

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** August 5, 2020

**Team Manager:** Joe Koen

### ACTION REQUESTED

Approve by resolution a request from the Riverbend Water Resources District (Red River, Cass and Bowie Counties) for \$199,700,000 in multi-year financing from the Drinking Water State Revolving Fund to finance planning, acquisition, design and construction of a new regional water system.

### STAFF RECOMMENDATION

Approve       No Action

### BACKGROUND

The Riverbend Water Resources District (District) is located approximately 18 miles west of Texarkana, Texas and provides service to entities in Bowie, Red River and Cass counties. It is a conservation and reclamation district that provides water and wastewater services to the Red River Army Depot and approximately 75 retail customers. Once completed, the District's regional water system will serve 12 member entities and encompass a population of approximately 58,588.

### PROJECT NEED AND DESCRIPTION

The District and its member entities purchase treated water on a wholesale basis from Texarkana Water Utility (TWU). TWU's production limitation has resulted in the member entities being in non-compliance with minimum water supply capacity requirements. This has impacted the member entities' ability to serve their growing water demands and expand their water service area. As noted in the 2016 Region D Water Plan, each of the District's member entities are projected to have a water supply shortage due to the production limits of the aging TWU water treatment plant.

The District would serve as the lead funding sponsor for the project and regional wholesale water provider. The project consists of constructing a new raw water intake on Wright Patman Lake, raw water pump station and transmission pipeline, a new 25 million gallon per day (MGD) water treatment plant, environmental mitigation efforts, and

<b>Multi-Year Commitment:</b>	<b>Expiration Date</b>
\$10,800,000 Taxable Proposed Series 2020A	August 31, 2021
\$7,200,000 Proposed Series 2020B	August 31, 2021
\$55,800,000 Taxable Proposed Series 2021A	August 31, 2022
\$37,200,000 Proposed Series 2021B	August 31, 2022
\$8,640,000 Taxable Proposed Series 2022A	August 31, 2023
\$5,760,000 Proposed Series 2022B	August 31, 2023
\$44,580,000 Taxable Proposed Series 2023A	August 31, 2024
\$29,720,000 Proposed Series 2023B	August 31, 2024

decommissioning of TWU's New Boston Road Water Treatment Plant and raw water conveyance system.

### **PROJECT SCHEDULE**

<b>Task</b>	<b>Schedule Date</b>
Engineering Feasibility Report Completion (End of Planning Phase)	October 1, 2021
Design Phase	April 30, 2022
Closing	November 30, 2020
Start of Construction	July 31, 2022
Construction Completion	December 31, 2025

### **KEY ISSUES**

The District is requesting bond proceeds to fund capitalized interest in its proposed 2021 and 2023 bond series.

The District is requesting a multi-year commitment with closings from 2020 to 2023. Of the \$199,700,000 requested, 60 percent will be taxable, and 40 percent will be tax-exempt. Additionally, each year of closing will be split into a tax-exempt and taxable portion. This will amount to a total of eight closings over four years.

The City of Annona (City) has submitted a Drinking Water State Revolving Fund application for \$300,000 in principal forgiveness at the same time as this application. The City is the smallest entity involved in the project and has requested principal forgiveness for capacity buy in. If approved, the City of Annona's request would fund its portion of the regional water system.

The District will calculate member city charges based on projected proportional flow at the beginning of the fiscal year, before adjusting charges based on actual proportional flow at the end of the fiscal year. Each member city also has a minimum amount they must purchase in their contract, which will allow the District to count on a stable revenue source on a yearly basis. Charges split between the member entities include annual debt service for outstanding obligations, operation and maintenance of facilities, and cost of additional capital improvement. During the construction of the regional water system, member entities will only pay a debt service portion. Once construction has been completed and the TWU New Boston Road Water Treatment Plant has been decommissioned, the member entities will start paying for operations and maintenance.

Approximately 68.3 percent of the District's anticipated regional water system revenues will be from the top two wholesale customers. The largest customer of the regional water system will be the City of Texarkana, representing 58.6 percent of total revenues. The City of Texarkana received a risk score of 2B. They have a debt service coverage ratio of 8.22 times during the first year of principal repayment. They would need annual rate increases starting in the year 2025 before reaching a maximum rate increase of \$4.69 in 2050. The City of New Boston will be the second largest customer of the regional water system representing 9.7 percent of total revenues. They received a risk score of 2A and a debt service coverage ratio of 3.84 times in the first year of principal repayment. They will need rate increases in 2034, 2035, and 2036 before reaching a maximum rate increase of \$0.84

in 2050. The chart below shows each member entities portion of the debt service as well as their monthly bill and maximum rate increases needed.

<b>Member Entities</b>	<b>Percent of entity usage</b>	<b>Monthly Bill</b>	<b>Estimated Maximum Rate Increase</b>
City of Avery	0.5%	\$63.60	\$11.82
Central Bowie County WSC	5.4%	\$46.00	\$7.27
City of DeKalb	2.0%	\$75.45	\$5.60
City of Hooks	4.2%	\$71.75	\$21.73
City of Leary	0.4%	\$67.50	\$0.00
City of Maud	1.3%	\$79.64	\$0.48
City of Nash	2.6%	\$61.75	\$0.00
City of New Boston	9.7%	\$38.26	\$0.84
City of Redwater	3.6%	\$81.70	\$14.91
City of Texarkana	58.6%	\$39.48	\$4.69
City of Wake Village	4.3%	\$56.75	\$3.10

The District engaged a rate study in 2018 to determine a rate structure needed to construct the regional water system. During the first year of operation, the District anticipates a wholesale rate of \$2.20 per 1,000 gallons. The anticipated rate is expected to increase every two years before reaching a peak in 2037 of \$3.80 per thousand gallons.

## **LEGAL**

### Special Conditions

- Notify Executive administrator prior to changing legal status;
- Executive administrator must issue finding for right to use water;
- Conversion and Conveyance; and
- Schedule of useful life

## **FINANCIAL**

Risk Score: 2B

### **Key Indicators**

<b>Indicators (Average of all member entities)</b>	<b>Result</b>	<b>Benchmark</b>
Population Growth, Average Annual 2010-2018 Riverbend WRD:	0.08%	State: 1.24%
Median Household Income as % of State	82%	100%
Days of Cash on Hand (3-year Average)	186	30-149 days
Debt Service Coverage Ratio	2.35x	1.0x
Asset Condition Ratio	26 years	12-24 years
Debt-to-Operating Revenues	7.23	4.00-5.99
Projected Household Cost Factor	1.68%	1.51-2.00%
Unemployment (May 2020)	10.40%	State: 12.70%

### **Key Risk Score Strengths**

- High asset condition ratio
- High liquidity

**Key Risk Score Concerns**

- Rate increases needed
- Low population growth
- Debt-to-Operating Revenues ratio above the benchmark based on estimates

**PLEDGE**

Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input checked="" type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

**RATES AND CHARGES**

Wholesale Rate	Current Wholesale Rate (Per 1,000 Gallons)	Projected Wholesale Rate During First Year of Operation (Per 1,000 Gallons)	Max Projected Wholesale Rate (Per 1,000 Gallons)
WATER	N/A	\$2.20	\$3.80

Cost Savings

Based on a 30-year maturity and current interest rates for Series 2020A and 2020B, the District could save approximately \$4,536,070 over the life of the financing.

## Attachments:

1. Project Data Summary
2. Debt Service Schedule
3. Project Budget
4. Resolution (20- )
5. Resolution (20- )
6. Water Conservation Review
7. Location Map

<b>Responsible Authority</b>	Riverbend Water Resources
<b>Program</b>	DWSRF
<b>Commitment Number</b>	LM201181, LM201182, LM211181, LM211182, LM221181, LM221182, LM231181, LM231182
<b>Project Number</b>	62883
<b>List Year</b>	2020
<b>Type of Pledge</b>	Contract Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$10,800,000 Riverbend Water Resources District Contract Revenue Bonds Taxable Proposed Series 2020A, \$7,200,000 Riverbend Water Resources District Contract Revenue Bonds Proposed Series 2020B, \$55,800,000 Riverbend Water Resources District Taxable Proposed Series 2021A, \$37,200,000 Riverbend Water Resources District Contract Revenue Bonds Proposed Series 2021B, \$8,640,000 Riverbend Water Resources District Contract Revenue Bonds Taxable Proposed Series 2022A, \$5,760,000 Riverbend Water Resources District Contract Revenue Bonds Proposed Series 2022B, \$44,580,000 Riverbend Water Resources District Contract Revenue Bonds Taxable Proposed Series 2023A, \$29,720,000 Riverbend Water Resources District Contract Revenue Bonds Proposed Series 2023B
<b>Tax-exempt or Taxable</b>	Taxable, Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	No
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	Yes
<b>Phases Funded</b>	Planning, Acquisition, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Adopted
<b>Overall Risk Score</b>	2B

**PROJECT TEAM**

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
Joe Koen	Thomas Quick	Dennis Newman	Rachel Forster	Breann Hunter

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
Riverbend Water Resource District

**Riverbend Water Resources District Contract Revenue Bonds Taxable Proposed Series 2020A**

Dated Date: 12/15/2020 Source: DWSRF-EQUIVALENCY  
 Delivery Date: 12/15/2020 IUP Year: 2020  
 First Interest: 4/15/2021 Case: Contract Revenues  
 First Principal 10/15/2021 Admin.Fee: \$211,765  
 Last Principal: 10/15/2050 Admin. Fee Payment Date: 12/15/2020  
 Fiscal Year End: 09/30 Required Coverage: 1.0

**Riverbend Water Resources District Contract Revenue Bonds Proposed Series 2020B**

Dated Date: 12/15/2020 Source: DWSRF-EQUIVALENCY  
 Delivery Date: 12/15/2020 IUP Year: 2020  
 First Interest: 4/15/2021 Case: Contract Revenues  
 First Principal 10/15/2021 Admin.Fee: \$141,176  
 Last Principal: 10/15/2050 Admin. Fee Payment 12/15/2020  
 Fiscal Year End: 9/30 Required Coverage: 1.0

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$10,800,000 ISSUE				\$7,200,000 ISSUE				\$181,700,000 SERIES 2021-2023		TOTAL DEBT SERVICE	ACTUAL COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PAYMENT			
2021	\$7,194,292	-	-	-	\$75,960	\$75,960	-	-	\$31,920	\$31,920	-	\$107,880	66.69	
2022	7,194,292	-	\$315,000	2.11%	224,557	539,557	\$215,000	1.33%	94,330	309,330	\$2,217,800	\$3,066,687	2.35	
2023	7,194,292	-	315,000	2.11%	217,910	532,910	215,000	1.33%	91,471	306,471	3,765,014	\$4,604,395	1.56	
2024	7,194,292	-	315,000	2.11%	211,264	526,264	215,000	1.33%	88,611	303,611	5,776,757	\$6,606,632	1.09	
2025	7,641,070	-	315,000	2.11%	204,617	519,617	215,000	1.33%	85,752	300,752	6,820,701	\$7,641,070	1.00	
2026	7,709,971	-	320,000	2.11%	197,918	517,918	215,000	1.33%	82,892	297,892	6,894,161	\$7,709,971	1.00	
2027	7,781,147	-	320,000	2.11%	191,166	511,166	215,000	1.33%	80,033	295,033	6,974,948	\$7,781,147	1.00	
2028	7,859,426	-	320,000	2.11%	184,414	504,414	220,000	1.33%	77,140	297,140	7,057,872	\$7,859,426	1.00	
2029	7,939,658	-	325,000	2.11%	177,609	502,609	220,000	1.33%	74,214	294,214	7,142,835	\$7,939,658	1.00	
2030	8,026,749	-	325,000	2.11%	170,752	495,752	225,000	1.33%	71,255	296,255	7,234,743	\$8,026,749	1.00	
2031	8,110,509	-	330,000	2.11%	163,842	493,842	225,000	1.33%	68,262	293,262	7,323,405	\$8,110,509	1.00	
2032	8,205,884	-	335,000	2.11%	156,826	491,826	230,000	1.33%	65,237	295,237	7,418,822	\$8,205,884	1.00	
2033	8,297,737	-	335,000	2.11%	149,757	484,757	230,000	1.33%	62,178	292,178	7,520,802	\$8,297,737	1.00	
2034	8,405,875	-	340,000	2.11%	142,636	482,636	235,000	1.33%	59,085	294,085	7,629,154	\$8,405,875	1.00	
2035	8,505,056	-	345,000	2.11%	135,409	480,409	235,000	1.33%	55,960	290,960	7,733,687	\$8,505,056	1.00	
2036	8,610,311	-	350,000	2.11%	128,077	478,077	235,000	1.33%	52,834	287,834	7,844,400	\$8,610,311	1.00	
2037	8,731,420	-	355,000	2.11%	120,639	475,639	240,000	1.33%	49,676	289,676	7,966,106	\$8,731,420	1.00	
2038	8,833,145	-	355,000	2.11%	113,149	468,149	240,000	1.33%	46,484	286,484	8,078,513	\$8,833,145	1.00	
2039	8,970,533	-	365,000	2.11%	105,553	470,553	245,000	1.33%	43,258	288,258	8,211,722	\$8,970,533	1.00	
2040	9,098,052	-	370,000	2.11%	97,799	467,799	245,000	1.33%	40,000	285,000	8,345,254	\$9,098,052	1.00	
2041	9,235,657	-	375,000	2.11%	89,939	464,939	250,000	1.33%	36,708	286,708	8,484,010	\$9,235,657	1.00	
2042	9,368,160	-	380,000	2.11%	81,974	461,974	250,000	1.33%	33,383	283,383	8,622,804	\$9,368,160	1.00	
2043	9,520,465	-	385,000	2.11%	73,903	458,903	255,000	1.33%	30,025	285,025	8,776,538	\$9,520,465	1.00	
2044	9,667,189	-	390,000	2.11%	65,727	455,727	255,000	1.33%	26,633	281,633	8,929,830	\$9,667,189	1.00	
2045	9,833,186	-	400,000	2.11%	57,392	457,392	260,000	1.33%	23,209	283,209	9,092,585	\$9,833,186	1.00	
2046	9,993,166	-	405,000	2.11%	48,899	453,899	260,000	1.33%	19,751	279,751	9,259,516	\$9,993,166	1.00	
2047	10,166,992	-	410,000	2.11%	40,301	450,301	265,000	1.33%	16,259	281,259	9,435,432	\$10,166,992	1.00	
2048	10,349,346	-	415,000	2.11%	31,597	446,597	270,000	1.33%	12,702	282,702	9,620,047	\$10,349,346	1.00	
2049	10,529,923	-	425,000	2.11%	22,735	447,735	270,000	1.33%	9,111	279,111	9,803,077	\$10,529,923	1.00	
2050	10,733,625	-	430,000	2.11%	13,715	443,715	275,000	1.33%	5,486	280,486	10,009,423	\$10,733,625	1.00	
2051	10,929,932	-	435,000	2.11%	4,589	439,589	275,000	1.33%	1,829	276,829	10,213,514	\$10,929,932	1.00	
2052	10,732,259	-	-	-	-	-	-	-	-	-	4,995,254	\$4,995,254	2.15	
2053	10,732,259	-	-	-	-	-	-	-	-	-	4,256,440	\$4,256,440	2.52	
	\$	-	\$10,800,000		\$3,700,624	\$14,500,624	\$7,200,000		\$1,535,685	\$8,735,685		\$266,691,470		

\$10,800,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	16.24 YEARS
NET INTEREST RATE	2.110%
COST SAVINGS	\$2,718,468
AVERAGE ANNUAL REQUIREMENT	\$483,354

\$7,200,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	16.04 YEARS
NET INTEREST RATE	1.330%
COST SAVINGS	\$ 1,817,602
AVERAGE ANNUAL REQUIREMENT	\$291,189

TOTAL AVERAGE ANNUAL REQUIREMENTS
\$8,081,560

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. 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 set.

Budget Items	This Commitment								Total
	LM201181 Taxable	LM201182 Tax Exempt	LM211181 Taxable	LM211182 Tax Exempt	LM221181 Taxable	LM221182 Tax Exempt	LM231181 Taxable	LM231182 Tax Exempt	
<b>Construction</b>									
Construction	\$0	\$0	\$36,000,000	\$24,000,000	\$0	\$0	\$34,620,000	\$23,080,000	\$117,700,000
<b>Subtotal for Construction</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,000,000</b>	<b>\$24,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,620,000</b>	<b>\$23,080,000</b>	<b>\$117,700,000</b>
<b>Basic Engineering Services</b>									
Construction Engineering	\$0	\$0	\$600,000	\$400,000	\$0	\$0	\$360,000	\$240,000	\$1,600,000
Design	\$1,500,000	\$1,000,000	\$0	\$0	\$1,200,000	\$800,000	\$0	\$0	\$4,500,000
Planning	\$300,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000
<b>Subtotal for Basic Engineering Services</b>	<b>\$1,800,000</b>	<b>\$1,200,000</b>	<b>\$600,000</b>	<b>\$400,000</b>	<b>\$1,200,000</b>	<b>\$800,000</b>	<b>\$360,000</b>	<b>\$240,000</b>	<b>\$6,600,000</b>
<b>Special Services</b>									
Application	\$30,000	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000
Environmental	\$4,500,000	\$3,000,000	\$5,100,000	\$3,400,000	\$3,600,000	\$2,400,000	\$0	\$0	\$22,000,000
Geotechnical	\$300,000	\$200,000	\$0	\$0	\$60,000	\$40,000	\$0	\$0	\$600,000
Inspection	\$0	\$0	\$0	\$0	\$60,000	\$40,000	\$0	\$0	\$100,000
Project Management (by engineer)	\$180,000	\$120,000	\$300,000	\$200,000	\$270,000	\$180,000	\$270,000	\$180,000	\$1,700,000
Surveying	\$300,000	\$200,000	\$0	\$0	\$60,000	\$40,000	\$0	\$0	\$600,000
Testing	\$0	\$0	\$0	\$0	\$60,000	\$40,000	\$0	\$0	\$100,000
Water Distribution Modeling	\$60,000	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
<b>Subtotal for Special Services</b>	<b>\$5,370,000</b>	<b>\$3,580,000</b>	<b>\$5,400,000</b>	<b>\$3,600,000</b>	<b>\$4,110,000</b>	<b>\$2,740,000</b>	<b>\$270,000</b>	<b>\$180,000</b>	<b>\$25,250,000</b>
<b>Fiscal Services</b>									
Bond Counsel	\$69,000	\$53,500	\$136,750	\$114,000	\$60,200	\$46,300	\$122,950	\$104,800	\$707,500
Capitalized Interest	\$0	\$0	\$2,700,000	\$1,800,000	\$0	\$0	\$2,700,000	\$1,800,000	\$9,000,000
Financial Advisor	\$69,100	\$53,800	\$135,000	\$115,000	\$62,060	\$50,540	\$122,260	\$107,180	\$714,940
Fiscal/Legal	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$68,000
Issuance Costs	\$9,500	\$7,200	\$9,500	\$9,500	\$8,640	\$5,760	\$9,500	\$9,500	\$69,100
Loan Origination Fee	\$211,765	\$141,176	\$0	\$0	\$0	\$0	\$0	\$0	\$352,941
<b>Subtotal for Fiscal Services</b>	<b>\$367,865</b>	<b>\$264,176</b>	<b>\$2,989,750</b>	<b>\$2,047,000</b>	<b>\$139,400</b>	<b>\$111,100</b>	<b>\$2,963,210</b>	<b>\$2,029,980</b>	<b>\$10,912,481</b>
<b>Other</b>									
Administration	\$30,000	\$20,000	\$30,000	\$20,000	\$30,000	\$20,000	\$30,000	\$20,000	\$200,000
Land/Easements Acquisition	\$300,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000
Project Legal Expenses	\$60,000	\$40,000	\$60,000	\$40,000	\$60,000	\$40,000	\$0	\$0	\$300,000
<b>Subtotal for Other</b>	<b>\$390,000</b>	<b>\$260,000</b>	<b>\$90,000</b>	<b>\$60,000</b>	<b>\$90,000</b>	<b>\$60,000</b>	<b>\$30,000</b>	<b>\$20,000</b>	<b>\$1,000,000</b>
<b>Contingency</b>									
Contingency	\$2,872,135	\$1,895,824	\$10,720,250	\$7,093,000	\$3,100,600	\$2,048,900	\$6,336,790	\$4,170,020	\$38,237,519
<b>Subtotal for Contingency</b>	<b>\$2,872,135</b>	<b>\$1,895,824</b>	<b>\$10,720,250</b>	<b>\$7,093,000</b>	<b>\$3,100,600</b>	<b>\$2,048,900</b>	<b>\$6,336,790</b>	<b>\$4,170,020</b>	<b>\$38,237,519</b>
<b>Total</b>	<b>\$10,800,000</b>	<b>\$7,200,000</b>	<b>\$55,800,000</b>	<b>\$37,200,000</b>	<b>\$8,640,000</b>	<b>\$5,760,000</b>	<b>\$44,580,000</b>	<b>\$29,720,000</b>	<b>\$199,700,000</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$119,820,000 TO THE RIVERBEND WATER RESOURCES DISTRICT  
IN THE FORM OF A MULTI-YEAR COMMITMENT  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$119,820,000 RIVERBEND WATER RESOURCES DISTRICT CONTRACT REVENUE BONDS  
(REGIONAL WATER SYSTEM PROJECT) TAXABLE,  
PROPOSED SERIES 2020A, PROPOSED SERIES 2021A, PROPOSED SERIES 2022A, AND  
PROPOSED SERIES 2023A

(20 - )

WHEREAS, the Riverbend Water Resources District (District), located in Bowie, Cass, and Red River Counties, has filed an application for financial assistance in the amount of \$119,820,000 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. 62883; 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 \$119,820,000 Riverbend Water Resources District Contract Revenue Bonds (Regional Water System Project) Taxable, Proposed Series 2020A, Proposed Series 2021A, Proposed Series 2022A, and Proposed Series 2023A (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 TWDB is also considering a request from the District for the TWDB to provide financial assistance through the TWDB's proposed purchase of \$79,880,000 Riverbend Water Resources District Contract Revenue Bonds (Regional Water System project), Proposed Series 2020B, Proposed Series 2021B, Proposed Series 2022B, and Proposed Series 2023B;

WHEREAS, the District has offered a pledge of contract revenue 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 § 371.13; 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 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 District, a wholesale supplier of water, has adopted a resolution affirming that it will cooperate and coordinate with its retail providers to implement a water conservation program that will result in the more efficient use of water, that will meet reasonably anticipated local needs and conditions and that will incorporate those practices, techniques or technologies prescribed by the Texas Water Code and TWDB's rules; and
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).

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

1. a commitment is made by the TWDB to the Riverbend Water Resources District for financial assistance in the amount of \$119,820,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$119,820,000 Riverbend Water Resources District Contract Revenue Bonds (Regional Water System Project), Taxable as follows:
  - a) \$10,800,000 Proposed Series 2020A to expire on August 31, 2021;
  - b) \$55,800,000 Proposed Series 2021A, to expire on August 31, 2022;
  - c) \$8,640,000 Proposed Series 2022A, to expire on August 31, 2023; and
  - d) \$44,580,000 Proposed Series 2023A, to expire on August 31, 2024.

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 371;
4. the Obligations must provide that the Obligations can be called for early redemption 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 in a manner as approved by the Executive Administrator;
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 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 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;
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;
17. the Obligations must provide that the District will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
18. the Obligations must provide that the District must comply with all conditions as specified in the final environmental finding of the Executive Administrator when

issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;

19. the Obligations must contain a provision requiring the District to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

#### State Revolving Fund Conditions

20. the District shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
21. 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;
22. 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;
23. 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;
24. 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 § 371.4 and related State Revolving Fund Policy Guidelines;

#### Drinking Water State Revolving Fund Conditions

25. for each proposed bond series as described in the commitment of this Resolution, the District shall pay an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;

26. 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 District 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;

Pledge Conditions for the Loan

27. upon request by the Executive Administrator, the District shall submit annual audits of contracting parties for the Executive Administrator's review;
28. the Obligations must contain a provision requiring the District to require its customers to maintain rates and charges sufficient to pay all of their revenue obligations arising from the operation of the water and sewer system;
29. the Obligations must contain a provision requiring the District to maintain and enforce the contracts with its customers so that revenues paid to the District by its customers are sufficient to meet the revenue requirements of the District's obligations arising from the operation of the water system;
30. the Obligations must contain a provision that the pledged contract revenues from the District may not be pledged to the payment of any additional parity obligations of the District secured by a pledge of the same contract revenues unless the District demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations; and
31. prior to closing, the District must submit executed contracts between the District and the contracting parties regarding the contract revenues pledged to the payment of the District's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the District's debt service obligations and additional parity obligations.

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

Special Conditions:

32. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the District has the right to use the water that the project financed by the TWDB 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;

33. 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 the project financed by the TWDB will provide;
34. the District must notify the Executive Administrator in writing, thirty (30) days prior to taking any actions to alter its legal status in any manner;
35. the Obligations must include a provision requiring that the District notify the Executive Administrator in writing prior to any action by it 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
36. prior to the release of funds, the District 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 5<sup>th</sup> day of August 2020.

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 RIVERBEND WATER  
RESOURCES DISTRICT  
IN THE FORM OF A MULTI-YEAR COMMITMENT  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$79,880,000 RIVERBEND WATER RESOURCES DISTRICT CONTRACT REVENUE BONDS  
(REGIONAL WATER SYSTEM PROJECT),  
PROPOSED SERIES 2020B, PROPOSED SERIES 2021B, PROPOSED SERIES 2022B, AND  
PROPOSED SERIES 2023B

(20 - )

WHEREAS, the Riverbend Water Resources District (District), located in Bowie, Cass, and Red River Counties, has filed an application for financial assistance in the amount of \$79,880,000 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. 62883; 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 \$79,880,000 Riverbend Water Resources District Contract Revenue Bonds (Regional Water System Project), Proposed Series 2020B, Proposed Series 2021B, Proposed Series 2022B, and Proposed Series 2023B (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 TWDB is also considering a request from the District for the TWDB to provide financial assistance through the TWDB's proposed purchase of \$119,820,000 Riverbend Water Resources District Riverbend Water Resources District Contract Revenue Bonds (Regional Water System project), Taxable, Proposed Series 2020A, Proposed Series 2021A, Proposed Series 2022A, and Proposed Series 2023A;

WHEREAS, the District has offered a pledge of contract revenue 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 § 371.13; 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 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 District, a wholesale supplier of water, has adopted a resolution affirming that it will cooperate and coordinate with its retail providers to implement a water conservation program that will result in the more efficient use of water, that will meet reasonably anticipated local needs and conditions and that will incorporate those practices, techniques or technologies prescribed by the Texas Water Code and TWDB's rules; and
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).

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

a commitment is made by the TWDB to the Riverbend Water Resources District for financial assistance in the amount of \$79,880,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$79,880,000 Riverbend Water Resources District Contract Revenue Bonds (Regional Water System Project), as follows:

- a) \$7,200,000 Proposed Series 2020B, to expire on August 31, 2021;
- b) \$37,200,000 Proposed Series 2021B, to expire on August 31, 2022;
- c) \$5,760,000 Proposed Series 2022B, to expire on August 31, 2023; and
- d) \$29,720,000 Proposed Series 2023B, to expire on August 31, 2024.

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 371;
4. the Obligations must provide that the District agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
5. the Obligations must provide that the Obligations can be called for early redemption 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;
6. 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;
7. the Obligations must contain a provision requiring the District to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds 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;
8. 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;
9. 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 in a manner as approved by the Executive Administrator;

10. 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;
11. 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;
12. 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;
13. prior to closing, the District shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. 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;
15. 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;
16. the Executive Administrator may require that the District execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
17. 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;

18. the Obligations must provide that the District will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
19. the Obligations must provide that the District must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;
20. the Obligations must contain a provision requiring the District to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

Conditions Related to Tax-Exempt Status

21. 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;
22. 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;
23. 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 section 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
24. 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 section 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 section 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;
25. 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 section 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 section 148(f) of the Code, section 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;
26. 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;

27. 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 section 149(b) of the Code;
28. 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;
29. the Obligations must contain a provision that the District will refrain from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);
30. the transcript must include evidence that the information reporting requirements of section 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 section 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;
31. 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

32. the District shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
33. 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;
34. 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;

35. 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;
33. 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 § 371.4 and related State Revolving Fund Policy Guidelines;

#### Drinking Water State Revolving Fund Conditions

34. for each proposed bond series as described in the commitment of this Resolution, the District shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;
35. 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 District 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;

#### Pledge Conditions for the Loan

36. upon request by the Executive Administrator, the District shall submit annual audits of contracting parties for the Executive Administrator's review;
37. the Obligations must contain a provision requiring the District to maintain and enforce the contracts with its customers so that revenues paid to the District by its customers are sufficient to meet the revenue requirements of the District's obligations arising from the operation of the water system;
38. the Obligations must contain a provision that the pledged contract revenues from the District may not be pledged to the payment of any additional parity obligations of the District secured by a pledge of the same contract revenues unless the District demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations; and
39. prior to closing, the District must submit executed contracts between the District and the contracting parties regarding the contract revenues pledged to the payment of the District's Obligations, in form and substance acceptable to the Executive

Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the District's debt service obligations and additional parity obligations.

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

Special Conditions:

40. the District must notify the Executive Administrator in writing, thirty (30) days prior to taking any actions to alter its legal status in any manner;
41. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the District has the right to use the water that the project financed by the TWDB 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;
42. 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 the project financed by the TWDB will provide;
43. the Obligations must include a provision requiring that the District notify the Executive Administrator in writing prior to any action by it 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
44. prior to the release of funds, the District 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 5<sup>th</sup> day of August 2020.

TEXAS WATER DEVELOPMENT BOARD

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

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

ATTEST:

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Jeff Walker, Executive Administrator

Water  
 Wastewater  
 Other

## WATER CONSERVATION REVIEW

Entity: \_\_\_\_\_

Review date: \_\_\_\_\_

**WATER CONSERVATION PLAN DATE:** **Approvable**      **Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD	Water Loss Percent
<b>Baseline</b>				
<b>5-year Goal</b>				
<b>10-year Goal</b>				

**WATER LOSS AUDIT YEAR:**

Total water loss (GPCD): \_\_\_\_\_      Total water loss (percent): \_\_\_\_\_      Wholesale Water  
 Total no. of connections: \_\_\_\_\_      Length of mains (miles): \_\_\_\_\_      Connections per mile: \_\_\_\_\_  
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): \_\_\_\_\_

**WATER LOSS THRESHOLDS:**

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :			NA			NA
If population ≤ 10K, connections/mile ≥ 32 :		NA			NA	
If population > 10K :		NA			NA	

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.



## Riverbend Water Resources District Bowie County

