

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: April 16, 2018

TEAM MANAGER: Dain Larsen

APPLICANT	Whitewater Springs Water Supply Corporation
TYPE OF ASSISTANCE	\$200,000 Loan Agreement, Taxable 2018 \$300,000 Principal Forgiveness Agreement
LEGAL PLEDGE	First Lien on Water System Gross Revenues and Mortgage Lien on the System

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve by resolution, a request from Whitewater Springs Water Supply Corporation (Burnet County) for \$500,000 in financial assistance consisting of \$200,000 in financing and \$300,000 in principal forgiveness from the Drinking Water State Revolving Fund for planning, acquisition, design, and construction of a water system improvement project.

PROJECT

New Well #4
Project Number 62783

BACKGROUND

Whitewater Springs Water Supply Corporation (Corporation) provides water service to approximately 231 residents in Burnet County, nine miles south of Bertram, Texas. The housing subdivision served by the Corporation has added approximately five new residents annually since 2000. Current population projections indicate that Texas Commission on Environmental Quality minimum capacity requirements will be exceeded by 2020.

The proposed project is to construct a new water well, install a ground storage tank, a water disinfection system, two high service pumps, a water transmission line connecting the pumping plant to the existing water transmission system, and to develop an asset management plan.

FINANCIAL

Key Issues
None.

COMMITMENT PERIOD: SIX MONTHS (6) TO EXPIRE ON OCTOBER 31, 2018

Pledge and Repayment

The Corporation is pledging gross revenues of the water system and a mortgage lien on the system for the repayment of the proposed loan. The Corporation's current average monthly rate is \$92.77, which generates approximately \$70,728 in net revenues available for debt service. This provides 1.71 times coverage of the annual existing and proposed debt service requirements during the first year of principal repayment on the proposed debt.

Principal Forgiveness

The Corporation qualifies for \$300,000 in principal forgiveness as a very small system.

Cost Savings

Based on a 25-year maturity and current interest rates, the Corporation could save approximately \$34,850 over the life of the financing. The Corporation is also saving \$300,000 in principal forgiveness.

Internal Risk Score

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

The results of the Corporation's financial sustainability indicators are strong. These more heavily-weighted risk score indicators show the Corporation's short-term and long-term ability to repay the debt. The level of reinvestment in the assets of the water infrastructure is typical with an asset condition ratio of 19 years. An asset condition ratio of 12 to 24 years is considered typical.

Some of the Corporation's socioeconomic indicators are higher than the state overall. Based on the census tract area, the median household income is \$59,646, which is 109 percent of the state median. Based on current system rates, this results in a household cost factor of 1.87 percent. The industry benchmark for the household cost factor is 1 percent for one service. The average, unadjusted unemployment rate for Burnet County was 2.6 percent in December 2017, compared to 3.7 percent in the state overall. However, the Corporation's population has increased at an average annual rate of 0.96 percent since 2010, compared to an increase at an annual rate of 1.17 percent for the population of the state overall.

The Corporation maintains a moderate level of debt. The proposed debt will be supported by the water system. Including the proposed debt, the system's self-supporting debt compared to operating revenues is 3.36. A debt to operating revenues ratio of 4 to 6 is considered typical.

The Corporation maintains high reserves with unrestricted cash and short-term investments of approximately 756 days of the operating expenses of the system. An amount above 250 is considered a high level of liquidity.

The Corporation's rates are sufficient to meet existing and proposed debt service requirements. Reinvestment in capital assets of the water system is typical, but there is a

low level of debt which provides additional capacity to incur debt for future needs. The Corporation possesses substantial cash reserves in the system and positive socioeconomic indicators supports the Corporation's internal risk score of 2B.

LEGAL

Key Issues

None.

Conditions

Standard Drinking Water State Revolving Fund, taxable, gross revenue conditions and additional conditions:

- Conversion and conveyance;
- Principal forgiveness agreement;
- Return of surplus principal forgiveness funds; and
- Useful life determination.

- Attachments:
1. Project Data Summary
 2. Debt Service Schedule
 3. Engineering/Environmental Review
 4. Project Budget
 5. Resolution (18-)
 6. Water Conservation Review
 7. Location Map

Project Data Summary

Responsible Authority	Whitewater Springs Water Supply Corporation
Program	Drinking Water State Revolving Fund
Commitment Code	L1000780 LF1000781
Project Number	62783
Intended Use Plan Year	2018
Type of Pledge	2- Revenue
Revenue Pledge Level	First
Legal Description	\$200,000 Loan Agreement \$300,000 Principal Forgiveness Agreement
Tax-exempt or Taxable	Taxable
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow
Population	231
Rural	Yes
Water Connections	77
Wastewater Connections	N/A
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	N/A
SWIFT Financing Type	N/A
SWIFT Characteristic	N/A
Financial Managerial & Technical Complete	No
Funding Phase Code	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with Water Plan	Yes
Water Conservation Plan	Exempt (\$500,000 or less)
Water Rights Certification Required	Yes
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	Dain Larsen
Financial Analyst	Hector Estrada
Engineering Reviewer	Sara Sopczynski
Environmental Reviewer	Kristin Miller
Attorney	Alexis Lorick

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Whitewater Springs Water Supply Corporation

\$200,000 Whitewater Springs Water Supply Corporation Loan Agreement

Dated Date:	6/15/2018	Source:	DWSRF	Taxable
Delivery Date:	6/15/2018	Rate:	3.22%	
First Interest:	12/1/2018	Insurance:	-	
First Principal:	6/1/2019	Case:	-	
Last Principal:	6/1/2044	Admin.Fee:	\$4,209	
Fiscal Year End:	12/30	Admin. Fee Payment Date:	6/15/2018	
Required Coverage:	1.0			

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$200,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2018	\$70,728	\$30,000	\$0	-	\$2,970	\$2,970	\$32,970	2.15
2019	70,728	30,000	5,000	3.22%	6,360	11,360	41,360	1.71
2020	70,728	30,000	5,000	3.22%	6,199	11,199	41,199	1.72
2021	70,728	30,000	5,000	3.22%	6,038	11,038	41,038	1.72
2022	70,728	30,000	5,000	3.22%	5,877	10,877	40,877	1.73
2023	70,728	30,000	5,000	3.22%	5,716	10,716	40,716	1.74
2024	70,728	30,000	5,000	3.22%	5,555	10,555	40,555	1.74
2025	70,728	30,000	5,000	3.22%	5,394	10,394	40,394	1.75
2026	70,728	30,000	5,000	3.22%	5,233	10,233	40,233	1.76
2027	70,728	30,000	5,000	3.22%	5,072	10,072	40,072	1.77
2028	70,728	30,000	5,000	3.22%	4,911	9,911	39,911	1.77
2029	70,728	30,000	5,000	3.22%	4,750	9,750	39,750	1.78
2030	70,728	30,000	5,000	3.22%	4,589	9,589	39,589	1.79
2031	70,728	30,000	5,000	3.22%	4,428	9,428	39,428	1.79
2032	70,728	30,000	10,000	3.22%	4,186	14,186	44,186	1.60
2033	70,728	30,000	10,000	3.22%	3,864	13,864	43,864	1.61
2034	70,728	30,000	10,000	3.22%	3,542	13,542	43,542	1.62
2035	70,728	16,349	10,000	3.22%	3,220	13,220	29,569	2.39
2036	70,728	-	10,000	3.22%	2,898	12,898	12,898	5.48
2037	70,728	-	10,000	3.22%	2,576	12,576	12,576	5.62
2038	70,728	-	10,000	3.22%	2,254	12,254	12,254	5.77
2039	70,728	-	10,000	3.22%	1,932	11,932	11,932	5.93
2040	70,728	-	10,000	3.22%	1,610	11,610	11,610	6.09
2041	70,728	-	10,000	3.22%	1,288	11,288	11,288	6.27
2042	70,728	-	10,000	3.22%	966	10,966	10,966	6.45
2043	70,728	-	10,000	3.22%	644	10,644	10,644	6.64
2044	70,728	-	15,000	3.22%	242	15,242	15,242	4.64
		\$526,349	\$200,000		\$102,307	\$302,307	\$828,656	

AVERAGE (MATURITY) LIFE	15.89 YEARS
NET INTEREST RATE	3.220%
COST SAVINGS	\$550,642
AVERAGE ANNUAL REQUIREMENT	\$30,691

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable.

**Whitewater Springs Water Supply Corporation
62783 New Well #4
Engineering and Environmental Review**

Engineering:

Key Issues:

None.

Project Need/Description

Project Need: Whitewater Springs Water Supply Corporation (Corporation) provides water service to approximately 231 residents in Burnet County, nine miles south of Bertram, Texas. The Corporation has three existing low-producing Trinity formation water wells. The housing subdivision served by the Corporation has added approximately five new residents annually since 2000. Current population projections indicate that Texas Commission on Environmental Quality minimum capacity requirements will be exceeded by 2020.

Project Description: The proposed project is to construct a new water well, install a ground storage tank, a water disinfection system, two high service pumps, and a water transmission line connecting the pumping plant to the existing water transmission system, and develop an asset management plan.

Project Schedule:

Project Task	Schedule Date
Closing	6/15/2018
Engineering Feasibility Report Completion (End of Planning Phase)	6/30/2018
Design Phase Complete	7/1/2018
Start of Construction	9/1/2018
Construction Completion	3/15/2019

Environmental Section:

Key Issues:

None 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 § 371.41 all financial assistance shall be conditioned to read that funding for acquisition, design, 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.

Budget Items	This Commitment	Total
Construction		
Construction	\$277,414.00	\$277,414.00
Subtotal for Construction	\$277,414.00	\$277,414.00
Basic Engineering Services		
Construction Engineering	\$22,193.00	\$22,193.00
Design	\$41,612.00	\$41,612.00
Subtotal for Basic Engineering Services	\$63,805.00	\$63,805.00
Special Services		
Application	\$5,000.00	\$5,000.00
Environmental	\$17,500.00	\$17,500.00
Permits	\$30,000.00	\$30,000.00
Project Management (by engineer)	\$5,000.00	\$5,000.00
Surveying	\$6,072.00	\$6,072.00
Subtotal for Special Services	\$63,572.00	\$63,572.00
Fiscal Services		
Financial Advisor	\$5,000.00	\$5,000.00
Fiscal/Legal	\$2,500.00	\$2,500.00
Loan Origination Fee	\$4,209.00	\$4,209.00
Subtotal for Fiscal Services	\$11,709.00	\$11,709.00
Other		
Land/Easements Acquisition	\$55,000.00	\$55,000.00
Subtotal for Other	\$55,000.00	\$55,000.00
Contingency		
Contingency	\$28,500.00	\$28,500.00
Subtotal for Contingency	\$28,500.00	\$28,500.00
Total	\$500,000.00	\$500,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
WHITEWATER SPRINGS WATER SUPPLY CORPORATION
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
A PROMISSORY NOTE IN THE AMOUNT OF \$200,000
AND EXECUTION OF A LOAN AGREEMENT
AND
\$300,000 PRINCIPAL FORGIVENESS

(18-)

WHEREAS, the Whitewater Springs Water Supply Corporation (Corporation), located in Burnet County, Texas, has filed an application for financial assistance in the amount of \$500,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, acquisition, design, and construction of certain water system improvements identified as Project No. 62783; and

WHEREAS, the Corporation seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase a Promissory Note in the amount of \$200,000 and execution of a Loan Agreement, and the execution of a Principal Forgiveness Agreement in the amount of \$300,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Corporation has offered a pledge of a first lien on its gross system revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the revenue pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the Corporation is exempt from requirements to adopt a water conservation program because the TWDB's financial assistance will be \$500,000 or less;
4. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j);

5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the Corporation and filed with the TWDB in accordance with Texas Water Code § 16.053(j); and
6. that the Corporation meets the definition of a very small system in accordance the applicable Intended Use Plan, and is therefore eligible for principal forgiveness through the DWSRF.

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

A commitment is made by the TWDB to the Whitewater Springs Water Supply Corporation for financial assistance in the amount of \$500,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of a Promissory Note in the amount of \$200,000 and execution of a Loan Agreement, and the execution of a Principal Forgiveness Agreement in the amount of \$300,000. This commitment will expire on October 31, 2018.

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. prior to closing, the Corporation must submit to the Executive Administrator an attorney's opinion confirming the legal authority for the Corporation to incur the Obligations that is acceptable to the Executive Administrator;
3. this commitment is contingent upon the Corporation's compliance with all applicable requirements contained in 31 TAC Chapter 371;
4. the Obligations must provide that the Corporation may prepay all or part of the amounts of principal and interest then due on the loan on any regularly scheduled payment date as specified in the Repayment Schedule, as revised, beginning no earlier than the first interest payment date that is 10 years from the date of the first delivery of funds from the TWDB to the Corporation pursuant to this Agreement;
5. the Corporation, 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 Corporation'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 Corporation's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to such bonds under SEC Rule 15c2-12;

6. the Obligations must contain a provision requiring the Corporation 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 Corporation to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or if no enhancements are authorized by the Executive Administrator, requiring the Corporation to submit a final accounting and disposition of any unused funds;
8. the Obligations must include a provision requiring the Corporation to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting 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) deposit into a reserve fund;
9. 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;
10. 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;
11. loan proceeds shall not be used by the Corporation 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 Corporation 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 Corporation, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

12. prior to closing, the Corporation shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
13. prior to closing, and if not previously provided with the application, the Corporation 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;
14. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Corporation 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;
15. the Executive Administrator may require that the Corporation execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
16. 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;

State Revolving Fund Conditions:

17. the Corporation shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
18. 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 Corporation, 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;
19. the Obligations must include a provision stating that the Corporation 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 Corporation 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;

20. 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 Corporation will adhere to the approved project schedule;
21. The Obligations and Principal Forgiveness Agreement must contain a covenant that the Corporation 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 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions:

22. prior to or at closing, the Corporation shall pay a 2.15% origination fee to the TWDB calculated pursuant to 31 TAC Chapter 371 and the applicable Intended Use Plan;
23. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the Corporation has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;
24. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Corporation must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

Water Supply Corporation Conditions:

25. the Corporation's indebtedness to the TWDB shall be evidenced by loans specifically secured by:
 - a. a first or parity lien on the gross revenues of the Corporation's water system (System); and
 - b. a first or parity lien mortgage on the System;
26. upon closing or within 20 days after closing, the Corporation must file a Deed of Trust with the County Clerk of the county in which the property is located, as required by Business and Commerce Code, Chapter 9, or a Utility Security Instrument with the Secretary of State's Office and corresponding notice with the County Clerk, as required by Business and Commerce Code, Chapter 261, as evidence of the TWDB's security interest in the Corporation's System. Within thirty (30) days of the date of

each filing, the Corporation shall submit a copy of the recorded instrument to the TWDB;

27. upon closing or within 20 days after closing, the Corporation must file a security instrument with the Secretary of State's Office, as required by Business and Commerce Code, Chapter 9 or Chapter 261 to evidence the TWDB's security interest in any personal property directly related to water supply and/or sewer service, owned or to be acquired by the Corporation. A copy of the recorded security instrument shall be submitted by the Corporation to the TWDB within thirty (30) days of its filing with the Secretary of State's Office;
28. prior to closing, the Corporation must obtain a commitment from a title insurance company in accordance with the standards established by the Texas Department of Insurance, resulting in the issuance of a mortgagee title insurance policy on the property owned in fee simple, upon which the TWDB will be given a first or parity lien mortgage. A copy of the mortgagee title insurance policy shall be submitted to the TWDB within thirty (30) days of its execution;
29. prior to closing, the Corporation must cure any defects or liens upon the property listed in Schedule C of the title insurance company commitment that the Executive Administrator deems necessary;
30. prior to release of funds for construction, the Corporation must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the Corporation has the legal authority necessary to complete the acquisitions;
31. prior to closing, the Corporation must submit to the Executive Administrator evidence that the Corporation's bylaws have been amended to include the following requirements:
 - a. as long as the Corporation is indebted for a loan or loans made by or through the TWDB, the bylaws shall not be altered, amended or repealed without the prior written consent of the Executive Administrator; and
 - b. the Corporation is a nonprofit Corporation; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers;
32. prior to closing, if the Corporation is pledging a lien on real property that is to be on parity with a lien or liens on real property securing debt that will remain outstanding after closing the TWDB's loan, then the Corporation must execute a Parity Agreement with each entity that holds such debt that is acceptable in form and substance to the Executive Administrator;

33. the Obligations shall include a special covenant prohibiting the Corporation from encumbering, pledging or otherwise impairing the revenues of the System in any manner with respect to the payment of any Obligations or with respect to any liability, except for the payment of the following: (1) maintenance and operating expenses payable within the current fiscal year with current revenues; and (2) additional debt, and that the Corporation shall in no way encumber, pledge or otherwise impair its title to the land used by or for the System or any interests therein, including improvements and facilities of the System, without prior TWDB approval;

Pledge Conditions for the Loan:

34. 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;
35. if the Corporation 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;
36. 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:

37. the Corporation 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;
38. the Obligations must include a provision requiring that, prior to any action by the Corporation 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.
39. prior to closing, the Corporation shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;

40. the Principal Forgiveness Agreement must include a provision stating that the Corporation shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator; and
41. prior to the release of funds, the Corporation shall provide a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the project, as determined by the schedule.

APPROVED and ordered of record this 16th day of April 2018.

TEXAS WATER DEVELOPMENT BOARD

Peter Lake, Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker
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.



Whitewater Springs WSC Burnet County

