

**TO:** Board Members

**THROUGH:** Jeff Walker, Executive Administrator  
Todd Chenoweth, General Counsel  
Jessica Zuba, Deputy Executive Administrator

**FROM:** Luis Farias, Manager, Regional Water Project Development  
Annette Mass, Assistant General Counsel

**DATE:** August 20, 2018

**SUBJECT:** North Texas Municipal Water District Commitment Extension

### **ACTION REQUESTED**

Approve by resolution a request from the North Texas Municipal Water District (District) to amend Texas Water Development Board Resolution No. 17-078, as amended by Resolution Nos. 18-015 and 18-085, to extend the commitment period to finance construction of a reservoir and water treatment plant project through the State Water Implementation Revenue Fund for Texas (SWIRFT).

### **BACKGROUND**

On July 20, 2017, the TWDB, through Resolution No. 17-078, approved a multi-year commitment to the District from the SWIRFT for the planning, acquisition, design, and construction of a reservoir and water treatment plant, Project No. 51050, in the amount of \$677,120,000. Additionally, on February 15, 2018, and July 26, 2018, the TWDB, through resolution Nos. 18-015 and 18-085, respectively, amended Resolution No. 17-078 to approve additional commitments to the District from the SWIRFT for \$799,860,000 for construction of the project for a total commitment of \$1,476,980,000.

### **KEY ISSUES**

The District has closed on \$844,650,000 and is now proposing to close on \$530,985,000 on November 1, 2018. The District will have a remaining loan commitment in the amount of \$101,345,000, which expires December 31, 2018. Due to complexity of the project and the evolving constructions schedules, the District proposes to reduce the November 2018 closing and is requesting an extension to the commitment period to December 31, 2019 for the remaining \$101,345,000. This change will allow the District to close on the funds and award contracts that are anticipated to begin in December 2019.

#### **Our Mission** : **Board Members**

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas : Peter M. Lake, Chairman | Kathleen Jackson, Board Member | Brooke T. Paup, Board Member  
: Jeff Walker, Executive Administrator

**RECOMMENDATION**

To accommodate the District's construction schedule and financing needs, the Executive Administrator recommends that TWDB Resolution No. 17-078, as amended by Resolution Nos. 18-015 and 18-085, be amended to extend the commitment on \$101,345,000 of the District's outstanding commitment to December 31, 2019.

**Attachment(s):**

Attachment A, proposed TWDB Resolution (18- )

Attachment B, TWDB Resolution (17-078)

Attachment C, TWDB Resolution (18-015)

Attachment D TWDB Resolution (18-085)

Attachment E, Letter from Authority

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
AMENDING TEXAS WATER DEVELOPMENT BOARD  
RESOLUTION NO. 17-078 AS AMENDED BY RESOLUTION NOS. 18-015 AND 18-085  
TO PROVIDE FINANCIAL ASSISTANCE TO THE NORTH TEXAS MUNICIPAL WATER  
DISTRICT**

(18 - )

WHEREAS, at its July 20, 2017 meeting, the TWDB through Resolution No. 17-078, made a multi-year commitment to the North Texas Municipal Water District from the State Water Implementation Revenue Fund for Texas (SWIRFT) to provide financial assistance in the amount of \$677,120,000; and

WHEREAS, at its February 21, 2018 meeting, the TWDB through Resolution No. 18-015 amended TWDB Resolution No. 17-078 to increase the financial assistance commitment in the amount of \$499,860,000; and

WHEREAS, at its July 26, 2018 meeting, the TWDB, through Resolution No. 18-085, further amended TWDB Resolution No. 17-078 as amended by Resolution No. 18-015, to increase the financial assistance commitment in the amount of \$300,000,000, all as is more specifically set forth in the TWDB's Resolution Nos. 17-078, 18-015, and 18-085 (Resolutions) and accompanying documentation, to which express reference is made; and

WHEREAS, the commitments made through the TWDB Resolution No. 17-078, as amended by TWDB Resolution Nos. 18-015 and 18-085, expire on December 31, 2018; and

WHEREAS, by letter dated August 2, 2018, the District has requested that the commitment be extended through 2019 to more closely align with the District's need for the funding;

WHEREAS, the TWDB hereby finds that the proposed amendment to TWDB Resolution No. 17-078, as amended by TWDB Resolution Nos. 18-015 and 18-085, as requested by the District, are reasonable and within the public interest and will serve a public purpose; and

WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law;

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

1. The commitment made through the TWDB Resolution No. 17-078, as amended by

TWDB Resolution Nos. 18-015 and 18-085, to the North Texas Municipal Water District for financial assistance from the State Water Implementation Revenue Fund for Texas is amended, and shall be evidenced by the TWDB's proposed purchase of the North Texas Municipal Water District Water System Revenue Bonds in accordance with the annual loan closing schedule proposed below:

- a. \$530,985,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2018B; and
  - b. \$101,345,000 North Texas Municipal Water District Water System Revenue Bonds Proposed Series 2019.
2. The commitment on the Series 2019 financing will expire on December 31, 2019.
  3. All other terms and conditions of TWDB Resolution No. 17-078, as amended by TWDB Resolution Nos. 18-015 and 18-085, shall remain in full force and effect.

APPROVED and ordered of record this the 9th day of September, 2018.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Peter M. Lake, Chairman

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

ATTEST:

\_\_\_\_\_  
Jeff Walker, Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE NORTH TEXAS  
MUNICIPAL WATER DISTRICT  
IN THE FORM OF A MULTI-YEAR COMMITMENT  
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS  
THROUGH THE PROPOSED PURCHASE OF \$677,120,000 NORTH TEXAS MUNICIPAL  
WATER DISTRICT WATER SYSTEM REVENUE BONDS,  
PROPOSED SERIES 2017 THROUGH PROPOSED SERIES 2018**

**(17-078)**

**WHEREAS, the North Texas Municipal Water District (District) has filed an application for financial assistance in the amount of \$1,176,980,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of a reservoir and a water treatment plant identified as Project No. 51050 (Project); and**

**WHEREAS, Project No. 51050 in its entirety, including the construction phase has been prioritized in accordance with 31 TAC §§ 363.1303 and 363.1304; and**

**WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option and pursuant to 31 TAC § 363.1307(b), applicants for reservoir construction funds must complete planning, permitting, acquisition, and design before receiving a commitment to fund reservoir construction costs; and**

**WHEREAS, the District has not received the necessary permit under Section 404 of the Clean Water Act, and therefore financial assistance for the construction of the reservoir cannot be committed at this time; and**

**WHEREAS, the Executive Administrator recommends a commitment in the amount of \$677,120,000 at this time; and**

**WHEREAS, \$44,650,000 in financial assistance will be used to reimburse the District for eligible costs already expended related to the planning, acquisition, and design of the Project; and**

**WHEREAS, the commitment of \$632,470,000 for the 2018 multi-year financial assistance is contingent upon the District receiving the necessary permit under Section 404 of the Clean Water Act; and**

**WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) in the form of a multi-year commitment through the TWDB's proposed purchase of \$677,120,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2017 through Proposed Series 2018 (together with all authorizing documents "Obligations"), to fund the planning, acquisition, and design phases of the reservoir portion of the Project, and the planning, acquisition, design, and construction of**

the water treatment plant portion of the Project, all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the District has offered a pledge of net revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, interest rate subsidies are available to the District at the following levels: 35% for a term of 20 years, 25% for a term of 21 to 25 years, and 20% for a term of 26 to 30 years. The interest rate subsidy applicable to each proposed series will be set through each financing agreement executed between the TWDB and the District, pursuant to this Resolution; and

WHEREAS, these interest rate subsidies given above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance, and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program;

WHEREAS, the TWDB hereby finds:

1. that the application for financial assistance for planning, acquisition, and design phases of the reservoir portion of the Project, and the planning, acquisition, design, and construction of the water treatment plant portion of the Project meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. that the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that the District satisfactorily completed all requests by the Executive Administrator or a regional planning group for information relevant to the Project, including a water infrastructure financing survey under Texas Water Code § 16.053(q), in accordance with 31 TAC § 363.1309(b)(2); and
4. that the District has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

a commitment is made by the TWDB to North Texas Municipal Water District for financial assistance in the amount of \$677,120,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed

purchase of North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2017 through Proposed Series 2018 as follows:

- a) \$44,650,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2017, to expire on December 31, 2017; and
- b) \$632,470,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2018, to expire on December 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. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the District has complied with all of the requirements of the laws under which said Obligations were issued; 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 continued compliance with all applicable laws, rules, policies and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement;
4. this commitment is contingent upon the District executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;
5. the District shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee;
6. this commitment is contingent upon the District maintaining and collecting sufficient rates and charges to produce system revenues in an amount necessary to meet the debt service requirements of all outstanding obligations held by the TWDB and to maintain the funds established and required by those Obligations .

**The Following Conditions Must Be Included in the Obligations:**

7. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, on any date beginning on or after the first interest payment date that 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;

8. the Obligations must include a provision wherein 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, 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 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;
9. 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;
10. the Obligations must include a provision requiring the District to use any loan proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project for the following purposes as approved by the Executive Administrator: (1) 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 (2) eligible costs for the Project as authorized by the Executive Administrator;
11. 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;
12. 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;
13. 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, recycling 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;

14. the Obligations must include a provision stating that the District shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
15. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry form in accordance with 31 TAC § 363.42(c)(1);
17. 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 as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
18. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
  - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
  - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
  - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;
19. the Obligations must include a provision requiring the 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;
20. 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;
  21. 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;
  22. 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;
  23. 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;

24. if the District has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after the term of any loan(s) made by the TWDB pursuant to this commitment, the Obligations must contain a provision providing that 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;
25. the Obligations must contain a provision providing that the District issue no additional revenue bonds unless (a) an independent, registered professional engineer of the State of Texas or a firm of such engineers executes a certificate or report to the effect that in his or her opinion the Pledged Revenues in each complete fiscal year thereafter will be at least equal to 1.25 times the average annual principal and interest requirements of all Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (b) in the alternative to (a), above, the President and Secretary of the Board sign a written certificate to the effect that, based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Member Cities and others which are parties to such Contracts are obligated to make minimum payments to the Issuer at such times (including during periods when water is not available to such Member Cities and others) and in such amounts as shall be necessary to provide to the Issuer Net Revenues of the System sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make deposits in the Reserve Fund as required under this Resolution;

**Conditions to Close or for Release of Funds:**

26. 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;
27. prior to closing, if not previously provided with the application, the District shall submit executed contracts for engineering, and, if applicable, financial advisor and bond counsel, for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
28. prior to closing, when any portion of 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;
29. prior to closing, 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;

30. prior to closing, the District's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion;
31. 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;
32. the transcript must include evidence that the information reporting requirements of § 149(e) of the Internal Revenue 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;

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

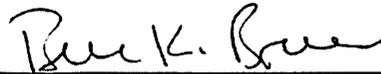
Special Conditions:

33. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the District has the right to use the water that the Project will provide, or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
34. prior to the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the District has the right to use the water that is actually present in sufficient quantity necessary for a viable Project;
35. the commitment of \$632,470,000 for the 2018 multi-year financial assistance is contingent upon the District receiving the necessary permit under Section 404 of the Clean Water Act;
36. 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;
37. 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; and
38. the Obligations must contain a provision requiring the District to submit quarterly

status reports on the progress of the Project that detail information requested by the Executive Administrator. The Executive Administrator may withhold authorization to release funds from escrow or adjust the amount of funds to be released from escrow based on the receipt of the quarterly status reports and the projected quarterly needs for the Project.

APPROVED and ordered of record this, the 20th day of July, 2017.

TEXAS WATER DEVELOPMENT BOARD



Bech K. Bruun, Chairman

DATE SIGNED: 7-20-17

ATTEST:



Jeff Walker  
Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTION 17-078 TO INCREASE  
THE COMMITMENT FOR FINANCIAL ASSISTANCE GRANTED TO  
THE NORTH TEXAS MUNICIPAL WATER DISTRICT  
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS  
THROUGH THE PROPOSED PURCHASE OF UP TO \$1,132,330,000 NORTH TEXAS MUNICIPAL  
WATER DISTRICT WATER SYSTEM REVENUE BONDS,  
PROPOSED SERIES 2018**

**(18-015)**

**WHEREAS, the North Texas Municipal Water District (District) filed an application for financial assistance in the amount of \$1,176,980,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of a reservoir and a water treatment plant identified as Project No. 51050 (Project); and**

**WHEREAS, the TWDB through Resolution No. 17-078, made a commitment to the District to provide financial assistance in the amount of \$677,120,000 through the TWDB's purchase of \$44,650,000 North Texas Municipal Water District Water System Revenue Bonds, Series 2017 and \$632,470,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2018; and**

**WHEREAS, the permitting phase for the reservoir was not complete at the time of TWDB Resolution No. 17-078, therefore, pursuant to 31 TAC § 363.1307(b), TWDB Resolution No. 17-078 did not commit financial assistance for the construction of the reservoir;**

**WHEREAS, Project No. 51050 in its entirety, including the construction phase was prioritized in accordance with 31 TAC §§ 363.1303 and 363.1304; and**

**WHEREAS, the District has completed the permitting phase for the reservoir and therefore, the commitment remaining from the District's 2017 Application for construction of the reservoir in the amount of \$499,860,000, may now be made to provide financial assistance for construction of the reservoir; and**

**WHEREAS, on November 14, 2017, the TWDB through Resolution No. 17-078 purchased \$44,650,000 North Texas Municipal Water District Water System Revenue Bonds, Series 2017; and**

**WHEREAS, the District has offered a pledge of net revenues as sufficient security for the repayment of the Obligations; and**

**WHEREAS, interest rate subsidies are available to the District at the following levels: 35% for a term of 20 years, 25% for a term of 21 to 25 years, and 20% for a term of 26 to 30 years. The interest rate subsidy applicable to each proposed series will be set through each financing agreement executed between the TWDB and the District, pursuant to this Resolution; and**

WHEREAS, these interest rate subsidies given above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance, and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program; and

WHEREAS, the TWDB hereby finds that the amendment to TWDB Resolution No. 17-078 as requested by the District, is reasonable and within the public interest and will serve a public purpose; and

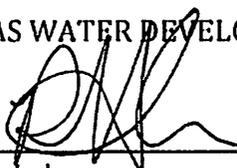
WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law.

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

1. The commitment made through TWDB Resolution No. 17-078 to the North Texas Municipal Water District for financial assistance from the State Water Implementation Revenue Fund for Texas is amended to include an additional \$499,860,000.
2. The commitment made through TWDB Resolution No. 17-078 as hereby amended shall be evidenced by the TWDB's proposed purchase of up to \$1,132,330,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2018.
3. TWDB Resolution No. 17-078 Special Condition No. 35 has been met.
4. All other terms and conditions of TWDB Resolution No. 17-078 shall remain in full force and effect.

APPROVED and ordered of record this, the 15th day of February 2018.

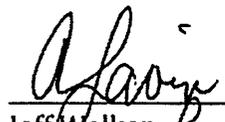
TEXAS WATER DEVELOPMENT BOARD



Peter Lake  
Authorized Representative of the  
Texas Water Development Board

DATE SIGNED: 2/21/18

ATTEST:

  
\_\_\_\_\_  
Jeff Walker  
Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTION 17-078 AS AMENDED BY  
RESOLUTION NO. 18-015, TO PROVIDE ADDITIONAL FINANCIAL ASSISTANCE TO THE  
NORTH TEXAS MUNICIPAL WATER DISTRICT  
IN THE AMOUNT OF \$300,000,000**

**(18-085)**

WHEREAS, at its July 20, 2017 meeting, the TWDB through Resolution No. 17-078, made a multi-year commitment to the North Texas Municipal Water District from the State Water Implementation Revenue Fund for Texas (SWIRFT) to provide financial assistance in the amount of \$677,120,000 through the TWDB's purchase of \$44,650,000 North Texas Municipal Water District Water System Revenue Bonds, Series 2017 and \$632,470,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2018; and

WHEREAS, at its February 21, 2018 meeting, the TWDB through Resolution No. 18-015 amended TWDB Resolution No. 17-078 to increase the financial assistance commitment in the amount of \$499,860,000, all as is more specifically set forth in the TWDB's Resolution Nos. 17-078 and 18-015 (Resolutions) and accompanying documentation, to which express reference is made;

WHEREAS, on May 10, 2018, the TWDB purchased \$800,000,000 North Texas Municipal Water District Water System Revenue Bonds, Series 2018; and

WHEREAS, on November 14, 2017, the TWDB purchased \$44,650,000 North Texas Municipal Water District Water System Revenue Bonds, Series 2017; and

WHEREAS, the District filed an application for additional financial assistance in the amount of \$300,000,000 from the SWIRFT to finance the construction of Project No. 51050;

WHEREAS, the TWDB hereby finds that the amendment to TWDB Resolution No. 17-078, as amended by TWDB Resolution no. 18-015, as requested by the District, is reasonable and within the public interest and will serve a public purpose; and

WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law.

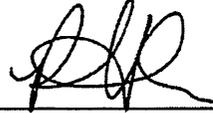
NOW THEREFORE, based on these findings, the TWDB resolves as follows:

1. The commitment made through TWDB Resolution No. 17-078, as amended by TWDB Resolution no. 18-015, to the North Texas Municipal Water District for financial assistance from the State Water Implementation Revenue Fund for Texas is amended to include an additional \$300,000,000.

2. The commitment made through TWDB Resolution No. 17-078, as amended by TWDB Resolution No. 18-015, and as hereby further amended shall be evidenced by the TWDB's proposed purchase of up to \$632,330,000 North Texas Municipal Water District Water System Revenue Bonds, Proposed Series 2018A.
3. All other terms and conditions of TWDB Resolution No. 17-078, as amended by TWDB Resolution no. 18-015, shall remain in full force and effect.

APPROVED and ordered of record this, the 26th day of July 2018.

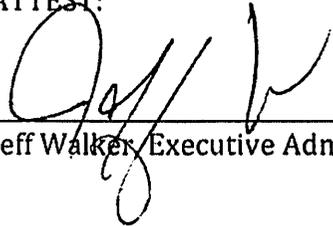
TEXAS WATER DEVELOPMENT BOARD



\_\_\_\_\_  
Peter M. Lake, Chairman

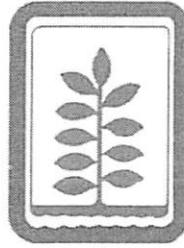
DATE SIGNED: 7/30/18

ATTEST:



\_\_\_\_\_  
Jeff Walker, Executive Administrator





**NORTH TEXAS MUNICIPAL  
WATER DISTRICT**

*Regional Service Through Unity*

August 2, 2018

Mr. Tom Entsminger  
Texas Water Development Board  
Stephen F. Austin Building  
1700 N. Congress Avenue  
Austin, Texas 78701

**RE: SWIFT – Project Number: 51050  
North Texas Municipal Water District Extension Request**

Dear Mr. Entsminger:

The North Texas Municipal Water District (NTMWD) would like to request an extension on a portion of the multi-year commitment. We are anticipating a close in November of 2018 for the amount of \$530,985,000. We would like to request the deadline be extended to the 2019 closing schedule for the balance of the commitment in the amount of \$101,345,000.

This extension will allow the North Texas Municipal Water District (NTMWD) to award contracts that are anticipated to begin in December of 2019.

We appreciate the opportunity to extend the commitment on this application for financial assistance so that we may move forward in meeting our customer's needs. Please contact Erik Felthous, Assistant Deputy of Finance, at 469-626-4354 or via email [efelthous@ntmwd.com](mailto:efelthous@ntmwd.com) at any time if you need further information.

Sincerely,

Rodney Rhoades  
Deputy Director (Finance & Personnel)