

MINUTES

**JOINT RIO GRANDE REGIONAL WATER AUTHORITY (RGRWA) &
FIRST RIO GRANDE REGIONAL WATER AUTHORITY
ECONOMIC DEVELOPMENT CORPORATION (FRGRWAEDC)
BOARD OF DIRECTORS MEETING
9:00 A.M. – THURSDAY, MARCH 11, 2010
LRGVDC TRANSPORTATION CENTER BOARD ROOM
510 S. PLEASANTVIEW DRIVE, WESLACO, TX**

PRESIDING: JIM DARLING, PRESIDENT

The Rio Grande Regional Water Authority (RGRWA) and the First Rio Grande Regional Water Authority Economic Development Corporation (FRGRWAEDC) Boards of Directors held a joint meeting at 9:00 a.m. on Thursday, March 11, 2010 at the LRGVDC Transportation Center Board Room in Weslaco, Texas. In attendance were:

RGRWA Board Members

President Jim Darling, Hidalgo County
Vice President Sonia Lambert, Irrigation Dist.
Secretary-Treasurer Joe Barrera, Irrigation Dist.
Ms. Karran Westerman, Zapata County
Mr. Fitzgerald Sanchez, Webb County
Mr. Ricardo Gutierrez, Starr County
Mr. John Bruciak, Cameron County
Mr. Wayne Halbert, Irrigation Districts
Mr. Paul Heller, Irrigation Districts
Mr. Joe Pennington, Irrigation Districts
Mr. Brian Macmanus, Water Supply Corporation
Mr. D.V. Guerra, Public

Others

Ms. Marcie Oviedo, LRGVDC
Ms. Ludy Saenz, LRGVDC
Mr. Mark Null, USGS, San Antonio
Mr. George Ozuna, USGS
Mr. Bill Lewis, Halff Associates
Mr. Rodolfo Montero, IBWC
Mr. Bill Norris, NRS
Ms. Terrie Salinas, LRGVDC
Mr. Troy Allen, Delta Lake Irrigation District

FRGRWAEDC Board Members

President Jim Darling
Vice President Sonia Lambert
Secretary-Treasurer Joe Barrera
Mr. Ricardo Gutierrez
Ms. Nora Garcia
Mr. Charles Browning

1. Call to Order & Roll Call

President Jim Darling called the meeting to order at 9:06 a.m. and announced that a quorum of both the RGRWA and the FRGRWAEDC were present.

2. Consider Approval of February 3, 2010 Meeting Minutes (RGRWA Action)

Mr. Joe Barrera made a motion for approval of the February 3, 2010 RGRWA minutes as presented. Mr. Jimmie Steidinger seconded the motion, and upon a vote the motion carried unanimously.

3. Consider Approval of January 20, 2009 FRGRWAEDC Minutes (FRGRWAEDC Action)

Mr. Joe Barrera made a motion for approval of the January 20, 2009 FRGRWAEDC minutes as presented. Ms. Sonia Lambert seconded the motion, and upon a vote the motion carried unanimously.

4. Public Comment

No Public Comments were received.

5. Election of FRGRWAEDC Officers (President, Vice-President, Secretary-Treasurer) (FRGRWAEDC Action)

Mr. Charles Browning made a motion to re-elect the same officers currently serving: Mr. Jim Darling as President; Ms. Sonia Lambert as Vice-President; and Mr. Joe Barrera as Secretary-Treasurer. Ms. Nora Garcia seconded the motion, and upon a vote the motion carried unanimously.

7. Consider Approval RE: Resolution to Authorize the Issuance of Refunding Bonds for the Rio Grande Valley Sugar Growers Project and Other Matters in Connection therewith (FRGRWAEDC Action)

With the Board's permission President Darling took this item out of order and recognized Mr. Randy Rolando, Rio Grande Valley Sugar Growers, Inc. (Sugar Growers). Mr. Rolando stated that the purpose of this project was to generate enough electricity using the fiber from the processed sugar cane to power the sugar cane processing plant and possibly sell surplus electricity for the surrounding area. Mr. Rolando provided an update on the progress of this project and informed the Board that like the majority of long term large capitol improvement projects there were problems completing this one. Mr. Rolando listed some of the set backs and reported that currently the plant is able to export electricity, but has not been able to maintain consistent generation of electricity. Mr. Rolando explained that in 2009 the Sugar Growers received stimulus money from President Obama's American Recovery and Reinvestment Act or Stimulus Plan and was able to pay down the principle of the original loan which helped in this refunding action. Mr. Rolando stated that at this time interest rates are low and the company feels the rates might increase in the near future, and so decided to take advantage of the low rates by refunding now. The Sugar Growers anticipate being able to pay off the balance of the refunded amount in approximately eight years. Mr. Charles Browning asked the amount of the original bond. Mr. Rolando stated it was \$26.5 million and the refinanced amount is \$16.7 million.

Mr. Jesus "Chuy" Ramirez, issuer's council for the FRGRWAEDC, was recognized and explained that the role the FRGRWAEDC plays in the transaction is minimal as the transaction is developed between the borrower and the lender. The role of the Issuer's council is to review the documents, issue certain opinions and review the tax regulatory agreement to insure these bonds will continue to be tax exempt. The FRGRWAEDC is issuing bonds, selling the bonds and using the proceeds passing through this institution over to the borrower and lending those funds to the Sugar Growers. The Sugar Growers are paying the bonds back theoretically to the FRGRWAEDC, but are actually paying them to the trustee under the trustee indenture who makes the payments on principle and interest for the life of this debt. Mr. Browning asked Mr. Ramirez if he saw any difficulty with the refunding agreement as it currently reads. Mr. Ramirez stated that he saw no difficulty and stated that the documents submitted were a standard, typical agreement. Mr. Ricardo Gutierrez asked if the Board's liability would be minimal. Mr. Ramirez stated that the Board is not exposed to liability as an institution or as individuals because all the documents provide that the obligations are paid entirely by the borrower. The only exposure would be if the user of the proceeds, the Sugar Growers, would violate the federal laws and use the funds for a private purpose instead of the capital improvements, which might cause the bonds to become taxable. Should this happen the eventual exposure would be on the bond holder and the borrower, not the FRGRWAEDC, the issuer. Upon conclusion of discussion ***Mr. Ricardo Gutierrez made a motion for approval of the resolution to authorize the issuance of refunding bonds for the Rio Grande Valley Sugar Growers Project and other matters in connection therewith as presented. Mr. Joe Barrera seconded the motion, and upon a vote the motion carried unanimously.*** Upon conclusion of action President Darling stated that the FRGRWAEDC should receive a \$5,000 issuer's fee for this transaction and suggested using it to

establish a scholarship fund for college students. The President suggested two \$2,500 scholarships to award to students studying agriculture and/or river related curriculum and ***entertained a motion to authorize the placement of this item in the budget at the next meeting. Ms. Sonia Lambert so moved, Mr. Joe Barrera seconded the motion, and upon a vote the motion carried unanimously.***

8. Consider Ratification of FRGRWAEDC Action RE: Resolution to Authorize the Issuance of Refunding Bonds for the Rio Grande Valley Sugar Growers Project and other Matters in Connection therewith (RGRWA Action)

Mr. D.V. Guerra made a motion to ratify the FRGRWAEDC action RE: resolution to authorize the issuance of refunding bonds for the Rio Grande Valley Sugar Growers project and other matters in connection therewith. Mr. Jimmie Steidinger seconded the motion, and upon a vote the motion carried unanimously.

6. Presentation RE: Overview of USGS Capabilities

President Darling recognized Mr. George Ozuna, Deputy Director for the Texas Water Science Center. Mr. Ozuna introduced Mr. Mark Null who is in charge of the USGS San Antonio program which covers part of the Rio Grande Valley. Mr. Ozuna stated that the purpose of this presentation was to introduce the RGRWA to what the USGS does. The USGS is a scientific federal agency that is a part of the U. S. Department of the Interior. Mr. Ozuna and Mr. Null represent the water discipline of the USGS and proceeded to provide a comprehensive overview of Surface-Water Science, Groundwater Science and Water-Quality Science. During his summary of the Surface-Water Science Mr. Ozuna mentioned the use of an instrument called the acoustic Doppler current profiler used to measure the low currents in canal systems. President Darling asked if that instrument could be taken across the border to Mexico because the Board had a question on the current by the weir in the El Morillo Drain. Mr. Ozuna stated that the USGS does have credentials through the International Boundary and Water Commission (IBWC) to cross into Mexico and what President Darling described is precisely the purpose for this device.

Mr. Brian Macmanus asked Mr. Ozuna to elaborate on the USGS funding mechanism. Mr. Ozuna gave the example that if the RGRWA presented a project idea to the USGS, staff would submit a proposal for the work. The USGS could bring in federal funding for 1/3 of the project cost and would require contributions for the remaining 2/3 of the cost. The USGS would do the work and does not sub-contract any tasks. Mr. Ozuna explained that a one page standard agreement that is simple and straight forward is generally used. President Darling stated that the Board plans to have an outline of projects for next year and suggested the committees in charge of those projects might be interested in discussing these projects with USGS staff. Mr. Ozuna was very agreeable to such meetings.

9. Consider Approval RE: 2009 Annual Report (RGRWA Action)

Mr. Brian Macmanus made a motion to approve the 2009 Annual Report as presented. Mr. Paul Heller seconded the motion, and upon a vote the motion carried unanimously.

10. Ratify Executive Committee Action RE: Hosting Visit by the House Natural Resources Committee Chair Allan Ritter (RGRWA Action)

President Darling informed the Board that he was contacted by Representative Eddie Lucio III regarding Representative and Chairman of the House Natural Resources Committee Allan Ritter planning to visit the Rio Grande Valley on April 20. Rep. Lucio asked if the RGRWA would consider co-sponsoring a luncheon with the Irrigation District Manager's Association for Mr. Ritter's visit and issue invitations to water related entities from Eagle Pass to Brownsville. Upon conclusion of discussion ***Mr. Joe Barrera made a motion to ratify the Executive Committee action; Mr. Ricardo Gutierrez seconded the motion, and upon a vote the motion carried unanimously.***

11. Discussion RE: Future Projects (RGRWA Action)

President Darling acknowledged that the Board has had difficulty launching projects because all Board Members have their individual full-time jobs and the RGRWA does not have full-time administrative support

per se. The President stated that further on in the agenda for consideration of action is an increase in the budget for the LRGVDC to assign specific administrative staff to assist with moving future projects along. Some of the projects the President would like to consider are: River Issues such as Aquatic Weed Control, El Morillo Drain, Educational Projects, Groundwater, Agricultural Projects and Legislation Support; President Darling invited the Board to submit additional projects they might like the Board to consider. Mr. Barrera mentioned that committees are currently established for all of these subjects except River Issues and suggested the Board review the current committees at the next meeting and possibly establish a River Issues committee. No action taken at this time.

12. Report RE: Regional Water Supply Study (RGRWA Action)

Mr. Bill Norris, NRS Consulting Engineers was recognized and reviewed the draft Regional Water Supply Project Feasibility Study for the Rio Grande Regional Water Authority. At the conclusion of Mr. Norris' report President Darling stated that the next step is for the Ad Hoc Groundwater Management Committee to study this report and meet with Groundwater Management Area (GMA) 16 to get the status on their activities. Mr. Roy Rodriguez, Chairman of the Ad Hoc Groundwater Management Committee requested a cost estimate of the feasibility study broken down by phase. ***Mr. Roy Rodriguez made a motion to get a cost estimate on the study and continue to move forward. Mr. Brian Macmanus seconded the motion, and upon a vote the motion carried unanimously.***

14. Committee Reports

A. Finance and Planning

1. Proposed 2010 Budget (RGRWA Action)

President Darling asked the Board's permission to address this item out of order as he was unable to stay until the end of the meeting, and recognized Mr. Joe Barrera. Mr. Barrera presented the Proposed RGRWA 2010 Budget and gave a break down of expenditures from 2009. Mr. Barrera stated that the committee recommends revising the financial report to reflect only expenditures from the current budget year and to have a more aggressive figure (\$35,000) for salaries in order to provide for additional staff support to help accomplish the tasks outlined under Future Projects. Mr. Jones introduced Ms. Marcie Oviedo, LRGVDC Director of Regional Planning and Ms. Ludy Saenz, LRGVDC Program Administrator as staff members who will provide additional support. At the conclusion of the report and discussion ***Mr. Jimmie Steidinger made a motion for approval of the 2010 Budget as presented. Mr. Ricardo Gutierrez seconded the motion and upon a vote, the motion carried unanimously.***

13. Status Reports

A. Report from TCEQ Watermaster

At this time, in the absence of President Darling, Vice President Sonia Lambert chaired the remainder of the meeting. The Vice President noted that Mr. Erasmo Yarrito, TCEQ Watermaster, was unable to attend today and noted that the reservoir report was provided in the Board folders.

B. Report from IBWC

Mr. Rodolfo Montero was recognized and announced that Mr. Carlos Pena is the new principal engineer for US IBWC and Mr. Pena will attend the next meeting of the RGRWA. Mr. Joe Barrera asked if there was any new information on El Morillo Drain. Mr. Montero stated that staff has had meetings regarding TCEQ installing a monitor at El Morillo drain and noted that negotiations of this type must be handled by top level officials in Mexico because it will be funded by the IBWC. A letter to Mexican officials has been drawn and a response is pending. Mr. Jones asked if there has been any feed back on the possibility that IBWC Commissioner Edward Drusina will include El Morillo Drain as a line item in the next budget. Mr. Montero did not have that information available at this meeting but would be able to provide it by the

following week. No action taken.

C. Report from Rio Grande Regional Water Planning Group

Mr. Glenn Jarvis was unable to attend; however, Mr. Jake White was recognized and provided the Board with an update on the Region M activities regarding the Initially Prepared Plan and the scheduled public hearings. No action taken.

D. Report RE: Building Disaster Resilient Communities

Ms. Terrie Salinas, LRGVDC Director of Economic Development was recognized and informed the Board that the contract for services on this grant has been awarded and offered to provide copies of the contract to the Board. No action taken.

E. Report RE: Texas Department of Rural Affairs Hurricane Dolly Disaster Recovery Funding Method of Distribution

Mr. Jones was recognized and provided the Board with the latest information available on the status of the HUD disaster funds. No action taken.

F. San Felipe Springs Water Supply

Mr. Jake White, NRS Consulting Engineers, was recognized and stated that staff has been working with LGB Guyton Associates regarding understanding what is occurring in the Del Rio area as it relates to the San Felipe Springs that could potentially reduce the amount of water flowing in the Rio Grande that ultimately makes its way to the Rio Grande Valley. What this report concludes is that barring any significant irrigation or out of the area pumping of groundwater that the flows should be maintained for the foreseeable future. Population growth is not anticipated to be drastic in that area and should not affect the flows to the river.

G. Report on El Paso Tour of Desal Facilities and Consideration of Travel Reimbursement for Board Members

The tour was rescheduled for the month of May, date yet to be determined. Mr. Wayne Halbert suggested contacting Mr. Jesus (Chuy) Reyes to coordinate coupling this tour with a tour of El Paso Water Improvement District #1.

14. Committee Reports

A. Community Outreach

There was no new information to report.

B. Finance and Planning

1. Proposed 2010 Budget

This item was addressed earlier in the meeting.

2. Financial Report (RGRWA Action)

Mr. Ken Jones reported that as of February 28, 2010, the Board had a balance of \$261,824.77 and staff was requesting approval of current monthly expenses in the amount of \$329.68. ***Mr. Joe Barrera made a motion for approval of payment of the current expenses as presented. Mr. Joe Pennington seconded the motion, and upon a vote the motion carried unanimously.***

3. Status of Assessments

Mr. Joe Barrera was recognized and informed the Board that 2010 assessments in the amount of \$83,124.29 had been received to date. No action taken

4. Consider Support RE: Texas Irrigation Expo 2010 (RGRWA Action)

President Darling suggested that instead of holding a summit this fall the RGRWA participate in the Texas Irrigation Expo 2010 as an exhibitor and sponsor, and request the WaterPR staff to assist by providing a presentation about the RGRWA. **Mr. Ricardo Gutierrez made a motion to authorize the RGRWA to be both an exhibitor and a sponsor of the Texas Irrigation Expo 2010. Mr. Jimmie Steidinger seconded the motion, and upon a vote the motion carried unanimously.**

C. Personnel and Professional Services

There was no new information to report at this time.

D. Legislation

Mr. Halbert noted that he had no updates regarding specific legislation but informed the Board that due to inclement weather in February, Texas Water Days was rescheduled for March 23 – 24.

E. El Morillo Drain

This item was covered under IBWC

F. Ad Hoc Groundwater Committee

This was covered under a previous item.

15. Discussion and Possible Action RE: Meeting Schedule

It was the consensus of the Board to schedule the next meeting on May 5, 2010.

16. Adjourn

There being no further business Mr. Joe Barrera made a motion to adjourn. Mr. Brian Macmanus seconded the motion and the meeting was adjourned at 10:54 a.m.

Jim Darling, President, RGRWA

ATTEST:

Joe Barrera, Secretary-Treasurer, RGRWA