

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: December 14, 2015

TEAM MANAGER: Luis Farias

APPLICANT	Riverbend Water Resources District
TYPE OF ASSISTANCE	\$5,000,000 Taxable Loan
LEGAL PLEDGE	First Lien on the Net Revenues of the Waterworks and Sewer System

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve, by resolution, a request from the Riverbend Water Resources District (Bowie County) for a \$5,000,000 loan from the Texas Water Development Fund to finance the planning, and acquisition of TexAmericas Center's water and wastewater facilities.

PROJECT

Wastewater Treatment Plant Improvements
Project Number 21756

BACKGROUND

Riverbend Water Resources District

The Riverbend Water Resources District (District) is located in Texarkana and is a political subdivision of the State of Texas which was created with the passage of Texas Senate Bill 1223 in 2009. The District's governing Board consists of five appointed directors.

The District was previously known as the Lake Texarkana Water Supply Corporation (Corporation) which was established in 1966. The construction of the Texarkana Reservoir (aka Lake Wright Patman) was the driving force in creating the Corporation in order to build a regional water system and acquire water rights from the Lake Wright Patman. The primary goal of the District is to construct a regional water treatment plant and provide a sustainable water supply for water user groups within the area. The purchase of TexAmericas Center (TAC) will position the District as a regional provider.

The District is currently comprised of sixteen organizations including the Cities of Annona, Atlanta, Avery, De Kalb, Hooks, Leary, Maud, Nash, New Boston, Redwater, Texarkana Texas, Wake Village and TexAmericas Center, as well as Bowie, Cass and Red River Counties. The

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE DECEMBER 31, 2016
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District also has signed memorandum of understandings with the City of Texarkana, Arkansas and Southwest Arkansas Water District to work in cooperation about various water matters.

The entities participate in the funding of the development of District projects in exchange for a specified fee and dollar-for-dollar credits towards participation in future water purchases. These entities have agreed to pay the District a fee of \$0.45 per \$1,000 gallons of potable water processed through Texarkana water treatment facilities through contracts with the City of Texarkana. The fee also covers costs for negotiating with the United States Army Corps of Engineers for surface water rights in Lake Wright Patman, securing a water rights permit with Texas Commission on Environmental Quality and for negotiating the purchase of water rights from existing holders in Lake Wright Patman. At this time the District does not own any water rights, its largest member, Texarkana, Texas owns approximately 180,000 acre-feet in Lake Wright Patman.

TexAmericas Center

The TAC operates and maintains the water and wastewater system at TexAmerica Commerce Park (Park) which is located adjacent to the Red River Army Depot (RRAD), a military installation in northeast Texas. The Park is approximately 17 miles west of Texarkana, Texas.

TAC, which was originally known as Red River Redevelopment Authority was formed as a direct result of the 1995 Base Alignment and Closure, which was part of the Department of Defense's goal of privatizing all utility systems and jobs at the Park in addition to providing reliable water and wastewater service to RRAD and commercial clients. After the Base Realignment and Closure Committee of 2005, the Lone Star Army Ammunition Plant was closed and the RRAD was realigned. TAC's goal is to promote the Park location and develop new business and industries for the area, including water and wastewater service.

The District is in negotiations with TAC for a possible acquisition of these water and wastewater facilities. With the divestiture of TAC's proprietary utility fund and acquisition by the District, TAC will continue to focus solely on economic development, while the District focuses on the utility infrastructure and expanding its service to its customer base.

The existing facilities of interest generally consist of a single point of purchase of wholesale water from the City of Texarkana, Texas, one conventional wastewater treatment plant, one industrial wastewater treatment plant and various distribution lines, collection lines, a water storage tank, sewer lift stations and water booster station. The Texas Water Development Board (TWDB) will not be funding any costs associated with the industrial wastewater plant. The defeasance of TexAmericas' remaining outstanding debt will be completed through a private placement.

Sale, Transfer, or Merger of Facilities

The District has submitted an application to the Public Utility Commission (Commission) for approval of the sale, transfer, or merger (STM) of the TAC facilities and Certificate of Convenience and Necessity. The expiration for the 120-day deadline for Commission action is January 21, 2016. On the expiration date, the Commission could either approve the STM or request a hearing. If it does go to a hearing it is possible the application process will be on hold

until after the hearing is completed. The loan commitment will be condition that prior to closing the District must provide evidence that the STM was approved by the Commission.

FINANCIAL

Key Issues

The District's primary source of revenue is contract payments from the RRAD, which represents approximately 90% of total system revenues. The District's entered into a contract with the RRAD in May 2002 in the amount of \$78,362,735 for 20-years. In 2013, the contract was extended from May 2022 to April 2032 and increased payments to \$82,324,440.90. The District is currently in talks with the RRAD to extend the contract beyond 2032. The contract includes a section that allows the Army to renew its contract every 10 years up to 50 years, through 2052. In the event that the RRAD would close or default in their payments, it is contractually obligated to pay in full on remaining debt obligations. However, the facility charges, which are paid by the Army for system services and long-term recapitalization of the assets, (water and wastewater facilities) are legally pledged to the repayment of the bonds while they are outstanding. In the absence of facility charges, net operating revenues from the District's enterprise fund would remain as for repayment of bonds.

Pledge and Repayment

The District is pledging a first lien of the net revenues of the water and wastewater system for the repayment of the proposed loan. This includes all properties, facilities and water and wastewater plants owned, operated and maintained by the District for the supply, treatment and transmission of treated potable water and the collection, treatment and disposal of water, sewer and future extensions and improvements.

As noted, approximately 90% of system revenues are derived from the Army's contract. The Army's revenue is generated by two charges, a volumetric charge and a facility charge. The current contract with the RRAD provides for a volumetric charge, which represents payment for the operating system and is based on annual usage. The facility charge is a non-operating revenue which is used for capital improvements to the system. There are two types of facility charges, a Facility Charge 1, which accounts for capital improvements previously made, and a Facility Charge 2 that is for capital improvements to be made in the future. The revenues from the facility charges will decrease by 55% in 2023 following the loss of Facility Charge 1 revenue as reflected in Attachment 2.

While the RRAD facility charges are received and pledged only for the life of the debt service, the operating net revenues of the System are expected to continue indefinitely. Based on staff's analysis of financial documentation received, current System revenues and revenues from the RRAD facility charges are sufficient to meet the current and proposed debt service.

Call Date Provision

Although TWDB's standard policy requires all loans to include a 10-year call date, the unique situation between the District and the RRAD warrants departure from the standard policy. The Executive Administrator (EA) is recommending an exception to this policy, which will allow the loan to be callable and provide the District the flexibility to retire the loan should the RRAD close or terminate its contract with the District. This call date feature is consistent with the prior

loan commitment made by the Board in 2004 to TAC for its water and wastewater improvements.

The EA has evaluated the potential impact the callable feature will have on the portfolio and has determined that the portfolio can support this callable loan.

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the District could save approximately \$1,015,496 over the life of the loan by utilizing TWDB funding.

Internal Risk Score

Staff assigns a 2C to the District, and the proposed project to be funded by the TWDB. A risk score of 2C means that the applicant's repayment capacity is sufficient to cover the existing and proposed debt. The applicant's earnings trends and coverage ratios are marginal and are more susceptible to slight deviations in economic conditions. Changes in economic, financial or business conditions or any other adverse circumstances may weaken the entity's capacity to meet its financial obligations.

According to the purchase agreement, the District will not receive any revenues derived from the operation of the System prior to closing. Additionally, TAC will retain ownership of all cash on hand, investments, reserves, restricted funds, escrows, and all other financial assets of TAC. The District will retain \$900,000 in unrestricted net assets from the enterprise fund. However, this will be in the form of a short-term operating capital loan from TAC. The short-term loan will be paid off within 24 months and gives the District the option to pay off the loan in the form of water credits for service.

The District will defease upon acquisition TAC's outstanding debt of \$12,010,000 through the TWDB loan proceeds and a private placement in the amount of \$8,060,000. The private placement debt service is accounted for in the attached proforma. The debt per capita based on the new debt service and a population service area of 136,052 is very low at \$96.03.

The system has experienced slight growth in connections over the last five years, and operating revenues have increased annually. The combined water and wastewater household cost factor of 1.28% is low based on the board's 2% benchmark.

The District's socioeconomic indicators are lower than the State overall. The population of Bowie County, where the District is located, has increased at an average annual rate of 0.50% from 2005 to 2014, compared to a rate of 2% for the population of the State of Texas overall during the same period. The median household income for Bowie County is \$42,346, which is 82% of the median for the State of Texas overall. The unemployment rate for the County was 4.8% in September 2015, compared to 4.4% in the State of Texas overall, and the national rate of 4.9%.

The District is assigned a risk score of 2C due to the high concentration of revenues, the socioeconomic indicators of the area, and the uncertainty of future contracts with the RRAD.

LEGAL

Key Issues

None

Conditions

Standard Water Development Fund taxable revenue conditions and further conditioned as follows:

- Prior to closing, approval of Sales, Transfer, and Merger from Public Utility Commission;
- Prior to closing, provide evidence of financial capabilities to purchase system such as a commitment from a financial lending institution;
- Notification prior to actions altering the legal status of the District; and
- TWDB approval of any conveyance and assumption of the Obligations.

- 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	Riverbend Water Resources District
Program (Spell Out)	Texas Water Development Fund
Commitment Codes	L1000458
Project Number	21758- TexAmericas Center Acquisition
Intended Use Plan Year	N/A
Fund Number	371
Type of Pledge	2- Revenue
Revenue Pledge Level	First
Legal Description	\$5,000,000 Riverbend Water Resources District Water and Wastewater System Revenue Bonds, Taxable Series 2016A
Tax-Exempt or Taxable	Taxable
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	N/A
Population	136,052
Rural	No
Water Connections	59 retail and 1 wholesale
Wastewater Connections	29
Qualifies as Disadvantaged	No
Disadvantaged Level	9 – N/A
Clean Water State Revolving Fund Type	N/A
Financial, Managerial and Technical Review Complete?	N/A
SWIFT Financing Type	N/A
SWIFT Project Type	N/A
Phase Committing	Planning and Acquisition
Pre-Design	No
Project Consistent with Water Plan	N/A
Water Conservation Plan	Adopted
Water Rights Certification Required	No
Internal Risk Score	2C
External Ratings	
Standard and Poor's	Non-Rated
Moody's	Non-Rated
Fitch	Non-Rated
Special Issues	None

Project Team

Team Manager	Luis Farias
Financial Analyst	Ben Munguia
Engineering Reviewer	Joe Koen
Environmental Reviewer	Kathy Calnan
Attorney	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY

Riverbend Water Resources District

Riverbend Water Resources District Water and Wastewater System Revenue Bonds, Taxable Series 2016A

Dated Date: 1/15/2016
Delivery Date: 1/15/2016
First Interest: 4/15/2016
First Principal: 10/15/2016
Last Principal: 10/15/2045
Fiscal Year End: 09/30
Required Coverage: 1.0

Source: WDF
Rate: 4.13%
Insurance: No
Case: Revenue
Admin.Fee: \$ -
Admin. Fee Payment Date: N/A

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	\$5,000,000 ISSUE		TOTAL DEBT SERVICE	COVERAGE
					INTEREST PAYMENT	TOTAL PAYMENT		
2016	1,512,907	928,918	-	0.00%	51,625	51,625	980,543	1.54
2017	1,512,907	927,789	85,000	4.13%	204,745	289,745	1,217,534	1.24
2018	1,512,907	934,261	90,000	4.13%	201,131	291,131	1,225,392	1.23
2019	1,512,907	939,115	95,000	4.13%	197,311	292,311	1,231,426	1.23
2020	1,512,907	942,353	100,000	4.13%	193,284	293,284	1,235,637	1.22
2021	1,512,907	948,858	105,000	4.13%	189,051	294,051	1,242,909	1.22
2022	1,512,907	953,515	105,000	4.13%	184,714	289,714	1,243,229	1.22
2023	961,539	482,527	110,000	4.13%	180,275	290,275	772,802	1.24
2024	961,539	486,357	115,000	4.13%	175,628	290,628	776,985	1.24
2025	961,539	494,148	120,000	4.13%	170,776	290,776	784,924	1.23
2026	961,539	542,227	125,000	4.13%	165,716	290,716	832,943	1.15
2027	961,539	552,600	130,000	4.13%	160,451	290,451	843,051	1.14
2028	961,539	561,100	135,000	4.13%	154,978	289,978	851,078	1.13
2029	961,539	567,700	140,000	4.13%	149,300	289,300	857,000	1.12
2030	961,539	567,100	150,000	4.13%	143,311	293,311	860,411	1.12
2031	961,539	-	155,000	4.13%	137,013	292,013	292,013	3.29
2032	961,539	-	160,000	4.13%	130,508	290,508	290,508	3.31
2033	424,284	-	165,000	4.13%	123,797	288,797	288,797	1.47
2034	424,284	-	175,000	4.13%	116,776	291,776	291,776	1.45
2035	424,284	-	180,000	4.13%	109,445	289,445	289,445	1.47
2036	424,284	-	190,000	4.13%	101,805	291,805	291,805	1.45
2037	424,284	-	195,000	4.13%	93,854	288,854	288,854	1.47
2038	424,284	-	205,000	4.13%	85,594	290,594	290,594	1.46
2039	424,284	-	210,000	4.13%	77,025	287,025	287,025	1.48
2040	424,284	-	220,000	4.13%	68,145	288,145	288,145	1.47
2041	424,284	-	230,000	4.13%	58,853	288,853	288,853	1.47
2042	424,284	-	240,000	4.13%	49,147	289,147	289,147	1.47
2043	424,284	-	250,000	4.13%	39,029	289,029	289,029	1.47
2044	424,284	-	260,000	4.13%	28,497	288,497	288,497	1.47
2045	424,284	-	270,000	4.13%	17,553	287,553	287,553	1.48
2046	424,284	-	290,000	4.13%	5,989	295,989	295,989	1.43
		\$ 10,828,568	\$ 5,000,000		\$ 3,765,321	\$ 8,765,321	\$ 19,593,889	

AVERAGE (MATURITY) LIFE	18.23 YEARS
NET INTEREST RATE	4.130%
COST SAVINGS	\$1,015,496
AVERAGE ANNUAL REQUIREMENT	\$632,061



**Riverbend Water Resources
21758 TexAmericas Center Acquisition
Engineering and Environmental Review**

Engineering:

Key Issues:

None

Project Need/Description

Need: The primary goal of the Riverbend Water Resource District (District) is to construct a regional water treatment plant (WTP) and provide a sustainable water supply for water user groups within the area. In addition to the WTP, the District would also like to build a raw water line to TexAmericas Center (TAC) and utilize the wastewater system to become a regional operation. The purchase of TAC will allow the District to begin to establish their presence as a regional provider.

Project Description: The District intends to purchase the existing water and wastewater infrastructure from TAC and maintain, operate and expand these systems to address the needs of the region. The District will utilize the funding from TWDB to defease TAC's outstanding bonds and accrued interest during the purchase and provide planning to address possible deficiencies within the system.

Project Schedule:

Project Task	Schedule Date
Closing	1/15/2016

Environmental Section:

Key Issues:

None known at this time.

Environmental Summary:

The environmental review of the proposed project has been completed as per 31 Texas Administrative Code §363.14. Because the loan will only fund planning and the acquisition of existing facilities and does not involve design or construction, modifications or demolition, the environmental review was based primarily on previous environmental findings. The TWDB issued an Environmental Determination on October 28, 2015, for the proposed acquisition.

The 2005 Base Closure and Realignment Commission Recommendations (BRAC Recommendations), made in conformance with the provisions of the Defense Base Closure and Realignment Act of 1990, Publ L. 101-510, 10 U.S. C. §2687 note, as amended (BRAC law), required the closure of the Lone Star Army Ammunitions Plant (LSAAP) and the realignment of the Red River Army Depot (RRAD). Pursuant to the National Environmental Policy Act of 1969, the U.S. Army Corps of Engineers (USACE) prepared an environmental assessment to evaluate the environmental and socioeconomic impacts of the proposed realignment and closure, including repurposing to civilian use, including industrial, commercial, and residential development. The USACE issued a Finding of No Significant Impact on April 21, 2010. Subsequently, the TWDB issued an Environmental Determination on February 13, 2012 (TWDB Project No. 21520) for the construction of the X-Plant, also known as the East Wastewater Treatment Plant, which replaced the Ronald R. Collins Water Reclamation Facility at the same site.



Current Budget Summary
 Riverbend Water Resources
 21758 - TexAmericas Center Acquisition

Budget Items	Description	TWDB Funds	Local Funds	Total
Basic Engineering Services				
Planning		\$20,000.00	\$0.00	\$20,000.00
Subtotal for Basic Engineering Services		\$20,000.00	\$0.00	\$20,000.00
Fiscal Services				
Bond Counsel		\$31,000.00	\$0.00	\$31,000.00
Bond Reserve Fund		\$291,060.00	\$0.00	\$291,060.00
Financial Advisor		\$45,000.00	\$0.00	\$45,000.00
Fiscal/Legal		\$3,900.00	\$0.00	\$3,900.00
Issuance Costs		\$5,000.00	\$0.00	\$5,000.00
Subtotal for Fiscal Services		\$375,960.00	\$0.00	\$375,960.00
Other				
Other (Describe)	Bond Defeasance	\$4,594,040.00	\$0.00	\$4,594,040.00
Subtotal for Other		\$4,594,040.00	\$0.00	\$4,594,040.00
Contingency				
Contingency		\$10,000.00	\$0.00	\$10,000.00
Subtotal for Contingency		\$10,000.00	\$0.00	\$10,000.00
Total		\$5,000,000.00	\$0.00	\$5,000,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
 APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
 RIVERBEND WATER RESOURCES DISTRICT
 FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
 THE TEXAS WATER DEVELOPMENT FUND II
 THROUGH THE PROPOSED PURCHASE OF
 \$5,000,000 RIVERBEND WATER RESOURCES DISTRICT, WATER AND
 WASTEWATER SYSTEM REVENUE BONDS, PROPOSED TAXABLE SERIES 2016A

(15-)

WHEREAS, the Riverbend Water Resources District (District), has filed an application for financial assistance in the amount of \$5,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959 to finance water and wastewater system improvements, identified as Project No. 21758; and

WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$5,000,000 through the TWDB's purchase of \$5,000,000 Riverbend Water Resources District, Water and Wastewater System Revenue Bonds, Proposed Taxable Series 2016A (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 District has offered a pledge of a first lien on net revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, in accordance with Texas Water Code, the TWDB has considered all matters required by law and in particular the following:

1. the needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans, in accordance with Texas Water Code § 17.124(1); and
2. the water quality needs of the waters into which effluent from the treatment works will be discharged, the benefit of the treatment works to such water quality needs, the relationship of the treatment works to the overall, statewide water quality needs, and the relationship of the treatment works to water quality planning for the state, in accordance with Texas Water Code § 17.275(1); and
3. the availability of revenue to the District, from all sources, for the ultimate repayment of the cost of the treatment works and water supply project, including interest, in accordance with Texas Water Code §§ 17.124(2) and 17.275(2); and
4. that the District has not been designated as a regional system to serve all or part of the waste disposal needs of a defined area, the development of such systems being the declared policy of the legislature, in accordance with Texas Water Code § 17.275(3).

WHEREAS, the TWDB hereby finds:

1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code § 17.125(a)(1);
2. that the public interest will benefit from state assistance in the financing of this treatment works project, in accordance with Texas Water Code § 17.277(a);
3. that in its opinion the tax and/or revenue pledged by the District will be sufficient to meet all the Obligations assumed by the District during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
4. that the District 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;
5. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 17, Subchapters D, E, F, and L and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A;
6. that any treatment works to be financed under the application will consider cost-effective innovative, nonconventional methods of treatment such as rock reed, root zone, ponding, irrigation, or other methods that may have been developed by the National Aeronautics and Space Administration or the Tennessee Valley Authority, in accordance with Texas Water Code § 17.189;
7. 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); and
8. that the current water audit required by Texas Water Code § 16.0121 has been completed by the District and filed with the TWDB if the District is a retail public utility providing potable water, in accordance with Texas Water Code § 16.053(j).

NOW THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the TWDB to Riverbend Water Resources District for financial assistance in the amount of \$5,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the Board's purchase of \$5,000,000 Riverbend Water Resources District, Water and Wastewater System Revenue Bonds, Proposed Taxable Series 2016A. This commitment will expire on December 31, 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 District;
3. this commitment is contingent upon the District's compliance with all applicable requirements contained in 31 TAC Chapter 363;
4. the District, 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 District's Obligations or obligated persons, will, at a minimum, 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 District's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the District is an obligated person with respect to such bonds under SEC Rule 15c2-12;
5. the Obligations must contain a provision requiring the District 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;
6. the Obligations must include a provision requiring the District 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;
7. 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;

8. 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;
9. loan proceeds shall not be used by the District 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 District 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 District, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
10. prior to closing, the District 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;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the District shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;
12. prior to closing, when any portion of loan proceeds are to be held in escrow or in trust, the District 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;
13. the Executive Administrator may require that the District execute a separate financing agreement in form and substance acceptable to the Executive Administrator; and
14. 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.

Pledge Conditions For The Loan

1. 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;
2. if the District 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; and
3. the Obligations must contain a provision providing that additional bonds may only be incurred if Net Revenues of the System for the twelve-month period or for the fiscal year next preceding the month of the adoption of the Resolution authorizing the issuance of the Additional Bonds, as shown by a report of a certified public accountant or licensed public accountant, are equal to at least one and one-fourth (1¼) times the average annual principal and interest requirements of all bonds which will be secured by a first lien on and pledge of the Net Revenues of the System, and which will be outstanding upon the issuance of the Additional Bonds. The term "Net Revenues" as used in this Section shall mean the gross revenues after deducting the expenses of operation and maintenance but not deducting expenditures which, under standard accounting procedures, should be charged to capital expenditures. Further, The Resolution authorizing the issuance of Additional Bonds provides that the amount to be accumulated and maintained in the Bond Reserve Fund shall be increased to an amount equal to not less than the average annual principal and interest requirements of all bonds payable from and secured by a first lien on and pledge of the Net Revenues of the System (after giving effect to the issuance of the proposed Additional Bonds). The additional amount to be accumulated in said Fund shall be deposited therein in not more than five (5) years and one (1) month from the date of the passage of the Resolution authorizing the issuance of the Additional Bonds.

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

Special Conditions:

1. this commitment is contingent on the approval from the Public Utility Commission for the sale, transfer, or merger of the TexAmerica Center to the District;
2. prior to closing, the District shall submit documentation evidencing the financial capability to purchase the system such as commitment from a financial lending institution;
3. the District must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility; and

4. the Obligations must include a provision requiring that, prior to any action by the District to convey its Obligations held by the TWDB to another entity, the conveyance and the assumption of the Obligations must be approved by the TWDB.

APPROVED and ordered of record this, the 14th day of December, 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.

**Riverbend Water Resource District,
Bowie County**



Riverbend Water Resource District

