

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 2, 2015

TEAM MANAGER: Lee Huntoon

APPLICANT	City of Anton
TYPE OF ASSISTANCE	\$3,000,000 Loan
LEGAL PLEDGE	Combination Tax and Surplus Revenues of the Water and Wastewater System

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve by resolution a request from the **City of Anton (Hockley County)** for a \$3,000,000 loan from the Texas Water Development Fund to finance planning, acquisition, design, and construction of wastewater and water system improvements.

PROJECT

Wastewater and Water System Improvements
Project Number 21754

BACKGROUND

In June 2014, the City of Anton's (City) wastewater treatment plant was cited by the Texas Commission on Environmental Quality (TCEQ) with treatment deficiencies that can only be resolved by the rehabilitation or replacement of major treatment processes. The City plans to develop a new 0.125 million gallons per day facultative lagoon and holding pond system.

In addition, the City's water system is in need of minor rehabilitation. The City has had concerns regarding their ability to maintain and provide adequate pressure in the event of peak demands and power outages. Most of the primary equipment has been adequately sized, but innovations in water distribution technology have left the City's system operating inefficiently when compared to today's standards. The City intends to install a series of new equipment to address these concerns with the existing water system.

COMMITMENT PERIOD: ONE YEAR TO EXPIRE ON JULY 31, 2016

FINANCIAL

Key Issues

Utilizing the Texas Water Development Fund allows the City to do only one bond issue for water and wastewater projects thus saving costs associated with separate bond issues.

Pledge and Repayment

The City has offered a pledge of combination tax and surplus revenues of the water and wastewater system for repayment of the proposed debt. The City has no existing debt, and intends to repay the proposed debt with system net revenues. The City has recently implemented a \$44 per month rate increase which will be sufficient to fund the new debt service requirements as of April 2015.

Cost Savings

Based on a 30-year maturity schedule, current interest rates, and a loan amount of \$3,000,000 the City could save approximately \$136,013 over the life of the loan.

Internal Risk Score

Staff assigns a risk score of 2B. A risk score of 2B means that the applicant's repayment capacity is adequate. The applicant's earnings trends and coverage ratios, while stable, may be more susceptible to moderate changes in circumstances and economic conditions than the higher rated obligations. Certain risk elements may exist that suggest susceptibility to future impairment, if not managed.

The population has been stable and with a slight growth trend in recent years. The City's median household income (MHI) is \$38,125 which is 73.45% of the State's MHI. Their current unemployment rate is low at 3.8%. This is lower than the State of Texas's unemployment figure of 4.2%. The City has maintained water and wastewater rates of \$29.24 and \$12.21 respectively. A recent increase to water rates as of April 6, 2015 in the amount of \$44 raises the average monthly water bill to \$73.24. This increase is adequate to cover the debt service for the life of the loan but does cause the combined water and wastewater household cost factor to increase to 2.3% which is slightly high based on the board's 2% benchmark. The net taxable assessed valuation for 2015 is \$16,410,696 which is a slight decrease from the previous year. The City has maintained a 0.70 tax rate since 2013 with no associated interest and sinking fund and a tax levy of \$114,875.

The City has no long term debt and very low and manageable short term debt. Their debt per capita with the proposed loan will become \$2,611 which is reasonable but slightly high for a city of this size. The City's top ten water and wastewater customers account for only 10% and 6% of total revenues. Unrestricted net assets for the City as a whole represent 7 months of operating expenses. Based on their increased available net income, relatively low debt, and generally issue free audit, staff supports a risk rating of 2B.

LEGAL

Key Issues

None.

CONDITIONS

Standard Texas Water Development Fund, tax-exempt, and tax and surplus revenue conditions and further conditions as follows:

- U.S. Iron and Steel and Manufactured Goods.

- 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	City of Anton
Program	Texas Water Development Fund
Commitment Code	L1000448
Project Number	21754
Intended Use Plan Year	N/A
Fund Number	371
Type of Pledge	3
Revenue Pledge Level	Third
Legal Description	City of Anton, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	N/A
Population	1,126
Rural	Yes
Water Connections	452
Wastewater Connections	434
Qualifies as Disadvantaged	N/A
Disadvantaged Level	9
Clean Water State Revolving Fund Type	N/A
Financial, Managerial, and Technical Review Complete	N/A
Funding Phase Code	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with Water Plan	Yes
Water Conservation Plan	Adopted
Water Rights Certification Required	No
Internal Risk Score	2B
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	Lee Huntoon
Financial Analyst	James Horan
Engineering Reviewer	Juan Moran-Lopez
Environmental Reviewer	Chris Caran
Attorney	Alexis Lorick

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY

The City of Anton

\$3,000,000 City of Anton Texas Combination Tax and Surplus revenue Certificates of Obligation, Series 2015

Dated Date: 9/15/2015
Delivery Date: 9/15/2015
First Interest: 3/15/2016
First Principal: 9/15/2016
Last Principal: 9/15/2046
Fiscal Year End: 09/30
Required Coverage: 1.1

Source: WDF
Rate: 3.69%
Insurance: N/A
Case: 1.0
Admin. Fee Payment Date: N/A
Admin.Fee: N/A
Total Assessed Valuation: N/A

FISCAL YEAR	REQUIRED TAX RATE	TAX REVENUES WITH COLL. @	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	\$3,000,000 ISSUE		TOTAL DEBT SERVICE	COVERAGE
								INTEREST PAYMENT	TOTAL PAYMENT		
2016		-	242,290	242,290	-	55,000	3.69%	110,700	165,700	165,700	1.46
2017		-	242,290	242,290	-	55,000	3.69%	108,671	163,671	163,671	1.48
2018		-	242,290	242,290	-	55,000	3.69%	106,641	161,641	161,641	1.50
2019		-	242,290	242,290	-	60,000	3.69%	104,612	164,612	164,612	1.47
2020		-	242,290	242,290	-	60,000	3.69%	102,398	162,398	162,398	1.49
2021		-	242,290	242,290	-	65,000	3.69%	100,184	165,184	165,184	1.47
2022		-	242,290	242,290	-	65,000	3.69%	97,785	162,785	162,785	1.49
2023		-	242,290	242,290	-	70,000	3.69%	95,387	165,387	165,387	1.46
2024		-	242,290	242,290	-	70,000	3.69%	92,804	162,804	162,804	1.49
2025		-	242,290	242,290	-	75,000	3.69%	90,221	165,221	165,221	1.47
2026		-	242,290	242,290	-	75,000	3.69%	87,453	162,453	162,453	1.49
2027		-	242,290	242,290	-	80,000	3.69%	84,686	164,686	164,686	1.47
2028		-	242,290	242,290	-	80,000	3.69%	81,734	161,734	161,734	1.50
2029		-	242,290	242,290	-	85,000	3.69%	78,782	163,782	163,782	1.48
2030		-	242,290	242,290	-	90,000	3.69%	75,645	165,645	165,645	1.46
2031		-	242,290	242,290	-	90,000	3.69%	72,324	162,324	162,324	1.49
2032		-	242,290	242,290	-	95,000	3.69%	69,003	164,003	164,003	1.48
2033		-	242,290	242,290	-	100,000	3.69%	65,498	165,498	165,498	1.46
2034		-	242,290	242,290	-	100,000	3.69%	61,808	161,808	161,808	1.50
2035		-	242,290	242,290	-	105,000	3.69%	58,118	163,118	163,118	1.49
2036		-	242,290	242,290	-	110,000	3.69%	54,243	164,243	164,243	1.48
2037		-	242,290	242,290	-	115,000	3.69%	50,184	165,184	165,184	1.47
2038		-	242,290	242,290	-	120,000	3.69%	45,941	165,941	165,941	1.46
2039		-	242,290	242,290	-	125,000	3.69%	41,513	166,513	166,513	1.46
2040		-	242,290	242,290	-	125,000	3.69%	36,900	161,900	161,900	1.50
2041		-	242,290	242,290	-	130,000	3.69%	32,288	162,288	162,288	1.49
2042		-	242,290	242,290	-	135,000	3.69%	27,491	162,491	162,491	1.49
2043		-	242,290	242,290	-	140,000	3.69%	22,509	162,509	162,509	1.49
2044		-	242,290	242,290	-	145,000	3.69%	17,343	162,343	162,343	1.49
2045		-	242,290	242,290	-	155,000	3.69%	11,993	166,993	166,993	1.45
2046		-	242,290	242,290	-	170,000	3.69%	6,273	176,273	176,273	1.37
		-	-	-	-	-	-	-	-	-	-
				\$ 7,510,990	\$ -	\$ 3,000,000		\$ 2,091,123	\$ 5,091,123	\$ 5,091,123	

AVERAGE (MATURITY) LIFE	18.89 YEARS
NET INTEREST RATE	3.690%
COST SAVINGS	\$ 136,013
AVERAGE ANNUAL REQUIREMENT	\$164,230

**Anton
21754 Wastewater and Water System Improvements
Engineering and Environmental Review**

Engineering:

Key Issues:

In June 2014, the City of Anton's wastewater treatment plant (WWTP) was cited by TCEQ with treatment deficiencies that can only be resolved by the rehabilitation or replacement of major treatment processes. The City intends to use TWDB funds to acquire land that will contain the new WWTP and the land application site. The City has entered into a contract with the current landowner that is contingent on the closing of the TWDB loan.

Project Need/Description

Need: TCEQ has cited the City's wastewater treatment plant with treatment deficiencies that can only be resolved by the rehabilitation or replacement of major treatment processes.

In addition, the City has concerns with their water system's ability to maintain and provide adequate pressure in the event of peak demands and power outages. Most of the primary equipment has been adequately sized, but innovations in water distribution technology have left the system operating inefficiently when compared to today's standards.

Project Description: The City intends to plan, design, and construct a new 0.125 million gallon per day wastewater treatment plant including headworks structure, facultative lagoon, storage pond, and land application system.

The City also intends to install a series of new equipment in their existing water system that include flow meters, a chlorination system, booster pump station controls and Supervisory Control and Data Acquisition system, and a backup generator.

Project Schedule:

Project Task	Schedule Date
Closing	9/15/2015
Engineering Feasibility Report Completion (End of Planning Phase)	2/1/2016
Design Phase Complete	6/1/2016
Start of Construction	8/1/2016
Construction Completion	8/1/2017

Environmental Section:

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 proposed 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.

Anton
21754 - Wastewater and Water System Improvements

Budget Items	TWDB Funds	Total Cost
Construction		
Construction	\$1,816,110	\$1,816,110
Construction Total	\$1,816,110	\$1,816,110
Basic Engineering Services		
Construction Engineering	\$63,375	\$63,375
Design	\$144,750	\$144,750
Planning	\$63,375	\$63,375
Basic Engineering Services Total	\$271,500	\$271,500
Special Services		
Application	\$15,000	\$15,000
Environmental	\$28,500	\$28,500
Geotechnical	\$15,000	\$15,000
Inspection	\$95,000	\$95,000
Permits	\$30,000	\$30,000
Surveying	\$32,500	\$32,500
Testing	\$60,000	\$60,000
Water Conservation Plan	\$15,000	\$15,000
Special Services Total	\$291,000	\$291,000
Contingency		
Contingency	\$326,890	\$326,890
Contingency Total	\$326,890	\$326,890
Other		
Land/Easements Acquisition	\$231,000	\$231,000
Other Total	\$231,000	\$231,000
Fiscal Services		
Bond Counsel	\$20,000	\$20,000
Financial Advisor	\$25,000	\$25,000
Issuance Costs	\$18,500	\$18,500
Fiscal Services Total	\$63,500	\$63,500
Grand Total	\$3,000,000	\$3,000,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
CITY OF ANTON
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$3,000,000 CITY OF ANTON, TEXAS COMBINATION TAX AND SURPLUS
REVENUE CERTIFICATES OF OBLIGATIONS
PROPOSED SERIES 2015

(15-)

WHEREAS, the City of Anton, located in Hockley County, Texas, (City), has filed an application for financial assistance in the amount of \$3,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959 to finance wastewater system improvements, identified as Project No. 21754; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$3,000,000 through the TWDB's purchase of \$3,000,000 City of Anton, Texas Combination Tax and Surplus Revenue Certificates of Obligations, 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 City has offered a pledge of tax and surplus revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, 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, 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 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;
3. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 17, Subchapters E, F, and L, and 31 TAC Chapter 363, Subchapter A; and
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 TWDB resolves as follows:

A commitment is made by the TWDB to the City of Anton for financial assistance in the amount of \$3,000,000 from the Financial Assistance Account, to be evidenced by the TWDB's proposed purchase of \$3,000,000 City of Anton, Texas Combination Tax and Surplus Revenue Certificates of Obligations, Proposed Series 2015. This commitment will expire on July 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 City;
3. this commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 363;
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) 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;
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 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 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. 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;
12. 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 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;
13. 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;
14. the Executive Administrator may require that the City 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 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;
17. 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;
18. 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" 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 City 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 City 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 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, 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 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;
21. 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;
 22. 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;
 23. 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;
 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 City 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 City by the TWDB;

Pledge Conditions For The Loan

26. 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:

Special Conditions:

27. the Obligations must contain a covenant that the City will abide by all applicable construction contract requirements related to the use of iron and steel products and manufactured goods produced in the United States, as required by Texas Water Code § 17.183.

APPROVED and ordered of record this, the 2nd day of July, 2015.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator

WATER CONSERVATION REVIEW

Entity: _____

Review date: _____

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

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

WATER LOSS AUDIT YEAR:

Total water loss (GPCD): _____ Total water loss (percent): _____ Wholesale Water
 Total no. of connections: _____ Length of mains (miles): _____ Connections per mile: _____
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): _____

WATER LOSS THRESHOLDS:

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :						
If population ≤ 10K, connections/mile ≥ 32 :						
If population > 10K :						

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 loss refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

Approvable refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

Best Management Practices are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

GPCD means gallons per capita per day.

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

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

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

**City of Anton,
Hockley County**

