



PROJECT FUNDING REQUEST

BOARD DATE: July 26, 2018

TEAM MANAGER: Luis Farias

APPLICANT	Town of Westlake
TYPE OF ASSISTANCE	\$2,100,000 Financing (Taxable)
LEGAL PLEDGE	Ad Valorem Taxes and Surplus Net Revenues

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve by resolution, a request from the Town of Westlake (Denton and Tarrant Counties) for \$2,100,000 in financing from the State Water Implementation Revenue Fund for Texas for planning, design, and construction of a water transmission pipeline.

PROJECT

Increase Delivery Infrastructure from Fort Worth
Project Number 51062

BACKGROUND

Passed by the 83rd Legislature and approved by Texas voters through a constitutional amendment, the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT) were created to provide affordable, alternative financing options to develop projects that are recommended water management strategies in the State Water Plan. The program, referred to as SWIFT, provides financing through low interest loans, deferral of loan repayments, and incremental repurchase terms for projects with state ownership aspects. SWIFT projects presented for consideration have been scored and ranked utilizing a prioritization criteria outlined in Texas Administrative Code Title 31 § 363.1304 and are included on the prioritized list of projects approved by the Board on April 5, 2018.

The Town of Westlake (Town) straddles both Denton and Tarrant Counties and is a suburb of Fort Worth. The Town serves approximately 810 water and 792 wastewater connections.

The Town uses surface water from the Tarrant Regional Water District through Fort Worth to supply its customers. The Town would like to purchase additional water from Fort Worth to expand its capacity and serve its growing population. Due to Fort Worth's

COMMITMENT PERIOD: FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2018

northeast treated water distribution system not having the capacity to supply the additional demand, Fort Worth is proposing to construct a 3.1 mile new 30-inch water transmission line to provide the additional water supply. This is a joint project between the Town, Trophy Club, and Fort Worth. The existing wholesale water contracts between all three entities requires that the wholesale water customers participate in the cost to provide additional capacity from the Fort Worth water transmission mains. The Town is responsible for 27.94 percent of the total construction costs.

FINANCIAL

Key Issues

The Town is requesting taxable financing because it had made a payment of \$900,000 to the City of Fort Worth towards this project with no reimbursement resolution in place. The Town would be unable to reimburse its utility fund from tax-exempt SWIFT loan proceeds due to IRS guidelines but is able to reimburse itself by doing a taxable borrowing.

Pledge and Repayment

The Town is pledging ad valorem taxes and surplus net revenues of the water and sewer system for the repayment of the proposed loan. Based on an analysis of tax and revenue, the Town has sufficient revenues to meet the current and proposed debt service requirements with a high coverage ratio of 4.67 times. While this is a combination pledge, the Town intends to repay with ad valorem taxes and proactively plans annual rate increases. The Town currently levies a debt service tax rate of \$0.02482 per \$100 of taxable assessed value and plans to increase its rates to \$0.2594 in 2019.

The TWDB is not and does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff in analyzing the application for financing and is illustrative only. It does not constitute any guaranty about future rates and is not to be so relied on by the borrower. The TWDB makes no claim of any kind regarding the applicability of the information at closing, at which time actual rates will be set.

Cost Savings

Based on a 20-year maturity and current interest rates, the Town could save approximately \$255,675 over the life of the financing.

Internal Risk Score

Staff assigns a 2A to the Town, and the proposed project to be funded by the Texas Water Development Board. This means that the Town's payment capacity is strong.

The results of the Town's financial sustainability indicators are strong. These more heavily weighted risk score indicators show the Town's short-term and long-term ability to repay the debt. In addition, the Town's level of reinvestment in the assets of the utility's infrastructure is average with an asset condition ratio of 24 years. An asset condition ratio of 12 to 24 years is considered typical.

The Town scored high on other indicators showing overall financial health and positive operating trends. Overall, the Town has been able to retain its revenues, as evidenced by the increase in the cash balance over the last five years. In addition, taxable assessed values of property in the Town has been stable over the past five years. This has resulted in a high net taxable assessed valuation per capita of \$983,697.

The Town's socioeconomic indicators are stronger than the state's. The Town's population has increased at an average annual rate of 2.04 percent since 2010, compared to 1.17 percent for the state overall. The average unemployment rate during April 2018 for both Tarrant and Denton counties at 3.2 percent is lower than the state average of 3.8 percent. The Town's average median household income (MHI) is \$150,660, which is 275 percent of the median for the state overall.

The current household cost factor of 3.74 percent is higher than the benchmark for water and wastewater services. The industry benchmark for the household cost factor is 2 percent for the two services. The high household cost factor is driven by the Town's high water usage, despite the higher than average MHI when compared to the state. The current average monthly water and wastewater bill for residential customers is \$469.00 per month. The Town reports that the average residential usage is 45,000 and 15,000 gallons per month for water and wastewater; respectively. The Town does not have much high density or multi-family housing which would reduce gallons per capita per day significantly.

The Town maintains substantial levels of liquidity with cash and cash equivalents equal to approximately 379 days of operating expenses. An amount over 250 days is considered to be a very high level of liquidity. High liquidity provides greater stability to a utility system by providing the resources needed to cover short-term, unplanned needs.

The vast majority of the Town's existing general obligation debt is supported by high sales tax revenues. Sales taxes for the Town have consistently been above \$3,500,000 per year since 2009. The Town's remaining general obligation debt (\$2,973,000 or roughly 5 percent of total outstanding debt) is paid through ad valorem tax revenues, which are low and represent 0.46 percent of the total taxable value of properties in the Town. A ratio of 5 percent is considered high.

Overall, the Town's financial sustainability indicators are positive, with favorable operating trends, strong socioeconomic factors, and high liquidity levels. Additionally, the combination tax and surplus revenue pledge gives the Town flexibility for debt repayment. The Town is assigned a risk score of 2A.

LEGAL

Key Issues

None.

Conditions

Standard SWIFT, taxable, and combination tax and surplus system revenue conditions and further conditions as follows:

- Water rights determination;
- Standard emergency discovery conditions; and
- Compliance of USACE National Permit 12.

Attachments: 1. Project Data Summary
2. Debt Service Schedule
3. Engineering/Environmental Review
4. Project Budget
5. Resolution (18-)
6. Water Conservation Review
7. Location Map

Project Data Summary

Responsible Authority	Town of Westlake
Program	State Water Implementation Fund for Texas
Commitment Code	L18817
Project Number	51062
Intended Use Plan Year	N/A
Type of Pledge	3- Combo Tax and Rev
Revenue Pledge Level	Third
Legal Description	Town of Westlake, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2018
Tax-exempt or Taxable	Taxable
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	N/A
Population	1,310
Rural	Yes
Water Connections	810
Wastewater Connections	792
Qualifies as Disadvantaged	N/A
Disadvantaged Level	9 - N/A
Clean Water State Revolving Fund Type	N/A
SWIFT Financing Type	Low-Interest Loan
SWIFT Characteristic	Rural
Financial Managerial & Technical Complete	N/A
Funding Phase Code	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with Water Plan	Yes
Water Conservation Plan	N/A
Water Rights Certification Required	Yes
Internal Risk Score	2A
External Ratings (for SRF rates)	
Standard and Poor's	AAA
Moody's	Non-Rated
Fitch	Non-Rated
Special Issues	None

Project Team

Team Manager	Luis Farias
Financial Analyst	Laura Jarzombek
Engineering Reviewer	David Dera
Environmental Reviewer	Kristin Miller
Attorney	Ashley Nwonuma

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Town of Westlake

Town of Westlake, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2018

Dated Date: 11/29/2018
Delivery Date: 11/29/2018
First Interest: 2/15/2019
First Principal: 2/15/2019
Last Principal: 2/15/2038
Fiscal Year End: 09/30
Required Coverage: 1.1

Source: SWIFT-LOW-20YR
Rate: 2.71%
Insurance: No
Case: Tax and Surplus Revenues
Admin.Fee: \$0
Admin. Fee Payment Date: N/A
Total Assessed Valuation: \$1,105,675,661

FISCAL YEAR	CURRENT TAX RATE	TAX REVENUES WITH COLL. @ 90%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$2,100,000 ISSUE			TOTAL DEBT SERVICE	COVERAGE		
						PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT				
2019	0.02482	\$246,986	\$1,295,627	\$1,542,613	\$286,819	\$5,000	1.87%	\$38,400	\$43,400	\$330,218	4.67	
2020	0.02482	246,986	1,295,627	1,542,613	290,341	90,000	1.94%	53,099	143,099	433,440	3.56	
2021	0.02482	246,986	1,295,627	1,542,613	293,643	90,000	2.03%	51,313	141,313	434,955	3.55	
2022	0.02482	246,986	1,295,627	1,542,613	292,774	90,000	2.09%	49,459	139,459	432,232	3.57	
2023	0.02482	246,986	1,295,627	1,542,613	296,947	95,000	2.17%	47,487	142,487	439,434	3.51	
2024	0.02482	246,986	1,295,627	1,542,613	291,218	95,000	2.28%	45,374	140,374	431,592	3.57	
2025	0.02482	246,986	1,295,627	1,542,613	300,314	100,000	2.39%	43,096	143,096	443,410	3.48	
2026	0.02482	246,986	1,295,627	1,542,613	309,811	100,000	2.43%	40,686	140,686	450,496	3.42	
2027	0.02482	246,986	1,295,627	1,542,613	303,868	105,000	2.51%	38,153	143,153	447,021	3.45	
2028	0.02482	246,986	1,295,627	1,542,613	302,844	105,000	2.58%	35,481	140,481	443,325	3.48	
2029	0.02482	246,986	1,295,627	1,542,613	144,664	110,000	2.65%	32,669	142,669	287,333	5.37	
2030	0.02482	246,986	1,295,627	1,542,613	148,316	110,000	2.69%	29,732	139,732	288,048	5.36	
2031	0.02482	246,986	1,295,627	1,542,613	151,800	115,000	2.72%	26,688	141,688	293,488	5.26	
2032	0.02482	246,986	1,295,627	1,542,613	-	115,000	2.76%	23,537	138,537	138,537	11.14	
2033	0.02482	246,986	1,295,627	1,542,613	-	120,000	2.79%	20,276	140,276	140,276	11.00	
2034	0.02482	246,986	1,295,627	1,542,613	-	125,000	2.84%	16,827	141,827	141,827	10.88	
2035	0.02482	246,986	1,295,627	1,542,613	-	125,000	2.84%	13,277	138,277	138,277	11.16	
2036	0.02482	246,986	1,295,627	1,542,613	-	130,000	2.84%	9,656	139,656	139,656	11.05	
2037	0.02482	246,986	1,295,627	1,542,613	-	135,000	2.84%	5,893	140,893	140,893	10.95	
2038	0.02482	246,986	1,295,627	1,542,613	-	140,000	2.84%	1,988	141,988	141,988	10.86	
					\$30,852,257	\$3,413,357	\$2,100,000		\$623,087	\$2,723,087	\$6,136,444	

AVERAGE (MATURITY) LIFE	10.93 YEARS
NET INTEREST RATE	2.713%
COST SAVINGS	\$ 237,184
AVERAGE ANNUAL REQUIREMENT	\$306,822

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB is not and does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff in analyzing the application for financing and is illustrative only. It does not constitute any guaranty about future rates and is not to be so relied on by the borrower. The TWDB makes no claim of any kind regarding the applicability of the information at closing, at which time actual rates will be set.

**Westlake
51062 Increase Delivery Infrastructure from
Fort Worth
Engineering and Environmental Review**

Engineering:

Key Issues:

This is a joint project between the Town, Trophy Club and Fort Worth. The existing wholesale water contracts between all three entities requires the wholesale water customers participate in the cost to provide additional capacity from Fort Worth water transmission mains. The City is responsible for 27.94 percent of the total construction costs.

Project Need/Description

Project Need: The Town of Westlake (Town) uses surface water from Tarrant Regional Water District through Fort Worth to supply its customers. The City would like to purchase additional water from Fort Worth to expand its capacity and serve its growing population. Due to Fort Worth's northeast treated water distribution system not having the capacity to supply the additional demand, Fort Worth is proposing to construct a water transmission line from its existing Northside II water treatment plant transmission line to provide the additional water supply. This project is a recommended strategy in 2016 Region C Plan and the 2017 State Water Plan. The project is defined in the water management strategies as "Trophy Club, Westlake, Fort Worth-Phase I: Joint 36" Water Delivery Line". The Town is a sponsor of the project.

Project Description: The Town's proposed project will include the construction of approximately 3.1 miles of new 30-inch diameter water transmission pipe that will connect the Westlake West pump station to an existing Northside II treated water transmission line. The proposed project will allow the Town to meet its potential water supply shortages from 2020 to 2070.

Project Schedule:

Project Task	Schedule Date
Planning (Complete)	6/29/16
Design (Complete)	3/14/2018
Closing	11/29/2018
Construction Completion	6/11/2019

Environmental Section:

Key Issues:

None.

Environmental Summary:

As required by 31 Texas Administrative Code §363.14, the environmental review of the proposed project has been completed. A TWDB Memorandum, dated May 24, 2018, documented that the environmental review for the project was completed and a favorable Environmental Determination was issued by TWDB on January 2, 2018, under Project No. 51036 for the loan to the Trophy Club Municipal District No. 1. In addition to the standard emergency discovery conditions for threatened and endangered species and cultural resources, the project must comply with the following condition: Compliance with the terms and conditions of United States Army Corps of Engineers Nationwide Permit 12 for Utility Line Activities.

Budget Items	This Commitment	TWDB Funds	Total
Construction			
Construction	\$1,808,466.00	\$1,808,466.00	\$1,808,466.00
Subtotal for Construction	\$1,808,466.00	\$1,808,466.00	\$1,808,466.00
Basic Engineering Services			
Design	\$226,534.00	\$226,534.00	\$226,534.00
Planning	\$10,000.00	\$10,000.00	\$10,000.00
Subtotal for Basic Engineering Services	\$236,534.00	\$236,534.00	\$236,534.00
Fiscal Services			
Bond Counsel	\$6,000.00	\$6,000.00	\$6,000.00
Financial Advisor	\$10,000.00	\$10,000.00	\$10,000.00
Issuance Costs	\$18,000.00	\$18,000.00	\$18,000.00
Subtotal for Fiscal Services	\$34,000.00	\$34,000.00	\$34,000.00
Contingency			
Contingency	\$21,000.00	\$21,000.00	\$21,000.00
Subtotal for Contingency	\$21,000.00	\$21,000.00	\$21,000.00
Total	\$2,100,000.00	\$2,100,000.00	\$2,100,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,100,000 TO TOWN OF WESTLAKE
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$2,100,000 TOWN OF WESTLAKE, TEXAS COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION,
PROPOSED SERIES 2018

(18 - __)

WHEREAS, the Town of Westlake (Town) has filed an application for financial assistance in the amount of \$2,100,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, design, and construction of certain water supply project(s) identified as Project No. 51062 (Project); and

WHEREAS, the Town seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$2,100,000 Town of Westlake, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2018 (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 Town has offered a pledge of ad valorem taxes and surplus net revenues of its waterworks and sewer system as sufficient security for the repayment of the Obligations; and

WHEREAS, subject to the Town's use of an approved debt service structure, interest rate subsidies are available to the Town at up to the following levels: 28% for financial assistance for a term of 20 years, 20% for financial assistance for a term of 21 to 25 years, and 16% for financial assistance for a term of 26 to 30 years. The interest rate subsidy applicable to each proposed series will be set through each financing agreement executed between the TWDB and the Town, pursuant to this Resolution; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. that the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that the Town satisfactorily completed all requests 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);

4. that the current water audit has been completed by the Town and filed with the TWDB in accordance with Texas Water Code § 16.0121 and 31 TAC § 358.6;
5. that the Town 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 Town of Westlake for financial assistance in the amount of \$2,100,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of \$2,100,000 Town of Westlake, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018. This commitment will expire on December 31, 2018.

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 the Town has complied with all of the requirements of the laws under which said Obligations were issued; 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 Town;
3. this commitment is contingent upon the Town'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 Town 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. interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator;

6. the Town shall use a paying agent/registrars in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrars to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee;

The Following Conditions Must Be Included in the Obligations:

7. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, on any date beginning on or after the first interest payment date that 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;
8. the Obligations must include a provision wherein the Town, 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 Town'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 Town's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Town is an obligated person with respect to such bonds under SEC Rule 15c2-12;
9. the Obligations must contain a provision requiring the Town 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;
10. the Obligations must include a provision requiring the Town to use any 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;
11. 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;
12. financial assistance 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;

13. financial assistance proceeds shall not be used by the Town 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 Town 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 Town, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
14. the Obligations must include a provision stating that the Town 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;
15. 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 § 363.42(c)(1);
16. the Obligations must contain a provision that provides as follows:
 - a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
 - b. if surplus revenues are based upon budgeted amounts:
 - i. the Obligations must include a requirement that the Town transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the Town shall not transfer any funds from the Town's pledged system revenues to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;

the Obligations must include a requirement that for each year the Obligations are outstanding, and prior to the time taxes are to be levied for such year, the Town shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Obligations; and

- ii. the Obligations must include a requirement that the Town shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than **1.10** times debt service requirements of all outstanding Obligations of the Town and other obligations of the Town that are secured in whole or in part by the pledged revenues, for which the Town is budgeting the repayment of such Obligations, or the Town shall provide documentation that evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements;

Conditions to Close or for Release of Funds:

17. prior to closing, the Town 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;
18. prior to closing, if not previously provided with the application, the Town shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel, 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;
19. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Town 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;

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

Special Conditions:

20. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the

Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Town 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;

21. 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 Town has the right to use the water that the Project financed by the TWDB will provide;
22. the Town must comply with the terms and conditions of the United States Army Corps of Engineers Nationwide Permit 12 for Utility Line Activities;
22. the Town must comply with all conditions as specified in the final environmental finding of the Executive Administrator, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

APPROVED and ordered of record this, the 26th day of July, 2018.

TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake
Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker
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.



Town of Westlake, Tarrant & Denton County

