

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: June 16, 2015

TEAM MANAGER: Lee Huntoon

APPLICANT	City of Amarillo
TYPE OF ASSISTANCE	\$17,195,000 Loan
LEGAL PLEDGE	Net Revenues of the Waterworks and Sewer System

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve, by resolution, a request from the **City of Amarillo (Potter & Randall Counties)** for a \$17,195,000 loan from the Drinking Water State Revolving Fund to finance the construction of a new water transfer pipeline and pump station improvements.

PROJECT

Arden Road Transmission Line
Project Number 62592

BACKGROUND

On February 28, 2013 the Texas Water Development Board (TWDB) approved funding of \$1,310,000 through the Drinking Water State Revolving Fund to finance planning, acquisition, and design costs related to water system improvements within the Arden Road transmission line project. Planning for the project was completed in December 2013 and the design phase was completed in April 2015.

The Arden Road pump station's water supply is taken directly from the City of Amarillo's (City) Osage pressure zone. As water demand on the Arden road pump station has increased, a new direct water supply transfer pipeline is required to relieve the strain on the Osage pressure zone. Installation of the improvements will eliminate the current strain. The City intends to construct a 36-inch water transfer pipeline from the Osage Water Treatment Plant to the Arden Road pump station and make improvements to the Arden Road pump station.

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE ON JUNE 30, 2016

FINANCIALKey Issues

None.

Pledge and Repayment

The City is pledging net revenues of the water and sewer system to repay the proposed loan. The City has \$168,310,328 in existing debt related to its water and sewer systems. Current system revenues provide no less than 2.94 times actual debt service coverage throughout the entire 20-year term. Current system revenues are sufficient to service both existing and proposed debt service requirements.

Cost Savings

Based on a 20-year maturity schedule, current interest rates, and a loan amount of \$17,195,000 the City could save approximately \$2,666,394 over the life of the loan.

Internal Risk Score

Staff assigns a risk score of 2A. A risk score of 2A means that the applicant's repayment capacity is strong. The applicant's earnings trends and coverage ratios, while sound, may be susceptible to adverse effects of changes in circumstances and economic conditions than the higher rated obligations.

The City has a stable population of 196,429 with a moderate growth trend of 3% since the 2010 census. The 2009-2013 five year average median household income is \$45,984; which is 88.6% of the State's 2009-2013 5-year median of \$51,900. The service area's unemployment rate is very low at 3.28% compared to 4.1% in the state overall. Currently, the City's customers pay an average of \$21.81 per month for water service and \$21.30 per month for sewer service. The household cost factor for these services is a low 1.12% of the median household income. The City intends to increase rates slightly in the near future; however, current rates and charges are sufficient to meet both the existing and proposed debt service requirements.

Water and sewer revenues are well diversified as the City's top ten water customers account for 14% of the total water revenue and their top ten wastewater customers account for 6.18% of the total wastewater revenues. Sales tax collections have increased every year since 2010 showing a strong sales tax base and a consistent moderate growth trend.

On a per capita basis the City has \$1,432 of total debt. With the proposed debt included, total per capita debt will be \$1,519. This is considered low for a City of this size. The City's most current 3-year average revenue available for debt service is \$33,610,002. It is expected that no less than \$35,761,058 in yearly net revenues will be available to meet anticipated debt service for this funding request.

Based on the City's strong income, relatively low debt, inexpensive water and sewer rates and general lack of even minor negative financial indicators; staff supports the risk score of 2A.

LEGAL

Key Issues

None.

CONDITIONS

Standard tax-exempt, revenue, Drinking Water State Revolving Fund conditions and further conditioned as follows:

- Additional bonds test;
- Standard emergency discovery conditions.

Attachments: 1. Project Data Summary
2. Debt Service Schedule
3. Engineering/Environmental Review
4. Project Budget
5. Resolution (15-)
6. Water Conservation Review
7. Location Map

Project Data Summary

Authority	City of Amarillo
Program	Drinking Water State Revolving Fund
Commitment Code	L1000431
Project Number	62592
Intended Use Plan Year	2016
Fund Number	951
Type of Pledge	2-Revenue
Revenue Pledge Level	First
Legal Description	\$17,195,000, Texas, Waterworks and Sewer System Revenue Bonds, Series 2015
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Population	196,429
Rural	Yes
Water Connections	70,441
Wastewater Connections	69,039
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	N/A
Financial, Managerial, and Technical Review Complete?	Yes
Funding Phase Code	Construction
Pre-Design	No
Project Consistent with Water Plan	Yes
Water Conservation Plan	Adopted
Water Rights Certification Required	No
Internal Risk Score	1
External Ratings (for SRF rates)	
Standard and Poor's	AAA
Moody's	Aa1
Fitch	None
Special Issues	None

Project Team

Team Manager	Lee Huntoon
Financial Analyst	James Horan
Engineering Reviewer	Juan Moran-Lopez
Environmental Reviewer	Chris Caran
Attorney	Alexis Lorick

ISSUE BEING EVALUATED
City of Amarillo
City of Amarillo, Texas, Waterworks and Sewer System Revenue Bonds, New Series 2015

Dated Date 11/15/15
Delivery Date 11/15/15
First Interest 05/15/15
First Principal 11/15/16
Last Principal 11/15/36
Fiscal Year End 9/30

Source: DWSRF
Rate: 1.37%
Insurance: NA
Case: NA
Admin. Fee Payment Date: 9/1/2015
Administrative Fee: \$378,374

FOR ILLUSTRATION PURPOSES ONLY

BOND AMOUNT
 LOAN FORGIVENESS
 NET FINANCIAL ASSISTANCE

FISCAL YEAR	PROJECTED ASSESSED VALUE	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	----- THIS \$17,195,000 ISSUE -----				TOTAL DEBT SERVICE	COVERAGE BEING REQUIRED	ACTUAL COVERAGE	
					PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT				
2016	-	35,761,058	35,761,058	11,126,395	710,000	1.37%	235,572	945,572	12,071,967	1.00	2.96	
2017	-	35,761,058	35,761,058	11,142,632	720,000	1.37%	225,845	945,845	12,088,477	1.00	2.96	
2018	-	35,761,058	35,761,058	11,134,970	730,000	1.37%	215,981	945,981	12,080,951	1.00	2.96	
2019	-	35,761,058	35,761,058	11,154,028	740,000	1.37%	205,980	945,980	12,100,008	1.00	2.96	
2020	-	35,761,058	35,761,058	11,162,639	750,000	1.37%	195,842	945,842	12,108,481	1.00	2.95	
2021	-	35,761,058	35,761,058	11,200,013	760,000	1.37%	185,567	945,567	12,145,580	1.00	2.94	
2022	-	35,761,058	35,761,058	11,214,006	775,000	1.37%	175,155	950,155	12,164,161	1.00	2.94	
2023	-	35,761,058	35,761,058	11,231,478	785,000	1.37%	164,537	949,537	12,181,015	1.00	2.94	
2024	-	35,761,058	35,761,058	11,225,659	795,000	1.37%	153,783	948,783	12,174,442	1.00	2.94	
2025	-	35,761,058	35,761,058	10,798,924	805,000	1.37%	142,891	947,891	11,746,815	1.00	3.04	
2026	-	35,761,058	35,761,058	10,803,955	815,000	1.37%	131,863	946,863	11,750,818	1.00	3.04	
2027	-	35,761,058	35,761,058	10,807,429	825,000	1.37%	120,697	945,697	11,753,126	1.00	3.04	
2028	-	35,761,058	35,761,058	10,815,806	840,000	1.37%	109,395	949,395	11,765,201	1.00	3.04	
2029	-	35,761,058	35,761,058	9,406,212	850,000	1.37%	97,887	947,887	10,354,099	1.00	3.45	
2030	-	35,761,058	35,761,058	6,781,122	860,000	1.37%	86,242	946,242	7,727,364	1.00	4.63	
2031	-	35,761,058	35,761,058	3,299,755	875,000	1.37%	74,460	949,460	4,249,215	1.00	8.42	
2032	-	35,761,058	35,761,058	3,302,475	885,000	1.37%	62,472	947,472	4,249,947	1.00	8.41	
2033	-	35,761,058	35,761,058	1,194,860	900,000	1.37%	50,348	950,348	2,145,208	1.00	16.67	
2034	-	35,761,058	35,761,058	507,969	910,000	1.37%	38,018	948,018	1,455,987	1.00	24.56	
2035	-	35,761,058	35,761,058	-	920,000	1.37%	25,551	945,551	945,551	1.00	37.82	
2036	-	35,761,058	35,761,058	-	945,000	1.37%	12,947	957,947	957,947	1.00	37.33	
			<u>\$ 750,982,218</u>	<u>\$ 168,310,328</u>	<u>\$ 17,195,000</u>			<u>\$ 2,711,025</u>	<u>\$ 19,906,025</u>	<u>\$ 188,216,352</u>		

AVERAGE (MATURITY) LI	11.51 YEARS
NET INTEREST RATE	1.370%
COST SAVINGS	\$ 2,666,394
AVERAGE ANNUAL REQUI	\$8,962,683

Amarillo
62592 Arden Road Transmission Line
Engineering and Environmental Review

Engineering:

Key Issues:

None noted

Project Need/Description

Need: The Arden Road pump station's water supply is taken directly from the City of Amarillo's (City) Osage pressure zone. As water demand on the Arden Road pump station has increased, a new direct water supply transfer pipeline is required to relieve the strain on the Osage pressure zone. Installation of the improvements will eliminate the current strain on the Osage pressure zone.

Project Description: The City of Amarillo proposes to install a new 36-inch transfer pipeline to provide a cross-town supply of potable water from the City's Osage Water Treatment Plant to the Arden Road pump station located approximately 9 miles away. With the addition of a new transfer pipeline, the Arden Road pump station will require improvements. The improvements consist of adding a second 2.5 million gallon pre-stressed concrete storage tank and a fourth 7 million gallon per day pump with all the required equipment to operate the new facilities.

Project Schedule:

Project Task	Schedule Date
Design Phase Complete	4/1/2015
Start of Construction	7/1/2015
Closing	11/15/2015
Construction Completion	8/30/2016

Environmental Section:

Key Issues:

None known at this time.

Environmental Summary:

Pursuant to the requirements of 31 Texas Administrative Code Chapter 371, Subchapter E, environmental review of the proposed project has been completed. A Finding of No Significant Impact was issued on October 21, 2013. Subsequently, the Texas Water Development Board affirmed its loan commitment to the project on November 21, 2013. To ensure compliance with the National Environmental Protection Act, the proposed project must adhere to the standard emergency discovery conditions for threatened or endangered species and cultural resources. In addition, the City will be required to issue a Flood-zone Development Permit for construction of a 2.5 million gallon ground-storage tank in the 500-year floodplain of an unnamed playa.

Amarillo
62592 - Arden Road Transmission Line

Budget Items	Previous Commitments	This Commitment	TWDB Funds	Local & Other Funds	Total Cost
Construction					
Construction	\$0	\$15,417,147	\$15,417,147	\$0	\$15,417,147
Construction Total	\$0	\$15,417,147	\$15,417,147	\$0	\$15,417,147
Basic Engineering Services					
Construction Engineering	\$0	\$399,154	\$399,154	\$0	\$399,154
Design	\$673,300	\$0	\$673,300	\$0	\$673,300
Planning	\$121,950	\$0	\$121,950	\$0	\$121,950
Basic Engineering Services Total	\$795,250	\$399,154	\$1,194,404	\$0	\$1,194,404
Special Services					
Environmental	\$0	\$0	\$0	\$35,000	\$35,000
Geotechnical	\$40,750	\$0	\$40,750	\$0	\$40,750
Inspection	\$0	\$125,000	\$125,000	\$0	\$125,000
Surveying	\$107,500	\$0	\$107,500	\$0	\$107,500
Testing	\$0	\$75,000	\$75,000	\$0	\$75,000
Special Services Total	\$148,250	\$200,000	\$348,250	\$35,000	\$383,250
Contingency					
Contingency	\$93,492	\$800,325	\$893,817	\$0	\$893,817
Contingency Total	\$93,492	\$800,325	\$893,817	\$0	\$893,817
Other					
Land/Easements Acquisition	\$244,182	\$0	\$244,182	\$0	\$244,182
Other (Describe) - Misc. Expenses	\$0	\$0	\$0	\$2,500	\$2,500
Other Total	\$244,182	\$0	\$244,182	\$2,500	\$246,682
Fiscal Services					
Bond Counsel	\$0	\$0	\$0	\$40,000	\$40,000
Financial Advisor	\$0	\$0	\$0	\$41,000	\$41,000
Fiscal/Legal	\$0	\$0	\$0	\$9,500	\$9,500
Loan Origination Fee	\$28,826	\$378,374	\$407,200	\$0	\$407,317
Fiscal Services Total	\$28,826	\$378,374	\$407,200	\$90,500	\$497,700
Grand Total	\$1,310,000	\$17,195,000	\$18,505,000	\$128,000	\$18,633,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$17,195,000 TO THE CITY OF AMARILLO
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$17,195,000 CITY OF AMARILLO WATERWORKS AND SEWER SYSTEM REVENUE
BONDS,
PROPOSED SERIES 2015

(15-)

WHEREAS, the City of Amarillo (City) has filed an application for financial assistance in the amount of \$17,195,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the construction of certain water system improvements identified as Project No. 62592; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$17,195,000 Waterworks and Sewer System Revenue Bonds, Proposed Series 2015 (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the City has offered a pledge of net revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;
3. that the City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j);

5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.053(j); and
6. that the Executive Administrator issued a Finding of No Significant Impact on October 21, 2013, such findings being subject to the standard emergency discovery conditions for threatened and endangered species and cultural resources in the Project contract documents. The TWDB concurs with the environmental finding issued by the Executive Administrator.

NOW, THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to the City of Amarillo for financial assistance in the amount of \$17,195,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$17,195,000 Waterworks and Sewer System Revenue Bonds, Proposed Series 2015. This commitment will expire on June 30, 2016.

Such commitment is conditioned as follows:

Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the City;
3. this commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 371;
4. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
5. the City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the City's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City's Obligations, if the TWDB sells or otherwise transfers

such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;

6. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges to produce system revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
7. the Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) to redeem, in inverse annual order, the Obligations owned by the TWDB; (2) deposit into the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Obligations owned by the TWDB; or (3) eligible project costs as authorized by the Executive Administrator;
8. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
9. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
10. loan proceeds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
11. prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
12. prior to closing, and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;

13. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the City shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
14. the Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
15. the TWDB retains the option to purchase the Obligations in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator;

Conditions Related To Tax-Exempt Status

16. the City's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the City when rendering this opinion;
17. the City's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the City when rendering this opinion;
18. the Obligations must include a provision prohibiting the City from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
19. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on

the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

20. the Obligations must include a provision requiring the City take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the City will:
 - a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of its Loan with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its Loan, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The City shall maintain a copy of such calculations for at least six years after the final Computation Date;
 - c. as additional consideration for the making of the Loan, and in order to induce the making of the Loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
 - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
21. the Obligations must include a provision prohibiting the City from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
22. the Obligations must provide that the City will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;

23. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
24. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
25. the Obligations must provide that neither the City nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the City by the TWDB;

State Revolving Fund Conditions

26. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
27. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;
28. the Obligations must include a provision stating that the City shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;
29. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the City will adhere to the approved project schedule;
30. The Obligations must contain a covenant that the City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by the 2014 Federal Appropriations Act and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions

31. prior to or at closing, the City shall pay a 2.25% origination fee to the TWDB calculated pursuant to 31 TAC Chapter 371;
32. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the City has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;
33. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

Pledge Conditions for the Loan

34. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations;
35. if the City has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
36. the Obligations must contain a provision providing that additional revenue obligations may only be incurred if an independent certified public accountant, or independent firm of certified public accountants, signs a written certificate to the effect that, during either the next preceding year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the then proposed Additional Bonds, the Pledged Revenues were, in his or its opinion, at least equal to 1.25 times the principal and interest requirements of all Prior Lien Bonds and Bonds Similarly Secured to be Outstanding after the issuance of the then proposed Additional Bonds for the year during which such requirements are scheduled to be the greatest.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

37. the City must comply with the standard emergency discovery conditions for threatened and endangered species and cultural resources, as more fully specified in the final environmental finding of the Executive Administrator;

APPROVED and ordered of record this 16th day of June, 2015.

TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator

WATER CONSERVATION REVIEW

Entity: _____

Review date: _____

WATER CONSERVATION PLAN DATE: **Approvable** **Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD	Water Loss Percent
Baseline				
5-year Goal				
10-year Goal				

WATER LOSS AUDIT YEAR:

Total water loss (GPCD): _____ Total water loss (percent): _____ Wholesale Water
 Total no. of connections: _____ Length of mains (miles): _____ Connections per mile: _____
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): _____

WATER LOSS THRESHOLDS:

If < 32 connections/mile, population < 10K:
 If < 32 connections/mile, population > 10K:
 If > 32 connections/mile, population > 10K:

Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
		NA			NA
	NA			NA	
	NA			NA	

Does the applicant meet Water Loss Threshold requirements? Yes No

ADDITIONAL INFORMATION:

STAFF NOTES AND RECOMMENDATIONS:

DEFINITIONS

Adopted refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formally approved and adopted by the applicant's governing body.

Apparent loss refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

Approvable refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

Best Management Practices are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

GPCD means gallons per capita per day.

Infrastructure Leakage Index (ILI) is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a benchmarking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

NA means not applicable.

Produced water is the total amount of water purchased or produced by the utility.

Real loss comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

Residential GPCD is the amount of water per capita used solely for residential use and ideally includes both single and multi-family customer use.

Total baseline GPCD is the amount of all water purchased or produced by the utility divided by the service area population and then divided by 365.

Total water loss is the sum of the apparent and real water losses.

Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

Water Loss Thresholds are levels of real and apparent water loss determined by the size and connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

City of Amarillo, Potter & Randall Counties

