

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: October 30, 2018

TEAM MANAGER: Nancy Richards

APPLICANT	Jasper County Water Control District No. 1
TYPE OF ASSISTANCE	\$1,480,000 Financing
LEGAL PLEDGE	Unlimited Tax

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve by resolution a request from Jasper County Water Control and Improvement District No.1 (Jasper County) for \$1,480,000 in financing from the Clean Water State Revolving Fund to finance planning, acquisition, design, and construction to replace a sewage collection system.

PROJECT

Sewer System Collection and Improvements
Project Number 73805

BACKGROUND

The Jasper County Water Control and Improvement District No. 1 (District) was created in 1947 during the thirty-ninth legislative session to provide water and sewer services to the unincorporated area of Buna, Texas. The District is located in Buna, which is approximately thirty-six miles north of Beaumont in south central Jasper County. The District provides water and sewer services to approximately 2,900 residents.

The proposed project will address the District's collection system deficiencies by replacing the deteriorating concrete sewer collection lines and installing new gravity sewer equipment. The project plans to address the collection system issues in the north and east-central sections of the Buna service areas. The target area is part of the original 1963 collection system primarily consisting of concrete piping.

FINANCIAL

Key Issues

None.

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE OCTOBER 31, 2019.

Pledge and Repayment

The District is pledging unlimited tax to repay the current and proposed debt. The District's current Interest and Sinking (I&S) tax is \$0.293, and the District has a combined average monthly water and sanitary sewer rate of \$40.20. Based on staff's analysis of financial documentation received, coverage is approximately 1.00 times the current and proposed debt service in the first year of principal repayment and is sufficient to meet current and proposed debt service requirements.

Cost Savings

Based on a 28-year maturity and current interest rates, the District could save approximately \$266,963 over the life of the financing.

Internal Risk Score

Staff assigns a 2B to the District and the proposed project to be funded by Texas Water Development Board. This rating indicates the District's repayment capacity is adequate.

The financial sustainability indicators for the District are adequate. These indicators are more heavily weighted than the other internal risk score factors and show the District's short-term and long-term ability to repay the debt. With the current Interest and Sinking rate of \$0.293 and tax collection rate of 98 percent, the District is projected to produce the required revenues to meet the annual debt service requirements.

The District's current household income and the current system rates result in a household cost factor of 1.08 percent for water and wastewater services. The industry benchmark for the household cost factor is 2 percent for the two services.

The District's socioeconomic indicators are mixed compared to the state's overall. Jasper County's (County) median household income of \$44,552 is 81 percent of the state's median. The County's unemployment rate for August 2018 was 6.7 percent, which is well above the state average of 3.9 percent.

The District maintains a liquidity position with cash and short-term investments equal to 120 days of operating expenses. Any amount between 30 and 150 is consider an adequate level of liquidity. This provides the District needed cash resources to cover short-term, unplanned needs.

The District's fiscal management of the system is strong. The District has capacity to cover the proposed debt without additional tax increases, has adequate liquidity, and has a low household cost factor. These factors and the strength of the unlimited tax pledge further support the assigned risk score of 2B.

LEGAL

Key Issues

None.

Conditions

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

- Conveyance and conversion.

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	Jasper County Water Control & Improvement District No.1
Program	Clean Water State Revolving Fund
Commitment Code	L1000889
Project Number	73805
Intended Use Plan Year	2018
Type of Pledge	1- Tax
Revenue Pledge Level	Unlimited Tax
Legal Description	\$1,480,000 Jasper County Water Control and Improvement District No. 1 Unlimited Tax Bonds, Proposed Series 2018
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow
Population	2,975
Rural	Yes
Water Connections	901
Wastewater Connections	901
Qualifies as Disadvantaged	No
Clean Water State Revolving Fund Type	Non-Equivalency
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	Adopted
Water Rights Certification Required	No
Internal Risk Score	2B
External Ratings (for SRF rates)	
Standard and Poor's	Non-Rated
Moody's	Non-Rated
Fitch	Non-Rated
Special Issues	

Project Team

Team Manager	Nancy Richards
Financial Analyst	Charles Nichols
Engineering Reviewer	Jessica Taylor
Environmental Reviewer	Sara Sopczynski
Attorney	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Jasper County Water Control and Improvement District No. 1

\$1,480,000 Unlimited Tax Bonds, Proposed Series 2018

Dated Date: 2/1/2019
 Delivery Date: 2/1/2019
 First Interest: 8/1/2019
 First Principal: 2/1/2020
 Last Principal: 2/1/2048
 Fiscal Year End: 09/30
 Required Coverage: 1.0

Source: CWSRF-NON-EQUIVALENCY
 Rate: 2.33%
 IUP Year: 2018
 Case: Tax
 Admin.Fee: \$25,455
 Admin. Fee Payment Date: 2/1/2019
 Total Assessed Valuation: \$90,076,060

FISCAL YEAR	CURRENT TAX RATE	TAX REVENUES WITH COLL. @ 90%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$1,480,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE	
						PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT			
2019	\$0.293	\$237,531		\$237,531	\$165,956	\$0	-	\$17,242	\$17,242	\$183,198	1.30	
2020	\$0.293	237,531		237,531	168,685	35,000	2.33%	34,076	69,076	237,761	1.00	
2021	\$0.293	237,531		237,531	166,141	35,000	2.33%	33,261	68,261	234,402	1.01	
2022	\$0.299	242,395		242,395	168,380	40,000	2.33%	32,387	72,387	240,767	1.01	
2023	\$0.293	237,531		237,531	165,413	40,000	2.33%	31,455	71,455	236,868	1.00	
2024	\$0.293	237,531		237,531	167,263	40,000	2.33%	30,523	70,523	237,786	1.00	
2025	\$0.293	237,531		237,531	168,788	40,000	2.33%	29,591	69,591	238,379	1.00	
2026	\$0.293	237,531		237,531	165,083	40,000	2.33%	28,659	68,659	233,742	1.02	
2027	\$0.299	242,395		242,395	166,176	45,000	2.33%	27,669	72,669	238,845	1.01	
2028	\$0.293	237,531		237,531	166,955	45,000	2.33%	26,620	71,620	238,575	1.00	
2029	\$0.293	237,531		237,531	167,435	45,000	2.33%	25,572	70,572	238,007	1.00	
2030	\$0.293	237,531		237,531	167,611	45,000	2.33%	24,523	69,523	237,134	1.00	
2031	\$0.293	237,531		237,531	167,477	45,000	2.33%	23,475	68,475	235,952	1.01	
2032	\$0.299	242,395		242,395	167,028	50,000	2.33%	22,368	72,368	239,396	1.01	
2033	\$0.293	237,531		237,531	166,233	50,000	2.33%	21,203	71,203	237,436	1.00	
2034	\$0.293	237,531		237,531	165,113	50,000	2.33%	20,038	70,038	235,151	1.01	
2035	\$0.293	237,531		237,531	168,585	50,000	2.33%	18,873	68,873	237,458	1.00	
2036	\$0.293	237,531		237,531	166,649	50,000	2.33%	17,708	67,708	234,357	1.01	
2037	\$0.299	242,395		242,395	169,305	55,000	2.33%	16,485	71,485	240,790	1.01	
2038	\$0.293	237,531		237,531	166,553	55,000	2.33%	15,203	70,203	236,756	1.00	
2039	\$0.293	237,531		237,531	168,276	55,000	2.33%	13,922	68,922	237,198	1.00	
2040	\$0.293	237,531		237,531	164,472	60,000	2.33%	12,582	72,582	237,054	1.00	
2041	\$0.293	237,531		237,531	-	60,000	2.33%	11,184	71,184	71,184	3.34	
2042	\$0.293	237,531		237,531	-	60,000	2.33%	9,786	69,786	69,786	3.40	
2043	\$0.293	237,531		237,531	-	60,000	2.33%	8,388	68,388	68,388	3.47	
2044	\$0.293	237,531		237,531	-	65,000	2.33%	6,932	71,932	71,932	3.30	
2045	\$0.293	237,531		237,531	-	65,000	2.33%	5,417	70,417	70,417	3.37	
2046	\$0.293	237,531		237,531	-	65,000	2.33%	3,903	68,903	68,903	3.45	
2047	\$0.293	237,531		237,531	-	70,000	2.33%	2,330	72,330	72,330	3.28	
2048	\$0.293	237,531		237,531	-	65,000	2.33%	757	65,757	65,757	3.61	
					\$7,734,820	\$3,673,577	\$1,480,000		\$572,132	\$2,052,132	\$5,725,709	

AVERAGE (MATURITY) LIFE	16.59 YEARS
NET INTEREST RATE	2.330%
COST SAVINGS	\$266,963
AVERAGE ANNUAL REQUIREMENT	\$190,857

Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be

**Jasper Co WCID # 1
73805 2018 Sewer Collection System
Improvements
Engineering and Environmental Review**

Engineering:

Key Issues:

The applicant has considered innovative and alternative methods of treatment in their application and will evaluate alternatives in greater detail through the Planning phase of the project.

Project Need/Description

Project Need: Jasper County Water Control and Improvement District #1 (District) needs to replace deteriorated concrete sewer collection lines with new gravity sewer PVC lines. The new lines will resist chemical sulfide attack and minimize inflow and infiltration into the collection system.

Project Description: The proposed project will replace approximately 11,300 linear feet of gravity sanitary sewer primarily in the north and east-central sections of the District. Sections of the original concrete collection system will be replaced with PVC lines.

Cleaning and evaluation of needed repairs on the wastewater treatment plant's Imhoff Tank and aerated lagoon is also proposed in the project.

Project Schedule:

Project Task	Schedule Date
Engineering Feasibility Report Completion (End of Planning Phase)	9/14/2018
Design Phase Complete	12/14/2018
Closing	2/1/2019
Start of Construction	5/1/2019
Construction Completion	9/30/2019

Environmental Section:

Key Issues:

None.

Environmental Summary:

As required by 31 Texas Administrative Code § 375.61, the environmental review of the proposed project has been completed. A Categorical Exclusion was issued on September 25, 2018. The proposed project is in compliance with the National Environmental Policy Act.

Project Budget Summary
Jasper Co WCID # 1
73805 - 2018 Sewer Collection System
Improvements

Budget Items	This Commitment	Total
Construction		
Construction	\$1,000,000.00	\$1,000,000.00
Subtotal for Construction	\$1,000,000.00	\$1,000,000.00
Basic Engineering Services		
Construction Engineering	\$33,000.00	\$33,000.00
Design	\$84,000.00	\$84,000.00
Planning	\$20,000.00	\$20,000.00
Subtotal for Basic Engineering Services	\$137,000.00	\$137,000.00
Special Services		
Environmental	\$45,000.00	\$45,000.00
Surveying	\$30,000.00	\$30,000.00
Subtotal for Special Services	\$75,000.00	\$75,000.00
Fiscal Services		
Bond Counsel	\$28,400.00	\$28,400.00
Financial Advisor	\$30,000.00	\$30,000.00
Issuance Costs	\$9,145.00	\$9,145.00
Loan Origination Fee	\$25,455.00	\$25,455.00
Subtotal for Fiscal Services	\$93,000.00	\$93,000.00
Other		
Land/Easements Acquisition	\$25,000.00	\$25,000.00
Subtotal for Other	\$25,000.00	\$25,000.00
Contingency		
Contingency	\$150,000.00	\$150,000.00
Subtotal for Contingency	\$150,000.00	\$150,000.00
Total	\$1,480,000.00	\$1,480,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$1,480,000 TO JASPER COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1
FROM THE CLEAN WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$1,480,000 JASPER COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1
UNLIMITED TAX BONDS,
PROPOSED SERIES 2018

(18 -)

WHEREAS, the Jasper County Water Control & Improvement District No. 1 (District), located in Jasper County has filed an application for financial assistance in the amount of \$1,480,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, acquisition, design and construction of certain wastewater system improvements identified as Project No. 73805; and

WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$1,480,000 Jasper County Water Control & Improvement District No. 1 Unlimited Tax Bonds, Proposed Series 2018 (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 unlimited tax as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 375.14; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the District will be sufficient to meet all the Obligations assumed by the District, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the District has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules; and

4. that the District has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007.

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

A commitment is made by the TWDB to the Jasper County Water Control & Improvement District No. 1 for financial assistance in the amount of \$1,480,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$1,480,000 Jasper County Water Control & Improvement District No. 1 Unlimited Tax Bonds, Proposed Series 2018. This commitment will expire on October 31, 2019.

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 375;
4. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
5. the 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;

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 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 District to submit a final accounting and disposition of any unused funds;
8. 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 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 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;
12. 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;

13. prior to closing, and if not previously provided with the application, the District shall submit executed contracts for engineering, and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in 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 District 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 District execute a separate financing agreement in form and substance acceptable to 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;

State Revolving Fund Conditions

26. the District shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
27. 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 District, 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;
28. the Obligations must include a provision stating that the District 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 District 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;

29. 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 District will adhere to the approved project schedule;
30. 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 produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines;
31. the Obligations must contain language detailing compliance with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets;
32. the District shall submit, prior to the release of funds, 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 projected useful life of the project, as determined by the schedule;

Clean Water State Revolving Fund Conditions

33. prior to or at closing, the District shall pay a 1.75% origination fee to the TWDB calculated pursuant 31 TAC Chapter 375 and the applicable Intended Use Plan;
34. at the TWDB's option, the TWDB may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution;
35. prior to release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)(C), the District must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14).

Pledge Condition For The Loan

36. the Obligations must contain a provision that for each year the Bonds are outstanding, the District will levy a debt service tax rate, and collect taxes sufficient for the repayment of annual principal and interest requirements on the Obligations;

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

Special Conditions:

37. 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.
38. 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;

APPROVED and ordered of record this 30th day of October, 2018.

TEXAS WATER DEVELOPMENT BOARD

Peter M. 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.



Jasper County WCID #1 Jasper County

