

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE MEETING
May 4, 2011

Chairman Thomas Weir Labatt III called to order the meeting of the Finance Committee of the Texas Water Development Board at 9:30 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following members were present:

Edward G. Vaughan
Monte Cluck

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: Chris Adams, Stacy Barna, Jim Bateman, Joyce Bourenane, Carolyn Brittin, Melanie Callahan, Kathy Calnan, David Carter, Shari Daffern, Mark Evans, Luis Farias, Wendy Foster, Lisa Glenn, Rene Gonzalez, Mark Hall, Dan Hardin, Francia Harutunian, Samantha Heng, Bill Hutchison, Ingrid Hansen, Chris Jurgens, Merry Klonower, Dain Larsen, Amanda Lavin, Cori Leva, Darryl Lindgens, Mireya Loewe, Robert Mace, Mark Mathis, Michelle McFaddin, Temple McKinnon, Piper Montemayor, Matt Nelson, Darrell Nichols, Ken Petersen, Lisa Petoskey, Ana Quinones, Debbie Ramirez, Ernie Rebuck, Joe Reynolds, Steve Rodriguez, Leo Ruiz, Clay Schultz, Michael Segner, Ruben Solis, Joel Smith, Shawn Snyder, John Steib, Augustine Tambe, Comer Tuck, Jeff Walker, Gilbert Ward, David Yager, and Jessica Zuba.

The following individuals were present:

Barry Adair, Raymond James
Jan Bartholomew, RBC Capital Markets, for San Jacinto River Authority
Ann Beecroft, Board Member, Zavala County WCID #1
James Busby, P.E., Burgess & Niple, Inc., for City of Menard
Mike Byrd, Rayburn Country MUD
Kim Edwards, Fidelity Capital Markets
Mark Ellis, Jefferies & Co.
Ann Burger Entrekin, First Southwest
Jose Gaytan, V.P., Bank of Texas
Rhome Hill, Utility Director, City of Menard
Barbara Hooten, Mayor, City of Menard
Sharon Key, City Administrator, City of Menard
Jill Kimball, General Manager, Zavala County WCID #1
Jerry Kyle, Andrews Kurth
Richard LeFevre, Zavala County WCID #1
Dale Lehman, Piper Jaffray
Judge Joe Luna, Zavala County WCID #1
Tilman Naylor, Jefferies & Co.
Mitchell Page, San Jacinto River Authority

Larry Skiles, City of Menard
Steve Stevens, Mesa Water

1. CONSIDER APPROVAL OF THE MINUTES OF THE MARCH 2011 MEETING.

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

2. BRIEFING AND DISCUSSION ON THE QUARTERLY INVESTMENT REPORT FOR THE PERIOD DECEMBER 1, 2010 THROUGH FEBRUARY 28, 2011. Piper Montemayor, Director of Debt and Portfolio Management, presented this item.

No action was taken on this item.

3. BRIEFING AND DISCUSSION ON THE USE OF ESCROW ACCOUNTS FOR LOAN CLOSINGS IN THE DRINKING WATER STATE REVOLVING FUND PROGRAM. Piper Montemayor, Director of Debt and Portfolio Management, presented this item. Kenneth Petersen, General Counsel, also addressed the Committee.

No action was taken on this item.

4. CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF A REQUEST FROM THE **CITY OF MENARD (MENARD COUNTY)** FOR A GRANT IN THE AMOUNT OF \$92,570 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM - RESEARCH AND PLANNING FUND FOR THE PLANNING COSTS TO PROVIDE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (BOARD CONSENT ITEM NO. 15) Mireya Loewe, Project Oversight in Project Finance, presented this item.

Ms. Loewe recognized the following persons in attendance today representing the City of Menard: Barbara Hooten, Mayor; Sharon Key, City Administrator; James Busby, Engineer; Larry Skiles, Financial Advisor; and Rhome Hill, Utility Director.

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

5. BRIEFING, DISCUSSION AND CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, OF: (A) A REQUEST FROM THE **ZAVALA COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 (ZAVALA COUNTY)** TO AMEND TWDB RESOLUTION NO. 01-11, RELATING TO THE ALLOCATION OF EDAP FUNDING TO INCLUDE FUNDING FOR HOOK-UPS; AND (B) A DECREASE IN THE AMOUNT OF THE EDAP GRANT COMMITMENT FROM \$6,515,000 TO \$5,694,100. (BOARD CONSENT ITEM NO. 16). Mireya Loewe, Project Oversight in Project Finance, presented this item.

Ms. Loewe recognized the following persons in attendance today representing the Zavala County WCID No. 1: Judge Joe Luna, Zavala County Judge; Jill Kimball, General Manager; Ann Beecroft, Board Member; and Richard LeFevre, Engineer.

Judge Luna and Ann Beecroft addressed the Board.

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

6. BRIEFING, DISCUSSION AND CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, OF A REQUEST FROM THE **SAN JACINTO RIVER AUTHORITY (MONTGOMERY COUNTY)** TO AUTHORIZE AMENDMENT OF RESOLUTION AUTHORIZING ISSUANCE OF \$21,500,000 SAN JACINTO RIVER AUTHORITY SPECIAL PROJECT REVENUE BONDS (GRP PROJECT) SERIES 2009 REGARDING THE ADDITIONAL BONDS TEST AND RELATED CHANGES. (BOARD CONSENT ITEM NO. 19) Darrell Nichols, Project Oversight, Project Finance, presented this item.

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

7. BRIEFING AND DISCUSSION ON ACTIVITIES OF PROJECT FINANCE AND CONSTRUCTION ASSISTANCE RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM INCLUDING: THE NUMBER OF CONNECTIONS TO DATE; AND THE EDAP STATUS REPORT. Mireya Loewe, Project Oversight in Project Finance, presented this item.

No action was taken on this item.

8. THE COMMITTEE MAY DISCUSS ITEMS FROM THE WORK SESSION OF MAY 3, 2011, OR THE AUDIT COMMITTEE OR BOARD MEETING OF MAY 4, 2011.

No other items were discussed.

The meeting adjourned at 10:04 a.m.

APPROVED and ordered of record this, the 22nd day of June, 2011.

TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE

Thomas Weir Labatt, III, Chairman

ATTEST:

Melanie Callahan
Interim Executive Administrator