

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE MEETING
October 19, 2011

Chairman Thomas Weir Labatt III called to order the meeting of the Finance Committee of the Texas Water Development Board at 3:33 p.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 Joe M. Crutcher and Billy Bradford, Jr. also attended the meeting. Member Lewis H. McMahan did not attend the meeting.

Members of Texas Water Development Board staff attending included: Chris Adams, Stacy Barna, Joyce Bourenane, Kelly Burton, Melanie Callahan, Chris Caran, David Carter, Jo Ann Duncan, Mark Evans, Luis Farias, Maxine Gilford, Lisa Glenn, Monica Galuski, Mark Hall, Ingrid Hansen, Dan Hardin, Francia Harutunian, Samantha Heng, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Merry Klonower, Dain Larson, Amanda Lavin, Darryl Lindgens, Mireya Loewe, Ryan Long, Robert Mace, Issa McDaniel, Temple McKinnon, David Meesey, Dave Mitamura, Piper Montemayor, John Muras, Matt Nelson, Brenda O'Neill, Javier Pena, Ken Petersen, Lisa Petoskey, Jonathan Pi, Debbie Ramirez, Minerva Regalado, Joe Reynolds, Cindy Ridgeway, Steve Rodriguez, Clay Schultz, John Steib, Comer Tuck, and David Yager.

The following individuals were present:

Barry Adair, Raymond James
Robert Adams, CCMA/APAI
Danielle Bradford, Piper Jaffray
Tom Brown, Naismith Engineering
Andy Bynam, CitiBank
Kim Edwards, Fidelity Capital Markets
Mark Ellis, Jefferies & Company
Curtis Flowers, Loop Capital Markets
Richard Fox, First Southwest Company
Jerry Kyle, Jr., Andrews Kurth LLP
Dale Lehman, Piper Jaffray
Katy Lumpkin, Aqua SUD
Rick Menchaca, BOSG, Inc./TX Public Finance
Garry Merritt, Real County Judge
Con Mims, Nueces River Authority
Art Morales, Siebert Brawford Shank & Co.
Duncan Morrow, Frost Bank
Keith Richard, Morgan Stanley
Jose Rodriguez, Naismith Engineering
Kevin Smith, Naismith Engineering

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

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

2. BRIEFING AND DISCUSSION ON THE QUARTERLY INVESTMENT REPORT FOR THE PERIOD JUNE 1, 2011 THROUGH AUGUST 31, 2011. Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

No action was taken on this item.

3. BRIEFING AND DISCUSSION ON THE RESULTS OF THE \$92,255,000 WATER FINANCIAL ASSISTANCE BONDS, SERIES 2011B, SENIOR MANAGED BY PIPER JAFFRAY. Monica Galuski, Debt & Portfolio Management, introduced Dale Lehman, Managing Director of Piper Jaffray, who presented this item.

No action was taken on this item.

4. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, OF THE ESTABLISHMENT OF A NEW TAX-EXEMPT LENDING RATE SCALE FOR THE DEVELOPMENT FUND II PROGRAM. (Board Consent Item No. 8) Piper Montemayor, Director, Debt & Portfolio Management, 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.

5. BRIEFING, DISCUSSION, AND CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF THE TRANSFER OF WATER FINANCIAL ASSISTANCE BONDS TAXABLE SERIES 2005B BOND PROCEEDS FROM THE TEXAS WATER DEVELOPMENT FUND II WATER FINANCIAL ASSISTANCE ACCOUNT TO THE TEXAS WATER DEVELOPMENT FUND II WATER FINANCIAL ASSISTANCE BOND PAYMENT ACCOUNT. (Board Consent Item No. 9) 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.

6. CONSIDER: (A) AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND THE DEVELOPMENT FUND MANAGER TO TAKE ALL NECESSARY ACTIONS FOR THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS (ECONOMICALLY DISTRESSED AREAS PROGRAM), IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25 MILLION; AND (B) SELECTION OF UNDERWRITER(S) FOR THE NEGOTIATION OF THE BOND ISSUE. (Board Consent Item No. 10) 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.

7. CONSIDER: (A) AUTHORIZING THE EXECUTIVE ADMINISTRATOR AND THE DEVELOPMENT FUND MANAGER TO TAKE ALL NECESSARY ACTIONS FOR THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS (WATER INFRASTRUCTURE FUND), IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50 MILLION; AND (B) SELECTION OF UNDERWRITER(S) FOR THE NEGOTIATION OF THE BOND ISSUE. (Board Consent Item No. 11) Piper Montemayor, Director, Debt & Portfolio Management, 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.

8. BRIEFING, DISCUSSION AND CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF THE OFFICIAL INTENT TO REIMBURSE COSTS OF LOANS THROUGH THE ISSUANCE, SALE, AND DELIVERY OF UP TO \$189,600,000 OF CLEAN WATER STATE REVOLVING FUND SUBORDINATE LIEN REVENUE BONDS. (Board Consent Item No. 12) 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.

9. CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF: (A) THE TRANSFER OF FUNDS FROM THE WATER FINANCIAL ASSISTANCE ACCOUNT TO THE CLEAN WATER STATE REVOLVING FUND TO MEET STATE MATCH REQUIREMENTS FOR THE FISCAL YEAR 2011 FEDERAL GRANT; AND (B) A PROJECTED DEBT SERVICE SCHEDULE FOR REPAYMENT. (Board Consent Item No. 13) Piper Montemayor, Director, Debt & Portfolio Management, 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.

10. CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF: (A) THE TRANSFER OF FUNDS FROM THE WATER FINANCIAL ASSISTANCE ACCOUNT TO THE DRINKING WATER STATE REVOLVING FUND TO MEET STATE MATCH REQUIREMENTS FOR THE FISCAL YEAR 2011 FEDERAL GRANT; AND (B) A PROJECTED DEBT SERVICE SCHEDULE FOR REPAYMENT. (Board Consent Item No. 14) Piper Montemayor, Director, Debt & Portfolio Management, 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.

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

No action was taken on this item.

12. CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF A REQUEST FROM THE **EL PASO COUNTY TORNILLO WATER IMPROVEMENT DISTRICT (EL PASO COUNTY)** TO AMEND THE COMMITMENT AUTHORIZED IN TWDB RESOLUTION NO. 06-86 FOR THE PURPOSE OF MAKING A LOAN IN THE AMOUNT OF \$45,000 FROM THE DRINKING WATER STATE REVOLVING FUND OF WHICH 100% WILL BE FORGIVEN. (Board Consent Item No. 15) Luis Farias, Project Oversight, 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.

13. CONSIDER RECOMMENDING APPROVAL BY RESOLUTION, OF A REQUEST FROM THE **NUECES RIVER AUTHORITY (REAL COUNTY)** FOR \$11,043,460 IN FINANCIAL ASSISTANCE CONSISTING OF: (A) A \$9,961,460 LOAN, WITH UP TO 100 PERCENT PRINCIPAL FORGIVENESS, FROM THE CLEAN WATER STATE REVOLVING FUND; AND (B) A \$1,082,000 GRANT FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM (EDAP), TO FINANCE PLANNING, ACQUISITION, DESIGN, AND CONSTRUCTION COSTS FOR FIRST TIME WASTEWATER SERVICE TO THE CITY OF LEAKEY AND ELEVEN SURROUNDING SUBDIVISIONS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Board Consent Item No. 23) Mireya Loewe, Project Oversight, presented this item. Stacy Barna, Director, Program Development, 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.

14. BRIEFING AND DISCUSSION ON ACTIVITIES RELATING TO THE ECONOMICALLY DISTRESSED AREAS PROGRAM, INCLUDING THE EDAP STATUS REPORT. Mireya Loewe, Project Oversight, presented this item.

No action was taken on this item.

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

No items were discussed.

The meeting adjourned at 4:31 p.m.

APPROVED and ordered of record this, the 15th day of December, 2011.

TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE

Thomas Weir Labatt III, Chairman

ATTEST:

Melanie Callahan
Interim Executive Administrator