



## PROJECT FUNDING REQUEST

BOARD DATE: October 28, 2015

TEAM MANAGER: Nancy Richards

|                           |                              |
|---------------------------|------------------------------|
| <b>APPLICANT</b>          | Airline Improvement District |
| <b>TYPE OF ASSISTANCE</b> | \$475,000 Grant              |
| <b>LEGAL PLEDGE</b>       | EDAP Grant                   |

### STAFF RECOMMENDATION

Approve       No Action

Approve, by resolution, a request from the **Airline Improvement District (Harris County)** for a \$475,000 grant from the Economically Distressed Areas Program to finance construction costs to provide first time water and sewer services to approximately 109 water and 200 wastewater connections.

### PROJECT

Service Zone 1 Water and Wastewater  
Project Number 10440

### BACKGROUND

At its February 20, 2014 meeting, the Board approved a commitment for the construction of the Service Zone 1 Water and Wastewater project to provide first time water and sewer service to residents of the Airline Improvement District in Harris County. The design phase of this project was previously funded with an Economically Distressed Areas Program (EDAP) Grant commitment. During bid opening the District determined the cost had increased from the previous construction estimate for the water and sewer system improvements.

The additional funding request is for the increase cost of the new sanitary sewer collection system and water project. The project includes new water distribution lines, taps and metering facilities as well as decommissioning of private water wells. The project will connect to the City of Houston's existing water system.

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| <b>COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE ON OCTOBER 31, 2016</b> |
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## **FINANCIAL**

### Key Issues

In 2014, the District was awarded construction funding from the Economically Distressed Areas Program in the amounts of a \$5,084,916 grant and a \$277,000 loan. They also received \$986,000 in grant funding in 2010 for planning and design work.

### Pledge and Repayment

A debt service analysis is not required on an Economically Distressed Areas Program Grant at the time of consideration. The District will contribute \$25,000 in lieu of the EDAP loan as is permitted Board procedures for EDAP loans less than \$100,000.

### Nuisance Determination

In 2010, the Texas Department of State Health Services issued an opinion that a nuisance to public health and safety existed in the project area because of the conditions considered an imminent health hazard, particularly poor well construction and proximity of the failing septic system to the water wells. This qualifies the District for a grant greater than 50% of the project cost.

### Grant to Loan Calculation

Pursuant to Texas Water Development Board rules, the regional benchmark methodology is used to calculate the Economically Distressed Areas Program loan when the applicant does not have an existing system or debt. The District does not have a system or outstanding debt related to system operations. The regional benchmark methodology requires the evaluation of at least three comparable systems to develop an average capital component. Three comparable systems were identified based on similarly sized population, treatment capacity, and per capita income.

As required by §363.506(a)(3); staff applied the grant to loan for increases, this calculation requires that staff apply the original grant to loan ratio to the amount of the requested increase. In the original project, the grant to loan calculations resulted in the District receiving 95% grant funding for the water and wastewater projects.

### Cost Savings

Based on a 10-year maturity schedule, current interest rates, and grant funding, the District could save approximately \$491,148 over the life of the financing by utilizing the EDAP funding,

### Internal Risk Score

A risk score is not required on an Economically Distressed Areas Program Grant. But the District will provide \$25,000 in matching funds as required by the EDAP grant to loan guidelines.

**LEGAL**

Key Issues

None.

Model Subdivision Rules

Based on the information provided, the TWDB's legal staff has determined that Harris County has adopted and are adequately enforcing the provisions of 31 Texas Administrative Code Chapter 364, the Model Subdivision Rules.

**CONDITIONS**

Standard tax-exempt and Economically Distressed Areas Program conditions and additional conditions as follows:

- Notification of Conversion;
- Executed grant agreement;
- Standard emergency discovery conditions;
- Surplus funds, and
- US Iron and Steel Requirements.

- Attachments:
1. Project Data Summary
  2. Engineering/Environmental Review
  3. Project Budget
  4. Resolution (15- )
  5. Grant to Loan Calculation
  6. Location Map

**PROJECT DATA SUMMARY**

|  |   |
|--|---|
| <b>Responsible Authority</b>                                 | Airline Improvement District                          |
| <b>Program</b>   | Economically Distressed Areas Program                 |
| <b>Commitment Code</b>                                       | G1000464  |
| <b>Project Number</b>  | 10440   |
| <b>Intended Use Plan Year</b>                                | N/A   |
| <b>Fund Number</b>   | 375   |
| <b>Type of Pledge</b>  | N/A   |
| <b>Revenue Pledge Level</b>                                  | N/A   |
| <b>Legal Description</b>                                     | \$475,000 Economically Distressed Areas Program Grant |
| <b>Tax-exempt or Taxable</b>                                 | Tax-exempt  |
| <b>Refinance</b>   | No  |
| <b>Outlay Requirement</b>                                    | Yes   |
| <b>Disbursement Method</b>                                   | Escrow  |
| <b>Outlay Type</b>   | Outlay = Escrow Release                               |
| <b>Population</b>  | 689   |
| <b>Rural</b>   | No  |
| <b>Water Connections</b>                                     | 109   |
| <b>Wastewater Connections</b>                                | 200   |
| <b>Qualifies as Disadvantaged</b>                            | Yes   |
| <b>Disadvantaged Level</b>                                   | 9   |
| <b>Clean Water State Revolving Fund Type</b>                 | N/A   |
| <b>Financial, Managerial, and Technical Review Complete?</b> | Yes   |
| <b>Phase Committing</b>                                      | Construction  |
| <b>Pre-Design</b>  | No  |
| <b>Project Consistent with Water Plan</b>                    | Yes   |
| <b>Water Conservation Plan</b>                               | Adopted   |
| <b>Water Rights Certification Required</b>                   | No  |
| <b>Internal Risk Score</b>                                   | 2B  |
| <b>External Ratings (for SRF rates)</b>                      |   |
| <b>Standard and Poor's</b>                                   | Non-Rated   |
| <b>Moody's</b>   | Non-Rated   |
| <b>Fitch</b>   | Non-Rated   |
| <b>Special Issues</b>  | The District will contribute \$25,000                 |

**Project Team**

|                        |                    |
|------------------------|--------------------|
| Manager                | Nancy Richards     |
| Financial Analyst      | Charles R. Nichols |
| Engineering Reviewer   | James Bronikowski  |
| Environmental Reviewer | Jean Delvin        |
| Attorney               | Annette Mass       |



**Airline ID  
10440 Service Zone 1 Water & Wastewater  
Engineering and Environmental Review**

**Engineering:**

Key Issues:

None known at this time.

Project Need/Description

**Project Need:** Most residences in the Airline Improvement District are served by private on-site sewage facilities and private water wells. Periodically, wet weather events have caused the failure rates of the on-site facilities to reach 80% or higher. The failures have led to numerous sewer overflows which present serious health risks with regard to the nearby water wells and other potential public contact. Planning and design phase work to address these issues has been completed, but bids for construction have come in higher than previously anticipated.

**Project Description:** The proposed wastewater project includes the construction of a new sanitary sewer collection system and upgrade to the City of Houston's (City) Blue Bell lift station. Wastewater flows will be treated at the City's Imperial Valley Wastewater Treatment Plant. The proposed water project includes new water distribution lines, taps and metering facilities as well as decommissioning of private water wells. The project will connect to the City's existing water system. Water to serve the District will be surface water from the City's Northeast Water Treatment Plant. At this time, the District is seeking additional financial assistance to supplement their previous construction phase commitment due to higher than expected contract bid amounts.

**Project Schedule:**

| <b>Project Task</b>     | <b>Schedule Date</b> |
|-------------------------|----------------------|
| Closing                 | 1/31/2016            |
| Start of Construction   | 4/1/2016             |
| Construction Completion | 9/30/2017            |

**Environmental Section:**

Key Issues:

None known at this time.

Environmental Summary:

An Environmental Determination (ED) for this project was issued on March 22, 2011. As required by 31 Texas Administrative Code (TAC) §363.14, environmental review of the proposed project has been completed. In addition to the standard emergency discovery conditions for threatened and endangered species and cultural resources, the project must comply with the following conditions:

- Standard emergency condition for threatened and endangered species; and,
- Standard emergency conditions for cultural resources.

| Budget Items                         | Description                                 | Previous Commitments  | This Commitment     | TWDB Funds            | Local and Other Funds | Total                 |
|--------------------------------------|---|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| <b>Construction</b>                  |   |                       |                     |                       |                       |                       |
| Construction                         | Hook-ups;                                   | \$4,554,596.00        | \$475,000.00        | \$5,029,596.00        | \$25,000.00           | \$5,054,596.00        |
| <b>Subtotal for Construction</b>     |   | <b>\$4,554,596.00</b> | <b>\$475,000.00</b> | <b>\$5,029,596.00</b> | <b>\$25,000.00</b>    | <b>\$5,054,596.00</b> |
| <b>Special Services</b>              |   |                       |                     |                       |                       |                       |
| Inspection                           |   | \$91,692.00           | \$0.00              | \$91,692.00           | \$0.00                | \$91,692.00           |
| Project Management (by engineer)     |   | \$91,692.00           | \$0.00              | \$91,692.00           | \$0.00                | \$91,692.00           |
| Surveying                            |   | \$10,000.00           | \$0.00              | \$10,000.00           | \$0.00                | \$10,000.00           |
| Testing                              |   | \$69,216.00           | \$0.00              | \$69,216.00           | \$0.00                | \$69,216.00           |
| <b>Subtotal for Special Services</b> |   | <b>\$262,600.00</b>   | <b>\$0.00</b>       | <b>\$262,600.00</b>   | <b>\$0.00</b>         | <b>\$262,600.00</b>   |
| <b>Fiscal Services</b>               |   |                       |                     |                       |                       |                       |
| Bond Counsel                         |   | \$10,000.00           | \$0.00              | \$10,000.00           | \$0.00                | \$10,000.00           |
| Financial Advisor                    |   | \$13,000.00           | \$0.00              | \$13,000.00           | \$0.00                | \$13,000.00           |
| Fiscal/Legal                         |   | \$750.00              | \$0.00              | \$750.00              | \$0.00                | \$750.00              |
| Issuance Costs                       |   | \$6,250.00            | \$0.00              | \$6,250.00            | \$0.00                | \$6,250.00            |
| <b>Subtotal for Fiscal Services</b>  |   | <b>\$30,000.00</b>    | <b>\$0.00</b>       | <b>\$30,000.00</b>    | <b>\$0.00</b>         | <b>\$30,000.00</b>    |
| <b>Other</b>                         |   |                       |                     |                       |                       |                       |
| Other (Describe)                     | City of Houston tap permit/inspection fees; | \$30,000.00           | \$0.00              | \$30,000.00           | \$0.00                | \$30,000.00           |
| <b>Subtotal for Other</b>            |   | <b>\$30,000.00</b>    | <b>\$0.00</b>       | <b>\$30,000.00</b>    | <b>\$0.00</b>         | <b>\$30,000.00</b>    |
| <b>Contingency</b>                   |   |                       |                     |                       |                       |                       |
| Contingency                          |   | \$484,720.00          | \$0.00              | \$484,720.00          | \$0.00                | \$484,720.00          |
| <b>Subtotal for Contingency</b>      |   | <b>\$484,720.00</b>   | <b>\$0.00</b>       | <b>\$484,720.00</b>   | <b>\$0.00</b>         | <b>\$484,720.00</b>   |
| <b>Total</b>                         |   | <b>\$5,361,916.00</b> | <b>\$475,000.00</b> | <b>\$5,836,916.00</b> | <b>\$25,000.00</b>    | <b>\$5,861,916.00</b> |

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$475,000 TO  
AIRLINE IMPROVEMENT DISTRICT  
FROM THE ECONOMICALLY DISTRESSED AREAS PROGRAM ACCOUNT OF  
THE TEXAS WATER DEVELOPMENT FUND II  
THROUGH  
THE EXECUTION OF A GRANT AGREEMENT IN THE AMOUNT OF \$475,000

(15 - )

WHEREAS, Airline Improvement District (District), has filed an application seeking financial assistance in the amount of \$475,000 from the Economically Distressed Areas Program Account of the Texas Water Development Fund II (EDAP), to finance first-time water and wastewater service, identified as Project No. 10440; and

WHEREAS, at its February 20, 2014, Board Meeting, the Texas Water Development Board (TWDB) by Resolution No. 14-10 made a commitment to provide financial assistance in the amount of \$5,361,916 to the District from EDAP to finance first-time water and wastewater service. The commitment was secured by the TWDB's purchase of \$277,000 Airline Improvement District Sales Tax Revenue Bonds and a grant in the amount of \$5,084,916, under Project No. 10440; and

WHEREAS, at its January 29, 2015, Board Meeting, the TWDB by Resolution No. 15-009, extended its commitment until August 31, 2015; and

WHEREAS, on August 14, 2015, the TWDB and the District closed on the commitment; and

WHEREAS, the District now seeks financial assistance from the TWDB through a grant of \$475,000 from the EDAP in order to continue the construction of the first-time water and wastewater service as more specifically set forth in the application and recommendations of TWDB's staff; and

WHEREAS, the TWDB has carefully considered all matters required by law and in particular the following:

1. the feasibility of creating a conservation and reclamation district to provide and finance the water supply or sewer services, in accordance with Texas Water Code § 16.346;
2. the need of the economically distressed area to be served by the water supply and sewer services in relation to the need of other political subdivisions requiring economically distressed areas financing, and the relative costs and benefits of all applications, in accordance with Texas Water Code § 17.929(a)(1);

3. the availability to the political subdivision of revenue from alternative sources for the payment of the cost of the proposed project, in accordance with Texas Water Code § 17.929 (a)(2);
4. financing of the proposed water supply or sewer project, in accordance with Texas Water Code § 17.929(a)(3);
5. the feasibility of achieving cost savings by providing a regional facility for water supply and wastewater service and the feasibility of financing the facilities by using funds from the economically distressed areas account or any other financial assistance, in accordance with Texas Water Code § 17.929(a)(5);
6. the rates, fees and charges that the average customer to be served by the project will be able to pay, sources of funding available to the District, and any local funds of the District, in accordance with Texas Water Code § 17.933(d)(1);
7. sources of funding available to the District from federal and private funds and from other state funds, in accordance with Texas Water Code § 17.933(d)(2);
8. any local funds of the District to be served by the project if the economically distressed area to be served is within the boundary of the District, in accordance with Texas Water Code § 17.933(d)(3);
9. the just, fair, and reasonable charges for water and wastewater service as provided in the Texas Water Code, in accordance with Texas Water Code § 17.933(d)(4);

WHEREAS, the TWDB hereby finds:

1. that the District has agreed that the system constructed with funds provided through this grant will connect to and be operated and maintained by the City of Houston's water and wastewater services, and the City of Houston 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 TWDB's rules;
2. that the District is exempt from requirements to adopt a water conservation program because the TWDB's financial assistance will be \$500,000 or less;
3. that the area to be served by the proposed project has a median household income that is not greater than 75 percent of the median state household income for the most recent year for which statistics are available, in accordance with Texas Water Code § 17.929(b);
4. that the County has adopted model subdivision rules as promulgated by the TWDB pursuant to Texas Water Code § 16.343 and the manner of enforcement, in accordance with Texas Water Code § 17.929(a) (4);

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 that 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, in accordance with Texas Water Code § 16.053(j);
6. that the District has considered cost-effective innovative, nonconventional methods of treatment and will evaluate alternatives in greater detail through the planning phase of the project, in accordance with Texas Water Code § 17.189(b); and
7. that the public interest will benefit from state assistance in the financing of the treatment works, in accordance with Texas Water Code § 17.277.

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

A commitment is made by the TWDB to the Airline Improvement District for financial assistance in the amount of \$475,000 from the Economically Distressed Areas Account of the Texas Water Development Fund II through a grant of \$475,000. This commitment will expire on October 31, 2016.

This 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 District's compliance with all applicable requirements contained in 31 TAC Chapter 363;
3. the Grant Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Grant Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
4. grant funds are public funds and, as such, the Grant Agreement 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;
5. grant funds shall not be used by the District when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Grant Agreement shall include an environmental indemnification provision wherein the District 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

District, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

6. prior to closing, and if not previously provided with the application, the District 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, under the contract, and acceptable to the Executive Administrator;
7. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the District 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;
8. the Executive Administrator may require that the District execute a separate financing agreement in form and substance acceptable to the Executive Administrator;

EDAP Conditions

9. the Grant Agreement must include a provision that requires compliance with Texas Water Code § 16.356 that no revenues received from rates or fees collected from the water/wastewater system to be constructed through this commitment shall be used for any purposes other than utility purposes and that the annual financial statement prepared by the District under Water Code § 49.191 shall include a specific report on compliance with this condition;
10. prior to the release of funds provided for construction, the District must provide the TWDB with evidence satisfactory to the Executive Administrator that the District has received and will maintain a designation as an authorized agent of the Texas Commission on Environmental Quality, in compliance with Texas Health and Safety Code § 366.035;
11. the Grant Agreement must include a provision that requires the District adequately enforce the authority granted to the District by Texas Water Code § 17.934(a)(2) to require and ensure that all property owners capable of receiving service from the system constructed with the funds provided by this resolution are actually connected to the sewer system constructed by these funds within a reasonable period of time not to exceed 90 days from the date the District notifies the property owner that service is available; provided, however, that the Executive Administrator may extend this time upon written request for good cause shown;

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

Special Conditions:

12. the District 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;
13. prior to closing, the District and the Executive Administrator shall execute an Agreement that sets forth the terms and uses of the grant funds;
14. the Grant Agreement must include a provision stating that the District shall return any grant funds that are determined to be Surplus Funds in a manner determined by the Executive Administrator; and
15. the Grant Agreement must contain a covenant that the District 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 28<sup>th</sup> day of October, 2015.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Bech K. Bruun, Chairman

DATE SIGNED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Kevin Patteson  
Executive Administrator

**LOAN AMOUNT**  
**Airline Improvement District**  
**Water or Wastewater Project**

Per Board Rules, §363.505(a)(3), for applications requesting an increase, the amount of the increase for which repayment is required will be the *greater* of:

**APPLY ORIGINAL GRANT TO LOAN RATIO TO INCREASE AMOUNT**

|  |           |                   |
|--|-----------|-------------------|
| APPLY ORIGINAL GRANT TO LOAN RATIO TO INCREASE | \$        | 500,000.00        |
| 95% Grant/5% Loan                              |           | 5%                |
| Produces an EDAP Loan Amount of                | \$        | 25,000.00         |
| Plus the Original EDAP Loan                    | \$        | 277,000.00        |
| <b>PRODUCES A TOTAL EDAP LOAN AMOUNT OF</b>    | <b>\$</b> | <b>302,000.00</b> |

**APPLY CAPITAL COMPONENT METHODOLOGY TO DETERMINE  
CURRENT GRANT TO LOAN RATIO**

|  |                      |                      |
|--|----------------------|----------------------|
| Current Wastewater System Average Annual Debt Service  | \$29,743             |                      |
| Divided by the Current Number of Connections (LUEs)  | 109                  |                      |
| Divided by 12 Months Produces  |                      |                      |
| <b>MONTHLY CURRENT WASTEWATER SYSTEM CAPITAL COMPONENT</b>   | <b>\$10.81</b>       |                      |
| LESS OTHER DEBT TO BE INCURRED AS A RESULT OF THIS PROJECT   |                      |                      |
| Additional Dfund Loan  | \$277,000            |                      |
| Assuming a 20-Year Maturity Schedule and<br>a 3.18% current TWDB applicable estimated Lending Rate |                      |                      |
| Produces an Estimated Annual Debt Service  | \$18,929.98          |                      |
| Divided by the Total Number of Connections (LUEs)<br>in the Project at the end of Construction     | 109                  |                      |
| Divided by 12 Months Produces  |                      |                      |
| <b>CAPITAL COMPONENT OF ADDITIONAL LOAN</b>  | <b>\$14.47</b>       | \$231,959.58         |
| Current Capital Component  | \$10.81              |                      |
| Minus Capital Component of Additional Loan   | \$14.47              |                      |
| <b>PRODUCES AN OVERALL CAPITAL COMPONENT</b>   | <b>(\$3.66)</b>      |                      |
| Times Number of EDAP-eligible Connections (LUEs)<br>at the end of Construction                     | 109                  |                      |
| Times 12 Months Produces   |                      |                      |
| Produces an Estimated Annual Debt Service<br>for the Economically Distressed Area                  | (\$4,790.50)         |                      |
| Assuming a 20-Year Maturity Schedule and<br>a 5.20% current TWDB applicable estimated Lending Rate |                      |                      |
| <b>PRODUCES AN EDAP WASTEWATER LOAN<br/>(ROUNDED TO THE NEAREST THOUSAND)</b>                      | <b>(\$59,000.00)</b> | <b>(\$58,700.64)</b> |

**Airline Improvement District**  
**ESTIMATED WATER or WASTEWATER LOAN AMOUNT**  
**CAPITAL COMPONENT WITH ADDITIONAL DEBT**  
**TO BE USED FOR ILLUSTRATIVE PURPOSES ONLY**

|                                       |
|---------------------------------------|
| <b>REGIONAL BENCHMARK METHODOLOGY</b> |
|---------------------------------------|

CAPITAL COMPONENTS OF COMPARABLE SERVICE PROVIDERS

|                |    |      |
|----------------|----|------|
| East Aldine MD | \$ | 7.86 |
| Sebastian MUD  | \$ | -    |
| Moore WSC      | \$ | 3.91 |

|                                  |           |             |
|----------------------------------|-----------|-------------|
| <b>AVERAGE CAPITAL COMPONENT</b> | <b>\$</b> | <b>3.93</b> |
|----------------------------------|-----------|-------------|

**LESS OTHER DEBT TO BE INCURRED AS A RESULT OF THIS PROJECT**

|  |  |              |
|--|--|--------------|
| Additional EDAP Loan from 2001 Commitment  |  | \$500,000.00 |
| Assuming a 20-Year Maturity Schedule and<br>a 5.85% current TWDB applicable estimated Lending Rate |  |              |
| Produces an Estimated Annual Debt Service  |  | \$43,062.95  |

|  |  |     |
|--|--|-----|
| Divided by the Total Number of Connections (LUEs)<br>in the Project at the end of Construction |  | 109 |
| Divided by 12 Months Produces  |  |     |

|   |  |                 |
|---|--|-----------------|
| <b>CAPITAL COMPONENT OF ADDITIONAL LOAN</b> |  | <b>\$32.923</b> |
|---|--|-----------------|

|   |  |          |
|---|--|----------|
| Average Capital Component of the Comparable Service Providers |  | \$3.930  |
| Minus Capital Component of Additional Loan                    |  | \$32.923 |

|  |  |                   |
|--|--|-------------------|
| <b>PRODUCES AN OVERALL CAPITAL COMPONENT</b> |  | <b>(\$28.993)</b> |
|--|--|-------------------|

|  |  |     |
|--|--|-----|
| Times Number of EDAP-eligible Connections (LUEs)<br>at the end of Construction |  | 109 |
| Times 12 Months Produces   |  |     |

|   |  |               |
|---|--|---------------|
| Produces an Estimated Annual Debt Service<br>for the Economically Distressed Area |  | (\$37,922.51) |
|---|--|---------------|

|  |  |                |
|--|--|----------------|
| Assuming a 20-Year Maturity Schedule and<br>a 5.85% current TWDB applicable estimated Lending Rate |  |                |
| PRODUCES AN EDAP WATER LOAN  |  | (\$440,314.82) |

|  |  |                       |
|--|--|-----------------------|
| <b>(ROUNDED TO THE NEAREST THOUSAND)</b> |  | <b>(\$440,000.00)</b> |
|--|--|-----------------------|

A negative capital component entitles the District to a 100% grant

**Airline Improvement District,  
Harris County**



**Airline Improvement District**

