

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE MEETING
September 22, 2011

Chairman Thomas Weir Labatt III called to order the meeting of the Finance Committee of the Texas Water Development Board at 9:00 a.m. in Room 170 of the Stephen F. Austin Building, Austin, Texas. The following members were present:

Thomas Weir Labatt III
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, David Buaas, Melanie Callahan, Kathy Calnan, David Carter, Michael Clough, Mark Evans, Luis Farias, Maxine Gilford, Lisa Glenn, Rene Gonzalez, Mark Hall, Dan Hardin, Francia Harutunian, Samantha Heng, Amanda Jenami, Chris Jurgens, Merry Klonower, Dain Larsen, Amanda Lavin, Kathleen Ligon, Darryl Lindgens, Mireya Loewe, Ryan Long, Robert Mace, Issa McDaniel, David Meesey, Piper Montemayor, Darrell Nichols, Javier Pena, Ken Petersen, Lisa Petoskey, Melissa Popkoff, Debbie Ramirez, Steve Rodriguez, John Steib, Comer Tuck, Jeff Walker, Gilbert Ward, Mark Wentzel, David Yager, and Jessica Zuba.

The following individuals were present:

Barry Adair, Raymond James
Tom Brown, Naismith Engineering
Carmen Cernosek, Lt. Governor Dewhurst's Office
Kim Edwards, Fidelity Capital Markets
Mark Ellis, Jefferies & Company
Jose Gaytan, V.P., Bank of Texas
Hector Gonzalez, Government Affairs Manager, El Paso Water Utilities
Dale Lehman, Piper Jaffray
Michael G. Morrison, Freese and Nichols, Inc.
Bill Norris, NRS Consulting Engineers
Lorraine Palacios, Ramirez & Co.
Ben Rosenberg, Coastal Securities, Inc.
Anna Aldridge Smith, P.E., City of Portland
Kevin Smith, Naismith Engineering
Mike Tanner, City Manager, City of Portland
Ajay Thomas, Raymond James
Tim Williams, J.P. Morgan
Terry Zrubek, Office of the Governor

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

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

2. BRIEFING, DISCUSSION AND CONSIDER RECOMMENDING FOR APPROVAL THE BOARD'S DEBT MANAGEMENT POLICY. Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

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

3. BRIEFING AND DISCUSSION ON FISCAL YEAR 2012 CAPACITY ANALYSIS OF THE CLEAN WATER STATE REVOLVING FUND PROGRAM. Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

No action was taken on this item.

4. BRIEFING AND DISCUSSION ON FISCAL YEAR 2012 CAPACITY ANALYSIS OF THE DRINKING WATER STATE REVOLVING FUND PROGRAM.

This item was not considered at this meeting.

5. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **TOWN OF ANTHONY (EL PASO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,540,000 CONSISTING OF: (A) A LOAN IN THE AMOUNT OF \$762,000; AND (B) \$1,778,000 LOAN FORGIVENESS, FROM THE DRINKING WATER STATE REVOLVING FUND-DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Board Consent Item No. 8)

This item was not considered at this meeting.

6. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **EL PASO WATER UTILITIES PUBLIC SERVICE BOARD (EL PASO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$82,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE PLANNING, ACQUISITION AND DESIGN COSTS TO PROVIDE FIRST TIME WATER SERVICE IN THE CANUTILLO AREA - LA MESA, VINTON, AND SEVENTH STREETS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Board Consent Item No. 10)
Mireya Loewe, Project Oversight, presented this item.

Ms. Loewe recognized Hector Gonzalez, Government Affairs Manager, El Paso Water Utilities, who was in attendance at today's meeting.

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

7. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **EL PASO WATER UTILITIES PUBLIC SERVICE BOARD (EL PASO COUNTY)** FOR A GRANT IN THE AMOUNT OF \$90,000 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE PLANNING COSTS TO PROVIDE FIRST TIME WATER SERVICE IN THE CANUTILLO AREA - GEORGIA AND NORMA STREETS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Board Consent Item No. 11) Mireya Loewe, Project Oversight, presented this item.

Ms. Loewe again recognized Hector Gonzalez, Government Affairs Manager, El Paso Water Utilities, who was in attendance at today's meeting.

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

8. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF PORTLAND (SAN PATRICIO COUNTY)** FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,493,000, CONSISTING OF A \$193,000 LOAN AND A \$2,300,000 GRANT, FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE CONSTRUCTION COSTS TO PROVIDE FIRST TIME WASTEWATER SERVICE TO THE DOYLE SUBDIVISION. (Board Consent Item No. 12) Mireya Loewe, Project Oversight, presented this item.

Ms. Loewe recognized Mike Tanner, City Manager, City of Portland, Anna Aldridge Smith, Project Engineer, City of Portland, Kevin Smith, Naismith Engineering, and Tom Brown, Naismith Engineering, all in attendance at today's meeting.

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

9. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF GROVETON (TRINITY COUNTY)** FOR A SIX MONTH EXTENSION TO THE \$145,000 GRANT COMMITMENT IN RESOLUTION NO. 11-17 FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM FOR THE ACQUISITION AND DESIGN COSTS FOR A WATER SYSTEM IMPROVEMENT PROJECT. (Board Consent Item No. 13) Mireya Loewe, Project Oversight, presented this item.

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

10. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8 (MONTGOMERY COUNTY)**: (A) FOR A LOAN IN THE AMOUNT OF \$2,725,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM

IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION; AND (B) TO RESCIND TWDB RESOLUTION 10-131 WHICH APPROVED A \$645,000 LOAN FROM THE WATER INFRASTRUCTURE FUND. (Board Consent Item No. 14) Jessica Zuba, Financial Analyst, Project Development, presented this item. David Yager, Project Engineering and Review, also addressed the Committee.

Mr. Yager introduced Bill Norris, NRS Consulting Engineers, who also addressed the Committee.

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

11. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 9 (MONTGOMERY COUNTY)**: (A) FOR A LOAN IN THE AMOUNT OF \$2,725,000 FROM THE TEXAS WATER DEVELOPMENT FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION; AND (B) TO RESCIND TWDB RESOLUTION 10-132 WHICH APPROVED A \$645,000 LOAN FROM THE WATER INFRASTRUCTURE FUND. (Board Consent Item No. 15) Jessica Zuba, Financial Analyst, Project Development, presented this item. Piper Montemayor, Director, Debt & Portfolio Management, also addressed the Committee.

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

12. BRIEFING AND DISCUSSION ON ACTIVITIES OF PROJECT FINANCE AND CONSTRUCTION ASSISTANCE RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. Mireya Loewe, Project Oversight, presented this item. Piper Montemayor, Director, Debt & Portfolio Management, also addressed the Committee.

No action was taken on this item.

13. THE COMMITTEE MAY DISCUSS ITEMS FROM THE BOARD MEETING OF SEPTEMBER 22, 2011.

The Committee discussed Item No. 6 on the Board's Consent Agenda concerning the City of Caddo Mills. Mark Evans, Project Oversight, addressed the Committee.

The Committee discussed Item No. 7 on the Board's Consent Agenda concerning the City of Houston. Comer Tuck, Director, Water Science and Conservation, addressed the Committee. Robert Mace, Deputy Executive Administrator, Water Science and Conservation, also addressed the Committee.

The Committee discussed Item No. 9 on the Board's Consent Agenda concerning the City of Burnet. Javier Pena, Financial Analyst, addressed the Committee. Michael Clough, Project Engineering and Review, also addressed the Committee.

The meeting adjourned at 9:59 a.m.

APPROVED and ordered of record this, the 20th day of October, 2011.

TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE

Thomas Weir Labatt III, Chairman

ATTEST:

Melanie Callahan
Interim Executive Administrator