responsibility for all costs of documentation and filing of the partial release of lien.
- The District will provide to the TWDB copies of all relevant documents relating to the partial release of lien.

Attachment(s):

1. Proposed Resolution
2. Draft Release of Lien
3. MOA between District and County

A RESOLUTION OF
THE TEXAS WATER DEVELOPMENT BOARD
APPROVING A REQUEST OF
AGUA SPECIAL UTILITY DISTRICT

(24-)

Recitals:

On May 13, 2024, Agua Special Utility District (District) requested from the Texas Water Development Board (TWDB) a partial release of lien and release and approval of the sale of certain easement interests.

The District wishes to transfer certain real property and non-possessory property interests to the County of Hidalgo for a highway widening project.

Certain of the District's debt obligations, which are fully repaid, are secured by an executed and recorded Deed of Trust and Security Agreement (Deed of Trust), pursuant to which the District granted to the TWDB a security interest in its properties and assets, including all improvements, and any other property, both real and personal described in the Deed of Trust.

The Deed of Trust prohibits the transfer or sale by the District of any real or personal property, including equipment, subject to the lien and security interest granted to the TWDB without the prior written consent of the TWDB.

The TWDB additionally holds outstanding debt (Outstanding Debt) of the District where the terms for repayment of the debt include covenants made by the District that it will not impair its title to land used by the system in a manner detrimental to the repayment of the outstanding debt without prior TWDB approval.

The District respectfully requests TWDB's consent and authorization of a partial release of lien and release and approval of sale to the Country of Hidalgo as identified in the Board memo for this item.

NOW, THEREFORE, based on these considerations, the TWDB finds and resolves as follows:

1. It is in the public interest for the TWDB to grant the District's requests.
2. The remaining security pledged by the District will be sufficient to ensure repayment of the Outstanding Debt and a partial release of lien by the TWDB

from the Deed of Trust will neither compromise the security offered by the District nor impair its ability to meet its debt obligations.

3. The request for a partial release of lien and related security interests created under the Deed of Trust related to the District's interests in order for it to convey certain real property to the County is approved.
4. The request for release and sale of non-possessory property interests of the District to the County is approved.
5. The TWDB authorizes the Executive Administrator, or his designee, to take all actions necessary, including executing necessary documents, to give effect to this Resolution.

Such approval is conditioned as follows:

1. The District is responsible for all costs of documentation and filing of the partial release of lien.
2. The District must provide to the TWDB copies of all relevant documents regarding the partial release of lien.

APPROVED and ordered of record this the 12th day of June 2024.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Interim Executive Administrator

PARTIAL RELEASE OF LIEN

THE STATE OF TEXAS

§
§
§

COUNTY OF HIDALGO

KNOW ALL PERSONS BY THESE PRESENTS:

Date of Security Interest:

August 2, 2006; January 25, 2007; July 9, 2008;
June 26, 2009; and July 22, 2010

Borrower:

Agua Special Utility District, formerly La Joya
Water Supply Corporation
3120 North Abram Road
Palmview, Texas 78572

Releasing Party (Mortgage Trustee):

Texas Water Development Board, by and through
its Interim Executive Administrator, Bryan McMath
1700 North Congress, P.O. Box 13231
Austin, Texas 78711

Type of Security Interest:

Deed of Trust dated August 2, 2006, filed of record
with the County Clerk of Hidalgo County as Clerk's
File No. 1660838 on September 8, 2006,
Deed of Trust dated January 25, 2007, filed of
record with the County Clerk of Hidalgo County as
Clerk's File No. 1750791 on April 26, 2007,
Deed of Trust, dated July 9, 2008, filed of record
with the County Clerk of Hidalgo County as Clerk's
File No. 1912887 on July 9, 2008,
Deed of Trust, dated June 26, 2009, filed of record
with the County Clerk of Hidalgo County as Clerk's
File No. 202881 on August 26, 2009,
Deed of Trust, dated July 22, 2010, filed of record
with the County Clerk of Hidalgo County as Clerk's
File No. 2132790 on August 26, 2010,
Deed of Trust, dated July 22, 2010, filed of record
with the County Clerk of Hidalgo County as Clerk's
File No. 2147037 on October 15, 2010

Principal Amounts of Loans:

Texas Water Development Board Loan
No.L060023 to La Joya Water Supply
Corporation, evidenced by an \$8,915,000 Loan
Agreement and Promissory Note dated August
25, 2006

Texas Water Development Board Loan No.
L070026 to La Joya Water Supply Corporation,
evidenced by a \$1,000,000 Loan Agreement and
Promissory Note dated April 25, 2007

Agua Special Utility District Waterworks and
Sewer System Revenue Bonds, Series 2009,
dated August 27, 2009, identified as Texas Water
Development Board Loan No. L070076, initially

issued in the aggregate principal amount of \$3,967,000

Texas Water Development Board Loan No. L080009 to Agua Special Utility District, evidenced by a \$2,500,000 Loan Agreement and Promissory Note dated July 25, 2008

Agua Special Utility District Waterworks and Sewer System Revenue Bonds, Series 2010, dated August 25, 2010, identified as Texas Water Development Board Loan No. L100082, initially issued in the aggregate principal amount of \$1,990,000

Property Description of Released Tract:

This being a 750 square foot or 0.0172 of an acre tract of land situated in the City of Palmview, Hidalgo County, Texas out of a 0.70 of an acre tract of land, more or less, out of and forming a part of the Northwest corner of the La Joya I.S.D. Elementary School Subdivision, as recorded in Volume 26, Page 52A, of the Map Records, Hidalgo County, Texas, SAVE and EXCEPT a 0.141 acre tract of land described by metes and bounds in a Deed, dated January 5, 2000, from La Joya Water Supply Corporation to The State of Texas, recorded in Document Number 911791, of the Official Records, Hidalgo County, Texas, said 0.70 of an acre tract of land conveyed by a Deed Without Warranty, dated September 30, 2008, from La Joya Water Supply Corporation to Agua Special Utility District, recorded in Document Number 1935934, of the Official Records, Hidalgo County, Texas, said 750 square foot or 0.0172 of an acre tract being more particularly described by metes and bounds in Exhibit A, attached and incorporated hereto.

Security for Payment:

The following Deeds of Trust filed of record with the County Clerk of Hidalgo County:

Recording Information

Date

File No. 1660838	September 8, 2006
File No. 1750791	April 26, 2007
File No. 1912887	July 9, 2008
File No. 2028881	August 26, 2009
File No. 2132790	August 26, 2010
File No. 2147037	October 15, 2010

The Texas Water Development Board is the owner and holder of the Bonds and indebtedness described above.

The Texas Water Development Board RELEASES and DISCHARGES the Released Tract, consisting of the described 0.0172 acre tract only, from all liens and security interests held by the Texas Water Development Board securing the payment of above described bonds and indebtedness.

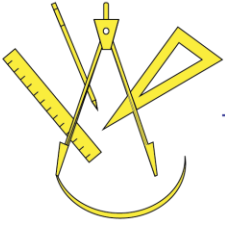
EXECUTED this _____ day of _____, 2024.

Bryan McMath, Interim Executive Administrator
Texas Water Development Board

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

On this day, personally appeared to me Bryan McMath, in his capacity as Interim Executive Administrator of the Texas Water Development Board, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he is the Executive Administrator of the Texas Water Development Board, whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said Texas Water Development Board, that he is duly authorized to execute this document on behalf of said Board, and that this document was executed as the act of such Board for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this ____ day of _____, 2024.



L&G Engineering

Transportation Consultants

May 6, 2024

Agua Special Utility District
Attn.: Roberto Salinas, General Manager
3120 N. Abram Road
Palmview, Texas 78572

County: Hidalgo
Highway No.: Veterans Blvd.
Location: Easement Interest
Project No.: Veterans Blvd.
ROW CSJ No.: 0865-01-111
District: PHARR
Parcel No.: 1, 17, 19, 20, 22, 24, 26,
27, 28, 43, 44, 46, 48, 50, 51, 54, 55,
56, 57, 58, 59, 60, 61, 69, & 71.

Dear Sirs:

You have indicated a willingness to sign the Release of Easements for your properties which consists of the above stated Parcels located at varies locations.

It is important to confirm this agreement in order to avoid any possible misunderstanding as to the details of the purchase or the process by which the Hidalgo County will make payment. The payment of **\$131,610.00** as herein agreed will constitute full payment to be made by Hidalgo County for the Release of Easements to be conveyed to the County.

Hidalgo County and the owner(s) have agreed to the following provisions.

Until the Texas Water Development Board approves Agua SUD's release of easements, which the District shall reasonably and timely request, and until payment is made by Hidalgo County, title and possession of the property to be conveyed remains with you. You shall bear all risk of loss to any and all such property prior to such payment. Either you or Hidalgo County shall have the right to terminate this agreement.

The payment of the amount herein stated and the terms provided constitute the only promises, consideration and conditions of this purchase; and no other promises, consideration or conditions have been signified or implied, save and except any benefits which may accrue under the Hidalgo County's mutual benefit to be derived by you and the County from the signing of this agreement.

The County, without cost to the owner, will pay the cost of recording all instruments conveying the Release of Easements to the County.

It is suggested that you carefully review the proposed Release of Easement and satisfy yourself (selves) as to its provisions. With your signing of this agreement and execution of the Release of Easements the County will proceed with the issuance of a County check which will be made out jointly to you and to Sierra Title, agent for Hidalgo County.

This company has been designated as the County's closing agent and is responsible to see that Hidalgo County obtains clear title. They will not endorse the check and make payment until clear title is secured. At the same time, you have the right to withhold endorsement of the check and not accept payment until you are fully satisfied on all details of the transaction.

Sincerely,

Right of Way Administrator, Fernando Herrera, Jr.
for Hidalgo County, Pct. 3

I (We) fully understand the Hidalgo County proposal as contained in this agreement and hereby acknowledge receipt.

Agua Special Utility District

By: _____
Roberto Salinas,

Title: General Manager