

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 23, 2015

TEAM MANAGER: Clay Schultz

APPLICANT	Guadalupe-Blanco River Authority
TYPE OF ASSISTANCE	\$8,000,000 Loan
LEGAL PLEDGE	First Lien on the Gross Revenues of the System

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve, by resolution, a request from the **Guadalupe-Blanco River Authority (DeWitt, Victoria, Calhoun, Refugio, Gonzales, Caldwell, Hays, Comal, Guadalupe, and Kendall Counties)** for a deferred loan in the amount of \$8,000,000 from the State Water Implementation Revenue Fund for Texas to finance planning phase costs associated with and Integrated Water and Power Plant Project.

PROJECT

Integrated Water and Power Plant Project
Project Number 51019

BACKGROUND

Passed by the 83rd Legislature and approved by Texas voters through a constitutional amendment, the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT) were created to provide affordable, alternative financing options to develop projects that are recommended water management strategies in the State Water Plan. The program, referred to as SWIFT, provides financing through low-interest loans, deferral of loan repayments, and incremental repurchase terms for projects with state ownership aspects. All SWIFT projects presented for consideration have been prioritized based on criteria outlined in Texas Administrative Code Title 31 §363.1304 and are included on the prioritized list of projects approved by the Board on May 6, 2015.

The Guadalupe-Blanco River Authority (Authority) was created by the Legislature in 1935 charged with the responsibility for the development and protection of the surface water resources of the Guadalupe River and its tributaries. The Authority provides service to Caldwell, Calhoun, Comal, Dewitt, Gonzales, Lee, Guadalupe, Hays, Kendall, Refugio, and Victoria counties. The Authority's service area has an estimated population of 674,641.

COMMITMENT PERIOD: TO EXPIRE ON DECEMBER 31, 2015
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The Authority is requesting funding to perform a feasibility study of a proposed Integrated Water and Power Plant Project. The project is a study of the feasibility of diverting and treating seawater from the Gulf of Mexico and conveying it to needed areas in the central and gulf coastal regions of South Texas. The treated water could be made available to a variety of customers including coastal industry and ports, rural and agricultural through existing canals, rural water supplies through regional interconnections, and urban centers through distribution connections between regional providers. Once constructed, the proposed project will provide additional new water supplies and will enable source diversification in Central and Coastal Bend, Texas.

The Authority is completing an initial feasibility study for this project funded by the Texas General Land Office and U.S. Bureau of Reclamation. This preliminary study has resulted in the identification of four representative sites to be evaluated by the proposed SWIFT project.

FINANCIAL

Key Issues

None.

Pledge and Repayment

The Authority is pledging a first lien on gross water system revenues to repay the debt service on the proposed loan. The Authority is a wholesale water provider and revenues are generated by the sale of water pursuant to contracts between the Authority and participating entities. The Authority is not authorized to levy taxes.

Deferred Loans

The Authority is requesting funding from the SWIFT program with the deferred repayment option. The deferred option allows the applicant to defer payment of principal and interest up to 8 years or until construction is complete. The Authority anticipates that construction of the project will be complete in 2026 and is requesting a 20 year repayment schedule with approximately 8 years of deferral.

Cost Savings

Based on a 20-year maturity schedule with a deferral period of up to 8 years, current interest rates and a 15% subsidy, and a loan amount of \$8,000,000 the Authority could save approximately \$997,574 over the life of the loan.

Internal Risk Score

Staff assigns a 2B to the Authority and the proposed project to be funded by the Texas Water Development Board. A risk score of 2B means that the Authority's repayment capacity is adequate. The Authority's earnings trends and coverage ratios, while stable, may be more susceptible to moderate changes in circumstances and economic conditions than the higher rated obligations. Certain risk elements may exist that suggest susceptibility to future impairment, if not managed.

As a result of favorable financial performance and a stable financial position, the Authority's net position has increased by more than \$10 million over the last three years. The Authority utilizes

a comprehensive budget to monitor financial performance and makes adjustments when necessary. The Authority's underlying revenue debt carries an Aa2 rating from Moody's.

The Authority is in good financial condition and has experienced significant growth over the years. The Authority provides a variety of services to rural water supply corporations, electric cooperatives, industries, and individuals. The array of services includes water sales and distribution, water treatment, wastewater treatment, hydroelectric generation, laboratory analysis and recreation opportunities. In providing service to so many different contracting parties, the Authority is operating with a very broad economic base.

LEGAL

Key Issues

None.

Conditions

Standard SWIFT, tax-exempt, first lien gross revenue conditions and further conditioned as follows:

- Water rights reasonable expectation; and,
- Quarterly status reports.

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

Responsible Authority	Guadalupe-Blanco River Authority
Program	State Water Implementation Fund for Texas-SWIFT
Commitment Codes	LD15019
Project Number	51019
Intended Use Plan Year	N/A
Fund Number	361
Type of Pledge	2-Revenue
Revenue Pledge Level	First
Legal Description	\$8,000,000 General Improvement Revenue Bonds, Proposed Series 2015
Tax-Exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	N/A
Population	674,641 (service area)
Rural	No
Water Connections	83 wholesale; 2,110 retail
Wastewater Connections	6 wholesale; 2,864 retail
Qualifies as Disadvantaged	No
Disadvantaged Level	9 – NA
Clean Water State Revolving Fund Type	N/A
Financial, Managerial and Technical Review Complete?	N/A
SWIFT Financing Type	Deferred Loan
SWIFT Characteristic	N/A
Phase Committing	Planning
Pre-Design	No
Project Consistent with Water Plan	Yes
Water Conservation Plan	Adopted
Water Rights Certification Required	Yes
Internal Risk Score	2B
External Ratings	
Standard and Poor's	Non-Rated
Moody's	Aa2
Fitch	Non-Rated
Special Issues	None

Project Team

Team Manager	Clay Schultz
Financial Analyst	Maxine Gilford
Engineering Reviewer	David Firgens
Environmental Reviewer	William Alfaro
Attorney	Alexis Lorick

ISSUE BEING EVALUATED
 FOR ILLUSTRATION PURPOSES ONLY
 Guadalupe-Blanco River Authority
 \$8,000,000 General Improvement Revenue Bonds, Proposed Series 2015

Dated Date: 12/1/2023
Delivery Date: 12/1/2015
First Interest: 8/15/2024
First Principal: 8/15/2024
Last Principal: 8/15/2035
Fiscal Year End: 08/31

Source: SWIFT-Deferred
Insurance: No
Case: Revenue Only
Admin.Fee: N/A
Admin. Fee Payment Date: N/A
Required Coverage: 1.0

FISCAL YEAR	PROJECTED	CURRENT	PRINCIPAL PAYMENT	INTEREST RATE	\$8,000,000 ISSUE		TOTAL DEBT SERVICE	TOTAL DEBT COVERAGE
	NET SYSTEM REVENUES	DEBT SERVICE			INTEREST PAYMENT	TOTAL PAYMENT		
2024	4,497,333	1,093,006	585,000	2.088%	164,234	749,234	1,842,240	2.44
2025	4,497,333	1,093,784	595,000	2.198%	220,557	815,557	1,909,341	2.36
2026	4,497,333	1,092,478	610,000	2.451%	207,479	817,479	1,909,957	2.35
2027	4,497,333	1,098,752	625,000	2.651%	192,528	817,528	1,916,280	2.35
2028	4,497,333	787,241	635,000	2.816%	175,959	810,959	1,598,200	2.81
2029	4,497,333	780,960	655,000	2.933%	158,078	813,078	1,594,038	2.82
2030	4,497,333	368,999	670,000	3.043%	138,867	808,867	1,177,866	3.82
2031	4,497,333	-	685,000	3.134%	118,478	803,478	803,478	5.60
2032	4,497,333	-	705,000	3.210%	97,011	802,011	802,011	5.61
2033	4,497,333	-	725,000	3.272%	74,380	799,380	799,380	5.63
2034	4,497,333	-	745,000	3.329%	50,658	795,658	795,658	5.65
2035	4,497,333	-	765,000	3.380%	25,857	790,857	790,857	5.69
		\$ 6,315,220	\$ 8,000,000		\$ 1,624,086	\$ 9,624,086	\$ 15,939,306	

AVERAGE (MATURITY) LIFE	15 YEARS
NET INTEREST RATE	3.124%
COST SAVINGS	\$997,574
AVERAGE ANNUAL REQUIREMENT	\$1,328,275

Guadalupe Blanco RA
Engineering and Environmental Review

Engineering:Key Issues

A special condition has been included in the resolution requiring the submittal of quarterly status reports.

Project Need / Description

Need: The Guadalupe-Blanco River Authority (Authority) is proposing to expand their water supply and address current and future needs in a 32-county area in the Central and Gulf Coast regions of Texas. This area has projected water needs totaling more than 850,000 acre-feet by 2060. In order to help meet the projected need, the Authority is proposing to provide source diversification by constructing a seawater desalination plant.

Project Description: The Authority is requesting planning and design funding to complete a feasibility study to identify a site and transmission and delivery options for an Integrated Water and Power Project (IWPP). The IWPP is expected to include at least a 25 million gallon per day seawater desalination plant co-located with a power plant along the Texas Gulf Coast. Representative sites in San Patricio, Calhoun, Matagorda, and Brazos counties are currently being evaluated. The proposed funding will be used to further evaluate these four sites and determine final site location and project sizing.

Specifically, the proposed project is expected to include environmental and water quality studies, intake and outfall studies, preparation of a permit application for marine seawater rights, conveyance alignment studies, preliminary design, development of partnership agreements with industrial and municipal participants, and economic and financial analysis of the preliminary design and final site selection.

Project Schedule

Project Task	Schedule Date
Closing	12/1/2015
Engineering Feasibility Report Completion (End of Planning Phase)	3/30/2018
Design Phase Complete	9/28/2018
Start of Construction	1/31/2020
Construction Completion	12/31/2026

Environmental:Key Issues

None known at this time.

Environmental Summary

Pursuant to the requirements of 31 Texas Administrative Code §363.14, all financial assistance shall be conditioned to read that funding for design costs for specific project elements will not be released until the environmental review has been completed and a favorable environmental determination has been issued.

Guadalupe Blanco RA
51019 - Integrated Water and Power Plant Project

Budget Items	TWDB Funds	TWDB Funding %	Local & Other Funds	Total Cost
Basic Engineering Services				
Planning	\$4,500,000		\$200,000	\$4,700,000
Basic Engineering Services Total	\$4,500,000	56.3%	\$200,000	\$4,700,000
Special Services				
Environmental	\$1,650,000		\$150,000	\$1,800,000
Permits	\$600,000		\$50,000	\$650,000
Project Management (by engineer)	\$250,000		\$0	\$250,000
Surveying	\$250,000		\$0	\$250,000
Special Services Total	\$2,750,000	34.4%	\$200,000	\$2,950,000
Contingency				
Contingency	\$425,000		\$50,000	\$475,000
Contingency Total	\$425,000	5.3%	\$50,000	\$475,000
Other				
Administration	\$125,000		\$0	\$125,000
Other Total	\$125,000	1.6%	\$0	\$125,000
Fiscal Services				
Bond Counsel	\$40,000		\$0	\$40,000
Financial Advisor	\$80,000		\$0	\$80,000
Fiscal/Legal	\$40,000		\$0	\$40,000
Issuance Costs	\$40,000		\$0	\$40,000
Fiscal Services Total	\$200,000	2.5%	\$0	\$200,000
Grand Total	\$8,000,000	100.0%	\$450,000	\$8,450,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$8,000,000 TO GUADALUPE-BLANCO RIVER AUTHORITY
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$8,000,000 GUADALUPE-BLANCO RIVER AUTHORITY, GENERAL IMPROVEMENT
REVENUE BONDS,
PROPOSED SERIES 2015

(15-)

WHEREAS, the Guadalupe Blanco River Authority, located in Guadalupe County, Texas, (River Authority) has filed an application for financial assistance in the amount of \$8,000,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), to finance the planning of certain water supply project(s) identified as Project No. 51019; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$8,000,000 Guadalupe-Blanco River Authority, General Improvement 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 Executive Administrator's staff; and

WHEREAS, the Authority has offered a pledge of gross system revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, interest rate subsidies are available to the Authority at the following levels: 15% for loans of a term of 20 years, 0% for loans of a term of greater than 20 years. The interest rate subsidy applicable to each proposed series will be set through each financing agreement executed between the TWDB and the Authority, pursuant to this Resolution; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. that the project is a recommended water management strategy in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that a water conservation plan, if required by Texas Water Code § 11.1271, has been submitted and implemented in accordance with 31 TAC § 363.1309(b)(1);
4. that the Authority satisfactorily completed any request by the Executive Administrator or a regional planning group for information relevant to the project, including a water infrastructure financing survey under Texas Water Code § 16.053(q), in accordance with 31 TAC § 363.1309(b)(2);

5. that the current water audit, if required by Texas Water Code § 16.0121, has been completed by the Authority and filed with the TWDB in accordance with 31 TAC § 358.6; and
6. that the Authority has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises, and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

A commitment is made by the TWDB to Guadalupe Blanco River Authority for financial assistance in the amount of \$8,000,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of \$8,000,000 Guadalupe-Blanco River Authority, General Improvement Revenue Bonds Proposed Series 2015. This commitment will expire on December 31, 2015.

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 Authority;
3. this commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement;
4. this commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;
5. the Authority shall use a paying agent/registrar in accordance with 31 TAC Section 363.42(c)(2), and shall require the paying agent/registrar to provide a copy, to the TWDB and to the TWDB's designated Trustee, of all receipts documenting debt service payments;

The Following Conditions Must Be Included in the Obligations:

6. 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;

7. the Obligations must include a provision wherein the Authority, 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 Authority'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 Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;
8. the Obligations must contain a provision requiring the Authority 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;
9. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) 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 (2) eligible costs for the project as authorized by the Executive Administrator;
10. 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;
11. 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;
12. loan proceeds shall not be used by the Authority 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 Authority 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, recycling and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the River Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

13. the Obligations must include a provision stating that the Authority shall report to the TWDB the amounts of project funds, if any, that were used to compensate historically underutilized businesses that worked on the project, in accordance with 31 TAC § 363.1312;
14. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry form in accordance with 31 TAC Section 363.42(c)(1);
15. the Obligations must include a provision prohibiting the Authority 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 as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
16. 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;
17. the Obligations must include a provision requiring the Authority 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 Authority 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 River Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the River Authority, provided that the River Authority 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 Authority 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;
- 18. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 - 19. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
 - 20. the Obligations must provide that neither the Authority 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 Authority by the TWDB;

Revenue Pledge

- 21. 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 twenty-four (24) months following the expiration of the deferral period;
- 22. if the Authority 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 Obligations must contain a provision providing that 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;
- 23. the Obligations must contain a provision providing that additional revenue obligations may only be incurred upon certification by the chief financial officer of GBRA that net system revenues for the preceding fiscal year, or for a 12 month consecutive month period out of the 18 consecutive months immediately preceding the month the resolution authorizing the issuance of additional revenue obligations are at least 125% of the average principal and interest requirements for all parity obligations, including the proposed additional revenue obligations to

be issued, which will remain outstanding following delivery of additional bonds. The chief financial officer may take into account a change in the rates and charges which result in the collection of pledged revenues of the Authority that became effective as least sixty (60) days period to the last day of the period for which pledged revenues are determined and make a pro forma determination of the net revenues of the Authority for the period of time covered by this certification based on a forecast of additional pledged revenues provided by such additional rates and charges being in effect for the entire period covered by the chief financial officer's certificate. No additional revenue obligations bearing interest at a variable rate, paying principal on a date other than August 15, or paying interest on any dates other than February 15 and August 15, may be issued without the prior written consent of each provider of a reserve fund credit facility.

Conditions to Close or for Release of Funds:

24. prior to closing, the Authority 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;
25. prior to closing, if applicable, and if not previously provided with the application, the Authority 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;
26. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
27. prior to release of funds for either acquisition, design, or construction for specific project elements, the environmental review must be completed and a favorable environmental finding must have been issued;
28. prior to closing, the Authority'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 Authority when rendering this opinion;
29. prior to closing, the Authority's bond counsel must prepare a written opinion that also states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the River Authority when rendering this opinion;
30. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;

31. 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;

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

Special Conditions:

32. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the Authority has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction; and
33. the Obligations must contain a provision requiring the Authority to submit quarterly status reports on the progress of the project that details information requested by the Executive Administrator. The Executive Administrator may withhold authorization to release funds from escrow or adjust the amount of funds to be released from escrow based on the receipt of the quarterly status reports and the projected quarterly needs for the project.

APPROVED and ordered of record this, the 23rd day of July, 2015.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, 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:

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

Does the applicant meet Water Loss Threshold requirements? Yes No NA

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.

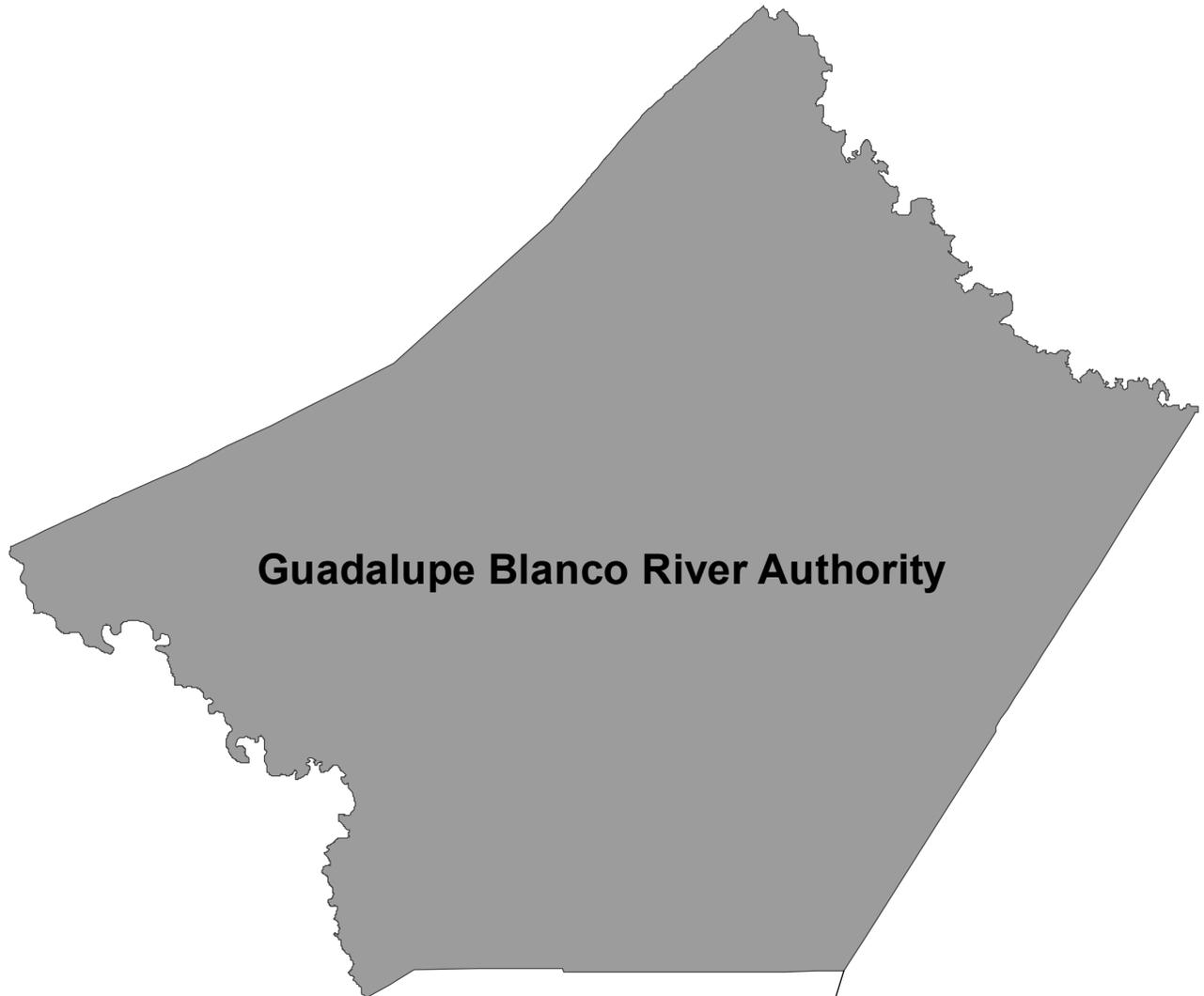
Total baseline GPCD is the amount of all water purchased or produced by the utility divided by the service area population and then divided by 365.

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.

Guadalupe Blanco River Authority, Guadalupe County



Guadalupe Blanco River Authority

