

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: January 29, 2015

TEAM MANAGER: Luis Farias

APPLICANT	Greater Texoma Utility Authority on behalf of the City of Van Alstyne
TYPE OF ASSISTANCE	\$2,875,000 loan
LEGAL PLEDGE	Contract Revenues

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve, by resolution, a request from the **Greater Texoma Utility Authority on behalf of the City of Van Alstyne (Grayson and Collin Counties)** for a) a \$2,875,000 loan from the Drinking Water State Revolving Fund to finance the construction of a connection to the Collin-Grayson Municipal Alliance pipeline to provide additional water supply to the City of Van Alstyne; and b) waiver of the requirement for consistency with the Regional and State Water Plan.

PROJECT

Van Alstyne CGMA Connection
Project Number 62638

FINANCIAL SUMMARY

Risk Score:	2C
Pledge for Repayment:	Contract Revenues
Proposed Repayment Method:	System Revenue
Assessed Value Trend:	Positive
Operating Trends:	Positive
Rate Increase Needed:	Yes
Average Monthly Water and Sewer Bill:	\$115.40
Revenue Coverage Range (First 5 Years):	1.01x-1.48x

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE ON JANUARY 31, 2016
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FINANCIAL

Key Issues

On September 23, 2014, the Greater Texoma Utility Authority (Authority) on behalf of the City of Van Alstyne (City) closed on a \$485,000 Drinking Water State Revolving Fund (DWSRF) loan commitment for the planning, design and acquisition phases of the proposed DWSRF construction project. In November 2014, the Authority on behalf of the City closed on a loan in the amount of \$1,730,000 from the Clean Water State Revolving Fund (CWSRF) for wastewater treatment plant and collection system improvements.

Pledge and Repayment

The Authority is pledging contract revenues from the City, who is pledging the gross revenues of the water and wastewater system in its contract with the Authority for the proposed debt. In October 2014, the City implemented an increase to its wastewater rates that resulted in an average monthly increase of \$7.52 per customer. The attached debt service schedule reflects the inclusion of the rate increase in the projected net revenues. Utilizing a no-growth scenario, the City will need to increase water rates by \$2.50 and wastewater rates by \$1.00 in 2019 for the repayment of the current and proposed debt service.

Cost Savings

Based on a 19-year maturity schedule and current interest rates, the City could save approximately \$342,334 over the life of the loan by utilizing TWDB funding.

Internal Risk Score

The City is assigned a risk score of 2C. A risk score of 2C means that the applicant's repayment capacity is sufficient to cover the existing and proposed debt. The applicant's earnings trends and coverage ratios are marginal and are more susceptible to slight deviations in economic conditions. Changes in economic, financial or business conditions or any other adverse circumstances may weaken the entity's capacity to meet its financial obligations.

The City's population increased an average of 1.4% per year since 2004, compared to the state average of 2% over the same period. However, the City is located amongst one of the fastest growing areas in the State, and population is expected to double over the next decade. The median household income of \$51,450 is closely in line with the state's median of \$51,900. The Grayson County's unemployment rate of 4.6% mirrors the state's rate of 4.6% for the month of November. After remaining steady for the last five years, the assessed valuation increased substantially (53%) over the last year due to the recent establishment of a new business in the City. The City's total debt per capita level, which includes the debt of the City and the contract debt with the Authority, is \$3,196, and would increase to \$4,125 with the proposed loan. This is a high level of overall debt.

The City's unrestricted net assets currently represent less than 1 month of operating expenses. Net revenues of the water and wastewater system have increased an average of 11.32% per year since 2009, and are expected to increase with the recent rate changes. Water connections grew at an average annual rate of 1.6% since 2010, and wastewater connections grew at an average annual rate of 2.5% over the same period. Residents currently pay 2.69% of their annual income for water and wastewater service. This is above the TWDB's benchmark of 2% for two services.

The City's socioeconomic indicators are positive, with an increasing population, sales tax collection and assessed valuation. However, the debt per capita and household cost factor is relatively high and the City will need to increase rates to meet the proposed debt service. The assigned risk score is based on the underlying entity's financial position and administration of the project, as well as the City's high debt level and system rates.

LEGAL

Key Issues

Region C does not have an approved Regional Water Plan. The project is one that is consistent with the unapproved Region C Regional Water Plan. Therefore, the Executive Administrator has determined that the requirement that the Regional Water Plan be approved should be waived at this time.

CONDITIONS

Standard Drinking Water State Revolving Fund, tax-exempt, contract revenue conditions and further conditioned as follows:

- Notification prior to actions altering the legal status of the Authority; and
- TWDB approval of any conveyance and assumption of the Obligations

- Attachments:
1. Project Data Summary
 2. Debt Service Schedule
 3. Engineering/Environmental Review
 4. Project Budget
 5. Resolution (15-)
 6. Water Conservation Review
 7. Location Map

Project Data Summary

Authority	Greater Texoma Utility Authority on behalf of the City of Van Alstyne
Program	Drinking Water State Revolving Fund
Commitment Code	L1000395
Project Number	62638
Intended Use Plan Year	2015
Fund Number	951
Type of Pledge	4- Contract Revenue
Revenue Pledge Level	First
Legal Description	\$2,875,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2015 (City of Van Alstyne Projects)
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow
Population	3,046
Rural	No
Water Connections	1,391
Wastewater Connections	1,282
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	N/A
Financial Managerial & Technical Complete	Yes
Funding Phase Code	Construction
Pre-Design	No
Project Consistent with Water Plan	Yes – Waiver Required
Water Conservation Plan	Adopted
Water Rights Certification Required	No
Internal Risk Score	2C
External Ratings (for SRF rates)	
Standard and Poor's	Non-Rated
Moody's	Non-Rated
Fitch	Non-Rated
Special Issues	None

Project Team

Team Manager	Luis Farias
Financial Analyst	Ben Munguia
Engineering Reviewer	Joel Smith
Environmental Reviewer	Kathy Calnan
Attorney	Annette Mass

**Greater Texoma Utility Authority
Engineering and Environmental Review**

Engineering:Key Issues

None.

Project Need / Description

Need: The City of Van Alstyne (City) is in one of the fastest growing areas in the State of Texas, with a projected doubling of population between the years 2010 and 2020. Due to this projected rapid growth, the City is in need of an additional water source. The City is currently a member of the Collin-Grayson Municipal Alliance (CGMA) and this project will allow them to begin utilizing surface water they have been paying for from CGMA.

Project: The Greater Texoma Utility Authority, acting in the City's behalf, is requesting construction funds for a project that will connect to the CGMA transmission main and optimize the blending of existing groundwater with the new surface water source. The project also provides pumping facilities and a water transmission main to supply the high growth areas in the southwest quadrant of the City.

Project Schedule

Project Task	Schedule Date
Planning Complete	2/28/2015
Closing	3/15/2015
Design Phase Complete	5/31/2015
Start of Construction	6/30/2015
Construction Complete	10/31/2015

Environmental:Key Issues

None known at this time.

Environmental Summary

As set forth in the preliminary environmental information submitted by the applicant, there are no known environmental, social, or permitting issues that would preclude construction of the project. Based on this initial environmental review, it is not anticipated that the proposed project's primary environmental impacts should be significant or adverse, nor should they affect project implementation.

Pursuant to the requirements of 31 Texas Administrative Code (TAC) §371, Subchapter E, all financial assistance shall be conditioned to read that funding for construction costs for specific project elements will not be released until the environmental review has been completed and a favorable environmental determination has been issued by the Executive Administrator. A subsequent Affirmation of Commitment will be necessary for this loan in order to comply with the National Environmental Policy Act.

**Greater Texoma Utility Authority
62638 - Van Alstyne CGMA Connection**

Budget Items	Previous Commitments	This Commitment	TWDB Funds	Local & Other Funds	Total Cost
Construction					
Construction	\$0	\$2,400,000	\$2,400,000	\$0	\$2,400,000
Construction Total	\$0	\$2,400,000	\$2,400,000	\$0	\$2,400,000
Basic Engineering Services					
Construction Engineering	\$0	\$5,400	\$5,400	\$0	\$5,400
Design	\$197,100	\$0	\$197,100	\$0	\$197,100
Planning	\$67,500	\$0	\$67,500	\$0	\$67,500
Basic Engineering Services Total	\$264,600	\$5,400	\$270,000	\$0	\$270,000
Special Services					
Environmental	\$22,000	\$0	\$22,000	\$0	\$22,000
Inspection	\$0	\$15,000	\$15,000	\$0	\$15,000
Surveying	\$50,000	\$0	\$50,000	\$0	\$50,000
Special Services Total	\$72,000	\$15,000	\$87,000	\$0	\$87,000
Contingency					
Contingency	\$47,450	\$342,348	\$389,798	\$0	\$389,798
Contingency Total	\$47,450	\$342,348	\$389,798	\$0	\$389,798
Other					
Administration	\$2,628	\$1,200	\$3,828	\$0	\$3,828
Land/Easements Acquisition	\$72,500	\$0	\$72,500	\$0	\$72,500
Other (Describe) - Paying Agent Fees	\$2,000	\$1,000	\$3,000	\$0	\$3,000
Project Legal Expenses	\$0	\$1,000	\$1,000	\$0	\$1,000
Other Total	\$77,128	\$3,200	\$80,328	\$0	\$80,328
Fiscal Services					
Bond Counsel	\$5,400	\$22,813	\$28,213	\$0	\$28,213
Financial Advisor	\$5,000	\$18,100	\$23,100	\$0	\$23,100
Fiscal/Legal	\$750	\$2,875	\$3,625	\$0	\$3,625
Issuance Costs	\$2,000	\$2,000	\$4,000	\$0	\$4,000
Loan Origination Fee	\$10,672	\$63,264	\$73,936	\$0	\$73,936
Fiscal Services Total	\$23,822	\$109,052	\$132,874	\$0	\$132,874
Grand Total	\$485,000	\$2,875,000	\$3,360,000	\$0	\$3,360,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,875,000 TO GREATER TEXOMA UTILITY AUTHORITY
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$2,875,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2015 (CITY OF VAN ALSTYNE PROJECTS)

(15-)

WHEREAS, the Greater Texoma Utility Authority on behalf of the City of Van Alstyne, located in Grayson County, Texas (Authority) has filed an application for financial assistance in the amount of \$2,875,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the construction of certain water system improvements identified as Project No. 62638; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$2,875,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2015 (together with all authorizing documents, "Obligations" 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 revenues from the City of Van Alstyne as sufficient security for the repayment of the Obligations; and

WHEREAS, the project is a recommended strategy in a regional water plan that would be approved but for the interregional conflict between the Regional Water Planning Regions C and D;

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 Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;
3. that conditions, as described above, warrant a waiver of the requirements that the TWDB determine that the needs to be addressed by the project will be addressed in a manner that is consistent with the State Water Plan, and with the approved Regional Water Plan that includes the area that will benefit from the proposed project; and
4. 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.

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

1. for the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.053(j), pursuant to Texas Water Code § 16.053(k); and
2. a commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$2,875,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$2,875,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2015 (City of Van Alstyne Projects). This commitment will expire on January 31, 2016.

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 371;
4. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
5. 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;
6. the Obligations must contain a provision requiring the Authority to levy a tax and/or maintain and collect sufficient rates and charges to produce system revenues in an

amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;

7. 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 for the following purposes as approved by the Executive Administrator: (1) to redeem, in inverse annual order, the Obligations owned by the TWDB; (2) 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 (3) eligible project costs as authorized by the Executive Administrator;
8. 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;
9. 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;
10. 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;
11. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
12. 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;
13. 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;

14. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
15. the TWDB retains the option to purchase the Obligations in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator;

Conditions Related To Tax-Exempt Status

16. 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;
17. 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;
18. 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 § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
19. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

20. 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 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 § 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 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;
21. 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;
22. 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;
23. 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;

24. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
25. 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

26. the Authority shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
27. 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;
28. 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;
29. 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;
30. The Obligations 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 the 2014 Federal Appropriations Act and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions

31. prior to or at closing, the Authority shall pay a 2.25% origination fee to the TWDB calculated pursuant to 31 TAC Chapter 371;
32. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the Authority has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;
33. 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;

Pledge Conditions for the Loan

34. if the Authority has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
35. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
36. the Obligations must contain a provision requiring the Authority to maintain rates and charges sufficient to meet the debt service requirements on the outstanding debt Obligations that are being supported by the pledged contract revenues and will further require its customers to maintain rates and charges sufficient to pay all of their revenue obligations arising from the operation of the water and sewer system;
37. 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;
38. 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;

39. the Authority shall not amend or revise the Water and Sewer Facilities contract with the City of Van Alstyne, which is the revenue source for the pledge, if the revision or amendment affects the financial condition of the Authority or its' ability to repay the loan described in this Commitment without receiving the written approval of the TWDB's Executive Administrator;

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

Special Conditions:

40. the Authority must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility; and
41. the Obligations must include a provision requiring that, prior to any action by the Authority to convey its Obligations held by the TWDB to another entity, the conveyance and the assumption of the Obligations must be approved by the TWDB.

APPROVED and ordered of record this 29th day of January, 2015.

TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator

WATER CONSERVATION REVIEWEntity: Greater Texoma Utility Authority - Van Alstyne Review date: December 2014**WATER CONSERVATION PLAN DATE:** April 2013 **Approvable** **Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD	Water Loss Percent
Baseline	65	NA	NA	NA
5-year Goal	60	NA	9	15
10-year Goal	55		8	

WATER LOSS AUDIT YEAR: 2013--City of Van Alstyne

Apparent loss (gallons):	<u>4,603,068</u>	Real loss (gallons):	<u>7,636,770</u>
Produced water (gallons):	<u>116,530,769</u>	Total water loss (percent):	<u>11.00</u>
Connections per mile:	<u>22.00</u>	Total water loss (GPCD):	<u>11</u>

If < 32 connections per mile, real loss (gallons) per mile per day: 349
(Average real loss for less than 32 connections is 1,154 gal/mile/day)

If > 32 connections per mile, real loss (gallons) per connection per day: NA
(Average real loss for greater than 32 connections is 47 gal/mile/day)

If > 16 connections per mile and > 3,000 connections
 Infrastructure Leakage Index (ILI): 0.70

ADDITIONAL INFORMATION:

The Authority works with its wholesale customers in the development of local water conservation programs and provides model plans for use by customers in developing their own plans. Van Alstyne does not have its own water conservation plan, therefore this review is based on the Authority's water conservation plan who has established goals for their municipal customers. A program of careful monitoring and record management is conducted to make assure that its customers are charged appropriately for their water use. Transmission pipelines have multiple layers giving them a long service life. The Authority has a program to ensure water loss is controlled by having accurate metering of deliveries, detection and repair of leaks in the raw water delivery and treated distribution systems and regular monitoring of water loss.. The gallons per capita per day goals stated above are based on the Authority's planning data and the water loss goals are for their direct distribution system.

STAFF NOTES AND RECOMMENDATIONS:

The Authority is a wholesale water provider; therefore, a water loss audit is not required. The water loss data shown is for the City of Van Alstyne. About half of the City's water loss is attributed to unreported loss. A review of the City's data processing and calibration of larger meters could help the City identify the source of that loss.

DEFINITIONS

Adopted refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formerly 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.

GPCD means gallons per capita per day.

Infrastructure Leakage Index (ILI) is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a benchmarking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

NA means not applicable.

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

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

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

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

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

GTUA-Van Alstyne, Grayson and Collin County

