



## PROJECT FUNDING REQUEST

**BOARD DATE:** March 9, 2023

**Team Manager:** Joe Koen

### **ACTION REQUESTED**

Consider approving by resolution a request from the Greater Texoma Utility Authority on behalf of the City of Whitewright (Grayson County) for \$7,145,000 in financial assistance consisting of \$6,645,000 in financing and \$500,000 in principal forgiveness from the Clean Water State Revolving Fund for planning, design, and construction of a wastewater treatment plant improvement project.

### **STAFF RECOMMENDATION**

Approve       No Action

### **BACKGROUND**

The Greater Texoma Utility Authority (Authority) provides its member cities with assistance in financing and construction of water and wastewater facilities. The Authority may also be requested to provide operations services for water and wastewater facilities by member cities and others.

The City of Whitewright (City) is located in Grayson County along US Route 69, approximately 62 miles northeast of Dallas. The City is named after William Whitewright Jr. who purchased a tract of land in the path of the Missouri-Kansas-Texas Railroad in 1878. The City provides water and wastewater services to approximately 1,906 residents with 865 water and 815 wastewater connections.

### **PROJECT NEED AND DESCRIPTION**

The City of Whitewright's (City) wastewater treatment plant has been operating beyond its service life and discharges into an impaired creek. The plant lacks sufficient capacity for projected needs and is located within the 100-year floodplain that subjects equipment to damage and causes power outages during heavy rainfall events.

The City is proposing to use planning, design, and construction funds for a new wastewater treatment plant located at the existing plant site. The new plant will be constructed outside the 100-year flood zone. This will include a Supervisory Control and Data Acquisition (SCADA) system and modernized treatment facilities capable of meeting Texas Commission on Environmental Quality's permit parameters.

<b>COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE SEPTEMBER 30, 2023</b>
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## **PROJECT SCHEDULE**

<b>Task</b>	<b>Schedule Date</b>
Closing	May 15, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	July 30, 2023
Design Phase Completion	April 1, 2024
Start of Construction	July 1, 2024
Construction Completion	October 30, 2025

## **KEY ISSUES**

The City qualifies for principal forgiveness as a small or rural disadvantaged community and \$3,055,000 in zero percent financing as a small or rural disadvantaged community.

## **LEGAL/SPECIAL CONDITIONS**

- Executed principal forgiveness agreement
- Return of surplus principal forgiveness funds

## **Attachments**

1. Financial Review
2. Project Budget
3. Resolution (23- )
4. Water Conservation Review
5. Location Map

# Financial Review

## GTUA/City of Whitewright

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2021

### Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 0.73%	State: 1.49%
Top 10 Customers % of Total Revenue	27%	10-15%
Median Household Income as % of State	63%	100%
Days of Cash on Hand (3-year Average)	94 days	30-149 days
Net Direct Debt/Total Assessed Valuation	0%	2-4.99%
Debt Service Coverage Ratio	0.86x	1.0x
Debt-to-Operating Revenues	10.20	4.00-5.99x
Unemployment Rate (December, 2022)	(Grayson/Fannin Counties): 3.45%	State: 3.60%
Working Capital Ratio	0.94	>1.0

### Key Risk Score Strengths

- The City's days of cash on hand is within the benchmark, indicating that it has sufficient cash reserves to pay operating expenses.
- The City's net direct debt to total assessed valuation is below the benchmark, indicating that the City has capacity for additional debt on its tax base.

### Key Risk Score Concerns

- Based on a no-growth scenario, the City is projected to require a \$5.89 rate increase in 2024 and an additional \$1.77 increase in 2029 to meet debt service coverage requirements throughout the life of the financing.
- The top ten customers of the District's water system make up 27% of the total water revenue; a stress test was done to remove the top two water customers from the water revenues and the District is projected to need a total increase of \$13.05 in 2029.
- Debt-to-operating revenues ratio above benchmark due to system revenues supporting all outstanding debt. The City does have taxing authority.

### PLEDGE

Legal Pledge Name	Contract Revenues from the City's Utility System
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input checked="" type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

### RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (Year 2029)	Current Household Cost Factor	Projected Household Cost Factor
Water	5,900	\$52.77	\$60.43	2.80	3.03
Wastewater	5,025	\$38.17	\$38.17		

### Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$3,336,620 over the life of the financing. The Authority is also saving \$500,000 in principal forgiveness funding.

## Project Data Summary

<b>Responsible Authority</b>	Greater Texoma UA
<b>Program</b>	CWSRF
<b>Commitment Number</b>	L1001603, L1001604, LF1001605
<b>Project Number</b>	73916
<b>List Year</b>	2021
<b>Type of Pledge</b>	Contract Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$3,055,000 Greater Texoma Utility Authority Contract Revenue Bonds Series 2023A(City of Whitewright Project), \$3,590,000 Greater Texoma Utility Authority Contract Revenue Bonds Series 2023B(City of Whitewright Project), \$500,000 Principal Forgiveness Agreement
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	Yes
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	N/A
<b>Water Conservation Plan</b>	Adopted
<b>Overall Risk Score</b>	2B

### PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Thomas Quick	Jason Asbury	Kylie Beard	Breann Hunter





**Project Budget Summary**  
 Greater Texoma UA  
 73916 - City of Whitewright Wastewater Treatment  
 Plant Improvements

Budget Items	This Commitment	Total
<b>Construction</b>		
Construction	\$5,025,000.00	\$5,025,000.00
<b>Subtotal for Construction</b>	<b>\$5,025,000.00</b>	<b>\$5,025,000.00</b>
<b>Basic Engineering Services</b>		
Construction Engineering	\$200,000.00	\$200,000.00
Design	\$715,000.00	\$715,000.00
Planning	\$75,000.00	\$75,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$990,000.00</b>	<b>\$990,000.00</b>
<b>Special Services</b>		
Application	\$10,000.00	\$10,000.00
Environmental	\$4,000.00	\$4,000.00
Inspection	\$15,000.00	\$15,000.00
<b>Subtotal for Special Services</b>	<b>\$29,000.00</b>	<b>\$29,000.00</b>
<b>Fiscal Services</b>		
Bond Counsel	\$54,475.00	\$54,475.00
Bond Reserve Fund	\$85,800.00	\$85,800.00
Financial Advisor	\$36,258.00	\$36,258.00
Fiscal/Legal	\$7,145.00	\$7,145.00
Issuance Costs	\$2,000.00	\$2,000.00
Loan Origination Fee	\$114,287.00	\$114,287.00
<b>Subtotal for Fiscal Services</b>	<b>\$299,965.00</b>	<b>\$299,965.00</b>
<b>Other</b>		
Administration	\$10,000.00	\$10,000.00
Paying Agent	\$2,500.00	\$2,500.00
Project Legal Expenses	\$1,000.00	\$1,000.00
<b>Subtotal for Other</b>	<b>\$13,500.00</b>	<b>\$13,500.00</b>
<b>Contingency</b>		
Contingency	\$787,535.00	\$787,535.00
<b>Subtotal for Contingency</b>	<b>\$787,535.00</b>	<b>\$787,535.00</b>
<b>Total</b>	<b>\$7,145,000.00</b>	<b>\$7,145,000.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$7,145,000 TO THE GREATER TEXOMA UTILITY AUTHORITY  
FROM THE CLEAN WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$3,055,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,  
PROPOSED SERIES 2023A (CITY OF WHITEWRIGHT PROJECT)  
\$3,590,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,  
PROPOSED SERIES 2023B (CITY OF WHITEWRIGHT PROJECT)  
AND  
\$500,000 IN PRINCIPAL FORGIVENESS

(23 - )

WHEREAS, the Greater Texoma Utility Authority (Authority), located in Grayson County, has filed an application for financial assistance in the amount of \$7,145,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, acquisition, design, and construction of certain wastewater system improvements identified as Project No. 73916; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$3,055,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023A (City of Whitewright Project), \$3,590,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023B (City of Whitewright Project) (together with all authorizing documents, (Obligations)) and the execution of a Principal Forgiveness Agreement in an amount of \$500,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Authority has offered a pledge of contract revenue 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 § 375.14; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;



3. that the Authority has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the Authority has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007; and
5. that the City of Whitewright (City) meets the definition of a "Disadvantaged Community" in 31 TAC § 375.1(23) and is therefore eligible for principal forgiveness in the amount of \$341,602; that the City qualifies as a "small" or "rural" system as determined by the applicable IUP, and the project is therefore eligible for principal forgiveness in the amount of \$158,398 and funding with a reduced interest rate. The City is therefore eligible for principal forgiveness through the CWSRF in a total amount not to exceed \$500,000. Additionally, the City is eligible for funding as a small or rural disadvantaged community with a reduced interest rate of 0% in an amount not to exceed \$3,055,000.

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

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$7,145,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$3,055,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023A (City of Whitewright Project), \$3,590,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023B (City of Whitewright Project), and execution of a Principal Forgiveness Agreement in the amount of \$500,000. This commitment will expire on September 30, 2023.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's compliance with all applicable requirements contained in 31 TAC Chapter 375;

4. the Obligations must provide that the Authority agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
5. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
6. 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;
7. the Obligations must contain a provision requiring the Authority to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds 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;
8. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or if no enhancements are authorized by the Executive Administrator, requiring the Authority to submit a final accounting and disposition of any unused funds;
9. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
10. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;

11. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
12. loan proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment 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. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. prior to closing, and if not previously provided with the application, the Authority shall submit executed contracts for engineering, and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
15. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
16. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
17. the Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
18. the Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;

19. the Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

Conditions Related to Tax-Exempt Status:

20. 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;
21. the Authority's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
22. the Obligations must include a provision prohibiting the Authority from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
23. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
  - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
  - b. amounts invested in a bona fide debt service fund, within the meaning of section 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;
24. 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 section 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 loan 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 loan, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;
  - c. as additional consideration for the making of the loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
  - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
25. 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;
  26. 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 section 149(b) of the Code;
  27. 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;

28. the Obligations must contain a provision that the Authority will refrain from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);
29. the transcript must include evidence that the information reporting requirements of section 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 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; and
30. 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.

State Revolving Fund Conditions:

31. the Authority shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
32. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Authority, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;
33. the Obligations must include a provision stating that the Authority shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The Authority shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;
34. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the Authority will adhere to the approved project schedule;

35. the Obligations and Principal Forgiveness Agreement must contain a covenant that the Authority will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines;
36. the Obligations must contain language detailing compliance with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets;
37. the Obligations must contain a covenant that the Authority shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216; and
38. the Authority shall submit, prior to the release of funds, a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average projected useful life of the project, as determined by the schedule.

Clean Water State Revolving Fund Conditions:

39. the Authority shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant 31 TAC Chapter 375;
40. at the TWDB's option, the TWDB may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution; and
41. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Authority must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program; and
42. prior to release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as

defined in 40 U.S.C. § 1102(2)(A)–(C), the Authority must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14).

Pledge Conditions for the Loan:

43. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
44. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that 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 and sewer system;
45. 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; and
46. 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:

47. prior to closing, the Authority shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator; and
48. the Principal Forgiveness Agreement must include a provision stating that the Authority shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator



APPROVED and ordered of record this 9th Day of March, 2023.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Brooke T. Paup, Chairwoman

DATE SIGNED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Jeff Walker, Executive Administrator

Review Date:

Project ID:

Water  
Wastewater  
Other

**WATER CONSERVATION REVIEW**

Entity:

Other entity:

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

	<b>Total GPCD</b>	<b>Residential GPCD</b>	<b>Water Loss GPCD</b>
<b>Baseline</b>			
<b>5-year Goal</b>			
<b>10-year Goal</b>			

**WATER LOSS AUDIT YEAR:**

Service connections:

Length of main lines (miles):

Water Loss

Retail population:

Connections per mile:

(gal/connection/day):

Water Loss GPCD:

ILI<sup>1</sup>:

1 – Infrastructure Leakage Index only applicable if > 16 connections per mile and > 3,000 service connections

**WATER LOSS THRESHOLDS**

Water Loss Project:

Wholesale Adjusted:

	<b>Apparent Loss</b> Gallons per connection per day	<b>Real Loss</b> Gallons per mile per day	<b>Real Loss</b> Gallons per connection per day	<b>Apparent Loss Threshold</b> Gallons per connection per day	<b>Real Loss Threshold</b> Gallons per mile per day	<b>Real Loss Threshold</b> Gallons per connection per day
<u>Threshold Type</u>						

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 losses** are paper losses that occur when the water reaches a customer, but the volume is not accurately measured and/or recorded due to unauthorized consumption, customer meter inaccuracy, or billing system and collection data errors.

**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 3,000 connections and a connection density of more than 16 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.

**Real losses** are the physical losses, largely leakage, from the infrastructure: mains, valves, and storage tank overflows. Real loss constitutes background leakage (unreported and difficult to detect), unreported leakage (leaks that do not surface but could be detected), and reported leakage (leaks that often surface and those that are detected by the utility through leak detection).

**Residential GPCD** is the amount of residential water use (single and multi-family customer use) divided by the residential population divided by 365.

**Total GPCD** is the amount of total system input volume divided by the retail population divided by 365.

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

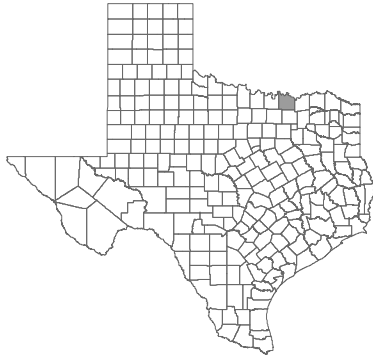
**Water loss** is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

**Water Loss GPCD** is the amount of water loss divided by the retail population divided by 365.

**Water Loss per Connection per Day** Calculated as the water loss volume divided by the number service connections divided by 365. This indicator allows for reliable performance tracking in the water utility's efforts to reduce water losses. It replaces water loss percentage.

**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.

**Wholesale Adjusted** represents that some utilities provide large volumes of wholesale water to other providers that travel through the general distribution system, so a calculation has been established to adjust for that volume of wholesale water. These adjustments are only applicable for use in determining whether a utility meets or exceeds water loss thresholds in review of their application for financial assistance. These adjustments should not be used for performance tracking or benchmarking.



# GTUA Whitewright Grayson County

