

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 23, 2015

TEAM MANAGER: Luis Farias

APPLICANT	Greater Texoma Utility Authority on behalf of the City of Whitewright
TYPE OF ASSISTANCE	\$640,000 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 Whitewright (Grayson and Fannin Counties)** for a \$640,000 loan from the Clean Water State Revolving Fund to finance the planning, acquisition, design, and construction of wastewater system improvements.

PROJECT

Whitewright Lift Station Project
Project Number 73715

BACKGROUND

The City of Whitewright's (City) existing lift station is undersized and has demonstrated past performance issues. The City is also experiencing issues with a failing electric generator located at the wastewater treatment plant. The City proposes to replace the existing lift station with a new lift station, and replace the electric generator at the Wastewater Treatment Plant. The new lift station will be located within an easement, and sized to handle current loading from the system. The new lift station will include new electrical improvements, fencing, supervisory control and data acquisition equipment, gravel paving, sanitary sewer pipeline, an emergency generator, and other appurtenances as necessary for the project.

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

FINANCIAL

Key Issues

None.

Pledge and Repayment

The Greater Texoma Utility Authority (Authority) on behalf of the City 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 repayment of the proposed loan. The City's current combined average monthly water and wastewater rate is \$67.60. The City is considering increasing wastewater system rates by \$1.00 per customer per month, if necessary to provide for the debt service. Based on staff's analysis of financial documentation received, current system revenues are sufficient for the repayment of the proposed debt.

Cost Savings

Based on a 20-year maturity schedule and current interest rates, the City could save approximately \$75,541 over the life of the loan by utilizing Texas Water Development Board (TWDB) funding.

Internal Risk Score

Staff assigns a risk score of 2B. A risk score 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 City's population has decreased at an average annual rate of 0.53% from 2004 to 2013, compared to the State's overall average annual population increase of 2.01% over the same period. The median household income for the City was \$40,042 in 2013, and is 77% of the median for the State overall of \$51,900. In March 2015, the unemployment rate in Grayson County was 3.9%, compared to 4.2% in the State overall. The City's current per capita debt level is \$148, and would increase to \$545 with the proposed loan of \$640,000. This is a very low level of overall debt.

The top ten customers of water and wastewater system generate 20.2% and 22.7% of the total annual revenue, respectively. While this is a moderately high percent of revenue from the total top ten, there is not over dependence on a single user. The average water and wastewater bill of \$67.60 represents 2.03% of the median household income for the City, which is right in line with the 2% benchmark for assessing affordability of rates for both services. The City has a good history of adjusting rates as necessary to meet financial obligations.

The City's socioeconomic indicators are mixed with little growth in population in recent years, an unemployment rate lower than the State rate, and a median household income below the median for the State overall. However, the financial condition of the water and wastewater system is strong, with a high level of unrestricted cash, strong annual debt service coverage, and a low level of debt. Based on these outcomes and the underlying entity's administration and assistance with the project, staff assigns a risk score of 2B at this time.

LEGAL

Key Issues

None.

CONDITIONS

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

- Notification prior to actions altering the legal status of the Authority;
- TWDB approval of any conveyance and assumption of the Obligations;
- Pre-design funding; and
- Water Conservation Plan.

- 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 Whitewright
Program	Clean Water State Revolving Fund
Commitment Code	L1000447
Project Number	73715
Intended Use Plan Year	2015
Fund Number	651
Type of Pledge	4- Contract Revenue
Revenue Pledge Level	First
Legal Description	\$640,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2015 (City of Whitewright Project)
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow
Population	1600
Rural	Yes
Water Connections	855
Wastewater Connections	845
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	Non-Equivalency
SWIFT Financing Type	N/A
SWIFT Project Type	N/A
Financial Managerial & Technical Complete	N/A
Funding Phase Code	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with Water Plan	Yes
Water Conservation Plan	Approvable
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	Luis Farias
Financial Analyst	Ben Munguia
Engineering Reviewer	Joe Koen
Environmental Reviewer	Kathy Calnan
Attorney	Annette Mass

**ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY**

Greater Texoma Utility Authority - City of Whitewright

\$640,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015 (City of Whitewright Projects)

Dated Date: 12/1/2015
Delivery Date: 12/1/2015
First Interest: 4/1/2016
First Principal: 4/1/2016
Last Principal: 4/1/2035
Fiscal Year End: 09/30
Required Coverage: 1.0

Source: CWSRF-NON-EQUIVALENCY
Rate: 2.71%
Insurance:
Case: Contract Revenues
Admin.Fee: \$11,625
Admin. Fee Payment Date: 12/1/2015

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	\$640,000 ISSUE		TOTAL DEBT SERVICE	COVERAGE
					INTEREST PAYMENT	TOTAL PAYMENT		
2016	229,160	51,497	25,000	2.71%	5,781	30,781	82,278	2.79
2017	229,160	51,252	25,000	2.71%	16,667	41,667	92,919	2.47
2018	229,160	51,003	25,000	2.71%	15,989	40,989	91,992	2.49
2019	229,160	50,748	25,000	2.71%	15,312	40,312	91,060	2.52
2020	229,160	50,491	25,000	2.71%	14,634	39,634	90,125	2.54
2021	229,160	50,229	30,000	2.71%	13,957	43,957	94,186	2.43
2022	229,160	6,662	30,000	2.71%	13,144	43,144	49,806	4.60
2023	229,160	6,393	30,000	2.71%	12,331	42,331	48,724	4.70
2024	229,160	11,118	30,000	2.71%	11,518	41,518	52,636	4.35
2025	229,160	10,564	30,000	2.71%	10,705	40,705	51,269	4.47
2026	229,160	-	30,000	2.71%	9,892	39,892	39,892	5.74
2027	229,160	-	35,000	2.71%	9,079	44,079	44,079	5.20
2028	229,160	-	35,000	2.71%	8,130	43,130	43,130	5.31
2029	229,160	-	35,000	2.71%	7,182	42,182	42,182	5.43
2030	229,160	-	35,000	2.71%	6,233	41,233	41,233	5.56
2031	229,160	-	35,000	2.71%	5,285	40,285	40,285	5.69
2032	229,160	-	40,000	2.71%	4,336	44,336	44,336	5.17
2033	229,160	-	40,000	2.71%	3,252	43,252	43,252	5.30
2034	229,160	-	40,000	2.71%	2,168	42,168	42,168	5.43
2035	229,160	-	40,000	2.71%	1,084	41,084	41,084	5.58
		\$ 339,957	\$ 640,000		\$ 186,674	\$ 826,674	\$ 1,166,631	

AVERAGE (MATURITY) LIFE	10.76 YEARS
NET INTEREST RATE	2.710%
COST SAVINGS	\$75,541
AVERAGE ANNUAL REQUIREMENT	\$58,332

Greater Texoma Utility Authority
Engineering and Environmental Review

Engineering:Key Issues

The existing lift station is located on private property. An easement will be required around the existing lift station prior to approval of the design.

Project Need / Description

Project Need: The City of Whitewright's (City) existing lift station, located at the intersection of Bond Street and Echols Street, is under sized and has experienced past performance issues. The lift station is also located on a private residence. The City has also experienced issues with a failing electric generator located at the City's Wastewater Treatment Plant.

Project Description: The City proposes to replace the existing lift station with at a new lift station, and replace the electric generator at the Wastewater Treatment Plant. The new lift station will be located within an easement, and sized to handle current loading from the system. The project includes purchase of easements, construction of the lift station, electrical improvements, fencing, supervisory control and data acquisition equipment, paving, force main, sanitary sewer pipeline, and replacement of the electrical generator.

Project Schedule

Project Task	Schedule Date
Design Phase Complete	2/1/2015
Closing	12/1/2015
Engineering Feasibility Report Completion (End of Planning Phase)	2/1/2016
Start of Construction	3/1/2016
Construction Completion	11/1/2016

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 §375.61 all financial assistance shall be conditioned to read that funding for design, acquisition, and 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.

Greater Texoma UA
73715 - Whitewright Lift Station Project

Budget Items	TWDB Funds	Local & Other Funds	Total Cost
Construction			
Construction	\$401,500	\$0	\$401,500
Construction Total	\$401,500	\$0	\$401,500
Basic Engineering Services			
Construction Engineering	\$9,000	\$0	\$9,000
Design	\$37,000	\$0	\$37,000
Planning	\$8,000	\$0	\$8,000
Basic Engineering Services Total	\$54,000	\$0	\$54,000
Special Services			
Application	\$7,000	\$0	\$7,000
Environmental	\$10,000	\$0	\$10,000
Geotechnical	\$7,500	\$0	\$7,500
Inspection	\$15,000	\$0	\$15,000
Project Management (by engineer)	\$10,000	\$0	\$10,000
Surveying	\$8,000	\$0	\$8,000
Water Conservation Plan	\$2,000	\$0	\$2,000
Special Services Total	\$59,500	\$0	\$59,500
Contingency			
Contingency	\$83,075	\$0	\$83,075
Contingency Total	\$83,075	\$0	\$83,075
Other			
Administration	\$4,275	\$0	\$4,275
Land/Easements Acquisition	\$7,500	\$0	\$7,500
Other (Describe) - Pay Agent Fee	\$2,000	\$0	\$2,000
Project Legal Expenses	\$1,675	\$0	\$1,675
Other Total	\$15,450	\$0	\$15,450
Fiscal Services			
Bond Counsel	\$6,050	\$0	\$6,050
Financial Advisor	\$6,050	\$0	\$6,050
Fiscal/Legal	\$750	\$0	\$750
Issuance Costs	\$2,000	\$0	\$2,000
Loan Origination Fee	\$11,625	\$0	\$11,625
Fiscal Services Total	\$26,475	\$0	\$26,475
Grand Total	\$640,000	\$0	\$640,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$640,000 TO GREATER TEXOMA UTILITY AUTHORITY-CITY OF WHITEWRIGHT
FROM THE CLEAN WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$640,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2015 (CITY OF WHITEWRIGHT PROJECTS)

(15-)

WHEREAS, the Greater Texoma Utility Authority (Authority) has filed an application for financial assistance in the amount of \$640,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, acquisition, design and construction of certain wastewater system improvements identified as Project No. 73715; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$640,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2015 (City of Whitewright Projects), (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 of the City of Whitewright's water and wastewater systems as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the Authority has submitted a proposed program of water conservation 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; and
4. that the Authority has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007.

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

A commitment is made by the TWDB to the Greater Texoma Utility Authority on behalf of the City of Whitewright for financial assistance in the amount of \$640,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$640,000

Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2015(City of Whitewright Projects). 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 Authority;
3. this commitment is contingent upon the Authority's compliance with all applicable requirements contained in 31 TAC Chapter 375;
4. the Obligations must provide that the 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;

Conditions Related To Tax-Exempt Status

15. 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;

16. 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;
17. 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);
18. 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;
19. 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;
- 20. 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;
 - 21. 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;
 - 22. 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;
 - 23. 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;
 - 24. 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

25. the Authority shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
26. 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;
27. 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;
28. 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;
29. 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;
30. the Obligations must contain language detailing compliance with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets;

Clean Water State Revolving Fund Conditions

31. prior to or at closing, the Authority shall pay a 1.85% origination fee to the TWDB calculated pursuant 31 TAC Chapter 375;
32. at the TWDB's option, the TWDB may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution;

Pledge Conditions For The Loan

33. the Authority shall not amend or revise the Contract for Water Supply and Sewer Service with the City of Whitewright, 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;
34. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
35. the Obligations must contain a provision requiring the Authority to 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;
36. 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;
37. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations;

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

Special Conditions:

38. the loan is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC Chapter 375;
39. 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;
40. 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; and
41. prior to closing, the Authority shall adopt and implement the water conservation program approved by the TWDB.

APPROVED and ordered of record this 23rd 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.

**GTUA-Whitewright,
Grayson & Fannin County**

