Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 23, 2020 **Team Manager:** Dain Larsen

ACTION REQUESTED
Approve by resolution a request from the Guadalupe Blanco River Authority (Guadalupe, Comal, Hays, Caldwell counties) to amend Texas Water Development Board Resolutions No. 18-093 and 18-094, as amended by Texas Water Development Board Resolution No. 19-078, to a) authorize a $31,185,000 increase in multi-year financing and $15,915,000 in Board Participation from the State Water Implementation Revenue Fund for Texas for a water system expansion project; and b) to modify the Guadalupe Blanco River Authority's existing commitments to transfer $24,790,000 from Board Participation to Low-Interest financing.

STAFF RECOMMENDATION
☒ Approve ☐ No Action

BACKGROUND
The Guadalupe Blanco River Authority (Authority) was established in 1933 by the State of Texas to develop, conserve and protect the water resources of ten counties in the Guadalupe River Basin from Kendall County northwest of San Antonio to Refugio County along the Gulf Coast. The total population of the counties the Authority serves is 805,761 as of 2019. The project will serve an area with a current population of 138,687.

PROJECT NEED AND DESCRIPTION
The Authority requests additional funds for its existing project to provide treated groundwater to three of its customers (Participants); New Braunfels Utilities (NBU), which is the water, wastewater and electric utility system for the City of New Braunfels, the City of Lockhart (City), and Goforth Special Utility District (District). The population of the Participants' service area is projected to grow by 102 percent by 2032 to approximately 232,270. Water demand is expected to grow from 21,296 to 41,107-acre-feet per year.

In 2018, the Authority received a $165,855,000 multi-year commitment of funds from the State Water Implementation Fund for Texas (SWIFT) program for the first phase of the Authority's Mid-Basin Water Supply Project, which is intended to meet current and projected water needs of the Participants through 2032.

Multi-year commitment	Expiration date
$34,900,000 Proposed Series 2020	December 31, 2020
$7,595,000 Master Agreement 2020	December 31, 2020
$36,615,000 Proposed Series 2021	December 31, 2021
$35,635,000 Master Agreement 2021	December 31, 2021

The project is the first of two phases for the Authority's Mid-Basin Water Supply Project. The proposed project is intended to meet current and projected needs through 2040. This phase is expected to produce 15,000 acre-feet per year of groundwater from the Carrizo Aquifer in Gonzales and Caldwell counties. The Authority executed an agreement in July 2018 with Alliance Regional Water Authority (ARWA) for cooperative implementation of the initial phases of their respective regional projects. The shared project will include construction of a wellfield utilizing the Authority's current leases, approximately 58.6 miles of transmission main, a 33.5 million-gallon-per-day (MGD) water treatment plant in which the Authority would need 13.4 MGD of capacity, improvements to the Authority's existing Treated Water Delivery System pump station, a high service pump station and two new pump stations.

At the 30 percent of project design milestone, the Authority reevaluated the project costs estimates and concluded that additional funding would be required to complete the project. The Authority estimates an additional need for planning and design costs due to the integration of project facilities with ARWA, construction costs due to the escalation of costs for similar large-scale infrastructure projects in the region, and the addition of treatment infrastructure at the water treatment plant.

The Authority requests to add these funds to the $25,150,000 in existing funds to be closed in 2021. The Authority is scheduled to close on existing funds of $42,495,000 in 2020. In addition, the Authority requests to allocate a larger portion of the existing 2020 funds from Board Participation to Low-Interest to reduce the Participants' interest expense. The table below reflects their proposed modification of 2020 series existing funds.

	Current allocation	Proposed allocation
Low-Interest	$10,110,000	$34,900,000
Board Participation	$32,385,000	$7,595,000
Total	**$42,495,000**	**$42,495,000**

Proposed reallocation of 2020 series funds

The attached debt service schedule details the $42,495,000 of existing 2020 funds after reallocation and includes the $72,250,000 of proposed future 2021 closings in a single column. The 2021 funding includes $25,150,000 of existing funds and $47,100,000 of proposed new funds.

PROJECT SCHEDULE
The Authority is constructing the project in segments. Construction will start on some while design is completed on other segments.

Task	Schedule Date
Start of Construction	July 1, 2020
Engineering Feasibility Report Completion (End of Planning Phase)	October 1, 2020
Closing	November 15, 2020
Design Phase	August 31, 2021
Construction Completion	December 31, 2023

KEY ISSUES
The Authority requests two years of capitalized interest in the 2021 Low-Interest financing. The Authority has requested a multi-year commitment over a period of two years, 2020 and 2021. The 20 percent interest rate subsidy applies to the 2020 series only. The interest rate subsidy applicable to future proposed series will be set by the Board each year.

The Authority is pledging contract revenues of the net revenues of the Participants for the repayment of the proposed loans, a first lien on the Low-Interest financing and subordinate lien on the Board Participation. The Participants currently generate approximately $161.7 million in net revenues available for debt service, which provides 5.66 times combined coverage of the annual existing and proposed debt service and additional contractual costs of providing water to the Participants (e.g. groundwater leases and operating expenses) during the first year of principal repayment on the proposed debt in 2022. Each Participant is responsible to repay debt service and the additional contractual costs for its allocated amount, which is based on the amount of water provided by the Authority. Each Participant will be required to pay its allocated share of debt service regardless of whether the projected amount of water is used. In addition, each Participant pays annually an additional ten percent of the annual debt service. The allocation between the Participants for annual contractual payments is shown in the table below.

PARTICIPANT	Percent of entity usage
City of New Braunfels	53%
Goforth Special Utility District	27%
City of Lockhart	20%

Allocation of percentage of annual usage requirements by Participant

The debt service coverage ratios for each Participant in the Key Indicators table below shows the coverage not only for the project debt service, but also for their existing debt service for all of their self-supporting debt.

NBU's net revenues are substantial and are sufficient to meet the requirements of its portion of the annual contractual payments and existing debt service. The City and District will need utility system water rate increases beginning in 2024 to provide sufficient revenues. Assuming no growth in the number of connections, the City would need an estimated increase of approximately $1.20 in 2024 with additional annual increases reaching a maximum of $16.43 in 2036. With no growth in the number of connections, the

District would need an estimated $2.08 increase in 2027 with additional increases reaching approximately $12.30 by 2037.

The City's concentration of revenues in its top ten customers is due to a large private prison which accounts for 35 percent of the City's revenues. A stress test that removed revenues from the prison resulted in the need for a $13.26 increase to system rates in a scenario where the prison is no longer a customer of the City.

The Board Participation financing will be governed by a Master Agreement. The Authority's obligation to purchase the Board's interest in the board participation project is secured by a subordinate lien pledge on the net revenues of the system. The Authority is unable to pledge a first lien on the net revenues because of the variable nature of the repurchase obligation included in the Master Agreement.

LEGAL

Special Conditions

Financing will be provided through a Master Agreement, which sets out the responsibilities, duties and liabilities of the Authority and TWDB. Under the Master Agreement, the TWDB will purchase a percentage of the project, based on the amount of TWDB Board Participation funds provided as compared to the total amount of funds spent on the project. The Authority obligates itself to purchase TWDB's interest in the project under a payment schedule attached to the Master Agreement, which provides that the Authority will make payments of principal and interest.

FINANCIAL

Risk Score: 2A

Key Indicators

Indicator	**GBRA**	**NBU**	**Goforth SUD**	**Lockhart**	**Benchmark**
Risk Score	2A	2A	2B	2B	None
Debt Service Coverage Ratio	5.66x	1.62x	1.5x	0.64x	1.0x
Days of Cash on Hand (3-year Average)	305 days	297 days	35 days	1,128 days	30-149
Debt-to-Operating Revenues	1.44x	3.38x	8.32x	12.81x	4.00-5.99x
Direct Debt as % Total Assessed Valuation	N/A	3%	N/A	1.13%	2-5%
Asset Condition Ratio	25	20	12	25 years	12-24 years
Top 10 Customers of the System	27.72%	4%	29%	50.16%	< 10-15%
Population Growth, Average Annual 2010-2018	2.80%	2.74%	3.83%	0.63%	State: 1.24%
Median Household Income as % of State	104%	113%	103%	94%	100%
Unemployment (April 2020)	11.43%	13.30%	10.50%	10.50%	State: 13%

Key Risk Score Strengths

- High debt service coverage, only 1 Participant below 1.0x coverage currently
- High liquidity
- High population growth

Key Risk Score Concerns

- Rate increase needed to meet coverage (Lockhart)
- High absolute unemployment rate, but relatively moderate to low
- City of Lockhart has a high level of debt and a concentration of customers

PLEDGE

Type of Pledge	☐ Tax ☐ Revenue ☐ Tax & Revenue ☒ Contract ☐ Other
Revenue Pledge Level	☒ First ☒ Second ☐ Third ☐ N/A

RATES AND CHARGES

In addition to annually charging each Participant for their share of the project debt service, the Authority's water supply contracts with the Participants are take-or-pay requiring that each pay their share of project related expenses and operations expenses regardless of whether water is delivered. This annual requirement includes a fixed charge based on the amount of acre-feet capacity committed, a variable charge when water is delivered, and the annual debt service for the project. These expenses were included with the analysis of debt service coverage.

Currently, these additional charges are approximately $1 million annually, increasing to $3 million in 2023 when water delivery begins and $3.75 million in 2024 when principal repayment begins on the proposed series. These expenses increase incrementally to an estimated $10.8 million in 2043.

<u>Cost Savings</u>

Based on 30-year maturities and current interest rates, the Authority could save approximately $5,285,388 over the life of the 2020 financing.

Attachments:

1. Project Data Summary
2. Debt Service Schedule
3. Project Budget
4. Resolution (20-)
5. Resolution (18-093)
6. Resolution (18-094)
7. Resolution (19-078)
8. Water Conservation Review
9. Location Map

Texas Water Development Board

Project Data Summary

Attachment 1

Responsible Authority	Guadalupe Blanco RA
Program	SWIFT
Commitment Number	L1001175, LB211176
Project Number	51055
List Year	2020
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	$31,185,000 Guadalupe Blanco River Authority Contract Revenue Bonds, Proposed Series 2021A, $15,915,000 Master Agreement 2020
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay < > Escrow
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low-Interest, Board Participation
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM				
Team Manager	**Financial Analyst**	**Engineering Reviewer**	**Environmental Reviewer**	**Attorney**
Dain Larsen	Ty Morton	Jesse Milonovich	Kristin Miller	Alexis Lorick

Attachment 2

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Guadalupe Blanco River Authority

$7,595,000 Guadalupe Blanco River Authority, Texas Master Agreement 2020

Dated Date:	11/14/2020	Source:	SWIFT-PARTICIPATION
Delivery Date:	11/14/2020	Rate:	3.20%
First Interest:	2/15/2021	IUP Year:	2020
First Principal	8/15/2041	Case:	Revenue
Last Principal:	8/15/2055	Admin.Fee:	$ -
Fiscal Year End:	8/31	Admin. Fee:	N/A
Required Coverage:	1.0	Payment Date:	N/A

$34,900,000 Guadalupe Blanco River Authority, Texas Contract Revenue Bonds, Series 2020

Dated Date:	11/14/2020	Source:	SWIFT-LOW-30YR
Delivery Date:	11/14/2020	Rate:	2.16%
First Interest:	2/15/2021	IUP Year:	2020
First Principal	8/15/2024	Case:	Revenue
Last Principal:	8/15/2050	Admin.Fee:	$ -
Fiscal Year End:	8/31	Admin. Fee:	N/A
Required Coverage:	1.0	Payment Date:	N/A

			$7,595,000 ISSUE						$34,900,000 ISSUE				$72,250,000 ISSUE SERIES 2021		
FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	DEFERRED INTEREST	INTEREST PAID	TOTAL PAYMENT	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PAYMENT	DEBT SERVICE	ACTUAL COVERAGE
2021	$ 34,202,966	$109,264	-	-	$181,906	($181,906)	-	-	-	-	$485,037	-	$371,574	$480,838	71.13
2022	34,097,966	356,101	-	-	241,647	(241,647)	-	-	-	-	644,330	-	743,147	1,099,248	31.11
2023	33,947,966	1,156,384	-	-	241,647	(217,482)	$24,165	$24,165	-	-	644,330	$64,433	743,147	1,988,128	17.15
2024	32,297,966	2,698,179	-	-	241,647	(193,318)	48,329	48,329	$1,085,000	0.330%	644,330	1,213,866	2,034,734	5,995,108	5.66
2025	31,547,966	2,969,736	-	-	241,647	(181,235)	60,412	60,412	1,085,000	0.410%	640,749	1,245,187	2,035,463	6,310,798	5.12
2026	30,797,966	3,301,843	-	-	241,647	(157,071)	84,576	84,576	1,090,000	0.530%	636,301	1,312,705	2,149,297	6,848,422	4.61
2027	30,722,966	3,677,159	-	-	241,647	(126,865)	114,782	114,782	1,095,000	0.630%	630,524	1,394,499	2,261,814	7,448,254	4.13
2028	30,122,966	4,046,097	-	-	241,647	(90,618)	151,029	151,029	1,100,000	0.710%	623,625	1,489,766	2,430,397	8,117,289	3.78
2029	30,047,966	4,332,200	-	-	241,647	(54,371)	187,276	187,276	1,105,000	0.770%	615,815	1,582,257	2,603,162	8,704,896	3.46
2030	29,897,966	4,431,350	-	-	241,647	(18,124)	223,523	223,523	1,120,000	0.860%	607,307	1,681,759	2,774,968	9,111,600	3.30
2031	28,472,966	4,907,259	-	-	241,647	-	241,647	241,647	1,125,000	1.170%	597,675	1,722,675	2,944,294	9,815,875	3.05
2032	27,647,966	5,970,118	-	-	241,647	-	241,647	241,647	1,145,000	1.410%	584,512	1,729,512	2,943,738	10,885,015	2.62
2033	26,897,966	6,558,418	-	-	241,647	104,474	346,121	346,121	1,160,000	1.630%	568,368	2,004,644	2,940,131	11,849,314	2.33
2034	26,297,966	6,564,692	-	-	241,647	208,948	450,595	450,595	1,175,000	1.730%	549,460	2,277,013	3,967,546	13,259,846	2.03
2035	25,697,966	6,569,007	-	-	241,647	208,948	450,595	450,595	1,200,000	1.840%	529,132	2,281,685	3,965,039	13,266,327	1.98
2036	25,097,966	6,566,323	-	-	241,647	208,948	450,595	450,595	1,220,000	1.930%	507,052	2,279,605	3,965,843	13,262,367	1.94
2037	24,497,966	6,566,581	-	-	241,647	208,948	450,595	450,595	1,245,000	2.010%	483,506	2,281,059	3,965,044	13,263,279	1.89
2038	24,497,966	6,087,800	-	-	241,647	208,948	450,595	450,595	1,265,000	2.080%	458,482	2,276,035	3,962,718	12,777,148	1.92
2039	24,497,966	6,311,655	-	-	241,647	208,948	450,595	450,595	1,295,000	2.140%	432,170	2,279,723	3,963,834	13,005,807	1.88
2040	24,497,966	7,701,233	-	-	241,647	104,474	346,121	346,121	1,315,000	2.200%	404,457	1,995,733	3,963,423	14,006,511	1.75
2041	24,497,966	7,707,881	$405,000	2.930%	241,647	-	241,647	646,647	1,350,000	2.350%	375,527	1,725,527	2,932,569	13,012,623	1.88
2042	24,497,966	7,718,193	420,000	2.980%	229,781	-	229,781	649,781	1,380,000	2.390%	343,802	1,723,802	4,804,452	14,896,227	1.64
2043	24,497,966	7,721,868	430,000	3.030%	217,265	-	217,265	647,265	1,415,000	2.430%	310,820	1,725,820	4,800,195	14,895,147	1.64
2044	24,497,966	7,723,878	445,000	3.070%	204,236	-	204,236	649,236	1,445,000	2.460%	276,435	1,721,435	4,801,844	14,896,392	1.64
2045	24,497,966	7,720,187	455,000	3.100%	190,574	-	190,574	645,574	1,485,000	2.490%	240,888	1,725,888	4,794,521	14,886,170	1.65
2046	24,497,966	7,725,112	470,000	3.130%	176,469	-	176,469	646,469	1,520,000	2.510%	203,912	1,723,912	4,793,187	14,888,679	1.65
2047	24,497,966	7,721,591	485,000	3.150%	161,758	-	161,758	646,758	1,560,000	2.530%	165,760	1,725,760	4,792,835	14,886,944	1.65
2048	24,497,966	7,724,586	500,000	3.180%	146,481	-	146,481	646,481	1,600,000	2.550%	126,292	1,726,292	4,788,331	14,885,689	1.65
2049	24,497,966	6,273,456	515,000	3.200%	130,581	-	130,581	645,581	1,645,000	2.570%	85,492	1,730,492	4,789,388	13,438,915	1.82
2050	24,497,966	5,754,852	535,000	3.220%	114,101	-	114,101	649,101	1,675,000	2.580%	43,215	1,718,215	4,786,085	12,908,252	1.90
2051	24,497,966	5,754,716	550,000	3.280%	96,874	-	96,874	646,874	-	-	-	-	4,787,384	11,188,973	2.19
2052	24,497,966	5,756,582	570,000	3.290%	78,834	-	78,834	648,834	-	-	-	-	2,998,886	9,404,301	2.60
2053	24,497,966	5,775,493	585,000	3.300%	60,081	-	60,081	645,081	-	-	-	-	2,997,308	9,417,881	2.60
2054	24,497,966	3,410,449	605,000	3.310%	40,776	-	40,776	645,776	-	-	-	-	2,992,657	7,048,882	3.48
2055	24,497,966	-	625,000	3.320%	20,750	-	20,750	645,750	-	-	-	-	2,994,752	3,640,502	1.00
	$ 185,370,243		$ 7,595,000		$ 6,883,402	$ 0	$ 6,883,402	$ 14,478,402	$ 34,900,000		$ 13,459,295	$ 48,359,295	$ 120,567,427	$ 368,775,367	

$7,595,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	28.33 YEARS
NET INTEREST RATE	3.199%
COST SAVINGS	
AVERAGE ANNUAL REQUIREMENT	$413,669

$34,900,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	17.84 YEARS
NET INTEREST RATE	2.161%
COST SAVINGS	
AVERAGE ANNUAL REQUIREMENT	$1,611,977

TOTAL AVERAGE ANNUAL REQUIREMENTS
$10,536,439

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 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 to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be set. The interest rate subsidy is based on a level repayment schedule. If the repayment schedule is considered non-level, the interest rate subsidy may be reduced

Texas Water Development Board

Project Budget Summary

Guadalupe Blanco RA

51055 - Carrizo Groundwater Supply Project

Budget Items	Description	Previous Commitments	This Commitment	TWDB Funds	Local and Other Funds	Total
Construction						
Construction		$85,599,170.00	$37,149,687.00	$122,748,857.00	$0.00	$122,748,857.00
Subtotal for Construction		**$85,599,170.00**	**$37,149,687.00**	**$122,748,857.00**	**$0.00**	**$122,748,857.00**
Basic Engineering Services						
Construction Engineering		$4,088,652.00	$2,413,508.00	$6,502,160.00	$0.00	$6,502,160.00
Design		$6,568,527.00	$0.00	$6,568,527.00	$0.00	$6,568,527.00
Planning		$11,818,439.00	$0.00	$11,818,439.00	$0.00	$11,818,439.00
Subtotal for Basic Engineering Services		**$22,475,618.00**	**$2,413,508.00**	**$24,889,126.00**	**$0.00**	**$24,889,126.00**
Special Services						
Environmental		$1,357,698.00	$0.00	$1,357,698.00	$0.00	$1,357,698.00
Geotechnical		$1,059,700.00	$0.00	$1,059,700.00	$0.00	$1,059,700.00
Permits		$230,000.00	$0.00	$230,000.00	$0.00	$230,000.00
Special Service Other (Describe)		$250,000.00	$0.00	$250,000.00	$0.00	$250,000.00
Surveying		$1,687,890.00	$0.00	$1,687,890.00	$0.00	$1,687,890.00
Subtotal for Special Services		**$4,585,288.00**	**$0.00**	**$4,585,288.00**	**$0.00**	**$4,585,288.00**
Fiscal Services						
Bond Counsel		$508,780.00	$138,700.00	$647,480.00	$0.00	$647,480.00
Capitalized Interest		$3,356,245.00	$1,183,507.00	$4,539,752.00	$0.00	$4,539,752.00
Financial Advisor		$399,780.00	$112,625.00	$512,405.00	$173,724.00	$686,129.00
Fiscal/Legal		$47,500.00	$9,500.00	$57,000.00	$0.00	$57,000.00
Issuance Costs		$87,078.00	$11,800.00	$98,878.00	$0.00	$98,878.00
Subtotal for Fiscal Services		**$4,399,383.00**	**$1,456,132.00**	**$5,855,515.00**	**$173,724.00**	**$6,029,239.00**
Other						
Land/Easements Acquisition		$6,666,875.00	$0.00	$6,666,875.00	$400,000.00	$7,066,875.00
Other	Lease Payments; District Fees; Legal; Electric Utility Service	$4,031,869.00	$0.00	$4,031,869.00	$0.00	$4,031,869.00
Water Rights Purchase		$28,609,225.00	$0.00	$28,609,225.00	$1,990,775.00	$30,600,000.00
Subtotal for Other		**$39,307,969.00**	**$0.00**	**$39,307,969.00**	**$2,390,775.00**	**$41,698,744.00**
Contingency						
Contingency		$9,487,572.00	$6,080,673.00	$15,568,245.00	$0.00	$15,568,245.00
Subtotal for Contingency		**$9,487,572.00**	**$6,080,673.00**	**$15,568,245.00**	**$0.00**	**$15,568,245.00**
Total		$165,855,000.00	$47,100,000.00	$212,955,000.00	$2,564,499.00	$215,519,499.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTIONS NO. 18-093 AND NO. 18-094, AS AMENDED BY TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 19-078, PROVIDING FINANCIAL ASSISTANCE TO THE GUADALUPE-BLANCO RIVER AUTHORITY

(20-)

WHEREAS, at its July 26, 2018 meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 18-093 and No. 18-094, made a multi-year commitment to the Guadalupe-Blanco River Authority for financial assistance in the amount of $49,205,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) through the purchase of Guadalupe-Blanco River Authority Contract Revenue Bonds in proposed series years 2018, 2020, and 2021, and $116,650,000 from the Board Participation Account of the SWIRFT for Project 51055 (Project), all as is more specifically set forth in the TWDB's Resolutions No. 18-093 and No. 18-094 and accompanying documentation, to which documents express reference is made; and

WHEREAS, in 2018, the TWDB and the Authority mutually closed on a distribution of financial assistance in one or more series from the SWIRFT in the amount of $23,925,000, and from the Board Participation Account of the SWIRFT in the amount of $34,285,000; and

WHEREAS, at its July 22, 2019 meeting, the TWDB passed Resolution No. 19-078, amending Resolutions No. 18-093 and No. 18-094, modifying the Authority's Loan Closing Schedule to receive distributions of assistance from the TWDB in 2019; and

WHEREAS, in 2019, the TWDB and the Authority mutually closed on a distribution of financial assistance in one or more series from the SWIRFT in the amount of $9,740,000 and from the Board Participation Account of the SWIRFT in the amount of $30,260,000; and

WHEREAS, the Authority requests that the TWDB again amend TWDB Resolutions No. 18-093 and No. 18-094, as amended by TWDB Resolution No. 19-078, requesting to modify distributions to be received by the Authority in funding cycles 2020 and 2021; and

WHEREAS, the Authority represents that additional financial assistance is necessary to for the Authority to complete the Project on schedule in order to meet its current water commitments to its customers; and

WHEREAS, the TWDB hereby finds that the proposed amendments requested by the Authority and detailed in a memorandum to the Board, to TWDB Resolutions No. 18-093 and No. 18-094, as amended by TWDB Resolution No. 19-078, are reasonable and within 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 considerations and findings, the TWDB resolves as follows:

1. The commitment made through TWDB Resolution No. 18-093, as amended by TWDB Resolution No. 19-078 to the Guadalupe-Blanco River Authority for financial assistance in the amount of $49,205,000 from the State Water Implementation Revenue Fund for Texas is amended to increase the multi-year commitment, reflecting a new principal amount not to exceed $105,180,000, and shall be evidenced by the TWDB's proposed purchase of Guadalupe-Blanco River Authority Contract Revenue Bonds in SWIFT funding cycles 2020 and 2021 as follows:

   (a) $34,900,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2020, to expire on December 31, 2020.

   (b) $36,615,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2021, to expire on December 31, 2021.

2. The commitment made through TWDB Resolution No. 18-094, as amended by TWDB Resolution No. 19-078, to the Guadalupe-Blanco River Authority for distributions of financial assistance in the amount of $116,650,000 from Board Participation Account of the State Water Implementation Revenue Fund for Texas is amended to reflect a new not to exceed amount in the amount of $107,775,000 from which new scheduled distributions are as follows:

   (a) $7,595,000, to expire December 30, 2020.

   (b) $35,635,000, to expire December 31, 2021.

3. The Executive Administrator is authorized to execute future amendments to the Master Agreement as contemplated by the terms of that Agreement; and

4. All other terms and conditions of TWDB Resolutions No. 18-093 and No. 18-094, as amended by TWDB Resolution No. 19-078, shall remain in full force and effect.

APPROVED and ordered of record this the 23rd day of July, 2020.

TEXAS WATER DEVELOPMENT BOARD

_____

Peter M. Lake, Chairman

DATE SIGNED: _____

ATTEST:

_____
Jeff Walker, Executive Administrator

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE GUADALUPE-BLANCO RIVER AUTHORITY IN THE FORM OF A MULTI-YEAR COMMITMENT FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS THROUGH THE PROPOSED PURCHASE OF $49,205,000 GUADALUPE BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, PROPOSED SERIES 2018 THROUGH PROPOSED SERIES 2021

(18-093)

WHEREAS, the Guadalupe-Blanco River Authority (Authority) has filed an application for financial assistance in the amount of $49,205,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of certain water supply project(s) identified as Project No. 51055 (Project); and

WHEREAS, the Authority 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 $49,205,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, in one or more series, (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the Authority seeks a combination of "low-interest" and deferred financing from the TWDB for the Project; and

WHEREAS, the TWDB by separate Resolution will consider the Authority's request for financial assistance from the Board Participation Account of the SWIRFT for the Project; and

WHEREAS, the Authority has offered a pledge of wholesale contract revenues from the treated water supply agreements between it and the City of Lockhart, Goforth Special Utility District, and New Braunfels Utilities (a municipal utility system operating on behalf of the City of New Braunfels) 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;

WHEREAS, subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority at up to the following levels: 35% for financial assistance for a term of 20 years, 25% for financial assistance for a term of 21 to 25 years, and 20% 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 Authority, pursuant to this Resolution; and

WHEREAS, subject to the Authority's use of an approved debt service structure, for those Obligations which shall receive deferred financing from the TWDB, the interest on and principal of the Obligations may be deferred for up to eight years; 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 Authority 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 Authority has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

A commitment is made by the TWDB to Guadalupe-Blanco River Authority for financial assistance in the amount of $49,205,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of Guadalupe Blanco River Authority Contract Revenue Bonds as follows:

a) $12,030,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2018A (Deferred Financing) (Gonzales Carrizo Water Supply Project), to expire on December 31, 2018;
b) $11,895,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2018B (Low-Interest Financing) (Gonzales Carrizo Water Supply Project) to expire on December 31, 2018;
c) $10,470,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series Proposed Series 2020, (Low-Interest Financing) (Gonzales Carrizo Water Supply Project), to expire on December 31, 2020; and

d) $14,810,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2021 (Low-Interest Financing) (Gonzales Carrizo Water Supply Project), to expire on December 31, 2021

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 Authority 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 Authority;

3. this commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement;

4. this commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;

5. interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator;

6. the Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrar 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 Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other

issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;

9. the Obligations must include a provision requiring the Authority 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;

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. 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;

12. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;

13. the Obligations must include a provision stating that the Authority shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;

14. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry form in accordance with 31 TAC § 363.42(c)(1);

15. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

16. the Obligations must provide that no portion of the proceeds of the financial assistance 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 that were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with:

    a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;

    b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and

    c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

17. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:

    a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority

separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;

b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;

c. as additional consideration for providing financial assistance, and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;

d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;

18. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;

19. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;

20. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings");

21. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;

22. the Obligations must contain a provision requiring that, upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;

23. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers (from the treated water supply contracts) so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system;

24. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations;

Conditions to Close or for Release of Funds:

25. prior to closing, if not previously provided with the application, the Authority 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;

26. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;

27. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;

28. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;

29. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;

30. the transcript must include evidence that the information reporting requirements of § 149(e) of the Internal Revenue 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;

31. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations;

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

Special Conditions:

32. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;

33. 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 Authority has the right to use the water that the Project financed by the TWDB will provide;

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

TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake, Chairman

DATE SIGNED: 7/27/18

ATTEST:

Jeff Walker, Executive Administrator

DOCUMENT TRANSFER

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD APPROVING AN APPLICATION FROM THE GUADALUPE-BLANCO RIVER AUTHORITY FOR THE TEXAS WATER DEVELOPMENT BOARD'S ACQUISITION AND SALE OF AN INTEREST IN THE GONZALES CARRIZO WATER SUPPLY PROJECT WITH FUNDS FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS

(18-094)

WHEREAS, the Texas Water Development Board (TWDB), under the authority of Chapter 15, Subchapter H of the Texas Water Code, is authorized to use the Board Participation Account of the State Water Implementation Revenue Fund for Texas (SWIRFT) to encourage optimum regional development of projects through the acquisition of an interest in new water supply project facilities and the sale, transfer, or lease of its interest in those facilities; and

WHEREAS, the Guadalupe-Blanco River Authority (Authority), has filed an application with the TWDB requesting that the TWDB acquire an interest in its Gonzales Carrizo Water Supply Project, Project No. 51055 (Project), not to exceed eighty percent (80%) of the total Project cost, in order to enable the acquisition of excess capacity for the optimum regional development of the Project, using the Board Participation Account of the SWIRFT; and

WHEREAS, the Authority will finance at least twenty percent (20%) of the total Project costs from sources other than the Board Participation Account of the SWIRFT, pursuant to 31 TAC § 363.1308; and

WHEREAS, in 2018, the Authority is financing $49,205,000 in a combination of "low interest loan" and "deferred" financing from the TWDB, which is sufficient to satisfy the Authority's equity percentage on the TWDB's Board Participation Account Loan; and

WHEREAS, by separate request, the TWDB is considering a request from the Authority for the TWDB to provide financial assistance through the TWDB's proposed purchase of $49,205,000 Guadalupe Blanco River Authority Contract Revenue Bonds, Series 2018A and Series B (collectively for the Gonzales Carrizo Water Supply Project); and

WHEREAS, the Project is expected to cost $165,855,000, of which the TWDB's share, pursuant to this commitment, will not exceed $116,650,000; and

WHEREAS, the Authority will purchase the TWDB's interest in the Project from the proceeds of a future bond issue, other revenues, or other lawful sources of funds in accordance with a Master Agreement to be executed between the Authority and the TWDB; and

WHEREAS, the Authority has offered a pledge of wholesale contract revenues from the water supply agreements between the City of Lockhart, Goforth Special Utility District, and New Braunfels Utilities (a municipal utility system operating on behalf of the City of New Braunfels) as sufficient security for its obligation to purchase the TWDB's interest in the Project; 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;

WHEREAS, the TWDB has considered the long-term needs of the area, the costs of the Project, and the feasibility of the Project; and

WHEREAS, the Project will aid in addressing the long-term needs of the area by developing a wellfield and associated water rights and a high service pumps station for proposed and existing transmission systems; and

WHEREAS, pursuant to 31 TAC § 363.1308, the terms of the TWDB's ownership interest in the Project have been incorporated into a proposed Master Agreement that sets forth the responsibilities, duties, and liabilities of each party; and

WHEREAS, the Board has approved the terms of the Master Agreement between the TWDB and the Authority and consents to the negotiation and execution of a Master Agreement with substantially similar terms; 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. it is reasonable to expect that the TWDB will recover its investment in the Project because the revenue to be generated by the projected number of customers served by the Project will be sufficient to purchase the excess capacity owned by the TWDB in accordance with 31 TAC § 363.1308(c)(1);

3. the cost of the Project exceeds the current financing capabilities of the area to be served by the Project, in accordance with 31 TAC § 363.1308(c)(2);

4. the optimum regional development cannot be reasonably financed by local interest based on an assessment of the estimated cost to construct the Project and the revenue to be generated by the projected number of customers of the facility, in accordance with 31 TAC § 363.1308(c)(3);

5. the public interest will be served by the TWDB's acquisition of an interest in the

Project because the cost of the Project to the public will be reduced by the Board's participation in the Project, in accordance with 31 TAC § 363.1308(c)(4);

6. the Project contemplates the optimum regional development that is reasonably required under all existing circumstances of the site because the design capacity of the components of the Project are sufficient to meet the foreseeable needs of the area, in accordance with 31 TAC § 363.1308(c)(5);

7. 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);

8. that the Authority has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises, and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

1. a commitment is made by the TWDB to acquire and sell an ownership interest in the Authority's Gonzales Carrizo Water Supply Project, not to exceed eighty percent (80%) of the total Project cost based on an application filed by Guadalupe-Blanco River Authority, in an amount not to exceed $116,645,000 from the Board Participation Account of the State Water Implementation Revenue Fund for Texas, to be evidenced as follows:

   a) $34,285,000, to expire on December 31, 2018;
   b) $33,345,000 to expire on December 31, 2020;
   c) $49,020,000 to expire on December 31, 2021;

2. the Executive Administrator is authorized to negotiate and execute a Master Agreement that will set forth the duties, responsibilities, and liabilities of the TWDB and the Authority.

Such commitment is conditioned as follows:

<u>Standard Conditions:</u>

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 Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstance, or any other legal requirement;

3. this commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;

<u>The Following Conditions Must Be Included in the Master Agreement:</u>

4. the Master Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Master Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;

5. loan proceeds are public funds and, as such, the Master Agreement 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;

6. loan proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Master Agreement shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless, and protect the TWDB from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewer sludge, contaminated sediments, and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;

7. the Master Agreement must include a provision stating that the Authority shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;

8. the Authority agrees to take such actions as are necessary to assure, or to refrain from such actions as would materially adversely affect, the excludability from gross income for Federal income tax purposes of interest payable on such obligations as are issued by the TWDB to finance its acquisition of an interest in the Project;

9. the Master Agreement must include a provision stating that the Authority shall have the right to make an early purchase of all or a portion of the TWDB's ownership interest in the Project, on or after the specified Call Date that is on or after the first interest payment date 10 years from the dated date by making principal payments in excess of the scheduled principal payments. Such early purchases may be made no more than once a year, unless otherwise allowed by the Executive Administrator;

10. the Master Agreement must contain a provision requiring that, upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties to the Project for the Executive Administrator's review;

11. the Master Agreement must contain a provision requiring the Authority to maintain and enforce the Project contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the Project;

Conditions to Close or for Release of Funds:

12. prior to closing, the Authority and the TWDB will execute a Master Agreement that will set forth the responsibilities, duties, and liabilities of each party;

13. prior to closing, the Authority will provide an attorney's opinion that is satisfactory and acceptable to the Executive Administrator as to any impact of the Project on the tax-exempt status of any bonds issued by the TWDB to fund its acquisition of an interest in the Project;

14. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties to the Project regarding the contract revenues pledged to the payment of the Authority's obligation to purchase the TWDB's interest in the Project, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges, and maintenance of revenues sufficient to meet the Authority's obligations arising from the Project;

15. prior to closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering, and, if applicable, financial advisor and legal 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;

16. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved

as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;

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

Special Conditions:

17. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;

18. 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 Authority has the right to use the water that the Project financed by the TWDB will provide;

19. the Authority must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner during the phases financed by the TWDB during the project;

20. the Master Agreement must include a provision requiring that, prior to any action by the Authority to convey its interest to another entity, the conveyance and the assumption of said interest must be approved by the TWDB.

21. the Authority shall provide the TWDB with (a) monthly financial statement, to be submitted within ten (10) days after the close of each month, unless or until such requirement is waived in writing by the Executive Administrator or paid in full, whichever comes first, and (b) annual reports, to be submitted without charge within 120 days of the close of each fiscal year;

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

TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake, Chairman

DATE SIGNED: 7/27/18

ATTEST:

Jeff Walker, Executive Administrator

UNIVERSITY OF CALIFORNIA

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTIONS NO. 18-093 AND NO. 18-094 PROVIDING FINANCIAL ASSISTANCE TO THE GUADALUPE-BLANO RIVER AUTHORITY

(19-078)

WHEREAS, at its July 26, 2018 meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 18-093 and No. 18-094, made a multi-year commitment to the Guadalupe-Blanco River Authority for financial assistance in the amount of $49,205,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) through the purchase of Guadalupe-Blanco River Authority Contract Revenue Bonds in proposed series years 2018, 2020, and 2021, and $116,650,000 from the Board Participation Account of the SWIRFT for Project 51055 (Project), all as is more specifically set forth in the TWDB's Resolutions No. 18-093 and No. 18-094 and accompanying documentation, to which documents express reference is made; and

WHEREAS, the TWDB and the Authority mutually closed on a distribution of financial assistance in one or more series from the SWIRFT in the amount of $23,925,000, and from the Board Participation Account of the SWIRFT in the amount of $34,285,000; and

WHEREAS, by letter received by the TWDB in February 2019, the Authority requests that the TWDB amend TWDB Resolutions No. 18-093 and No. 18-094 to modify the Authority's Annual Loan Closing Schedule, requesting instead to receive distributions of its commitment from the SWIRFT and the Board Participation Account of the SWIRFT in 2019; and

WHEREAS, the TWDB hereby finds that the proposed amendments to TWDB Resolutions No. 18-093 and No. 18-094, as requested by the Authority, are reasonable and within 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 considerations and findings, the TWDB resolves as follows:

1. The commitment made through TWDB Resolution No. 18-093 to the Guadalupe-Blanco River Authority for financial assistance in the amount of $49,205,000 from the State Water Implementation Revenue Fund for Texas is amended and shall be evidenced by the TWDB's proposed purchase of the Guadalupe-Blanco River Authority Contract Revenue Bonds as follows:

a. $9,740,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2019, to expire on December 31, 2019;
b. $10,110,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2020, to expire on December 31, 2020; and
c. $5,430,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2021, to expire on December 31, 2021.

2. The commitment made through TWDB Resolution No. 18-094 to the Guadalupe-Blanco River Authority for financial assistance in the amount of $116,650,000 from Board Participation Account of the State Water Implementation Revenue Fund for Texas is amended as follows:

    a. Subsections b and c of the commitment are amended to read
        i. (b) $30,260,000, set to expire December 31, 2019
        ii. (c) $32,385,000, set to expire December 31, 2020
    b. New Subsection d is added to the commitment to read:
        i. (d) $19,720,000, set to expire December 31, 2021

3. The Executive Administrator is authorized to execute future amendments to the Master Agreement as contemplated by the terms of that Agreement; and

4. All other terms and conditions of TWDB Resolutions No. 18-093 and No. 18-094 shall remain in full force and effect.

APPROVED and ordered of record this the 22nd day of July, 2019.

TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake, Chairman

DATE SIGNED: 7/22/19

ATTEST:

Jeff Walker, Executive Administrator

☐ Water
☐ Wastewater
☑ Other SWIFT

Attachment 8

WATER CONSERVATION REVIEW

Entity: Guadalupe-Blanco River Authority

Review date: June 2020

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

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

WATER LOSS AUDIT YEAR: NA

Total water loss (GPCD): NA
Total no. of connections: NA
Total water loss (percent): NA
Length of mains (miles): NA
Wholesale Water ☐
Connections per mile: NA

If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (*ILI*): NA

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

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

ADDITIONAL INFORMATION:

The authority has records that include water sales, deliveries, and losses, that are audited annually by an independent auditor. Its water conservation plan specifies that each of its wholesale customers with a new or amended contract must adopt a water conservation plan and submit an annual water loss audit. The authority's water conservation program is predicated on the fact that the implementation of conservation measures must occur largely at the local level and is focused on encouraging and supporting initiatives by their wholesale customers. The authority does not have direct control of its wholesale customers' end users, but encourages and supports initiatives to further the efficient use of water. The authority has offered assistance with water conservation programs. The authority also enacts random metering sampling, monitors for leaks in any water storage, delivery, and transmission system components, and maintains records of all water transactions as well as daily reading of Canyon Reservoir storage capacity, inflow and releases and requires annual reports of all water use.

STAFF NOTES AND RECOMMENDATIONS:

The authority is not a retail water supplier; therefore, it is not required to submit a water loss audit.

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 bench marking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

NA means not applicable.

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

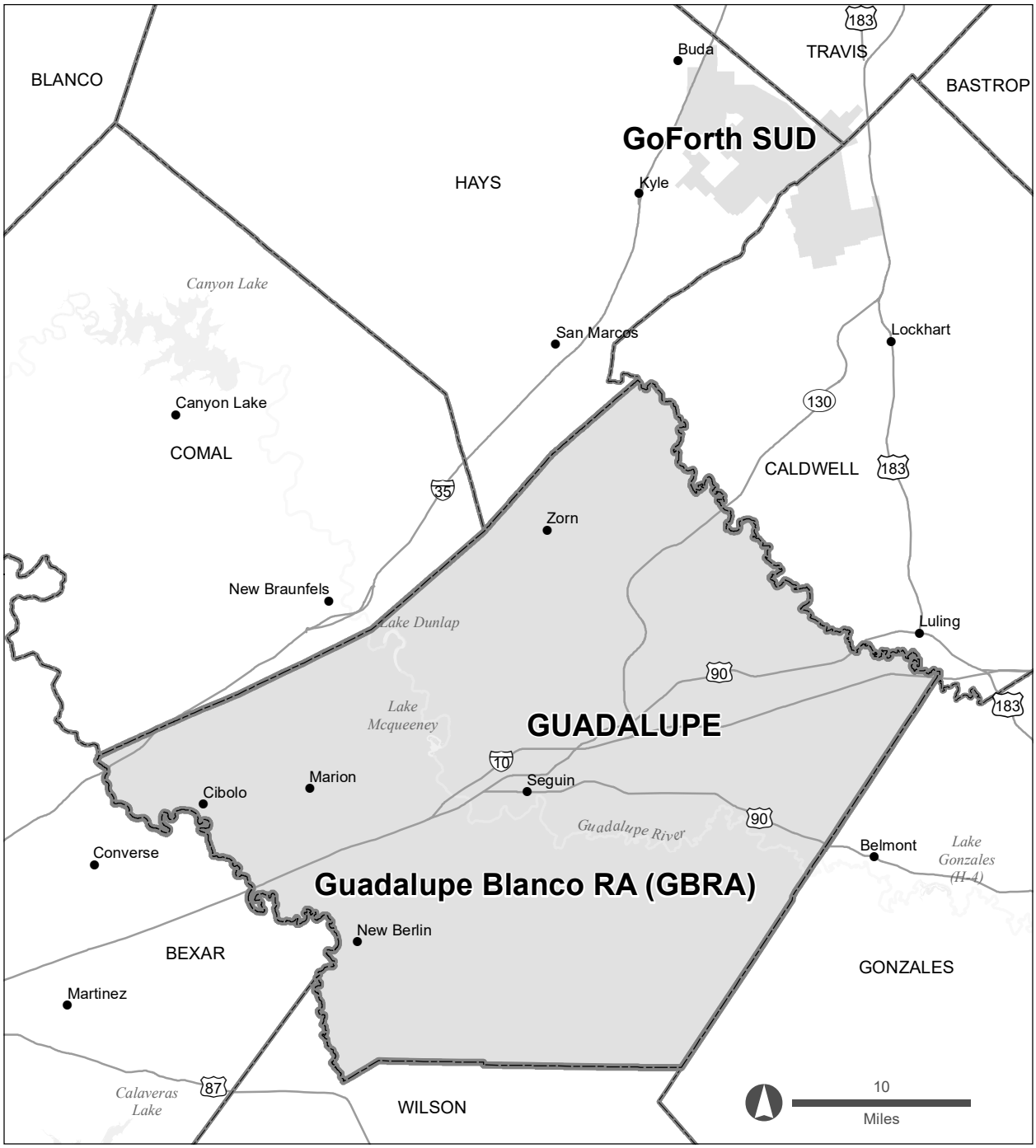
Real loss comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

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

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

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

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

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

Guadalupe Blanco RA (GBRA)
Guadalupe County