

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Les Trobman, General Counsel
Jessica Zuba, Deputy Executive Administrator
Clay Schultz, Director Regional Water Planning and Development

FROM: Nancy Richards, Manager, Regional Water Planning and Development
Annette Lown Mass, Assistant General Counsel
James Bronikowski, Engineer
Charles Nichols, Financial Analyst

DATE: July 21, 2016

SUBJECT: Amendment to Previously Adopted TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, related to the City of Houston’s (City’s) commitment for financial assistance from the State Water Implementation Revenue Fund for Texas (SWIRFT).

ACTION REQUESTED

Amend by resolution, the previously adopted Texas Water Development Board (TWDB) Resolution No. 15-076, as it was amended by TWDB Resolution No. 15-130, to accomplish the following: 1) reflect a pledge of a subordinate lien on the City of Houston’s Combined Utility System General Purpose Fund revenues for the remaining commitment of \$270,210,000; 2) modify the City’s Annual Loan Closing Schedule for the 2016 disbursement which includes moving funds forward in time as well as moving funds among the City’s SWIRFT projects, and 3) delegate to the Executive Administrator (EA), the authority to approve future movement of funds among the City’s SWIRFT projects.

BACKGROUND

On July 23, 2015, the TWDB, through Resolution No. 15-076, (**Attachment B**) approved a multi-year commitment to the City from SWIRFT for two water supply projects (Project No. 51023, North East Water Purification Plant (Plant) Expansion and Project No. 51021, Second Source Phase I) in the total amount of \$296,125,000 to be funded over six years.

KEY ISSUES

The TWDB's original commitment to the City through TWDB Resolution No. 15-076 was based on a pledge of the City's Combined Utility System revenue. However, in October 2015, at the City's request, the TWDB amended Resolution No. 15-076 through TWDB Resolution No. 15-130 (**Attachment C**) to recognize that the City's intended pledge was a subordinate lien on the net revenues from the Combined Utility System General Purpose Fund. TWDB Resolution No. 15-130, as it relates to the City's pledge, applied only to the bonds that the City issued to the TWDB for SWIRFT funding in 2015. TWDB Resolution No. 15-130 also amended Condition Nos. 21 and 24 of TWDB Resolution No. 15-076 in a matter not related to the issues included in this proposed amendment.

The City, by letter dated May 9, 2016 (**Attachment D**), requests that the remaining \$270,210,000 committed under TWDB Resolution No. 15-076, also be approved based on a pledge of a subordinate lien on the net revenues of the Combined Utility System General Purpose Fund. Based upon staff's financial analysis, the EA finds that the change in pledge will not affect the City's ability to repay its loans to the TWDB and the EA, therefore recommends that this proposed amendment be approved.

The multi-year loan closing schedule in TWDB Resolution No. 15-076 includes anticipated loan closings for 2015 through 2020. The flexibility of the SWIFT program enables applicants to fund large projects over time and therefore, adjustments to the schedule were anticipated. The loan closing schedule included in TWDB Resolution No. 15-076 was based on the City's reasonable estimate of costs at the early stages of the Projects. As the Projects progress, more accurate estimates will be available. Each SWIFT funding-cycle year, borrowers that received a multi-year commitment will be required to submit an Annual Loan Closing Schedule. The updated Annual Loan Closing Schedules will provide the TWDB with the most timely and accurate information and enable the TWDB to better evaluate program capacity based on final commitments and new abridged applications.

In its response to the Annual Loan Closing Schedule (**Attachment E**) for the 2016 funding-cycle, the City requested two changes to its annual loan closing schedule that was originally approved by the Board in TWDB Resolution No. 15-076.

One of the changes requested by the City would increase the funding that the City would close on in 2016, 2017, and 2019 and it would be offset by corresponding decreases in the City's proposed closings in 2018 and 2020. As noted by the EA in the April 1, 2016, Financial Assistance through the SWIFT Prioritization and Structure for the 2016 Funding Cycle Memorandum, the EA recommends approval of the City's request to change its Annual Loan Closing Schedule only for the calendar year 2016 disbursement. The EA proposes that the increase of \$31,620,000 in 2016 will be offset by a reduction in the same amount from the 2018 disbursement. The EA recommends that reconsideration of approval of the subsequent years' requests (2017-2020) be made in conjunction with the next program funding-cycle in order to better evaluate program capacity based on final commitment amounts and new applications received.

The second change requested by the City will modify the budgets of the City's two SWIFT projects resulting in the movement of funds from the Plant, Project No. 51023 to the Second Source, Project No. 51021. The decrease in funding for Project No. 51023 will not impact the City's ability to complete the Project. The requested changes will result in a net zero difference in the total amount of funding to the City. A summary of funding changes is included as **Attachment F**.

Further, due to the significant scope and complexity of the projects funded under this commitment, the EA respectfully requests that the Board delegate authority to the EA to exercise his discretion and where appropriate, approve the City's future requests (to the extent that there are any) to move money between Project Nos. 51021 and 51023 without requesting Board approval.

RECOMMENDATION

Based on the analysis performed by staff of the EA as well as analysis from the TWDB financial advisor related to the TWDB SWIRFT bond issue, the EA recommends that TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, be amended to reflect that the remaining commitment to the City be based on a pledge of a subordinate lien on the combined utility system's net revenues.

Further, the EA recommends that TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, be amended to reflect an increase of \$31,620,000 for the 2016 disbursement and a corresponding decrease for the 2018 disbursement.

Finally, the EA recommends that authority be delegated to the EA to approve, where appropriate, future movement of funds between Project Nos. 51021 and 51023.

Attachment(s):

Attachment A, proposed TWDB Resolution (16-)

Attachment B, TWDB Resolution (15-076)

Attachment C, Memorandum and TWDB Resolution (15-130)

Attachment D, May 2016 letter from City

Attachment E, City's response to Annual Loan Closing Schedule

Attachment F, Summary of EA's proposed funding changes

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD AMENDING
TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 15-076 AS AMENDED
BY TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 15-130
TO PROVIDE FINANCIAL ASSISTANCE TO THE CITY OF HOUSTON
IN THE AMOUNT OF \$296,125,000

(16-)

WHEREAS, at its July 23, 2015, meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, made a multi-year commitment to the City of Houston (City) for financial assistance in the amount of \$296,125,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), through the purchase of \$296,125,000 City of Houston, Texas Combined Utility System Revenue Bonds, all as is more specifically set forth in the TWDB's Resolution Nos. 15-076 and 15-130 and accompanying documentation, to which documents express reference is made; and

WHEREAS, at its October 28, 2015, meeting the TWDB, by Resolution No. 15-130, amended TWDB Resolution 15-076 to specify that the commitment made in TWDB Resolution No. 15-076 was based on a subordinate lien for the \$25,915,000 Series 2015 E Bonds; and

WHEREAS, by letter dated May 9, 2016, the City requested that the TWDB approve a subordinate lien pledge on the remaining \$270,210,000 of the TWDB commitment made in TWDB Resolution No. 15-076; and

WHEREAS, the TWDB hereby finds that it is reasonable and within the public interest and will serve a public purpose to amend TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130 to accept a subordinate lien pledge on the remaining \$270,210,000 of the TWDB commitment made in TWDB Resolution No. 15-076;

WHEREAS, by letter dated February 5, 2016, the City requested that the TWDB amend TWDB Resolution No. 15-076, to modify the City's Annual Loan Closing Schedule for funding cycles 2016 through 2020;

WHEREAS, the TWDB hereby finds that it is reasonable and within the public interest and will serve a public purpose to amend TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, to modify the City's Annual Loan Closing Schedule to reflect an increase in funding in the amount of \$31,620,000 in 2016 and a decrease in funding in the same amount in 2018;

WHEREAS, the TWDB hereby finds that it is reasonable and within the public interest and will serve a public purpose to amend TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, to adjust specific projects as originally budgeted in the commitment as proposed by the City; and

WHEREAS, the TWDB finds that due to the significant scope and complexity of the projects funded under this commitment there is reason to allow the Executive Administrator to review and, where appropriate, to provide approval of the movement of funds between the

projects funded by this commitment; and

WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law;

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

1. The commitment made through TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, to the City of Houston for financial assistance from the State Water Implementation Revenue Fund for Texas is now further amended to be based on a subordinate lien for the remaining \$270,210,000.
2. The commitment made through TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, to the City of Houston for financial assistance from the State Water Implementation Revenue Fund for Texas is further amended and shall be evidenced by the TWDB's proposed purchase of \$63,020,000 City of Houston, Texas Combined Utility System Subordinate Lien Revenue Bonds, Proposed Series 2016.
3. The annual loan closing schedule commitment that was made through TWDB Resolution No. 15-076, as amended by TWDB Resolution No. 15-130, to the City of Houston for financial assistance from the State Water Implementation Revenue Fund for Texas is further amended as proposed below and will be reviewed by the Executive Administrator each funding cycle:
 - a. \$45,230,000 City of Houston, Texas Combined Utility System Subordinate Lien Revenue Bonds, Proposed Series 2017;
 - b. \$129,530,000 City of Houston, Texas Combined Utility System Subordinate Lien Revenue Bonds, Proposed Series 2018;
 - c. \$15,320,000 City of Houston, Texas Combined Utility System Subordinate Lien Revenue Bonds, Proposed Series 2019; and
 - d. \$17,110,000 City of Houston, Texas Combined Utility System Subordinate Lien Revenue Bonds, Proposed Series.
4. Further, the commitment as amended by this Resolution and described above consists of the following Projects:
 - a. Project No. 51023 (Northeast Water Purification Plant Expansion) in the amount of \$157,205,000; and
 - b. Project No. 51021 (Second Source Phase I) in the amount of \$138,920,000.
5. The TWDB authorizes the Executive Administrator to review and where appropriate, to allow the budgets for Projects No. 51021 and 51023 to be modified to reflect an appropriate allocation of costs.
6. All other terms and conditions of TWDB Resolution No. 15-076 and TWDB Resolution No. 15-130 shall remain in full force and effect.

APPROVED and ordered of record this the 21st day of July, 2016.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker

Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE CITY OF HOUSTON
IN THE FORM OF A MULTI-YEAR COMMITMENT
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$296,125,000 CITY OF HOUSTON, TEXAS COMBINED UTILITY SYSTEM REVENUE BONDS
PROPOSED SERIES 2015 THROUGH PROPOSED SERIES 2020**

(15-076)

WHEREAS, the City of Houston, located in Harris County, Texas, (City) has filed an application for financial assistance in the amount of \$296,125,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), to finance the planning, design and construction of certain water supply projects identified below; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the form of a multi-year commitment through the TWDB's proposed purchase of \$296,125,000 City of Houston, Texas Combined Utility System Revenue Bonds, Proposed Series 2015 through Proposed Series 2020 (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 City has offered a pledge of net revenues of the combined utility system as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.1307; and

WHEREAS the commitment is approved for an interest rate subsidy through December 31, 2019; and

WHEREAS, interest rate subsidies are available to the City at the following levels: 35.5% for loans of a term of 20 years, 27% for loans of a term of 25 years, and 22% for loans of a term of 30 years. The interest rate subsidy applicable to each proposed series will be set through each financing agreement executed between the TWDB and the City, pursuant to this Resolution; and

WHEREAS, the City is requesting a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the City's system water loss because the City is currently using TWDB funds to mitigate its water loss; 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 City 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 City and filed with the TWDB in accordance with 31 TAC § 358.6;
6. that based on the conditions, as described above, the City is satisfactorily addressing the City's system water loss which warrants a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the City's system water loss in accordance with Texas Water Code § 16.0121 (g); and
7. that the City 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 the City of Houston for financial assistance in the amount of \$296,125,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of City of Houston, Texas Combined Utility System Revenue Bonds, in accordance with the schedule proposed below:

- a) \$25,915,000 City of Houston, Texas Combined Utility System Revenue Bonds, Proposed Series 2015, to expire on December 31, 2015;
- b) \$31,400,000 City of Houston, Texas Combined Utility System Revenue Bonds, Proposed Series 2016, to expire on December 31, 2016;
- c) \$45,230,000 City of Houston, Texas Combined Utility System Revenue Bonds, Proposed Series 2017, to expire on December 31, 2017;
- d) \$161,150,000 City of Houston, Texas Combined Utility System Revenue Bonds, Proposed Series 2018, to expire on December 31, 2018;
- e) \$15,320,000 City of Houston, Texas Combined Utility System Revenue Bonds, Proposed Series 2019, to expire on December 31, 2019; and
- f) \$17,110,000 City of Houston, Texas Combined Utility System Revenue Bonds, Proposed Series 2020, to expire on December 31, 2020.

Further, the commitment described above consists of the following Projects:

- a) Project No. 51023 (North East Water Purification Plant Expansion) in the amount of \$183,635,000; and
- b) Project No. 51021 (Second Source Phase I) in the amount of \$112,490,000.

For the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.0121(g).

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 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 City 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 City 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 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;

8. 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;
9. the Obligations must include a provision requiring the City 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 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, recycling 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;
13. the Obligations must include a provision stating that the City 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 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 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 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;
- 18. 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;
- 19. 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;
- 20. 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;

Revenue Pledge

- 21. the Obligations shall contain a provision that the City will at all times maintain and collect sufficient rates and charges to produce net system revenues in each fiscal year at least equal to the greater of (A) (i) 120% of the combined debt service requirements scheduled to occur in such fiscal year on all Previous Ordinance Bonds and First Lien Bonds then outstanding; or (ii) 110% of the combined debt service requirements scheduled to occur in such fiscal year on all Previous Ordinance Bonds, First Lien and Subordinate Lien Bonds then outstanding, and (B) Net Revenues in each fiscal year at least equal to 100% of the combined debt service or contractual requirements scheduled to occur in such fiscal year on the Obligations and any other obligations (including contractual covenants) at parity with the Obligations, then outstanding, taking into account unrestricted accumulated Net Revenues from prior years in the General Purpose Fund;
- 22. 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 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 shall contain a provision for the accumulation of a reserve fund equal to 50% of the maximum annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty months following the issuance of the Obligations;
- 24. the Obligations shall contain a provision stating that no First lien or Subordinate lien bonds may be issued by the City unless net system revenues for the last completed fiscal year or any consecutive 12-month period out of the 18-month period immediately preceding the month in which the Supplemental Ordinance adopting such additional First Lien Bonds or additional Subordinate Lien Bonds was issued shall have been not less than the greater of (1) 120% of the combined maximum annual debt service requirements on all First Lien Bonds and any Previous Ordinance Bonds or (ii) 110% of the combined maximum annual debt service requirements on all

First Lien Bonds, Subordinate Lien Bonds and any Previous Ordinance Bonds, considering existing, outstanding bond ordinance language regarding calculation methodologies.

Conditions to Close or for Release of Funds:

25. 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;
26. 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;
27. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the City 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;
28. prior to release of funds for acquisition, design or construction for specific project elements, the environmental review must be completed and a favorable environmental finding must have been issued;
29. prior to closing, 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;
30. prior to closing, the City'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 City when rendering this opinion;
31. 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;
32. 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:

33. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or 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 City 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
34. prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the City has the right to use the water that the project financed by the TWDB will provide.

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

TEXAS WATER DEVELOPMENT BOARD



Bech K. Bruun, Chairman

DATE SIGNED: 7-23-15

ATTEST:



Kevin Patteson
Executive Administrator

TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator
Les Trobman, General Counsel
Jeff Walker, Deputy Executive Administrator

FROM: Nancy Richards, Manager, Regional Water Planning and Development
Annette Lown Mass, Assistant General Counsel

DATE: October 26, 2015

SUBJECT: An Amendment to Previously Adopted TWDB Resolution No. 15-076

ACTION REQUESTED

Amend by resolution, the previously adopted Texas Water Development Board (TWDB) Resolution No. 15-076 to reflect a change in pledge of revenues related to the proposed Series 2015E bonds and to clarify language referencing required revenue coverage and additional bonds test.

BACKGROUND

On July 23, 2015, the City of Houston (City) received a multi-year commitment from the State Water Implementation Fund for Texas (SWIFT) for several water supply projects generally called the Luce Bayou Project. Based on the information submitted by the City in its Application, the Executive Administrator (EA) recommended and the Board made a commitment to purchase \$296,125,000 City of Houston, Texas Combined Utility System Revenue Bonds from the State Water Implementation Revenue Fund for Texas (SWIRFT) over six years.

KEY ISSUES

In review of the City’s proposed Ordinance Supplementing the Master Ordinance 2004-299 (Master Ordinance) providing for the issuance of the Series 2015E bonds to the TWDB, it was realized that the pledge provided in the application materials was incorrect.

TWDB Resolution No. 15-076 states that the City is pledging Combined Utility System Revenue Bonds for repayment of the debt which would be on parity with existing debt held by the TWDB through its Clean and Drinking Water State Revolving Fund programs. However, the City’s

intent for the SWIFT projects was to offer the same pledge it uses to pay the Coastal Water Authority (Authority) debt related to the Luce Bayou Project. Under the City's contract with the Authority for the Luce Bayou Project, the City pays the Authority's debt. The City pledged Net Revenues of the System held in the General Purpose Fund as defined in the Master Ordinance to pay the Authority's debt. Offering the same pledge to the TWDB for the Series 2015E bonds would be consistent with the method of payment the City is using for its other obligations related to the Luce Bayou Project, however, the pledge would be subordinate to all other obligations issued under the Master Ordinance, including outstanding debt held by the TWDB.

The proposed Series 2015E bonds are \$25,915,000 of the total \$296,125,000 committed under TWDB Resolution No. 15-076. The EA recommends amending the resolution to change the pledge of the proposed Series 2015E bonds from Net Revenues of the Combined Utility System to a Subordinate Lien on Net Revenues and synchronizing the language in TWDB Resolution No. 15-076 with the City's Series 2015E Supplemental Bond Ordinance. The EA proposes to bring recommendations for the remaining multi-year commitments prior to the issuance of those bonds in subsequent funding cycles of SWIFT.

The amendment will clarify that the City has pledged a subordinate lien on the net revenues of the system for the Series 2105E bonds.

Additionally, TWDB Resolution No. 15-076 conditions number twenty-one and twenty-four (related to coverage requirement and the issuance of additional bonds respectively) reference "Subordinate Lien Bond" while the reference should be to "Second Lien Bonds." This change is to correct a typographical error and is not related to the change in pledge.

RECOMMENDATION

The Executive Administrator recommends the Board amend TWDB Resolution No. 15-076 to reflect the change in pledge and update the conditions.

Attachment(s):

1. TWDB Resolution No. 15-076
2. TWDB Resolution No. 15-XXX

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING TWDB RESOLUTION NO. 15-076
TO PROVIDE FINANCIAL ASSISTANCE TO THE CITY OF HOUSTON
IN THE AMOUNT OF \$296,125,000

(15-130)

WHEREAS, at its July 23, 2015, meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 15-076, made a multi-year commitment to the City of Houston for financial assistance in the amount of \$296,125,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), through the purchase of \$296,125,000 City of Houston, Texas Combined Utility System Revenue Bonds, all as is more specifically set forth in the TWDB's Resolution No. 15-076 and accompanying documentation, to which documents express reference is made; and

WHEREAS, TWDB Resolution No. 15-076 was based on a pledge of a first lien on the net revenues of the combined utility system; and

WHEREAS, the City intended to pledge a subordinate lien on the net revenues of the combined utility system for the \$25,915,000 Series 2015E Bonds; and

WHEREAS, TWDB Resolution No. 15-076, condition numbers twenty-one (related to the City's coverage requirements) and twenty-four (related to the City's additional bonds test), inadvertently refer to "Subordinate Lien Bonds" instead of "Second Lien Bonds"; and

WHEREAS, an amendment to TWDB Resolution No. 15-076 is therefore necessary to correspond with the City's Series 2015E Bond Ordinance; and

WHEREAS, the TWDB hereby finds that the amendment to modify the City's pledge from a first lien to a subordinate lien for the Series 2015E Bonds and the amendment to change the reference from "Subordinate Lien Bonds" to "Second Lien Bonds" in condition numbers twenty-one and twenty-four from the TWDB's commitment to the City are reasonable, are in the public interest, and will serve a public purpose; and

WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law;

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

1. The commitment made through TWDB Resolution No. 15-076 to the City of Houston for financial assistance from the State Water Implementation Revenue Fund for Texas is based on a subordinate lien for the \$25,915,000 Series 2015E Bonds.
2. The commitment made through TWDB Resolution No. 15-076 to the City of Houston for financial assistance in the amount of \$296,125,000 from the State

Water Implementation Revenue Fund for Texas will reference "Second Lien Bonds" in place of "Subordinate Lien Bonds" in condition numbers twenty-one and twenty-four.

3. All other terms and conditions of TWDB Resolution No. 15-076 shall remain in full force and effect.

APPROVED and ordered of record this, the 28th day of October, 2015.

TEXAS WATER DEVELOPMENT BOARD



Bech Bruun

Bech Bruun, Chairman

DATE SIGNED: 10-28-15

ATTEST:

Kevin Patteson
Kevin Patteson
Executive Administrator



CITY OF HOUSTON

Department of Public Works and Engineering

Sylvester Turner

Mayor

Dale A. Rudick, P.E.
Director
P.O. Box 1562
Houston, Texas 77251-1562

T. 832-395-2468
F. 832-395-2477
www.houstontx.gov

May 9, 2016

Ms. Annette Mass
Texas Water Development Board
P.O. Box 13231
1700 N. Congress Avenue
Austin, Texas 78711-3231

Re: City of Houston, Texas
Combined Utility System Subordinate Lien Revenue Bonds, Series 2015E (the "Bonds")

Dear Ms. Mass:

The City of Houston respectfully requests that TWDB approve subordinate bonds this year and in the coming years in a total amount not to exceed \$270,210,000. The amount is the combined amount of the remaining estimated financial assistance needed by the City of Houston related to the Northeast Plant Expansion and the related transmission lines.

The City of Houston's request is to issue the remaining SWIFT bonds as a proposed revenue issue secured by a subordinate lien on Combined Utility System (CUS) revenues. The debt outstanding under the Previous Bond Ordinance is \$25,915,000, which was issued as SWIFT bonds in December 2015. In addition, the Master Agreement dated December 7, 2000, between the City and the TWDB for the Allen's Creek Project, pursuant to which payments are scheduled through 2036, is outstanding. The proposed bonds will also be subordinate to existing debt under the City's current Master Ordinance, and will be payable from Net Revenues under the Ordinance on deposit in the City's General Purpose Fund. The pledge securing the bonds will be on a parity with parity Obligations (including the payments under the Project Contract to secure the Coastal Water Authority's Master Agreements with the TWDB and the FY15 SWIFT bonds issued to the CUS).

The use of subordinate debt was planned in order to build these new long term assets with minimal impact on first lien bond coverage and rates. The CUS's goal is to maintain a bond coverage of 1.3x on first lien debt. Given the size of the CUS (over \$1 billion in revenues annually), this coverage creates significant cashflow into the CUS's General Purpose Fund (see funds flow below). Therefore, there will be adequate cash flowing into the General Purpose Fund (along with a significant cash balance there currently – FY15 yearend balance in the CUS General Purpose Fund was \$487.9 million) to pay all related debt service at this lien level.

Under the flow of funds, after deduction of Maintenance and Operation Expenses under the Master Ordinance, Previous Ordinance Bonds (of which there remains one series outstanding, consisting of capital appreciation bonds with accreted value of approximately \$150 million and average debt service of \$23.9 million between 2020 and 2029), and satisfaction of any payments under the Allen's Creek Master Agreement between the City and the TWDB, the City is required to make deposits as follows:

First, with respect to First Lien Bonds, of which \$5.965 billion are outstanding, with an average annual principal and interest payment of \$309.5 million.

Second, with respect to Second Lien Bonds, of which none are currently outstanding.

Third, with respect to Third Lien Bonds. The commercial paper program of the City Utility System is outstanding as Third Lien Bonds, and current interest is paid under the program in an amount averaging for the past three years of \$71,000.

Fourth, with respect to Fourth Lien Bonds, of which none are currently outstanding.

Fifth, to the General Purpose Fund, from which, among other purposes, the Series 2015 Bonds and parity obligations are to be paid. Deposits of Net Revenues to the General Purpose Fund for the period from 2013 through 2015 are as follows:

2013	2014	2015
\$165,323,058	\$184,719,386	\$162,904,939

The payments to the Coastal Water Authority for the Luce Bayou project are parity obligations, and the City included estimated contract payment amounts on the pro forma debt schedule submitted as part of the application. The contract payments are expected to average \$14.1 million annually (net of the reimbursement expected from the other Houston-area regional water authorities with which the City has contracted).

A more complete description of the flow of funds is included with this letter.

If you have any questions, please let me know.

Sincerely,



Susan Bandy



cc: Amanda Lavin, TWDB

*** PROFORMA - FOR DISCUSSION PURPOSES ONLY ***

City of Houston, Combined Utility System
Projected Coverage of SWIFT Loans
May 2016

All amounts are projected and estimated; actual results can and will vary.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Projected Revenue	Operating Expenses	Net Revenue Less Oper. Expenses	Existing and Projected Debt Service and Fees	Operating Reserve Funding	Net Contract Pmts to Coastal Wtr. Auth (Luce Bayou)	Net Available for Houston SWIFT Loans	SWIFT Series (Distribution Lines)	SWIFT Loans - NE Plant	SWIFT Loans - Distribution Lines	Total SWIFT Loans	All Projected Debt (including fees and SWIFT loans)	All Debt Projected Coverage
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
			=(1)-(2)				=(3)-(4)-(5)-(6)	Existing	To Be Issued		=(8)+(9)+(10)	=(4)+(6)+(11)	=(3)/(12)
6/30/2016	1,070,100,000	490,410,043	579,689,957	434,799,214	11,066,210	120,422	133,704,111	286,781	-	-	286,781	434,919,636	1.33
6/30/2017	1,099,738,000	498,299,637	601,438,363	461,981,330	11,066,210	152,901	148,004,132	1,276,587	301,325	248,540	1,826,452	462,584,096	1.32
6/30/2018	1,144,913,555	498,046,348	646,867,208	487,968,484	1,272,717	217,340	157,408,666	1,274,443	1,430,845	1,196,583	3,901,870	490,813,251	1.32
6/30/2019	1,219,969,634	507,780,331	712,189,303	504,225,828	1,622,331	1,487,703	204,853,441	1,275,886	5,585,935	2,424,763	9,286,539	513,724,228	1.39
6/30/2020	1,308,269,723	517,718,953	790,550,770	516,933,595	1,656,437	3,953,397	268,007,341	1,275,886	11,149,673	3,515,355	15,940,914	535,552,019	1.48
6/30/2021	1,353,046,663	529,306,592	823,740,071	536,744,133	1,931,273	4,501,181	180,563,483	1,274,652	11,155,293	4,503,153	16,933,097	556,903,759	1.30
6/30/2022	1,295,457,796	539,621,887	755,835,909	553,839,351	1,719,216	5,220,367	195,056,975	1,277,157	11,149,868	5,175,008	17,602,032	575,384,594	1.31
6/30/2023	1,339,353,319	550,143,725	789,209,594	573,576,463	1,753,640	6,108,804	207,770,687	1,278,409	11,153,178	5,175,525	17,607,112	596,013,970	1.32
6/30/2024	1,384,785,185	560,894,161	823,891,024	591,511,740	1,791,739	7,140,886	223,446,658	1,278,341	11,154,808	5,178,065	17,611,213	614,985,499	1.34
6/30/2025	1,431,807,167	571,855,543	859,951,623	610,918,018	1,826,897	8,513,365	236,693,344	1,282,084	11,149,648	5,172,603	17,604,334	635,753,633	1.35
6/30/2026	1,480,474,918	587,486,604	892,988,314	626,814,092	2,609,177	11,320,961	252,248,084	1,284,912	11,152,380	5,174,053	17,611,344	654,461,486	1.36
6/30/2027	1,530,846,040	591,499,224	939,346,816	644,864,913	668,770	12,200,131	281,513,001	1,286,429	11,152,578	5,172,208	17,611,214	673,489,829	1.39
6/30/2028	1,582,980,151	603,138,497	979,841,654	664,248,638	1,939,879	12,472,162	301,180,975	1,288,081	11,154,910	5,167,068	17,608,058	693,042,778	1.41
6/30/2029	1,636,938,956	615,532,803	1,021,406,153	692,821,972	2,065,718	14,051,593	312,466,870	1,288,896	11,158,963	5,183,120	17,630,979	723,215,648	1.41
6/30/2030	1,692,786,320	627,643,624	1,065,142,695	712,445,319	2,018,470	14,843,372	335,835,535	1,289,900	11,154,515	5,175,255	17,619,670	743,618,461	1.43
6/30/2031	1,750,988,341	639,986,341	1,110,999,999	733,268,147	2,058,858	17,351,797	357,912,764	1,289,460	11,152,305	5,174,690	17,615,983	762,800,478	1.46
6/30/2032	1,810,413,433	652,590,495	1,157,822,938	755,730,090	2,098,953	17,160,973	382,832,922	1,292,185	11,149,033	5,178,005	17,619,223	789,218,101	1.47
6/30/2033	1,872,332,403	659,354,508	1,212,977,896	777,004,704	2,127,336	17,805,064	416,440,792	1,288,873	11,152,033	5,177,973	17,618,878	811,739,773	1.49
6/30/2034	1,936,418,537	671,816,718	1,264,601,820	800,149,986	2,077,035	17,942,943	444,431,895	1,289,460	11,149,933	5,173,595	17,612,988	834,416,417	1.52
6/30/2035	2,007,476,666	685,828,978	1,321,647,688	838,397,893	2,335,377	18,705,590	658,109,489	1,292,496	11,153,625	5,171,038	17,617,159	864,122,375	1.98
6/30/2036	2,071,398,355	695,410,211	1,375,988,144	859,954,959	1,596,872	18,743,117	696,593,559	1,288,988	11,152,305	5,174,690	17,615,983	894,122,375	1.98
6/30/2037	2,142,451,798	709,318,416	1,433,133,382	883,815,237	2,318,034	18,213,397	748,786,713	1,289,114	11,153,453	5,177,308	17,619,874	928,359,395	2.05
6/30/2038	2,215,992,110	723,504,784	1,492,487,327	913,962,286	2,364,395	19,605,774	858,980,872	1,288,947	11,146,445	5,173,318	17,608,710	967,861,822	2.30
6/30/2039	2,292,106,334	737,974,880	1,554,131,455	931,250,773	2,411,683	19,748,226	900,720,774	1,287,847	11,151,980	5,169,055	17,608,882	1,001,395,112	2.33
6/30/2040	2,370,884,556	752,734,377	1,618,150,179	954,400,650	2,509,916	19,890,501	1,001,395,112	1,290,684	11,154,325	5,174,093	17,619,102	1,044,136,830	2.57
6/30/2041	2,452,420,015	767,789,065	1,684,630,951	971,946,959	2,509,115	20,038,047	1,044,136,830	1,287,456	11,153,040	5,178,040	17,618,536	1,084,136,830	2.57
6/30/2042	2,536,809,216	783,144,846	1,753,664,370	1,005,932,835	2,559,297	20,177,601	1,124,994,637	1,287,768	11,147,685	5,170,898	17,606,351	1,124,994,637	2.73
6/30/2043	2,624,152,039	798,807,743	1,825,344,296	1,030,032,463	2,610,483	20,316,976	1,189,384,374	1,286,528	11,152,528	5,167,530	17,606,586	1,189,384,374	2.81
6/30/2044	2,714,551,860	814,783,898	1,899,767,962	1,057,000,353	2,662,692	20,451,343	1,276,373,574	1,289,029	11,151,810	5,172,425	17,613,264	1,276,373,574	2.98
6/30/2045	2,808,115,675	831,079,576	1,977,036,099	1,084,136,830	2,715,946	20,589,625	1,366,624,854	1,285,268	11,149,983	5,175,180	17,610,430	1,366,624,854	3.17
6/30/2046	2,904,954,224	847,701,167	2,057,253,056	1,111,947,763	2,770,265	20,729,882	1,480,805,147	1,285,303	11,151,313	5,175,588	17,612,203	1,480,805,147	3.49
6/30/2047	3,005,182,121	864,655,191	2,140,526,931	1,141,947,763	2,825,671	20,871,015	1,563,561,095	-	11,154,945	5,175,588	17,612,203	1,563,561,095	3.63
6/30/2048	3,108,917,996	881,948,294	2,226,969,701	1,174,947,763	2,882,184	19,178,413	1,671,501,592	-	10,206,565	4,937,033	16,303,483	1,671,501,592	3.93
6/30/2049	3,216,284,626	899,587,260	2,316,697,365	1,208,947,763	2,939,828	18,211,830	1,780,287,995	-	8,789,200	3,175,360	11,964,560	1,780,287,995	4.25
6/30/2050	3,327,409,087	917,579,006	2,409,830,082	1,248,947,763	2,998,624	18,235,900	1,892,803,420	-	-	2,002,670	2,002,670	1,892,803,420	4.67
6/30/2051	3,442,422,906	935,930,586	2,506,492,320	1,291,947,763	3,058,597	13,998,332	2,012,231,616	-	-	1,057,770	1,057,770	2,012,231,616	5.09
6/30/2052	3,561,462,207	954,649,197	2,606,813,010	1,342,947,763	3,119,769	9,226,087	2,133,772,580	-	-	-	-	2,133,772,580	5.55
	73,078,020,745	24,551,914,745	48,526,106,001	21,631,477,745	85,319,634	499,640,930	26,309,667,692	38,835,606	338,575,460	157,045,090	534,456,156	22,626,739,225	

Base Revenue Projections provided by the Public Works & Engineering Department of the City of Houston through 2016, and growing 1.4% in FY17, 3.0% in FY18, 7.0% in FY19, 3.0% in FY20 and 3.5% thereafter.

Base Revenue Projections for FY16-FY20 include amounts pulled from the General Purpose Fund to cover increased operational expenses (\$15MM in FY15-16, and \$42MM in FY18-20).

O&M estimated by Public Works through 2017 and increased by a factor consistent with the rate study projections (2%).

O&M includes debt service payable from gross revenues and pension bond debt service.

Existing and Projected Debt Service includes additional bond financig related to expected ongoing capital construction and capital maintenance.

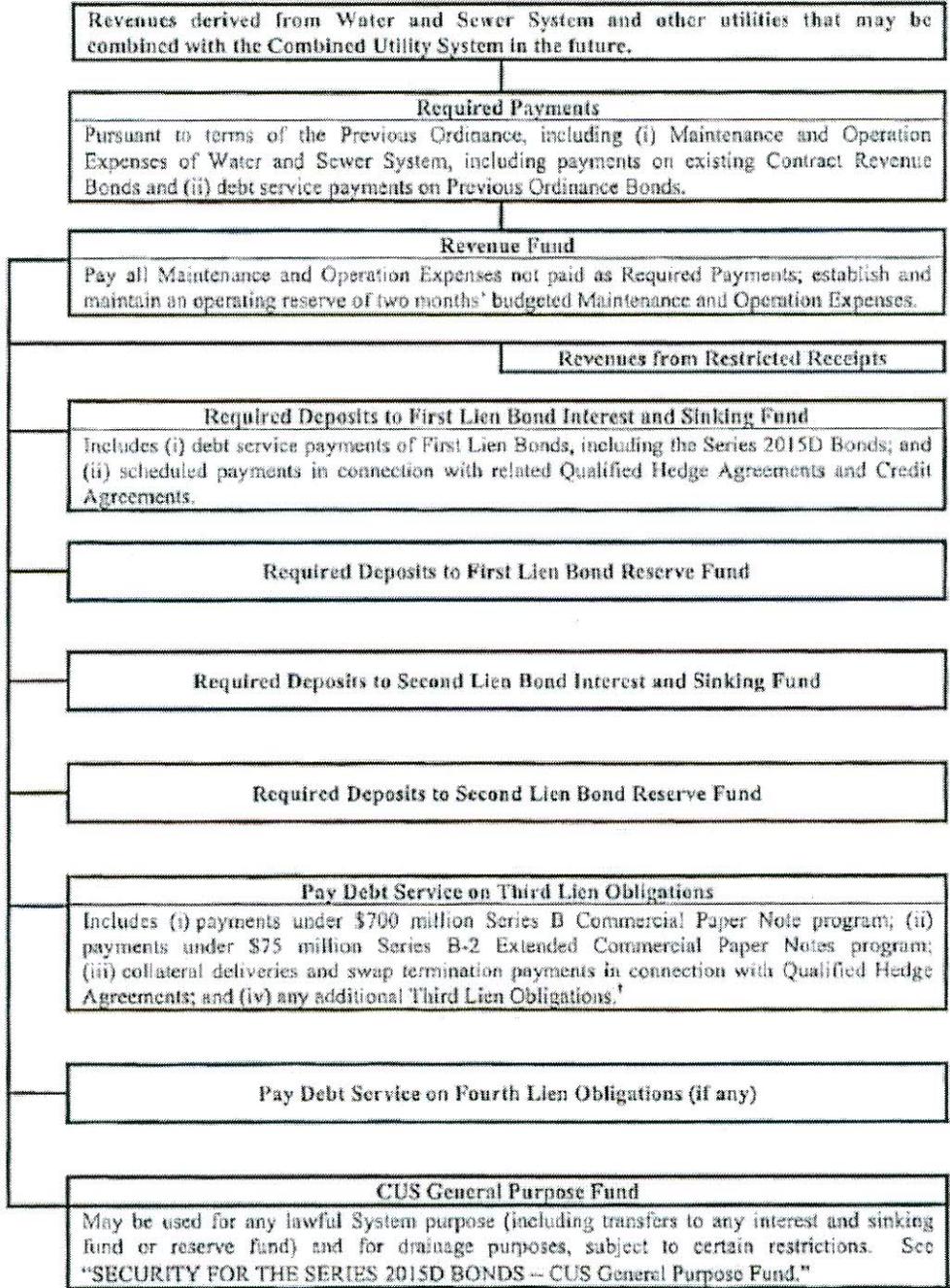
Existing and Projected Debt Service includes discretionary debt service paid from the General Purpose Fund; that discretionary debt service is expected to continue until FY 2025.

Operating Reserve Funding is based on maintaining a 2-month reserve, as provided in existing bond indentures.

Net Debt Service - Coastal Water Authority includes offset for payments to be received from regional water authorities. Includes CWA's applied for SWIFT loans.

**FLOW OF FUNDS
(APPLICATION OF REVENUES)
Under Provisions of the Master Ordinance
HOUSTON COMBINED UTILITY SYSTEM**

Gross Revenues



← Subordinate Lien Series 2016 to Series 2019 in a total amount not to exceed \$270,210,000.

[†] The City has authorized the Series B Commercial Paper Program in an aggregate amount not to exceed \$700 million and the Series B-2 Extended Commercial Paper Notes program in an amount not to exceed \$75 million. See "SYSTEM DEBT AND CHARGES-Commercial Paper Program" for a discussion of the Series B Commercial Paper Notes and the banks that issued the letters of credit securing the Series B Commercial Paper Notes, and the Series B-2 Extended Commercial Paper Notes.



Attachment E
**Multi-Year Commitment
 Annual Loan Closing Schedule**

City of Houston

Project # 51021 and 51023

Annual Loan Closing Schedule:

Expiring on 12/31	Amount per Resolution No. 15-076	Proposed Revised Amount
2015 (Closed)	\$25,915,000	\$25,915,000
2016	\$31,400,000	\$63,021,847
2017	\$45,230,000	\$143,626,124
2018	\$161,150,000	\$37,928,389
2019	\$15,320,000	\$25,633,640
2020	\$17,110,000	\$0
TOTAL COMMITMENT	\$296,125,000	\$296,125,000

Please refer attached schedule.

The City of Houston understands that this schedule will be relied upon by the TWDB in determining the financial capacity of the SWIFT program for the current year and therefore has provided the most accurate information available to the City of Houston at this time.

Adjustments in particular years that do not result in an overall increase in the total commitment amount, will be reviewed by TWDB and accommodated to the extent possible.

The City of Houston further understands that any increase in the total commitment amount must be prioritized with other Projects and therefore an Abridged Application will need to be submitted.

I certify that I have the authority to sign on behalf of the City of Houston.

Signature

Date

2/5/16

Susan Bandy, Deputy Director, Department of Public Works & Engineering

Printed Name and Title

Contact Information

Please provide the best point of contact for TWDB staff to discuss your anticipated closing schedule.

Susan Lau, Financial Analyst, Department of Public Works & Engineering

Contact Name and Title

(832)395-2588

Phone Number

susan.lau@houstontx.gov

Email Address

City of Houston
 Department of Public Works and Engineering
 TWDB SWIFT Loan
 Multi-Year Commitment
 Annual Loan Closing Schedule

Expiring on 12/31	Amount per Resolution No. 15-076			Proposed Revised Amount			Difference from prev. Schedule
	NEPE	NETL	Total	NEPE	NETL	Total	Total
2015 (closed)	\$ -	\$ 25,915,000	\$ 25,915,000	\$ -	\$ 25,915,000	\$ 25,915,000	\$ -
2016	\$ 17,199,744	\$ 14,205,426	\$ 31,400,000	\$ 37,388,107	\$ 25,633,740	\$ 63,021,847	\$ 31,621,847
2017	\$ 24,336,192	\$ 20,895,996	\$ 45,230,000	\$ 118,555,740	\$ 25,070,385	\$ 143,626,124	\$ 98,396,124
2018	\$ 142,106,603	\$ 19,047,622	\$ 161,150,000	\$ 1,260,106	\$ 36,668,283	\$ 37,928,389	\$ (123,221,611)
2019	\$ -	\$ 15,321,127	\$ 15,320,000	\$ -	\$ 25,633,640	\$ 25,633,640	\$ 10,313,640
2020	\$ -	\$ 17,110,383	\$ 17,110,000	\$ -	\$ -	\$ -	\$ (17,110,000)
Total Commitment	\$ 183,642,539	\$ 112,495,554	\$ 296,125,000	\$ 157,203,952	\$ 138,921,048	\$ 296,125,000	\$ -

City of Houston
 Department of Public Works and Engineering
 NEWPP project Summary Loan and Budget

FY CLOSING	TWDB Appl COH	NEPE	NETL	TOTAL	Updated Budgets Feb 2016		Total Cost	New Loan Request (per 80% of cost)			Diff vs. TWDB loan apprv	COH Funding (20% of cost)		Total COH Funding
					COH BGT NEPE	COH BGT NETL	Total NEPE + NETL	NEPE	NETL	Revised Loan Schedule Total		NEPE	NETL	
Pre-15					\$ 432,624	\$ 5,314,704	\$ 5,747,328					\$ 432,624	\$ 5,314,704	\$ 5,747,328
Pre-16					\$ 976,000	\$ -	\$ 976,000					\$ 976,000	\$ -	\$ 976,000
16	\$ 25,915,000	\$ -	\$ 25,915,000	\$ 25,915,000	\$ 1,694,307	\$ 44,102,051	\$ 45,796,358		\$ 25,915,000	\$ 25,915,000	\$ -	\$ 1,694,307	\$ 18,187,051	\$ 19,881,358
17	\$ 31,400,000	\$ 17,199,744	\$ 14,205,426	\$ 31,405,170	\$ 43,632,202	\$ 26,727,471	\$ 70,359,673	\$ 37,388,107	\$ 25,633,740	\$ 63,021,847	\$ (31,621,847)	\$ 6,244,096	\$ 1,093,731	\$ 7,337,827
18	\$ 45,230,000	\$ 24,336,192	\$ 20,895,996	\$ 45,232,188	\$ 148,194,674	\$ 31,337,981	\$ 179,532,655	\$ 118,555,740	\$ 25,070,385	\$ 143,626,124	\$ (98,396,124)	\$ 29,638,935	\$ 6,267,596	\$ 35,906,531
19	\$ 161,150,000	\$ 142,106,603	\$ 19,047,622	\$ 161,154,225	\$ 1,575,132	\$ 45,835,354	\$ 47,410,486	\$ 1,260,106	\$ 36,668,283	\$ 37,928,389	\$ 123,221,611	\$ 315,026	\$ 9,167,071	\$ 9,482,097
20	\$ 15,320,000		\$ 15,321,127	\$ 15,321,127	\$ 1,575,132	\$ 33,126,051	\$ 34,701,183		\$ 25,633,640	\$ 25,633,640	\$ (10,313,640)	\$ 1,575,132	\$ 7,492,411	\$ 9,067,543
21	\$ 17,110,000		\$ 17,110,383	\$ 17,110,383	\$ 1,575,132		\$ 1,575,132				\$ 17,110,000	\$ 1,575,132		\$ 1,575,132
22					\$ 1,575,132		\$ 1,575,132					\$ 1,575,132		\$ 1,575,132
23					\$ 1,575,132		\$ 1,575,132					\$ 1,575,132		\$ 1,575,132
24					\$ 1,575,132		\$ 1,575,132					\$ 1,575,132		\$ 1,575,132
25					\$ 393,783		\$ 393,783					\$ 393,783		\$ 393,783
Total Budget					\$ 204,774,384	\$ 186,443,612	\$ 391,217,996							
Total Loan	\$ 296,125,000	\$ 183,642,539	\$ 112,495,554	\$ 296,138,093	\$ 163,819,507	\$ 149,154,890	\$ 312,974,397	\$ 157,203,952	\$ 138,921,048	\$ 296,125,000	\$ -	\$ 47,570,432	\$ 47,522,564	\$ 95,092,996
20% COH Pocket		\$ 54,761,086	\$ 34,087,355	\$ 88,848,441	\$ 40,954,877	\$ 37,288,722	\$ 78,243,599	\$ 47,570,432	\$ 47,522,564	\$ 95,092,996				
TOTAL COH SHARE		\$ 238,403,625	\$ 146,582,909	\$ 384,986,534	\$ 204,774,384	\$ 186,443,612	\$ 391,217,996	\$ 204,774,384	\$ 186,443,612	\$ 391,217,996				

Based on 80% of (previously self-funded + current year budget)
 Based on 80% of current year budget

**City of Houston
Summary of Funding Changes**

	Schedule as approved in TWDB Resolution No. 15-076			City's requested revisions			SWIFT 2016 recommendation		
	51021 2nd Source	51023 NEWPP	Total	51021 2nd Source	51023 NEWPP	Total	51021 2nd Source	51023 NEWPP	Total
2015	\$ 25,915,000	\$ -	\$ 25,915,000	\$ 25,915,000	\$ -	\$ 25,915,000	\$ 25,915,000	\$ -	\$ 25,915,000
2016	\$ 14,205,000	\$ 17,195,000	\$ 31,400,000	\$ 25,635,000	\$ 37,385,000	\$ 63,020,000	\$ 25,635,000	\$ 37,385,000	\$ 63,020,000
2017	\$ 20,895,000	\$ 24,335,000	\$ 45,230,000	\$ 25,070,000	\$ 118,560,000	\$ 143,630,000	\$ 20,895,000	\$ 24,335,000	\$ 45,230,000
2018	\$ 19,045,000	\$ 142,105,000	\$ 161,150,000	\$ 36,670,000	\$ 1,260,000	\$ 37,930,000	\$ 19,045,000	\$ 110,485,000	\$ 129,530,000
2019	\$ 15,320,000	\$ -	\$ 15,320,000	\$ 25,630,000	\$ -	\$ 25,630,000	\$ 15,320,000	\$ -	\$ 15,320,000
2020	\$ 17,110,000	\$ -	\$ 17,110,000	\$ -	\$ -	\$ -	\$ 17,110,000	\$ -	\$ 17,110,000
Total	\$ 112,490,000	\$ 183,635,000	\$ 296,125,000	\$ 138,920,000	\$ 157,205,000	\$ 296,125,000	\$ 123,920,000	\$ 172,205,000	\$ 296,125,000