

AGENDA ITEM MEMO

BOARD MEETING DATE: February 10, 2021

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator

FROM: Amanda Lavin, Assistant Executive Administrator
Rebecca Trevino, Chief Financial Officer
Ashley Harden, General Counsel

SUBJECT: South Newton Water Supply Corporation

ACTION REQUESTED

Consider approving a request from the South Newton Water Supply Corporation (Newton and Orange Counties) for financial assistance in the amount of \$6,365,000 from the Texas Water Development Fund to refund outstanding debt; a request for interest forgiveness in the amount of \$338,347.50; and authorization for the Executive Administrator to negotiate, approve, and execute any necessary documents to effectuate the requests.

BACKGROUND

South Newton Water Supply Corporation (Corporation) is in Newton and Orange counties, approximately 27 miles northeast of the City of Beaumont. The Corporation currently serves approximately 1,315 water and 1,356 wastewater customers.

In 2000, the Corporation received a commitment from the Texas Water Development Board (TWDB) in the amount of \$16,930,305 in grant and loan through the Economically Distressed Areas Program (EDAP) for a project that would address existing water system deficiencies and provide first time water and wastewater service to various subdivisions in the Corporation's service area. A survey of the Corporation's project area had determined that a nuisance dangerous to the public health existed. At the time of commitment, the Corporation served approximately 1,112 water customers, which was estimated to increase to 1,410 water and wastewater customers at the end of construction.

In 2002 and 2004, the Corporation received \$4,224,548 to service additional wastewater connections identified during the design phase and for project cost increases. The total wastewater connections were projected to increase to 1,755.

Our Mission

Leading the state's efforts in ensuring a secure water future for Texas and its citizens

Board Members

Peter M. Lake, Chairman | Kathleen Jackson, Board Member | Brooke T. Paup, Board Member
Jeff Walker, Executive Administrator

In August of 2005, Hurricane Katrina hit the Gulf Coast area impacting the Corporation's construction efforts and one month later Hurricane Rita devastated its service area. In 2008, the Corporation received \$755,000 in EDAP funds to complete final construction, resulting in a total TWDB project cost of \$21,909,853. The Corporation also received a 20-month deferral of two years of its Series 2003C bond interest (\$679,118.25) due to the negative impact the hurricanes and project delays had on its cashflow projections. The total project cost is reflected below, which includes local funds:

Funding Source	Original Amount
EDAP Grant	\$14,777,853
EDAP Loan (Series 2003A)	87,000
RWAF Loan (Series 2003B)	795,000
DFund Loan (AMT Series 2003C)	6,250,000
<i>Corporation's Cash Contribution</i>	<i>92,587</i>
Total	\$22,002,440

KEY ISSUES

The TWDB's commitment to defer the bond interest over years 2017-2024 has assisted the Corporation's financial position. However, the area has experienced additional repetitive flooding in 2017 (Harvey), 2019 (Imelda) and 2020 (Laura) causing emergency repair costs and additional loss of customer base.

The Corporation is requesting a refinancing of two of its three existing bonds (Series 2003 B and C) to reduce interest costs. Interest rates range from 3.25% to 5.71% on the existing debt. Pursuant to Texas Administrative Code Section 363.33(a)(2)(C), the TWDB may utilize the Development Fund (DFund) program for a 0% interest rate loan. The Corporation is also requesting forgiveness of the remaining \$338,347.50 in deferred interest on its Series 2003C bonds, which is due in the amount of approximately \$85,000/year in 2021 through 2024.

The Corporation currently has principal outstanding in three bond series held by the TWDB as shown below. A refunding of \$5.78 million in principal of the two larger bond issues (Series 2003B and C), would result in approximately \$170,000 annual savings to the Corporation. A recent rate increase, a reduction in the annual debt service and forgiveness of the deferred interest, is projected to result in the Corporation having sufficient annual cashflow to replenish operating reserves and improve its financial position.

Bond Series	Loan Number	Outstanding Principal
EDAP Series 2003A (will remain)	1549	\$ 48,000
RWAF Series 2003B	1551	640,000
DFund (AMT) Series 2003C	1548	5,140,000
Total		\$5,828,000

The proposed refunding would provide financing to retire \$5.78 million in principal with its respective interest to date, fund a debt service reserve, and to pay for costs of issuance, including a rate study. The refunding bonds will be secured by a first lien on the revenues of the Corporation's waterworks and sewer system, and a first lien mortgage on the system, which is the same pledge of the existing bonds to be refunded.

Budget	
Series 2003B and 2003C Principal and Interest	\$5,940,249.71
Debt Service Reserve	270,174.02
Bond Counsel	20,000.00
Financial Advisor	57,375.00
Rate Study	25,000.00
Costs of Issuance (includes rounding)	52,201.27
Total	\$6,365,000.00

All applicable conditions in Resolutions 00-95, 02-78, 03-60, 04-16 and 08-07 have been met and all DFund programmatic requirements are included in the new resolution, which is further conditioned as follows:

- Adopted Water Conservation Plan
- Rate Study
- Establishment of an Operating Contingency Fund
- Address any material weaknesses and significant findings that may be issued during any annual or special financial audit while the bonds are outstanding

RECOMMENDATION

The Executive Administrator recommends approving financial assistance to the Corporation in the amount of \$6,365,000 from the Texas Water Development Fund to refund outstanding debt and for interest forgiveness in the amount of \$338,347.50, which will result in debt service savings to the Corporation. Delegation to the Executive Administrator to effectuate the transaction is also recommended to ensure a timely closing of the financing.

Attachment(s): Resolution (21-__)
 Refunding Analysis
 Corporation's Request

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING A REQUEST FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$6,365,000
TO THE SOUTH NEWTON WATER SUPPLY CORPORATION
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$6,365,000 SOUTH NEWTON WATER SUPPLY CORPORATION WATERWORKS AND
SEWER SYSTEM TAXABLE REVENUE REFUNDING BONDS
PROPOSED SERIES 2021
AND INTEREST FORGIVENESS IN THE TOTAL AMOUNT OF \$338,347.50

(21 -)

WHEREAS, at its August 16, 2000 meeting, the Texas Water Development Board (TWDB), by Resolution No. 00-95, made a commitment to provide financial assistance to the South Newton Water Supply Corporation (Corporation), for the purpose of financing the construction of wastewater collection and water distribution system improvements from the Economically Distressed Areas Program ("EDAP") Account of the Texas Water Development Funds in the amount of \$16,930,305 consisting of loans of \$4,450,000 and a grant of \$12,480,305; and

WHEREAS, at its July 16, 2002 meeting, the TWDB, by Resolution No. 02-78, approved a request from the Corporation for changes in the source of funds and an increase in financial assistance in the net amount of \$2,682,000 from the EDAP Account of the Texas Water Development Funds and the Rural Water Assistance Fund for a total of \$19,612,305; and

WHEREAS, at its August 20, 2003 meeting, the TWDB, by Resolution No. 03-60, approved a request from the Corporation to change the use of \$401,925 in EDAP wastewater grant funds to be used for construction of the Corporation's water project, and

WHEREAS, at its April 21, 2004 meeting, the TWDB, by Resolution No. 04-16, approved a request from the Corporation for an increase of \$1,542,548, consisting of an additional \$17,995 grant for the water system project and an additional \$1,524,553 grant for the wastewater system project, both from the EDAP Account. The total commitment of \$21,154,853 by the TWDB to the Corporation consisting of the purchase of \$87,000 South Newton Water Supply Corporation Waterworks and Sewer System Revenue Bonds, Series 2003A, from the EDAP Account of the Texas Water Development Funds, \$795,000 South Newton Water Supply Corporation Waterworks and Sewer System Revenue Bonds, Series 2003B, from the Rural Water Assistance Fund, \$6,250,000 South Newton Water Supply Corporation Waterworks and Sewer System Revenue Bonds, Series 2003C, with Alternative Minimum Tax Funds in the Texas Water Development Funds, and a grant of \$14,022,853 from the Economically Distressed Areas Account of the Texas Water Development Funds; and

WHEREAS, at its January 28, 2008, Board Meeting, the TWDB, by Resolution No. 08-07 approved a request from the Corporation to increase financial assistance in the amount of \$755,000 in grant from the EDAP Account of the Texas Water Development Funds resulting in a total commitment of \$21,909,853, and to defer the Corporation's payment of \$679,118.25 interest due in 2008 and 2009 on its Series 2003C bonds for 20 months;

WHEREAS, the Corporation suffered significant damage as a result of Hurricane Harvey in 2017, Hurricane Imelda in 2019, and Hurricane Laura in 2020; and

WHEREAS, the Corporation seeks financial assistance from the TWDB in the form of interest forgiveness for the remaining deferred interest on the 2003C Series bonds originally due in 2009, in the amount of \$338,347.50; and

WHEREAS, the Corporation seeks financial assistance from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, in the amount of \$6,365,000 to refund the Series 2003B and Series 2003C Bonds through the TWDB's purchase of \$6,354,000 South Newton Water Supply Corporation Waterworks and Sewer System Taxable Revenue Refunding Bonds, Proposed Series 2021, with a reduced interest rate;

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

WHEREAS, the TWDB has received notice of the Corporation's request to call the 2003B and 2003C Series bonds;

WHEREAS, in accordance with Texas Water Code §§ 17.124 and 17.275, the TWDB has considered all matters required by law and in particular the following:

1. the water quality needs of the waters into which effluent from the treatment works will be discharged, the benefit of the treatment works to such water quality needs, the relationship of the treatment works to the overall, statewide water quality needs, and the relationship of the treatment works to water quality planning for the state;
2. the needs of the area served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans; and
3. The availability of revenue to the Corporation, from all sources, for the ultimate repayment of the cost of the treatment works and water supply project, including interest.

4. that the Corporation has not been designated, pursuant to Texas Water Code § 26.082, to provide a regional system to serve all or part of the waste disposal needs of a defined area, the development of such systems being the declared policy of the legislature; and

WHEREAS, the TWDB hereby finds:

1. the Board's purchase of \$6,365,000 South Newton Water Supply Corporation Waterworks and Sewer System Taxable Revenue Refunding Bonds is in the public interest and is in accordance with 31 TAC 363.33(a)(2)(C); and
2. the Board's approval of the interest forgiveness is in the public interest; and
3. the terms of the refunding transaction do not adversely affect the payment by the Board of the principal of or interest on the Board's General Obligation Bonds, the ability of the Board to pay debt service on the Board's bonds or the tax status of the bonds; and
4. that in its opinion the revenue pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
5. that the financial assistance requested meets the requirements of Texas Water Code, Chapter 17, Subchapters E, F, and L, and 31 TAC Chapter 363, Subchapter A; and
6. that the Corporation has submitted a proposed program of water conservation for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
7. that any treatment works financed with this funding considered cost-effective innovative, nonconventional methods of treatment such as rock reed, root zone, ponding, irrigation, or other methods that may have been developed by the National Aeronautics and Space Administration or the Tennessee Valley Authority, in accordance with Texas Water Code § 17.189.

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

1. A commitment is made by the TWDB to the South Newton Water Supply Corporation for financial assistance in the amount of \$6,365,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$6,365,000 South Newton Water Supply Corporation Waterworks and Sewer System Taxable Revenue Refunding Bonds,

Proposed Series 2021. Through this commitment the Executive Administrator is authorized to take any necessary action to ensure the transaction is successful.

2. A further commitment is made by the TWDB to the South Newton Water Supply Corporation for forgiveness of the remaining deferred interest payments in the amount of \$338,347.50. These commitments will expire on August 31, 2021.
3. The Board hereby consents to the transfer of any funds from the Corporation's Debt Service Fund and Reserve Fund securing the Series 2003B and 2003C bonds to similarly designated funds securing the Series 2021 Refunding Bonds.

Such commitment is conditioned as follows:

Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Corporation has complied with all of the requirements of the laws under which said Obligations were issued; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Corporation;
3. this commitment is contingent upon the Corporation's compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;
4. the Obligations must provide that the Obligations can be called for redemption on any date at a price of par;
5. the Obligations must include a provision wherein the Corporation, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Corporation's Obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Corporation's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to such bonds under SEC Rule 15c2-12;

6. the Obligations must contain a provision requiring the Corporation to maintain and collect sufficient rates and charges to produce system revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
7. the Obligations must include a provision requiring the Corporation to return to the TWDB, any loan proceeds from the Obligations remaining after completion of a final accounting;
7. 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;
8. financial assistance 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;
9. financial assistance proceeds shall not be used by the Corporation when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Corporation agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Corporation, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
10. prior to closing, the Corporation shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges sufficient for the repayment of all system debt service requirements;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Corporation shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;

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

Water Supply Corporation Conditions

13. the Corporation's indebtedness to the TWDB shall be evidenced by Obligations specifically secured by:
 - a. a first or parity lien on the gross revenues of the Corporation's water system (System); and
 - b. a first or parity lien mortgage on the System;
14. within 120 days after closing, the Corporation must file a Deed of Trust with the County Clerk of the county in which the property is located, as required by Business and Commerce Code, Chapter 9, or a Utility Security Instrument with the Secretary of State's Office and corresponding notice with the County Clerk, as required by Business and Commerce Code, Chapter 261, as evidence of the TWDB's security interest in the Corporation's System. Within thirty (30) days of the date of each filing, the Corporation shall submit a copy of the recorded instrument to the TWDB;
15. within 120 days after closing, the Corporation must file a security instrument with the Secretary of State's Office, as required by Business and Commerce Code, Chapter 9 or Chapter 261 to evidence the TWDB's security interest in any personal property directly related to water supply and/or sewer service, owned or to be acquired by the Corporation. A copy of the recorded security instrument shall be submitted by the Corporation to the TWDB within thirty (30) days of its filing with the Secretary of State's Office;
16. within 120 days of closing, the Corporation must obtain a title insurance policy from a title insurance company in accordance with the standards established by the Texas Department of Insurance. The title insurance policy must be for the property owned in fee simple, upon which the TWDB will be given a first or parity lien mortgage. A copy of the mortgagee title insurance policy shall be submitted to the TWDB within thirty (30) days of its execution;
17. the Corporation must cure any defects or liens upon the property listed in Schedule C of the title insurance company commitment that the Executive Administrator deems necessary;
18. prior to closing, the Corporation must submit to the Executive Administrator evidence that the Corporation's bylaws have been amended to include the following requirements:

- a. as long as the Corporation is indebted to the TWDB, the bylaws shall not be altered, amended or repealed without the prior written consent of the Executive Administrator; and
 - b. the Corporation is a nonprofit Corporation; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers;
19. prior to closing, if the Corporation is pledging a lien on real property that is to be on parity with a lien or liens on real property securing debt held by an obligee other than the TWDB, that will remain outstanding after closing the TWDB's loan, then the Corporation must execute a Parity Agreement with each entity that holds such debt that is acceptable in form and substance to the Executive Administrator; and
20. the Obligations shall include a special covenant prohibiting the Corporation from encumbering, pledging or otherwise impairing the revenues of the System in any manner with respect to the payment of any Obligations or with respect to any liability, except for the payment of the following: (1) maintenance and operating expenses and debt service requirements for the 2003A Series bonds payable within the current fiscal year with current revenues; and (2) that the Corporation shall in no way encumber, pledge or otherwise impair its title to the land used by or for the System or any interests therein, including improvements and facilities of the System, without prior TWDB approval;

Pledge Conditions For The Loan

21. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be fully funded at closing with proceeds from the Obligations;
22. if the Corporation has existing revenue obligations with the same pledge of security as the proposed Obligations that is held by an obligee other than the TWDB and will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
23. the Obligations must contain a provision providing that additional revenue obligations may only be incurred if net system revenues are at least 1.25 times the average annual debt service requirements after giving effect to the additional obligations when net revenues are determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant;

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

Special Conditions:

24. prior to closing, the Corporation will adopt a resolution requiring it to conduct a rate study that includes a timeline for rate increases and further that with approval from the Executive Administrator, the Corporation will implement the rate increases as necessary;
25. the Corporation shall establish an Operating Contingency Fund that will be used initially to hold costs of issuance, including but not limited to costs of the rate study and required costs associated with the mortgage lien on the system. Prior to any disbursements made from the Operating Contingency Fund, the Corporation must provide notice to the Executive Administrator;
26. after the costs of issuance, including but not limited to, costs of the rate study and costs associated with the mortgage have been paid, any funds remaining in the Operating Contingency Fund must be moved into the Corporation's Interest and Sinking Fund;
27. the Corporation shall thereafter use the Operating Contingency Fund for the purpose of providing for emergency or other unanticipated needs of the System. Beginning on July 1, 2021 and on that date each year thereafter, the Corporation shall deposit funds at the rate of \$30,000 annually in the Operating Contingency fund until the amount of \$150,000 is accumulated. Disbursements from the Fund may be approved by the Corporation's Board of Directors (for emergencies or unanticipated needs in the discretion of the Corporation's Board of Directors) with notice of the disbursement to TWDB Executive Administrator. Provided further that in the event the Operating Contingency Fund is less than the accumulated scheduled amount, the Corporation shall replenish the fund within 24 months unless an extension of the restoration of the Fund is approved by the Executive Administrator;
28. within one year of closing, the Corporation shall adopt a plan, acceptable to the Executive Administrator, ensuring that the Corporation will address all material weaknesses and significant deficiency findings that may be issued during any annual or special financial audit while the Obligations are outstanding;
29. the Corporation must notify the Executive Administrator in writing thirty (30) days prior to taking any actions to alter its legal status in any manner;
30. the Obligations must include a provision requiring that the Corporation 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

31. prior to closing, the Corporation must adopt and implement the water conservation program approved by the TWDB.

APPROVED and ordered of record this, the 10th day of February 2021.

TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake, Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

**ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY**

\$6,365,000 South Newton Water Supply Corporation Waterworks and Sewer System Taxable Revenue Refunding Bonds, Proposed Series 2021

FYE 12/31	Current Debt Service				Refund Series 2003B & C	Proposed Refunding Series 2021			Total Debt Service	Difference
	\$48,000 Series 2003A	\$640,000 Series 2003B	\$5,140,000 Series 2003C	Total		Principal	Interest	Total		
2021	\$ 6,961	\$ 50,970	\$ 403,212	\$ 461,143	(\$454,182)	\$ 275,000	\$ 0	\$ 275,000	\$ 281,961	\$ 179,182
2022	6,704	50,132	401,667	458,503	(451,799)	275,000	0	275,000	281,704	176,799
2023	7,414	49,289	399,807	456,510	(449,096)	275,000	0	275,000	282,414	174,096
2024	7,092	53,306	402,527	462,925	(455,833)	275,000	0	275,000	282,092	180,833
2025	6,770	52,182	399,827	458,779	(452,009)	275,000	0	275,000	281,770	177,009
2026	7,416	51,053	401,669	460,138	(452,722)	275,000	0	275,000	282,416	177,722
2027	7,030	49,919	402,912	459,861	(452,831)	275,000	0	275,000	282,030	177,831
2028	6,644	53,643	398,730	459,017	(452,373)	275,000	0	275,000	281,644	177,373
2029	7,225	52,225	399,125	458,575	(451,350)	275,000	0	275,000	282,225	176,350
2030		50,808	398,955	449,763	(449,763)	280,000	0	280,000	280,000	169,763
2031		49,390	403,079	452,469	(452,469)	280,000	0	280,000	280,000	172,469
2032		52,833	401,497	454,330	(454,330)	280,000	0	280,000	280,000	174,330
2033		51,127	399,294	450,421	(450,421)	280,000	0	280,000	280,000	170,421
2034		49,414	401,327	450,741	(450,741)	280,000	0	280,000	280,000	170,741
2035		52,558	397,647	450,205	(450,205)	280,000	0	280,000	280,000	170,205
2036		50,560	398,267	448,827	(448,827)	280,000	0	280,000	280,000	168,827
2037		48,561	398,046	446,607	(446,607)	280,000	0	280,000	280,000	166,607
2038		51,420	401,830	453,250	(453,250)	275,000	0	275,000	275,000	178,250
2039		49,136	399,618	448,754	(448,754)	275,000	0	275,000	275,000	173,754
2040		51,709	396,552	448,261	(448,261)	275,000	0	275,000	275,000	173,261
2041		49,140	397,490	446,630	(446,630)	275,000	0	275,000	275,000	171,630
2042		51,428	397,291	448,719	(448,719)	275,000	0	275,000	275,000	173,719
2043			395,953	395,953	(395,953)	275,000	0	275,000	275,000	120,953
	\$63,256	\$1,120,803	\$9,196,322	\$10,380,381	(\$10,317,125)	\$ 6,365,000	\$ 0	\$ 6,365,000	\$ 6,428,256	\$ 3,952,125

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.

South Newton Water Supply Corporation
P.O. Box 659
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Phone: (409) 746-2271 Fax: (409) 746-9613
Email: snw@att.net

February 4, 2021

Mr. Jeff Walker, Executive Administrator
Texas Water Development Board
1700 Congress Avenue
Austin, Texas 78701

Re: South Newton Water Supply Corporation (the "Corporation") – Request for Financial Assistance Interest Payment Forgiveness

Dear Mr. Walker:

Please accept this letter as the request by the Corporation for the Texas Water Development Board ("TWDB") to provide financial assistance to the Corporation for the refunding through a taxable revenue refunding bond of its South Newton Water Supply Corporation Waterworks & Sewer System Revenue Bonds, Series 2003B and South Newton Water Supply Corporation Waterworks & Sewer System Revenue Bonds, Series 2003C (AMT).

The Corporation further respectfully requests consideration by the TWDB for a forgiveness of the remaining interest payment that is outstanding in the Bond Interest Payment Deferral Agreement dated effective March 15, 2008.

Thank you for your consideration of these requests.

South Newton Water Supply Corporation



Greg Stanley, President

/mgm