

MINUTES OF THE
TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE MEETING
December 15, 2011

Chairman Thomas Weir Labatt III called to order the meeting of the Finance Committee of the Texas Water Development Board at 8:30 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, Jorge Arroyo, Stacy Barna, Jim Bateman, Joyce Bourenane, Carolyn Brittin, Tammie Brown, David Buaas, Kelly Burton, Melanie Callahan, Chris Caran, David Carter, Jo Ann Duncan, Mark Evans, Luis Farias, Wendy Foster, Monica Galuski, Maxine Gilford, Lisa Glenn, Rene Gonzales, Mark Hall, Ingrid Hansen, Dan Hardin, Francia Harutunian, Samantha Heng, Ruben Hernandez, Amanda Jenami, Chris Jurgens, Merry Klonower, Jessica Kohlrenken, Randy Lara, Dain Larson, Amanda Lavin, Kathleen Ligon, Darryl Lindgens, Mireya Loewe, Ryan Long, Robert Mace, Issa McDaniel, Temple McKinnon, David Meeseey, Dave Mitamura, Piper Montemayor, John Muras, Matt Nelson, Darrell Nichols, Brenda O'Neill, Javier Pena, Ken Petersen, Lisa Petoskey, Rima Petrossian, Jonathan Pi, Debbie Ramirez, Minerva Regalado, Joe Reynolds, Cindy Ridgeway, Steve Rodriguez, Clay Schultz, Jim Scott, Joel Smith, Shawn Snyder, John Steib, John Sutton, Comer Tuck, Jeff Walker, David Yager, and Jessica Zuba.

The following individuals were present:

B. Bassett, City of Hubbard
Tom Bohl, Assistant Attorney General
Sidney Burns, City of Robert Lee
James Busby, City of Robert Lee
Mario Carrasco, Citi Group
Steve Dennis, City of Robert Lee
Kim Edwards, Fidelity Capital Markets
Mark Ellis, Jefferies & Company
Jim Gilley, Coastal Securities
Stafford Gunning, Freese & Nichols
Doug Holcomb, Texas Commission on Environmental Quality
John Jacobs, Mayor, City of Robert Lee
Keith Kindle, EHT
Jerry Kyle, Jr., Andrews Kurth LLP
Jeanette Meeks, City Council, City of Robert Lee
Robert Mellinger, Citi Group
Rick Menchaca, BOSG, Inc./TX Public Finance

Mike Morriras, Freese & Nichols
Tilman Naylor, Jefferies
Larry Palacios, Ramirez
Terrell Palmer, First Southwest
Thomas Pollan, City of Leander
Tommy Roach, City of Robert Lee
Ben Rosenberg, Coastal Securities
Kay Torres, City of Robert Lee
Richard Weiss, Morgan Stanley

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

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

2. CONSIDER RECOMMENDING BY SEPARATE RESOLUTIONS: (A) AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF STATE OF TEXAS, WATER FINANCIAL ASSISTANCE BONDS, SERIES 2012A IN ONE OR MORE SERIES FOR THE WATER INFRASTRUCTURE FUND IN A PRINCIPAL AMOUNT NOT TO EXCEED \$51,000,000 AND SERIES 2012B IN ONE OR MORE SERIES FOR THE ECONOMICALLY DISTRESSED AREAS PROGRAM IN A PRINCIPAL AMOUNT NOT TO EXCEED \$26,000,000; (B) APPROVING AND DEEMING FINAL A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN THE MARKETING OF THE BONDS; AND (C) APPROVING AND AUTHORIZING THE DEVELOPMENT FUND MANAGER AND EXECUTIVE ADMINISTRATOR TO ACT ON BEHALF OF THE TEXAS WATER DEVELOPMENT BOARD IN THE SALE AND DELIVERY OF SUCH BONDS. (Board Consent Item No. 5) Monica Galuski, 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. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION: (A) THE **LOWER COLORADO RIVER AUTHORITY'S** PURCHASE OF THE BOARD'S OWNERSHIP INTEREST IN THE CITY OF LEANDER WATER SUPPLY PROJECT UNDER THE STATE PARTICIPATION PROGRAM; AND (B) AUTHORIZING THE EXECUTIVE ADMINISTRATOR TO TAKE ALL ACTIONS NECESSARY TO EFFECT THE TRANSACTION. (Board Consent Item No. 6) 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.

4. BRIEFING AND DISCUSSION ON THE STATE PARTICIPATION PROGRAM. Piper Montemayor, Director, Debt & Portfolio Management, presented this item.

No action was taken on this item.

5. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF CENTER (SHELBY COUNTY)** FOR A LOAN IN THE AMOUNT OF \$2,070,000 FROM THE CLEAN WATER STATE REVOLVING FUND TO FINANCE WASTEWATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN FUNDING OPTION. (Board Consent Item No. 7) Dain Larsen, Financial Assessment, Project Development, 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 RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF HUBBARD (HILL COUNTY)** FOR A LOAN IN THE AMOUNT OF \$1,500,000 FROM THE DRINKING WATER STATE REVOLVING FUND TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION. (Board Consent Item No. 9) Dain Larsen, Financial Assessment, Project Development, presented this item. David Yager, Project Review, Construction Assistance, also 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.

7. CONSIDER RECOMMENDING FOR APPROVAL BY RESOLUTION, A REQUEST FROM THE **CITY OF ROBERT LEE (COKE COUNTY)** FOR: (A) FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2,750,000, CONSISTING OF A \$825,000 LOAN AND \$1,925,000 IN LOAN FORGIVENESS FROM THE DRINKING WATER STATE REVOLVING FUND - DISADVANTAGED COMMUNITY PROGRAM TO FINANCE WATER SYSTEM IMPROVEMENTS, UTILIZING THE PRE-DESIGN COMMITMENT OPTION; AND (B) A WAIVER OF THE REQUIREMENT FOR CONSISTENCY WITH THE REGIONAL AND STATE WATER PLANS. (Board Consent Item No. 10) Dain Larsen, Financial Assessment, Project Development, presented this item. Jeff Walker, Director, Project Development, also addressed the Board.

Mr. Larsen stated that several representatives for the City of Robert Lee were 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. THE COMMITTEE MAY DISCUSS ITEMS FROM THE BOARD MEETING OF DECEMBER 15, 2011.

Mr. McMahan requested comments on Item No. 17 from the Board meeting later today. John Sutton, Manager, Conservation Division, Water Science and Conservation, addressed the Board. No other items were discussed.

The meeting adjourned at 9:05 a.m.

APPROVED and ordered of record this the 2nd day of February, 2012.

TEXAS WATER DEVELOPMENT BOARD
FINANCE COMMITTEE

Thomas Weir Labatt III, Chairman

ATTEST:

Melanie Callahan
Executive Administrator