



PROJECT FUNDING REQUEST

BOARD DATE: December 17, 2024

Team Manager: David Firgens

ACTION REQUESTED

Consider approving by resolution a request from the City of Marble Falls (Burnet County) for \$25,606,200 in financial assistance consisting of \$14,340,000 in financing and \$11,266,200 in grant funds from the Flood Infrastructure Fund for construction of wastewater system improvements.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The City of Marble Falls (City) is in Burnet County approximately 45 miles northwest of Austin. The City provides water and wastewater services to approximately 7,037 residents with 2,745 connections.

PROJECT NEED AND DESCRIPTION

The City's current wastewater treatment plant is in the floodplain and has experienced severe flooding over the last 10 years during major flood events. In 2021, the City received funding from the Flood Infrastructure Fund (FIF) for a project to fully relocate the existing wastewater treatment plant out of the floodplain and decommission and restore the existing site.

The City requests additional funds for the initial phase of the project to relocate its current 1.5 million gallons per day (MGD) wastewater treatment plant out of the 100-year floodplain, construct new wastewater pipelines and lift stations to support the new location, and to decommission the existing plant. The request is consistent with the FIF internal policy approved in 2024. This request exceeds 25 percent of the original project cost and required executive management to allow the allocation of additional funds to the project. In a concurrent request the City is requesting a Clean Water State Revolving Fund commitment to expand the capacity of the initial phase to 3.0 MGD.

Task	Schedule Date
Closing	March 1, 2025
Engineering Feasibility Report Completion (End of Planning Phase)	May 31, 2024
Design Phase	June 6, 2024
Start of Construction	April 30, 2025
Construction Completion	December 31, 2027

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE JUNE 30, 2025

KEY ISSUES

The City is requesting a Clean Water State Revolving Fund commitment in a concurrent funding request.

LEGAL/SPECIAL CONDITIONS

- Executed grant agreement
- Return of surplus grant funds

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (24-)
4. Resolution 21-051
5. Water conservation review
6. Location Map

Financial Review

City of Marble Falls

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2023

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 1.48%	State: 1.49%
Top 10 Customers % of Total Revenue	2%	10-15%
Median Household Income as % of State	72%	100%
Days of Cash on Hand (3-year Average)	3,101	30-149 days
Net Fixed Assets/ Annual Depreciation	20 years	12-24 years
Debt Service Coverage Ratio	0.94x	1.1x
Debt-to-Operating Revenues	9.77x	4.00-5.99x
Unemployment Rate (September 2024)	County: 3.10%	State: 4.10%
Working Capital Ratio	1.91	>1.0
Total Assessed Valuation Per Capita	\$233,668	\$30,000 – \$64,999

Key Risk Score Strengths

- The average days of cash on hand is above the benchmark, indicating that the City has sufficient cash reserves to pay operating expenses or debt service.
- The top ten water customers account for only two percent of the revenue generated by the utility system, indicating the City does not rely on a limited customer base to generate most of its revenues.
- With a total assessed value per capita of \$233,668, the City has a strong tax base to generate property tax revenue to support the existing and proposed debt, if needed.
- As a proactive measure, the City utilized a rate study and capital improvement plan for implementing proposed projects, rate increases, and managing debt issuance.

Key Risk Score Concerns

- The City is pledging taxes and revenues as security on the proposed debt; however, the City intends to repay the proposed debt using system revenues. Using the system revenues from the 2023 audit, the City is below the 1.10x debt service coverage requirements for the existing and proposed debt. Assuming a no growth scenario, the City is projected to need a maximum rate increase of \$36.83 by the year 2027.
- The debt to operating revenue is above the benchmark, as the City is implementing several capital improvement projects simultaneously to maximize multiple funding sources. The City is currently on track with implementing the annual planned rate increases for water and sewer services, as recommended by the 2020 rate study.

PLEDGE

Legal Pledge Name	Ad Valorem Tax and Surplus Water and Sewer Revenues
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input type="checkbox"/> First <input type="checkbox"/> Second <input checked="" type="checkbox"/> Third <input type="checkbox"/> N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (2027)	Current Household Cost Factor	Projected Household Cost Factor
WATER	13,474	\$72.59	\$91.00	3.14	4.06
WASTEWATER	9,896	\$53.75	\$72.17		

TAXES

	2023 Tax Year Rate	Max Projected Tax Rate (Year 2023)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.2009	\$0.2009	\$2.50	99%	\$1,769,570,614
Interest & Sinking	\$0.3391	\$0.3391			
Total Tax Rate	\$0.5400	\$0.5400			

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$9,068,202 over the life of the financing.

Project Data Summary

Responsible Authority	City of Marble Falls
Program	FIF
Commitment Number	L1001854
Project Number	40131
List Year	2020
Type of Pledge	Combo Tax and Revenue
Pledge Level (if applicable)	Third Lien
Legal Description	\$14,340,000 City of Marble Falls, Texas Combination Tax & Surplus Revenue Certificates of Obligation, Proposed Taxable Series 2025D; \$11,266,200 Grant Agreement
Tax-exempt or Taxable	Taxable
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2B

PROJECT TEAM				
Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
David Figgins	Caaren Skrobarczyk	David Figgins	Stephannie Resendez	Alexis Lorick

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Marble Falls

\$14,340,000 Marble Falls, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Taxable Series 2025D					
Dated Date:	3/1/2025	Source:	FIF		
Delivery Date:	3/1/2025	Rate:	0.00%		
First Interest:	2/1/2026	IUP Year:	2020		
First Principal:	2/1/2026	Case:	Tax and Revenue		
Last Principal:	2/1/2025	Admin.Fee:	\$0		
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A		
Required Coverage:	1.1	Total Assessed Valuation:	\$1,769,570,614		

FISCAL YEAR	CURRENT TAX RATE	TAX REVENUES WITH COLL. @ 99%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$14,340,000 ISSUE			TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
						PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT			
2026	\$0.3391	\$5,940,608	\$6,016,438	\$11,957,046	\$10,390,042	\$480,000	0%	\$0	\$480,000	\$10,870,042	1.10
2027	0.3391	5,940,608	6,059,891	12,000,499	10,429,544	480,000	-	-	480,000	10,909,544	1.10
2028	0.3391	5,940,608	6,059,891	12,000,499	9,684,389	480,000	-	-	480,000	10,164,389	1.18
2029	0.3391	5,940,608	6,059,891	12,000,499	9,027,865	480,000	-	-	480,000	9,507,865	1.26
2030	0.3391	5,940,608	6,059,891	12,000,499	9,035,862	480,000	-	-	480,000	9,515,862	1.26
2031	0.3391	5,940,608	6,059,891	12,000,499	7,990,881	480,000	-	-	480,000	8,470,881	1.42
2032	0.3391	5,940,608	6,059,891	12,000,499	7,817,619	480,000	-	-	480,000	8,297,619	1.45
2033	0.3391	5,940,608	6,059,891	12,000,499	7,129,141	480,000	-	-	480,000	7,609,141	1.58
2034	0.3391	5,940,608	6,059,891	12,000,499	6,653,619	480,000	-	-	480,000	7,133,619	1.68
2035	0.3391	5,940,608	6,059,891	12,000,499	6,192,101	480,000	-	-	480,000	6,672,101	1.80
2036	0.3391	5,940,608	6,059,891	12,000,499	6,182,872	480,000	-	-	480,000	6,662,872	1.80
2037	0.3391	5,940,608	6,059,891	12,000,499	5,643,420	480,000	-	-	480,000	6,123,420	1.96
2038	0.3391	5,940,608	6,059,891	12,000,499	5,639,100	480,000	-	-	480,000	6,119,100	1.96
2039	0.3391	5,940,608	6,059,891	12,000,499	5,422,629	480,000	-	-	480,000	5,902,629	2.03
2040	0.3391	5,940,608	6,059,891	12,000,499	5,416,758	480,000	-	-	480,000	5,896,758	2.04
2041	0.3391	5,940,608	6,059,891	12,000,499	5,048,356	480,000	-	-	480,000	5,528,356	2.17
2042	0.3391	5,940,608	6,059,891	12,000,499	4,810,304	480,000	-	-	480,000	5,290,304	2.27
2043	0.3391	5,940,608	6,059,891	12,000,499	4,239,709	475,000	-	-	475,000	4,714,709	2.55
2044	0.3391	5,940,608	6,059,891	12,000,499	2,335,250	475,000	-	-	475,000	2,810,250	4.27
2045	0.3391	5,940,608	6,059,891	12,000,499	1,507,280	475,000	-	-	475,000	1,982,280	6.05
2046	0.3391	5,940,608	6,059,891	12,000,499	1,509,858	475,000	-	-	475,000	1,984,858	6.05
2047	0.3391	5,940,608	6,059,891	12,000,499	1,506,729	475,000	-	-	475,000	1,981,729	6.06
2048	0.3391	5,940,608	6,059,891	12,000,499	1,502,876	475,000	-	-	475,000	1,977,876	6.07
2049	0.3391	5,940,608	6,059,891	12,000,499	1,503,311	475,000	-	-	475,000	1,978,311	6.07
2050	0.3391	5,940,608	6,059,891	12,000,499	1,503,840	475,000	-	-	475,000	1,978,840	6.06
2051	0.3391	5,940,608	6,059,891	12,000,499	1,504,481	475,000	-	-	475,000	1,979,481	6.06
2052	0.3391	5,940,608	6,059,891	12,000,499	928,378	475,000	-	-	475,000	1,403,378	8.55
2053	0.3391	5,940,608	6,059,891	12,000,499	941,435	475,000	-	-	475,000	1,416,435	8.47
2054	0.3391	5,940,608	6,059,891	12,000,499	868,661	475,000	-	-	475,000	1,343,661	8.93
2055	0.3391	5,940,608	6,059,891	12,000,499	1,051,294	480,000	-	-	480,000	1,531,294	7.84
					\$143,417,605	\$14,340,000		\$0	\$14,340,000	\$157,757,605	

AVERAGE (MATURITY) LIFE	15.47 YEARS
NET INTEREST RATE	0.000%
COST SAVINGS	\$ 9,068,202
AVERAGE ANNUAL REQUIREMENT	\$478,000

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.



Project Budget Summary

City of Marble Falls

40131 - Wastewater Treatment Plant Relocation out of Floodplain

Budget Items	Previous Commitments	Concurrent Commitment CWSRF	This Commitment FIF	Local and Other Funds	Total
Construction					
Construction	\$24,931,132.00	\$15,519,500.00	\$17,984,000.00	\$5,625,000.00	\$64,059,632.00
Subtotal for Construction	\$24,931,132.00	\$15,519,500.00	\$17,984,000.00	\$5,625,000.00	\$64,059,632.00
Basic Engineering Services					
Construction Engineering	\$125,000.00	\$2,000,000.00	\$0.00	\$965,306.00	\$3,090,306.00
Design	\$0.00	\$0.00	\$0.00	\$4,492,990.00	\$4,492,990.00
Planning	\$407,000.00	\$0.00	\$0.00	\$300,000.00	\$707,000.00
Subtotal for Basic Engineering Services	\$532,000.00	\$2,000,000.00	\$0.00	\$5,758,296.00	\$8,290,296.00
Special Services					
Environmental	\$0.00	\$15,000.00	\$0.00	\$189,495.00	\$204,495.00
Geotechnical	\$0.00	\$0.00	\$0.00	\$25,680.00	\$25,680.00
Inspection	\$600,000.00	\$150,000.00	\$0.00	\$0.00	\$750,000.00
O&M Manual	\$0.00	\$40,000.00	\$0.00	\$0.00	\$40,000.00
Permits	\$0.00	\$0.00	\$0.00	\$298,861.00	\$298,861.00
Pilot Testing	\$400,000.00	\$0.00	\$0.00	\$0.00	\$400,000.00
Project Management (by engineer)	\$0.00	\$250,000.00	\$0.00	\$0.00	\$250,000.00
Surveying	\$0.00	\$0.00	\$0.00	\$40,406.00	\$40,406.00
Water Distribution Modeling	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal for Special Services	\$1,000,000.00	\$455,000.00	\$0.00	\$554,442.00	\$2,009,442.00
Fiscal Services					
Bond Counsel	\$36,238.00	\$65,000.00	\$32,000.00	\$0.00	\$133,238.00
Financial Advisor	\$98,112.00	\$140,000.00	\$70,000.00	\$0.00	\$308,112.00
Fiscal/Legal	\$8,871.00	\$20,000.00	\$6,000.00	\$0.00	\$34,871.00
Issuance Costs	\$11,556.93	\$0.00	\$13,000.00	\$0.00	\$24,556.93
Loan Origination Fee	\$0.00	\$169,841.00	\$0.00	\$0.00	\$169,841.00
Subtotal for Fiscal Services	\$154,777.93	\$394,841.00	\$121,000.00	\$0.00	\$670,618.93
Other					
Administration	\$593,896.00	\$540,000.00	\$0.00	\$105,000.00	\$1,238,896.00
Subtotal for Other	\$593,896.00	\$540,000.00	\$0.00	\$105,000.00	\$1,238,896.00
Contingency					
Contingency	\$2,482,994.07	\$835,159.00	\$7,501,200.00	\$632,000.00	\$11,451,353.07
Subtotal for Contingency	\$2,482,994.07	\$835,159.00	\$7,501,200.00	\$632,000.00	\$11,451,353.07
Total	\$29,694,800.00	\$19,744,500.00	\$25,606,200.00	\$12,674,738.00	\$87,720,238.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING TWDB RESOLUTION NO. 21-051
TO PROVIDE ADDITIONAL FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$25,606,200 TO THE CITY OF MARBLE FALLS
THROUGH THE PROPOSED PURCHASE OF
\$14,340,000 CITY OF MARBLE FALLS, TEXAS
COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION,
PROPOSED TAXABLE SERIES 2025D
AND
THE EXECUTION OF A GRANT AGREEMENT IN THE AMOUNT OF \$11,266,200

(24-)

Recitals:

At its April 22, 2021 meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 21-051, made a commitment to provide financial assistance in the amount of \$29,694,800 to the City of Marble Falls, Texas (City) from the Flood Infrastructure Fund, to finance improvements to its wastewater system, to be secured by the TWDB's purchase of \$16,629,000 City of Marble Falls, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2021 and a grant in the amount of \$13,065,800 for Project No. 40131, all as is more specifically set forth in the TWDB's Resolution and accompanying documentation, to which documents express reference is made.

The City has requested that the TWDB amend Resolution No. 21-051 to provide additional financial assistance to enable the improvements to its wastewater system.

In accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law.

Findings:

The TWDB finds that the amendment to the amount of financial assistance is reasonable and that the request is in the public interest and will serve a public purpose.

The term of the Obligations does not exceed the expected useful life of the project proposed by the City.

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

A commitment is made by the TWDB to the City of Marble Falls for financial assistance in the amount of \$25,606,200 from the Flood Infrastructure Fund through the TWDB's purchase of \$14,340,000 City of Marble Falls, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Taxable Series 2025D and the execution of a grant agreement in the amount of \$11,266,200. This commitment will expire on June 30, 2025.

All terms and conditions of TWDB Resolution No. 21-051 shall remain in full force and effect except as follows:

1. TWDB Resolution No. 21-051 Condition No. 5 is replaced with: The Obligations must provide that the City must comply with all applicable federal laws, state laws, and TWDB rules related to the use of the financial assistance.

The following conditions are added to TWDB Resolution No. 21-051:

2. The Obligations must provide that the City must submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

APPROVED and ordered of record this the 17th day of December 2024.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING RESOLUTION NO. 20-099 AND
APPROVING THE PROPOSED PURCHASE IN ONE OR MORE SERIES OF
CITY OF MARBLE FALLS, TEXAS COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION PROPOSED SERIES 2021
AND THE EXECUTION OF GRANT AGREEMENTS

(21-051)

WHEREAS, the City of Marble Falls (City), located in Burnet County, Texas, filed three applications for financial assistance from the Flood Infrastructure Fund (FIF) in accordance with Texas Water Code Chapter 15, Subchapter I; and

WHEREAS, on December 3, 2020, the Texas Water Development Board (TWDB) through Resolution No. 20-099 awarded a commitment to the City for federal matching funds in the amount of \$233,000 in financing and \$662,208 in grant funds for project no. 40109; and

WHEREAS, the City seeks financial assistance from the TWDB for project no. 40110 to finance the planning, acquisition, design, and construction of the Backbone Tributary Bypass Channel project in the amount of \$947,000 in financing and \$744,438 in grant funds; and

WHEREAS, the City seeks financial assistance from the TWDB for project no. 40131 to finance the planning, design, and construction of relocating the City's wastewater treatment plant in the amount of \$16,629,000 in financing and \$13,065,800 in grant funds; and

WHEREAS, the aggregate principal amount of financing the City seeks for project nos. 40109, 40110, and 40131 is \$17,809,000; and

WHEREAS, the amount of grant funds the City is eligible to receive from the FIF for project nos. 40109, 40110, and 40131 is \$14,472,446; and

WHEREAS, project nos. 40109, 40110, and 40131 are collectively referred to herein as the "Project"; and

WHEREAS, the TWDB proposes to purchase in one or more series City of Marble Falls, Texas Combination Tax and Surplus Revenue Certificates of Obligation (Obligations) and to distribute grant funds apportioned to the aforementioned projects through the execution of separate grant agreements, all as is more specifically set forth in the applications for each project, TWDB Resolution No. 20-099, and in the recommendations of the Executive Administrator's staff; and

WHEREAS, the City has offered a pledge of ad valorem taxes and surplus net revenues of the City's utility system as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB has determined that the purchase of the Obligations, in one or more series, is in the best interest of the TWDB in the administration of the FIF and in making public funds available to the City in a cost-effective and efficient manner; and

WHEREAS, the TWDB hereby finds:

1. that the application and financial assistance requested for project nos. 40110 and 40131 meet the requirements of Texas Water Code, Chapter 15, Subchapter I; 31 TAC Chapter 363, Subchapters A and D; and the State Fiscal Year 2020 Flood Intended Use Plan (FIUP);
2. the City has demonstrated a sufficient level of cooperation among eligible political subdivisions and has included all of the eligible political subdivisions substantially affected by the flood project in accordance with Texas Water Code § 15.536(2);
3. that the City has submitted a written memorandum of understanding relating to the management of the project watershed executed by all governing bodies of eligible political subdivisions located in the project watershed, if applicable to the project; and
4. that in its opinion the taxes or revenues pledged by the City will be sufficient to meet all Obligations assumed by the City in accordance with Texas Water Code § 15.536(3); and
5. that the City is eligible to receive grant funding in accordance with Texas Water Code § 15.534 and the FIUP for the projects; and
6. that the City has demonstrated that the benefit-cost ratio of project nos. 40110 and 40131 meets the requirements of the FIUP; and
7. that the request for financial assistance does not include redundant funding for activities already performed and/or funded through another source, in accordance with the FIUP; and
8. that the City has demonstrated that the applications for project nos. 40110 and 40131 meet the requirements of the FIUP related to the National Flood Insurance Program in the area to be served by the projects; and
9. that the projects were developed using the best and most recent available data, in accordance with the FIUP; and

10. that the City has documented that it has planned for operations and maintenance costs associated with project nos. 40110 and 40131, in accordance with the FIUP; and
11. that the City has considered possible floodwater capture techniques that could be associated with water supply purposes for project nos. 40110 and 40131, in accordance with the FIUP; and
12. that the current water audit has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.0121.

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

1. The findings and special conditions made by the TWDB in Resolution No. 20-099 for project no. 40109 are affirmed by this Resolution.
2. The commitment made in Resolution No. 20-099 is amended to provide for the City to sell, and the TWDB to purchase, one or more series of bonds from the City for project no. 40109.
3. A commitment is approved to the City of Marble Falls for financing by this Resolution for project number 40110 in the amount of \$947,000 from the Flood Infrastructure Fund and the execution of a Grant Agreement in the amount of \$744,438.
4. A commitment is approved to the City of Marble Falls for financing by this Resolution for project number 40131 in the amount of \$16,629,000 from the Flood Infrastructure Fund and the execution of a Grant Agreement in the amount of \$13,065,800.
5. The aggregate principal amount of funds committed from the FIF to the City of Marble Falls for project nos. 40109, 40110, and 40131 to be purchased in one or more series of bonds is \$17,809,000. The aggregate principal amount of grants committed from the FIF to the City of Marble Falls to be evidenced through the execution of separate Grant Agreements is \$14,472,446.
6. The commitment period in Resolution No. 20-099 is amended to expire concurrently with the commitments approved in this Resolution. The commitments of financial assistance made to the City of Marble Falls for project nos. 40109, 40110, and 40131 will expire on October 31, 2021; however, the Executive Administrator may, at his discretion, grant up to one extension for a maximum of three months.

The commitments for Project nos. 40109, 40110, and 40131 are conditioned as follows:

Standard Conditions for the Obligations:

1. this commitment is contingent on availability of TWDB 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 City 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 City;
3. this commitment is contingent upon the City's continued compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;
4. the City shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2);

The Following Conditions Must Be Included in the Obligations:

5. the Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
6. the Obligations must provide that the Obligations may be called for redemption on any date at a redemption price of par;
7. the Obligations must provide that the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued for project nos. 40110 and 40131, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;
8. the Obligations must provide that the City will not begin construction for a portion of the projects until the environmental finding has been issued for the applicable portions of project nos. 40110 and 40131;
9. the Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the Project;
10. the Obligations must include a provision wherein the City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of

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

11. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges to produce revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
12. the Obligations must include a provision requiring a final accounting to be made of the total sources and authorized use of funds for both project nos. 40110 and 40131 within 60 days of the completion of the respective project;
13. the Obligations must include a provision requiring the City to deposit any bond proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting, including any interest earned on the bond proceeds, into the Interest and Sinking Fund;
14. the Grant Agreements must include provisions stating that the City shall either return or deposit into the Interest and Sinking Fund any grant funds that are determined to be surplus funds remaining after completion of the respective projects and completion of a final accounting, including any interest earned on the grant funds;
15. 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;
16. 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;
17. financial assistance proceeds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the Project sites. The Obligations shall include an environmental indemnification provision wherein the City agrees to indemnify, hold harmless and protect the TWDB from any and

all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law;

18. the Obligations must contain a provision stating that the City shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G;
19. the Obligations must provide that the City will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of § 149(b) of the Code;
20. the Obligations must contain a covenant that the City 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 contain a provision requiring the City to submit quarterly status reports on the progress of the Project that details information requested by the Executive Administrator. The Executive Administrator may withhold authorization to release funds from escrow or adjust the amount of funds to be released from escrow based on the receipt of the quarterly status reports and the projected quarterly needs for the Project.

Pledge Conditions for the Loan

22. the Obligations must contain a provision that provides as follows:
 - a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
 - b. if surplus revenues are based upon budgeted amounts:
 - i. the Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the

Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;

- ii. the Obligations must include a requirement that for each year the Obligations are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Obligations; and
- iii. the Obligations must include a requirement that the City shall at all times maintain and collect sufficient rates and charges so that after payment of the costs of operating and maintaining the Project, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City that are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of such Obligations, or the City shall provide documentation that evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements;

Conditions to Close or for Release of Funds for the Projects:

- 23. prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient water and sewer system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all water and sewer system debt service requirements;
- 24. prior to release of funds for the relevant services, and if required under the TWDB's financial assistance program and not previously provided with the application, the City 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;

25. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the City shall execute an escrow agreement or trust agreement segregating the funds provided for each project with escrow subaccounts (approved as to form and substance by the Executive Administrator), and shall submit that executed agreement to the TWDB; and
26. prior to closing, the City's bond counsel must prepare a written, unqualified approving opinion acceptable to the executive administrator. Bond counsel may rely on covenants and representations of the City when rendering this opinion.


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

Special Condition:

27. prior to closing, the City shall execute separate Grant Agreements in form and substance acceptable to the Executive Administrator for each of the projects.

APPROVED and ordered of record this, the 22nd day of April, 2021.

TEXAS WATER DEVELOPMENT BOARD


Brooke T. Paup
Brooke T. Paup, Chairwoman

DATE SIGNED: 4/22/21

ATTEST:


Jeff Walker, Executive Administrator

Review Date:

Project ID:

Water

Wastewater

Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

WATER CONSERVATION PLAN DATE:

Approvable

Adopted

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

WATER LOSS AUDIT YEAR:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI:

Real Loss GMD:

WATER LOSS THRESHOLDS

Water Loss Project:

Waiver Requested:

Wholesale Adjusted:

Threshold Type:

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold

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.

GCD means gallons per connection per day.

GMD means gallons per mile 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 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.



City of Marble Falls Burnet County

