

# Texas Water Development Board

## PROJECT FUNDING REQUEST

BOARD DATE: May 5, 2016

TEAM MANAGER: Clay Schultz

<b>APPLICANT</b>	Bastrop County Water Control and Improvement District No. 2
<b>TYPE OF ASSISTANCE</b>	\$6,345,000 Loan
<b>LEGAL PLEDGE</b>	Revenues of the System

### STAFF RECOMMENDATION

Approve       No Action

### ACTION REQUESTED

Approve by resolution, a request from the Bastrop County Water Control and Improvement District No. 2, (Bastrop County) for a loan of \$6,345,000 from the Texas Water Development Fund to finance improvements to its water distribution and treatment system and for the purchase of the Tahitian Village wastewater system.

### PROJECT

Purchase of a Wastewater System  
Project Number 21761

### BACKGROUND

The wastewater system serving the Tahitian Village subdivision in Bastrop County was constructed by the Lower Colorado River Authority (LCRA) in 2000 and has been maintained and operated by the Bastrop County Water Control and Improvement District No. 2 (District) since that time. The District has been in negotiations with LCRA to purchase the system and has provided a draft purchase agreement. If the District is able to secure funding, the District and LCRA intend to complete the transaction by late June of this year.

The District currently owns and operates a water system. The District is requesting to reimburse costs associated with water line replacement in three areas of the system. To address high levels of trihalomethanes, the District is requesting planning, design, and construction funding for improvements at its water treatment plant.

### FINANCIAL

#### Key Issues

The District is proposing to issue revenue notes rather than revenue bonds because of the relevant authority, Section 17.188 of the Water Code (which confers authority on Water Control and Improvement District's to obtain financial assistance under Chapter 17 without election), is

<b>COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE MAY 31, 2017</b>
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limited to the issuance of revenue bonds for constructing projects. The primary purpose of this financing is acquisition of facilities and not construction.

Pledge and Repayment

The District is pledging system revenues for the repayment of the proposed loan. Current rates and charges are sufficient to meet proposed debt service requirements. The average water and wastewater bill is \$199 per month.

Internal Risk Score

Staff assigns a 2B to the District, and the proposed project to be funded by the Texas Water Development Board. This means that the District's payment capacity is adequate.

The District's median household income of \$53,382 is above the state's median of \$52,576. The 3.5% unemployment rate is below the state's unemployment rate of 4.2%. Operating reserves for 2015 are approximately 12 months. The District's current combined average monthly water and wastewater rate is 4.48% of the median household income, which is above the TWDB's benchmark of 2% for two services. The District has many high water users which skews the average. Without these large users the average combined bill would be \$137 per month or 3.08% of the median household income for two services. The water and wastewater connections are stable, and the per capita debt is moderate at \$1,800 including the proposed debt. Current water and wastewater rates are sufficient to service the existing and proposed debt.

Staff's risk score is based on the District's consistent positive operating trends, and operating reserves, which mitigate its high per capita debt and high household cost factor.

**LEGAL**

Key Issues

None.

Conditions

Standard tax-exempt and revenue conditions and further conditioned as follows:

- Adopted a water conservation plan;
- Conversion;
- Conveyance;
- U.S. Iron and Steel; and,
- Executed purchase agreement between District and LCRA.

- Attachments:
1. Project Data Summary
  2. Debt Service Schedule
  3. Engineering/Environmental Review
  4. Project Budget
  5. Resolution (16- )
  6. Water Conservation Review
  7. Location Map

**Project Data Summary**

<b>Responsible Authority</b>	Bastrop Co. WCID No. 2
<b>Program</b>	Texas Water Development Fund
<b>Commitment Code</b>	L1000524
<b>Project Number</b>	21761
<b>Intended Use Plan Year</b>	N/A
<b>Fund Number</b>	371
<b>Type of Pledge</b>	2-Revenue
<b>-Revenue Pledge Level</b>	First
<b>Legal Description</b>	\$6,345,000 Revenue Notes, Proposed Series 2016
<b>Tax-exempt or Taxable</b>	Tax-exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	No
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	N/A
<b>Population</b>	3,525
<b>Rural</b>	Yes
<b>Water Connections</b>	1,448
<b>Wastewater Connections</b>	569
<b>Qualifies as Disadvantaged</b>	No
<b>Disadvantaged Level</b>	9
<b>Clean Water State Revolving Fund Type</b>	N/A
<b>SWIFT Financing Type</b>	N/A
<b>SWIFT Characteristic</b>	N/A
<b>Phase Committing</b>	Planning, Acquisition, Design and Construction
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Pre-Design</b>	Yes
<b>Project Consistent with Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Approvable
<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>	None

**Project Team**

Team Manager	Clay Schultz
Financial Analyst	Javier Pena
Engineering Reviewer	Issa McDaniel
Environmental Reviewer	William Alfaro
Attorney	Alexis Lorick

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
Bastrop WCID No. 2

**Revenue Notes, Proposed Series 2016**

**Dated Date:** 6/23/2016  
**Delivery Date:** 6/23/2016  
**First Interest:** 12/23/2016  
**First Principal:** 6/23/2017  
**Last Principal:** 6/23/2035  
**Fiscal Year End:** 12/31  
**Required Coverage:** 1.0

**Source:** WDF  
**Rate:** 3.60%  
**Insurance:** -  
**Case:** -  
**Admin.Fee:** \$ -  
**Admin. Fee Payment Date:** N/A

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	\$6,345,000 ISSUE		TOTAL DEBT SERVICE	COVERAGE
					INTEREST PAYMENT	TOTAL PAYMENT		
2016	513,839	-	295,000	1.15%	95,802	390,802	390,802	1.31
2017	513,839	-	235,000	1.15%	190,253	425,253	425,253	1.21
2018	513,839	-	245,000	1.45%	187,125	432,125	432,125	1.19
2019	513,839	-	250,000	1.74%	183,174	433,174	433,174	1.19
2020	513,839	-	260,000	2.02%	178,373	438,373	438,373	1.17
2021	513,839	-	270,000	2.25%	172,710	442,710	442,710	1.16
2022	513,839	-	275,000	2.44%	166,317	441,317	441,317	1.16
2023	513,839	-	285,000	2.56%	159,314	444,314	444,314	1.16
2024	513,839	-	295,000	2.83%	151,492	446,492	446,492	1.15
2025	513,839	-	305,000	3.07%	142,636	447,636	447,636	1.15
2026	513,839	-	315,000	3.26%	132,820	447,820	447,820	1.15
2027	513,839	-	325,000	3.43%	122,111	447,111	447,111	1.15
2028	513,839	-	335,000	3.58%	110,541	445,541	445,541	1.15
2029	513,839	-	345,000	3.69%	98,179	443,179	443,179	1.16
2030	513,839	-	355,000	3.78%	85,105	440,105	440,105	1.17
2031	513,839	-	365,000	3.87%	71,332	436,332	436,332	1.18
2032	513,839	-	380,000	3.95%	56,765	436,765	436,765	1.18
2033	513,839	-	390,000	4.02%	41,421	431,421	431,421	1.19
2034	513,839	-	405,000	4.07%	25,340	430,340	430,340	1.19
2035	513,839	-	415,000	4.12%	8,549	423,549	423,549	1.21
		\$ -	\$ 6,345,000		\$ 2,379,357	\$ 8,724,357	\$ 8,724,357	

<b>AVERAGE (MATURITY) LIFE</b>	<b>10.94 YEARS</b>
<b>NET INTEREST RATE</b>	<b>3.596%</b>
<b>COST SAVINGS</b>	<b>\$0</b>
<b>AVERAGE ANNUAL REQUIREMENT</b>	<b>\$436,218</b>

**Bastrop Co WCID # 2  
21761 Purchase WW System  
Engineering and Environmental Review**

**Engineering:**

Key Issues:

None.

Project Need/Description

Project Need: The Lower Colorado River Authority (LCRA) intends to sell the Tahitian Village wastewater system, which is currently maintained and operated by the Bastrop County Water Control and Improvement District No. 2 (District) via an existing agreement with LCRA. In addition, improvements are needed at the District’s McAllister Plant for wells 3 and 4 to address water quality due to high levels of trihalomethanes (THMs). Lastly, the District is seeking funds for completed projects involving the replacement of aging lines that provide better service and quality of water and improved fire protection.

Project Description: The District is requesting planning, acquisition, design, and construction funding from the Texas Water Development Fund to finance four separate projects. The District intends to purchase the Tahitian Village wastewater system from LCRA to allow the District to maintain control of the service, cost, maintenance, and operations of the system. In addition, the District is proposing pilot testing and construction of an aerated treatment system at the water treatment plant to address the high THMs. Finally, the District is requesting funding to reimburse costs associated with distribution system improvements.

**Project Schedule:**

<b>Project Task</b>	<b>Schedule Date</b>
Closing	6/23/2016
Engineering Feasibility Report Completion (End of Planning Phase)	9/16/2016
Design Phase Complete	12/16/2016
Start of Construction	4/16/2017

**Environmental Section:**

Key Issues:

None.

Environmental Summary:

As required by 31 Texas Administrative Code §363.14, environmental review of the proposed project has been completed. A Determination of No Effect was issued on April 1, 2016.

**Project Budget Summary**

Bastrop Co WCID # 2

21761 - Purchase WW System

Budget Items	This Commitment	TWDB Funds	Total
<b>Construction</b>			
Construction	\$658,120	\$658,120	\$658,120
<b>Subtotal for Construction</b>	<b>\$658,120</b>	<b>\$658,120</b>	<b>\$658,120</b>
<b>Basic Engineering Services</b>			
Construction Engineering	\$20,000	\$20,000	\$20,000
Design	\$40,000	\$40,000	\$40,000
Planning	\$10,000	\$10,000	\$10,000
<b>Subtotal for Basic Engineering Services</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$70,000</b>
<b>Special Services</b>			
Pilot Testing	\$10,000	\$10,000	\$10,000
<b>Subtotal for Special Services</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>Fiscal Services</b>			
Bond Counsel	\$126,900	\$126,900	\$126,900
Financial Advisor	\$126,900	\$126,900	\$126,900
Issuance Costs	\$21,932	\$21,932	\$21,932
<b>Subtotal for Fiscal Services</b>	<b>\$275,732</b>	<b>\$275,732</b>	<b>\$275,732</b>
<b>Other</b>			
Tahitian Village Wastewater System Acquisition	\$5,286,148	\$5,286,148	\$5,286,148
<b>Subtotal for Other</b>	<b>\$5,286,148</b>	<b>\$5,286,148</b>	<b>\$5,286,148</b>
<b>Contingency</b>			
Contingency	\$45,000	\$45,000	\$45,000
<b>Subtotal for Contingency</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$45,000</b>
<b>Total</b>	<b>\$6,345,000</b>	<b>\$6,345,000</b>	<b>\$6,345,000</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE  
BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2  
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF  
THE TEXAS WATER DEVELOPMENT FUND II  
THROUGH THE PROPOSED PURCHASE OF  
\$6,345,000 REVENUE NOTES  
PROPOSED SERIES 2016

(16- )

WHEREAS, the Bastrop County Water Control and Improvement District No. 2 (District), has filed an application for financial assistance in the amount of \$6,345,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959 to finance water and wastewater system improvements, identified as Project No. 21761 (Project); and

WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$6,345,000 through the TWDB's purchase of \$6,345,000 Revenue Notes, Proposed Series 2016 (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 District has offered a pledge of water and wastewater system revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the District's 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 363; and

WHEREAS, in accordance with Texas Water Code § 17.124 the TWDB has considered all matters required by law for the application made by the District for the water supply portion of the Project; and

WHEREAS the TWDB has considered:

1. the needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans;
2. 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);

3. that the District has 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);
4. the availability of revenue to the political subdivision, from all sources, for the ultimate repayment of the cost of the water supply project and treatment works, including interest, in accordance with Texas Water Code §§ 17.125(a)(2) and 17.275(2);

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 §§ 17.125(a)(1) and 17.277(a);
2. 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;
3. that the water and wastewater system revenues pledged by the District will be sufficient to meet all the Obligations assumed by the District during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
4. that the District 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;
5. that any treatment works to be financed under the application will consider cost-effective, innovative, and 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; and

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

A commitment is made by the TWDB to the Bastrop County Water Control and Improvement District No. 2 for financial assistance in the amount of \$6,345,000 from the Financial Assistance Account, to be evidenced by the TWDB's purchase of \$6,345,000 Revenue Notes, Proposed Series 2016. This commitment will expire on May 31, 2017.

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 District;
3. this commitment is contingent upon the District'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 District, 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 District'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 District's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the District is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must contain a provision requiring the District 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 District 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 District 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 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;
11. prior to closing, the District 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 District 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 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;
14. the Executive Administrator may require that the District 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 District'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 District when rendering this opinion;
17. the District'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 District when rendering this opinion;
18. the Obligations must include a provision prohibiting the District 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 District 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 District 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 District may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the District, provided that the District 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 District 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 District 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 District 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 District'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 District 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 District by the TWDB;

Pledge Conditions For The Loan

26. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations;
27. if the District has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
28. the Obligations must contain a provision providing that additional revenue obligations may only be incurred if net system revenues are at least 1.25 times the average annual debt service requirements after giving effect to the additional obligations when net revenues are determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant;

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

Special Conditions:

29. prior to closing, the District shall adopt and implement the water conservation program approved by the TWDB;
30. 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;
31. the Obligations must include a provision requiring that, prior to any action by the District 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;
32. the Obligations 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;

33. Prior to the release, the District must submit an executed purchase agreement from the Lower Colorado River Authority (LCRA) indicating the District's intent to purchase, and the LCRA's intent to sell, the system to the District; and

APPROVED and ordered of record this, the 5th day of May, 2016.

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
<b>Baseline</b>				
<b>5-year Goal</b>				
<b>10-year Goal</b>				

**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.

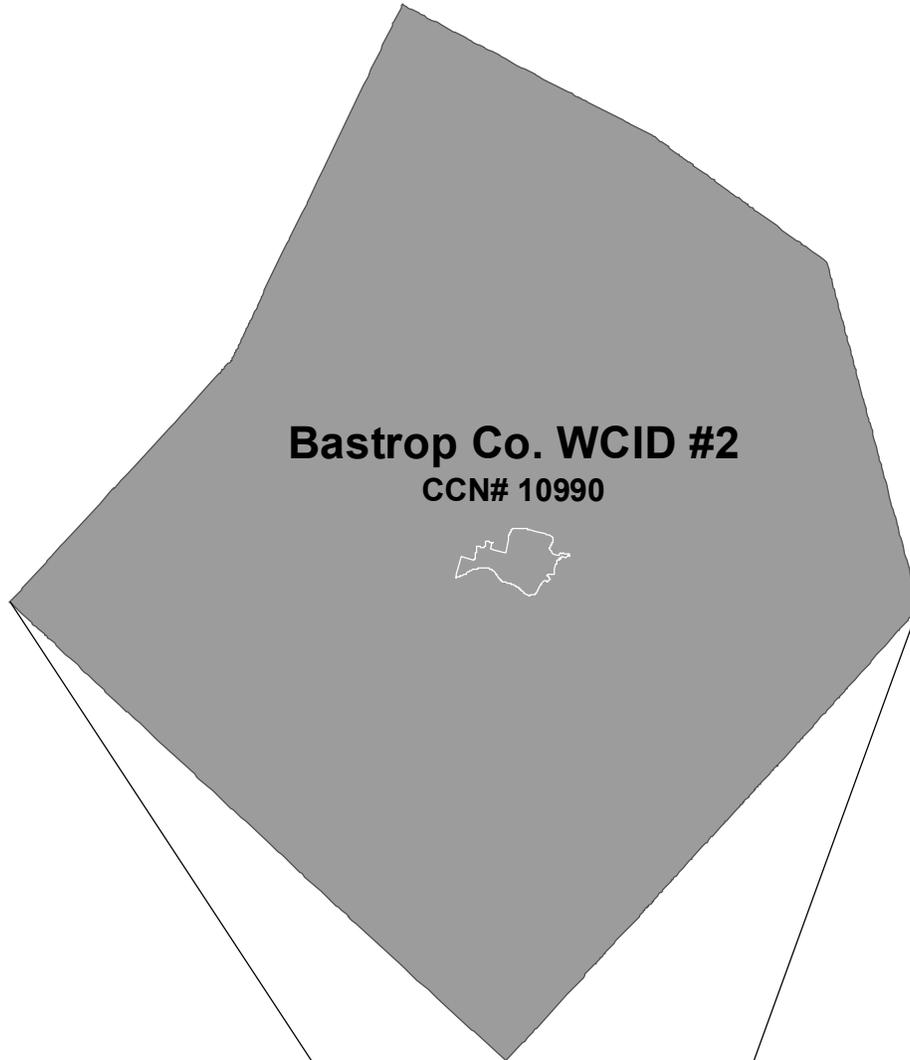
**Total baseline GPCD** is the amount of all water purchased or produced by the utility divided by the service area population and then divided by 365.

**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.

**Bastrop Co. WCID #2,  
Bastrop County**



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