

TO: Board Members

THROUGH: Kevin Patteson, Executive Administrator
Les Trobman, General Counsel
Jeff Walker, Deputy Executive Administrator, Water Supply Infrastructure

FROM: Jessica Zuba, Director, Regional Water Planning & Development
Lee Huntoon, Team Manager, Panhandle/West Region
Barbara Watson, Staff Attorney

DATE: March 26, 2015

SUBJECT: Request by the City of Brownwood for Extension of Time to Close Commitment No. L1000076 (Project No. 21720)

ACTION REQUESTED

Staff recommends approval by resolution, a request from the City of Brownwood (Brown County) for a six-month extension of the \$8,560,000 loan commitment in Resolution No. 12-86 from the Texas Water Development Fund, to finance wastewater improvements and a direct potable reuse project.

BACKGROUND

The City of Brownwood (City) received a commitment on September 20, 2012 in the amount of \$12,000,000 from the Texas Water Development Fund (WDF) to finance wastewater system improvements. In December 2012, the City closed on a portion of this commitment to complete the planning and design of the project. The remaining \$8,560,000 commitment for the City’s construction phase of the project was granted a six-month extension in September of 2014 and will expire on March 31, 2015. The City is requesting an additional six-month extension of time to close the loan.

KEY ISSUES

The proposed project is to make improvements to the City’s wastewater treatment plant to increase its operational efficiencies, useful life and develop a more reliable water source for its citizens. In developing a more reliable water source the City has proposed developing a supplemental water supply treatment facility for Direct Potable Reuse.

Planning - The Environmental Determination for the reuse project was issued in November 2013 and the Engineering Feasibility Report was approved in December 2013. The wastewater project components are under construction utilizing funds from the loan closed in 2012.

The Direct Reuse portion of the project has been delayed for two years. The City put the project on hold to review the possibility of drilling new water supply wells. A test well was completed and proved to be inadequate. The City was then presented with an alternative water proposal from the Brown County Water Improvement District (District) that may have a more favorable impact on all water users in Brown County. The District hired an engineering firm to study the possibility of an indirect reuse project that would include a wastewater line that runs directly from the City's wastewater treatment plant to Lake Brownwood. The study found the costs to be too high and the District has now engaged an engineering firm to search for groundwater in, or near, Brown County.

At this time, the City is requesting an additional six-month extension allowing for time to close the loan and continue exploring possible alternative water proposals with Brown County Water Improvement District.

RECOMMENDATION

The Executive Administrator recommends amending TWDB Resolution 12-86 as amended by 14-71 to extend the commitment to September 30, 2015.

This recommendation has been reviewed by legal counsel and is in compliance with applicable statutes and Board rules.

Attachment(s): 1. Resolution (15-)
2. Resolution (14-71)
3. Resolution (12-86)
4. Extension Letter

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING TWDB RESOLUTION NO. 12-86, AS AMENDED BY TWDB RESOLUTION
NO. 14-71, TO EXTEND THE LOAN COMMITMENT PERIOD CONTAINED THEREIN
FOR THE CITY OF BROWNWOOD

(15-)

WHEREAS, at its September 20, 2012 meeting, the Texas Water Development Board (TWDB) made a commitment in TWDB Resolution No. 12-86 to provide financial assistance in the amount of \$12,000,000 to the City of Brownwood (City) from the Financial Assistance Account of the Texas Water Development Fund II; and

WHEREAS, the commitment made by the TWDB is to be secured by the purchase of the City's Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2012, to finance water and wastewater system improvements, identified as Project No. 21720; and

WHEREAS, the City has closed on issuance of \$3,440,000 under the commitment in December, 2012, with the remaining \$8,560,000 outstanding; and

WHEREAS, pursuant to TWDB Resolution No. 12-86, the commitment period for TWDB Resolution No. 12-86 would have expired on September 30, 2014; and

WHEREAS, pursuant to TWDB Resolution No. 14-71, the TWDB granted an extension of six (6) months; and

WHEREAS, the City has requested in writing that the commitment for the outstanding \$8,560,000 be extended for six months, through September 30, 2015 to continue to explore alternative water supply alternatives.

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

1. the commitment in TWDB Resolution No. 12-86, as amended by TWDB Resolution No. 14-71, providing financial assistance to the City is amended to extend the commitment to September 30, 2015; and
2. all other terms and conditions of TWDB Resolution No. 12-86, as amended by TWDB Resolution No. 14-71, shall remain in full force and effect.

APPROVED and ordered of record this the 26th day of March, 2015.

TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING TWDB RESOLUTION NO. 12-86
TO EXTEND THE LOAN COMMITMENT PERIOD CONTAINED THEREIN
FOR THE CITY OF BROWNWOOD**

(14-71)

WHEREAS, at its September 20, 2012 meeting, the Texas Water Development Board (TWDB) made a commitment in TWDB Resolution No. 12-86 to provide financial assistance in the amount of \$12,000,000 to the City of Brownwood (City) from the Financial Assistance Account of the Texas Water Development Fund II; and

WHEREAS, the commitment made by the TWDB is to be secured by the purchase of the City's Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2012, to finance water and wastewater system improvements, identified as Project No. 21720; and

WHEREAS, the City has closed on issuance of \$3,440,000 under the commitment in December, 2012, with the remaining \$8,560,000 outstanding; and

WHEREAS, pursuant to TWDB Resolution No. 12-86, the commitment period for TWDB Resolution No. 12-86 expires on September 30, 2014; and

WHEREAS, the City has requested in writing that the commitment for the outstanding \$8,560,000 be extended for six months, through March 31, 2015 to explore an alternative water proposal making improvements to the City's wastewater treatment plant to increase operational efficiencies and its useful life to develop a more reliable water source; and

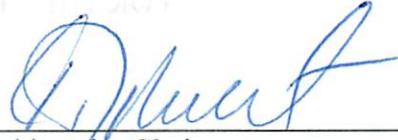
WHEREAS, the TWDB hereby finds that granting an extension of six (6) months allowing the City to explore alternative water proposals discussed previously continues to be in the public interest in accordance with Texas Water Code § 17.125(a)(1);

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

1. the commitment in TWDB Resolution No. 12-86 providing financial assistance to the City is amended to extend the commitment to March 31, 2015; and
2. all other terms and conditions of TWDB Resolution No. 12-86 shall remain in full force and effect.

APPROVED and ordered of record this the 4th day of September, 2014.

TEXAS WATER DEVELOPMENT BOARD



Carlos Rubinstein, Chairman

DATE SIGNED: _____

9-4-14

ATTEST:



Kevin Patteson
Executive Administrator

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
THE CITY OF BROWNWOOD
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PURCHASE OF
\$12,000,000 CITY OF BROWNWOOD, TEXAS,
COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION
PROPOSED SERIES 2012

(12-86)

WHEREAS, the City of Brownwood, located in Brown County, Texas, (the "City"), has filed an application seeking financial assistance in the amount of \$12,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code §17.959 to finance water and wastewater system improvements, identified as Project No. 21720; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (the "TWDB") in the amount of \$12,000,000 through the TWDB's purchase of \$12,000,000 City of Brownwood, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2012 (together with all authorizing documents, the "Obligations"), all as is more specifically set forth in the application and in recommendations of the TWDB's staff, to which documents express reference is made; and

WHEREAS, the City has offered a pledge of ad valorem tax and surplus revenue as sufficient security for the repayment of the Obligations; and

WHEREAS, in regards to the water system improvements, the TWDB hereby finds:

1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code §17.125(a)(1);
2. that in its opinion the tax and/or revenue pledged by the City will be sufficient to meet all the Obligations assumed by the City during the succeeding period of not more than 50 years, in accordance with Texas Water Code §17.125(a)(2);
3. that the City has adopted and is implementing a proposed 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 the TWDB's rules, in accordance with Texas Water Code §17.125(b);

4. that the application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 Tex. Admin. Code (“TAC”) Chapter 363, Subchapter A;
5. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code §16.053(j); and
6. that the current water audit required by Texas Water Code §16.0121 has been completed by the City and filed with the TWDB if the City is a retail public utility providing potable water, in accordance with Texas Water Code §16.053(j).

WHEREAS, in regards to the wastewater system improvements, the TWDB has considered all matters required by law and in particular the following:

1. the water quality needs of the waters into which effluent from the treatment works will be discharged, the benefit of the treatment works to such water quality needs, the relationship of the treatment works to the overall, statewide water quality needs, and the relationship of the treatment works to water quality planning for the state, in accordance with Texas Water Code §17.275(1);
2. the availability of revenue to the political subdivision, from all sources, for the ultimate repayment of the cost of the treatment works, including interest, in accordance with Texas Water Code §17.275(2); and
3. that the City has not been designated, pursuant to Texas Water Code §26.082, as a regional system to serve all or part of the waste disposal needs of a defined area, the development of such systems being the declared policy of the legislature, in accordance with Texas Water Code §17.275(3); and

WHEREAS, in regards to the wastewater system improvements, the TWDB hereby finds:

1. that the public interest will benefit from state assistance in the financing of this project, in accordance with Texas Water Code §17.277(a);
2. that the City has adopted and is implementing 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 rules of the Board, in accordance with Texas Water Code §17.277(b);
3. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 17, Subchapters E, F, and L, and the Board's rules set forth in 31 Tex. Admin. Code (“TAC”) Chapter 363, Subchapter A;

4. that any treatment works to be financed under the application will consider cost-effective innovative, nonconventional methods of treatment such as rock reed, root zone, ponding, irrigation, or other methods that may have been developed by the National Aeronautics and Space Administration or the Tennessee Valley Authority, in accordance with Texas Water Code §17.189;

NOW, THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the TWDB to the City of Brownwood, Texas, for financial assistance in the amount of \$12,000,000 from the Financial Assistance Account, to be evidenced by the TWDB's purchase of \$12,000,000 City of Brownwood, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2012. This commitment will expire on September 30, 2014.

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 City;
3. this commitment is contingent upon the City's compliance with all applicable requirements contained in the rules, regulations and policies of the TWDB;
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 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, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission ("SEC") 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;
6. the Obligations must contain a provision requiring the City 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 City to use any loan proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) 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, Chapter 2256, Government Code, (the "PFIA"), and the Public Funds Collateral Act, Chapter 2257, Government Code, (the "PFCA");
 10. loan proceeds shall not be used by the City 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 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 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;
 11. the Obligations must include a provision requiring that, prior to any action by the City 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. The City 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;
 12. prior to closing, the City 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;

13. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the City shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the TWDB's Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;
14. if a bond insurance policy or a surety policy in lieu of a cash reserve is utilized:
 - a. thirty (30) days before closing, the City shall submit a draft of the policy to the TWDB's Executive Administrator for a determination on whether the policy provides appropriate security in accordance with TWDB policies;
 - b. prior to closing, the City shall provide the executed underlying documents of the policy (e.g. commitment letter, specimen policy) in a form and substance that is satisfactory to the TWDB's Executive Administrator;
 - c. prior to closing, the Attorney General of the State of Texas must have considered the use of said policy as a part of its approval of the proposed bond issue; and
 - d. after loan closing, the City shall notify the Executive Administrator no less than 30 days prior to converting from a cash reserve fund to a surety policy. Such a conversion may only be made if the proposed insurer or surety meets the financial guarantees established in the TWDB's rules and has satisfied the above requirements;
15. prior to closing, when any portion of loan proceeds are to be held in escrow or in trust, the City shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
16. the Executive Administrator of the TWDB may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
17. should one or more of the provisions in this resolution be held to be null, void, voidable or, for any reason whatsoever, of no force and effect, such provision(s) shall be construed as severable from the remainder of this resolution and shall not affect the validity of all other provisions of this resolution which shall remain in full force and effect;

Conditions Related To Tax-Exempt Status

18. the City'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 City when rendering this opinion;
19. the City'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 City when rendering this opinion;
20. the Obligations must include a provision prohibiting the City from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds";
21. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments 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 (reduced by the period of investment by the TWDB) 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 IRS 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 Loan, 125% of average annual debt service on the Loan, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Loan;
22. the Obligations must include a provision requiring the City to restrict the use of the proceeds of the Loan (or amounts within the control of the City that are treated as funds from the Bonds) or to pay rebate to the United States in order to satisfy the requirements of §148 of the Internal Revenue Code of 1986 (relating to arbitrage). The Obligations must provide that the City shall:
 - a. account for all Gross Proceeds (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 City may, however, to the extent permitted by law, commingle Gross Proceeds of its Loan with other money of the City, provided that the City separately

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

- b. calculate the Rebate Amount 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 City 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;
23. the Obligations must include a provision prohibiting the City from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 24. 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 Internal Revenue Code;
 25. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
 26. the transcript must include evidence that the information reporting requirements of §149(e) of the Internal Revenue Code of 1986 will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, a 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;
 27. the Obligations must provide that the City will not acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from such City by the TWDB;

Pledge Conditions For The Loan

28. 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 in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City which 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 which 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;

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

29. the loan is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to all of the TWDB's rules relating to such funding option;

APPROVED and ordered of record this, the 20th day of September, 2012.

TEXAS WATER DEVELOPMENT BOARD


Joe M. Crutcher
Joe M. Crutcher, Vice-Chairman

ATTEST:

Melanie Callahan
Melanie Callahan
Executive Administrator



February 26, 2015

Jeff Walker
Deputy Executive Administrator
for Water Supply & Infrastructure
Texas Water Development Board
1700 N. Congress Ave
Austin, TX 78701

Caaren Skrobarczyk
Financial Analyst
Texas Water Development Board
1700 N. Congress Ave
Austin, TX 78701

Mr. Walker/Ms. Skrobarczyk,

On May 27, 2008 the City of Brownwood ("the City") received approval and commitment for \$12,000,000 of financial assistance through the Development Fund ("Dfund"). The overall commitment is scheduled to expire on March 31, 2015. The City previously closed on issuance of \$3,440,000 under the commitment in December 2012.

The City was granted an extension on the remaining \$8,560,000 in September of 2014. Since that extension request, the City has worked with the Brown County Water Improvement District ("BCWID") on alternative water proposals but has yet to find a solution. The BCWID, in its efforts to find an additional source of water, has (1) drilled a test well that resulted in high concentrations of salt and total dissolved solids and (2) hired engineers to develop cost estimates for piping the City's treated effluent to Lake Brownwood. They have abandoned both of these projects due to the high costs. As a result of a recent BCWID meeting, they are planning to engage an engineering firm to search for ground water in, or near, Brown County.

The City hereby formally requests that the Dfund commitment for closing on the remaining \$8,560,000 be extended for six months, through September 30, 2015 so the City of Brownwood and the Brown County Water Improvement District may continue to explore the possibilities of a more favorable solution for the water users in Brown County.

The City greatly appreciates the Board's willingness in providing financial assistance for its water and wastewater system and respectfully requests that the Board consider this request for extension at an upcoming Board meeting.

Respectfully,

Bobby Rountree, City Manager
City of Brownwood



POST OFFICE BOX 3891
BROWNWOOD, TEXAS 76804

PHONE 325-646-5775
FAX 325-646-0938