

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** April 8, 2021

**PRESENTED BY:** Claudia Corsetti

### ACTION REQUESTED

Approve by resolution a request from the City of Pharr (Hidalgo County) for \$4,510,000 in financial assistance consisting of \$3,157,000 in financing and \$1,353,000 in grant from the Flood Infrastructure Fund for the planning, acquisition, design, and construction of a drainage improvements project.

### PROJECT NAME AND NUMBER

Drainage Improvements, Project Number 40054

### STAFF RECOMMENDATION

☒ Approve      ☐ No Action

### BACKGROUND

Passed by the 86<sup>th</sup> Texas Legislature and approved by the voters through a constitutional amendment, the Flood Infrastructure Fund (FIF) program was created to provide funding for flood mitigation projects. The purpose of the FIF, as outlined in Senate Bill 7 was to assist in financing drainage, flood mitigation, and flood control projects. FIF projects to be presented for consideration have been scored and ranked utilizing a prioritization criterion outlined in Texas Administrative Code Title 31 § 363.404 and further identified in the Flood Intended Use Plan. The prioritized list of projects was approved by the Board on September 17, 2020.

The City of Pharr (City) is located in Hidalgo County, approximately 3 miles east of McAllen, Texas. The City is approximately 23.4 square miles and has a population of approximately 79,112.

### PROJECT NEED AND DESCRIPTION

The City has experienced chronic flooding around the area of Dicker Road (FM 3072) and South Veterans Road in the City's south side. This area is located near the downstream end of the South Lateral Drain. As the South Lateral Drain receives stormwater from its watershed, it conveys flows easterly to the International Boundary and Water Commission (IBWC) Floodway. The neighborhoods north of the South Lateral Drain outfall are in low-lying areas that are not able to drain for extended periods after rain events. During heavy rainfall events, storm water pumps are necessary to decrease water levels and allow emergency services to reach residents.

The proposed project includes a regional detention facility in approximately 20 acres of undeveloped land located south of Hidalgo Park Estates Subdivision, east of Anaya Heights Subdivision and north of the South Lateral Drain. The pond will include a pump system to dewater the proposed detention. The project also includes storm drain improvements in the adjacent neighborhoods to direct flow to the proposed detention pond; upgrade of culverts and road crossings; removal and replacement of existing storm sewer to direct the flows from the

<b>COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE OCTOBER 31, 2021</b>
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Hidalgo Park North Ditch to the detention pond; and flap gates to prevent tail water from flowing from the South Lateral Drain into the proposed detention pond and the Hidalgo Park North Ditch. The improvements will complement and enhance Hidalgo County Drainage District No. 1's planned improvements to widen the drainage ditches in the area.

Findings from the City of Pharr Master Drainage Project indicate the proposed project will reduce flood risk for all structures within the project area and removes approximately 900 structures from the existing 100-year floodplain. Additionally, modeling shows a benefit of flood risk reduction in water surface elevation to downstream rural communities that live in an area of chronic flooding.

## **PROJECT SCHEDULE**

<b>Task</b>	<b>Schedule Date</b>
Closing	June 1, 2021
Engineering Feasibility Report Completion (End of Planning Phase)	January 31, 2022
Design Phase	March 31, 2022
Start of Construction	July 1, 2022
Construction Completion	February 28, 2023

## **KEY ISSUES**

The City's project is eligible under Category 2 of the 2020 Flood Intended Use Plan. This category of funding was designed for planning, acquisition, design, and construction activities to implement flood mitigation projects. Category 2 projects are eligible to receive up to 70 percent in grant funding. Recipients of financial assistance may either use their own available funds or borrow FIF funds at zero percent for any portion of the required local share not provided through FIF grant funds.

The City qualified for a \$1,353,000 grant under the FIF equal to 30 percent of the total project costs. The remaining 70 percent will be in FIF financing.

## **LEGAL**

### Special Conditions

- Executed Grant Agreement

### Attachments:

1. Financial Review
2. Project Budget
3. Resolution (21- )
4. Location Map

# Financial Review

## City of Pharr

Risk Score: 2B

### Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2019	City: 1.3%	State: 1.24%
Top 10 Taxpayers as % Total AV	7.29%	<15%
Median Household Income as % of State	72%	100%
Days of Cash on Hand (3-year Average)	37 days	30-149 days
Net Fixed Assets/ Annual Depreciation	32 years	12-24 years
Debt Service Coverage Ratio	1.19x	1.1x
Debt-to-Operating Revenues	3.7x	4.00-5.99x
Unemployment Rate (December)	City:12.7%	State: 7.1%
Working Capital Ratio	3.04	> 1.0

### Key Risk Score Strengths

- Pledged revenues are derived from an ad valorem tax of properties of the City and a subordinate lien pledge of the net revenues of the City's water and sewer system and provide a strong debt service coverage ratio.
- A high working capital ratio provides the City with ample resources to cover short-term liabilities and shows a strong liquidity position.
- The population growth of the City has increased over the past nine years, as well as active connections.

### Key Risk Score Concerns

- Unemployment is higher than the state but is consistent for this region.

### PLEDGE

Legal Pledge Name	Combination ad valorem taxes and subordinate lien pledge of net system revenue
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input type="checkbox"/> First <input checked="" type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

### RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	6,000	\$29.27	\$29.27	1.97	1.97
WASTEWATER	6,000	\$24.13	\$24.13		

**TAXES**

	2020 Tax Year Rate	Max Projected Tax Rate (2020)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.567	\$0.567	\$1.50	96%	\$3,461,037,867
Interest & Sinking	\$0.151	\$0.151			
Total Tax Rate	\$0.718	\$0.718			

**Cost Savings**

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$1,310,540 over the life of the financing. The City is also saving \$1,353,000 in grant funding.

## Project Data Summary

<b>Responsible Authority</b>	Pharr
<b>Program</b>	FLOOD
<b>Commitment Number</b>	G1001383, L1001382
<b>Project Number</b>	40054
<b>List Year</b>	2020
<b>Type of Pledge</b>	Combo Tax and Revenue
<b>Pledge Level (if applicable)</b>	Second Lien
<b>Legal Description</b>	\$1,353,000 Grant Agreement, \$3,157,000 City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Proposed Taxable Series 2021
<b>Tax-exempt or Taxable</b>	Taxable
<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>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning, Acquisition, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	N/A
<b>Water Conservation Plan</b>	Exempt (\$500,000 or less)
<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>
Mireya Loewe	Connie Lopez	Claudia Corsetti	Sara Sopczynski	Marshall Walters

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY

City of Pharr

**\$3,157,000 City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021**

Dated Date: 5/25/2021  
Delivery Date: 5/25/2021  
First Interest: 8/15/2022  
First Principal: 8/15/2022  
Last Principal: 8/15/2021  
Fiscal Year End: 09/30  
Required Coverage: 1.0

Source: FIF  
Rate: 0.00%  
IUP Year: 2020  
Case: Tax and Revenue  
Admin.Fee: \$0  
Admin. Fee Payment Date: N/A  
Total Assessed Valuation: \$3,461,037,867

FISCAL YEAR	PROJECTED TAX RATE	TAX REVENUES WITH COLL. @ 96%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$3,157,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
						PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2022	\$0.143	\$4,734,700	\$5,932,314	\$10,667,014	\$8,859,565	\$106,000	-	\$0	\$106,000	\$8,965,565	1.19
2023	\$0.151	5,000,508	\$5,932,314	10,932,822	8,946,522	106,000	0.00%	-	106,000	9,052,522	1.21
2024	\$0.104	3,445,532	\$5,932,314	9,377,846	8,931,419	106,000	0.00%	-	106,000	9,037,419	1.04
2025	\$0.110	3,644,888	\$5,932,314	9,577,202	8,938,355	106,000	0.00%	-	106,000	9,044,355	1.06
2026	\$0.140	4,648,312	\$5,932,314	10,580,626	8,932,202	106,000	0.00%	-	106,000	9,038,202	1.17
2027	\$0.110	3,638,243	\$5,932,314	9,570,557	8,921,419	106,000	0.00%	-	106,000	9,027,419	1.06
2028	\$0.109	3,631,598	\$5,932,314	9,563,912	5,962,066	105,000	0.00%	-	105,000	6,067,066	1.58
2029	\$0.109	3,628,275	\$5,932,314	9,560,589	5,968,898	105,000	0.00%	-	105,000	6,073,898	1.57
2030	\$0.110	3,644,888	\$5,932,314	9,577,202	5,956,005	105,000	0.00%	-	105,000	6,061,005	1.58
2031	\$0.110	3,641,566	\$5,932,314	9,573,880	5,452,379	105,000	0.00%	-	105,000	5,557,379	1.72
2032	\$0.109	3,628,275	\$5,932,314	9,560,589	5,959,272	105,000	0.00%	-	105,000	6,064,272	1.58
2033	\$0.109	3,634,920	\$5,932,314	9,567,234	5,953,623	105,000	0.00%	-	105,000	6,058,623	1.58
2034	\$0.110	3,641,566	\$5,932,314	9,573,880	5,948,517	105,000	0.00%	-	105,000	6,053,517	1.58
2035	\$0.110	3,638,243	\$5,932,314	9,570,557	5,949,681	105,000	0.00%	-	105,000	6,054,681	1.58
2036	\$0.109	3,634,920	\$5,932,314	9,567,234	5,829,070	105,000	0.00%	-	105,000	5,934,070	1.61
2037	\$0.109	3,634,920	\$5,932,314	9,567,234	4,654,752	105,000	0.00%	-	105,000	4,759,752	2.01
2038	\$0.109	3,631,598	\$5,932,314	9,563,912	4,811,768	105,000	0.00%	-	105,000	4,916,768	1.95
2039	\$0.070	2,319,172	\$5,932,314	8,251,486	3,348,232	105,000	0.00%	-	105,000	3,453,232	2.39
2040	\$0.075	2,495,270	\$5,932,314	8,427,584	1,787,418	105,000	0.00%	-	105,000	1,892,418	4.45
2041	\$0.053	1,744,363	\$5,932,314	7,676,677	1,791,249	105,000	0.00%	-	105,000	1,896,249	4.05
2042	-	-	\$5,932,314	5,932,314	1,789,191	105,000	0.00%	-	105,000	1,894,191	3.13
2043	-	-	\$5,932,314	5,932,314	1,376,416	105,000	0.00%	-	105,000	1,481,416	4.00
2044	-	-	\$5,932,314	5,932,314	1,374,074	105,000	0.00%	-	105,000	1,479,074	4.01
2045	-	-	\$5,932,314	5,932,314	1,376,462	105,000	0.00%	-	105,000	1,481,462	4.00
2046	-	-	\$5,932,314	5,932,314	1,378,565	105,000	0.00%	-	105,000	1,483,565	4.00
2047	-	-	\$5,932,314	5,932,314	1,375,386	105,000	0.00%	-	105,000	1,480,386	4.01
2048	-	-	\$5,932,314	5,932,314	1,377,071	105,000	0.00%	-	105,000	1,482,071	4.00
2049	-	-	\$5,932,314	5,932,314	1,373,604	105,000	0.00%	-	105,000	1,478,604	4.01
2050	-	-	\$5,932,314	5,932,314	-	105,000	0.00%	-	105,000	105,000	56.50
2051	-	-	\$5,932,314	5,932,314	-	106,000	0.00%	-	106,000	106,000	55.97
					\$249,631,178	\$134,323,176	\$3,157,000		\$0	\$3,157,000	\$137,480,176

AVERAGE (MATURITY) LIFE	15.7 YEARS
NET INTEREST RATE	0.000%
COST SAVINGS	\$ 3,216,850
AVERAGE ANNUAL REQUIREMENT	\$4,582,673

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.



**Project Budget Summary**  
**Pharr**  
**40054 - South Pharr Regional Detention**  
**Facility and Drainage Improvement**

Budget Items	TWDB Funds	Total
<b>Construction</b>		
Construction	\$3,623,592.00	\$3,623,592.00
<b>Subtotal for Construction</b>	<b>\$3,623,592.00</b>	<b>\$3,623,592.00</b>
<b>Basic Engineering Services</b>		
Construction Engineering	\$82,000.00	\$82,000.00
Design	\$225,500.00	\$225,500.00
Planning	\$30,000.00	\$30,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$337,500.00</b>	<b>\$337,500.00</b>
<b>Special Services</b>		
Environmental	\$50,000.00	\$50,000.00
Geotechnical	\$35,000.00	\$35,000.00
Surveying	\$52,500.00	\$52,500.00
<b>Subtotal for Special Services</b>	<b>\$137,500.00</b>	<b>\$137,500.00</b>
<b>Other</b>		
Land/Easements Acquisition	\$350,000.00	\$350,000.00
<b>Subtotal for Other</b>	<b>\$350,000.00</b>	<b>\$350,000.00</b>
<b>Contingency</b>		
Contingency	\$61,408.00	\$61,408.00
<b>Subtotal for Contingency</b>	<b>\$61,408.00</b>	<b>\$61,408.00</b>
<b>Total</b>	<b>\$4,510,000.00</b>	<b>\$4,510,000.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$4,510,000 TO THE CITY OF PHARR  
FROM THE FLOOD INFRASTRUCTURE FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$3,157,000 CITY OF PHARR, TEXAS COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION, PROPOSED TAXABLE SERIES 2021  
AND  
THE EXECUTION OF A GRANT AGREEMENT IN THE AMOUNT OF \$1,353,000

(21 - )

WHEREAS, the City of Pharr (City), located in Hidalgo County, Texas, has filed an application for financial assistance from the Flood Infrastructure Fund (FIF) in accordance with Texas Water Code Chapter 15, Subchapter I, to finance the planning, acquisition, design, and construction of a flood project, identified as Project No. 40054; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$4,510,000 through the TWDB's proposed purchase of \$3,157,000 City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Proposed Taxable Series 2021 and \$1,353,000 through execution of a Grant Agreement (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the City has offered a pledge of combination ad valorem taxes and subordinate lien pledge of net system revenue as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 15, Subchapter I; 31 TAC Chapter 363, Subchapters A and D; and the State Fiscal Year 2020 Flood Intended Use Plan (FIUP);
2. the City has demonstrated a sufficient level of cooperation among eligible political subdivisions and has included all of the eligible political subdivisions substantially affected by the flood project in accordance with Texas Water Code § 15.536(2);
3. that the City has submitted a written memorandum of understanding relating to the management of the project watershed executed by all governing bodies of eligible political subdivisions located in the project watershed;



4. that in its opinion the taxes or revenues pledged by the City will be sufficient to meet all Obligations assumed by the City in accordance with Texas Water Code § 15.536(3);
5. that the City is eligible to receive grant funding in accordance with Texas Water Code § 15.534 and the FIUP;
6. that the City has demonstrated that the benefit-cost ratio of the Project meets the requirements of the FIUP;
7. that the request for financial assistance does not include redundant funding for activities already performed and/or funded through another source, in accordance with the FIUP;
8. that the City has demonstrated that the application meets the requirements of the FIUP related to the National Flood Insurance Program in the area to be served by the Project;
9. that the Project was developed using the best and most recent available data, in accordance with the FIUP;
10. that the City has documented that it has planned for operations and maintenance costs associated with the Project, in accordance with the FIUP;
11. that the City has considered possible floodwater capture techniques that could be associated with the Project for water supply purposes, in accordance with the FIUP; and
12. that the current water audit has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.0121.

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

A commitment is made by the TWDB to City of Pharr for financial assistance in the amount of \$4,510,000 from the Flood Infrastructure Fund, to be evidenced by the TWDB's proposed purchase of \$3,157,000 City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Proposed Taxable Series 2021 and execution of a Grant Agreement in the amount of \$1,353,000. This commitment will expire on October 31, 2021; however, the Executive Administrator may, at his discretion, grant up to one extension for a maximum of three months.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on availability of TWDB 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 City 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 City;
3. this commitment is contingent upon the City's continued compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;
4. the City shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2);

The Following Conditions Must Be Included in the Obligations:

5. the Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
6. the Obligations must provide that the City 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;
7. the Obligations must provide that the City will not begin construction for a portion of the Project until the environmental finding has been issued for that portion of the Project;
8. the Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project;
9. the Obligations must include a provision wherein the City, 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 City'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 City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;

10. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges to produce 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;
11. the Obligations must include a provision requiring a final accounting to be made of the total sources and authorized use of Project funds within 60 days of the completion of the Project;
12. the Obligations must include a provision requiring the City to deposit any bond proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting, including any interest earned on the bond proceeds, into the Interest and Sinking Fund;
13. the Grant Agreement must include a provision stating that the City shall either return or deposit into the Interest and Sinking Fund any grant funds that are determined to be surplus funds remaining after completion of the Project and completion of a final accounting, including any interest earned on the grant funds;
14. 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;
15. 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;
16. financial assistance proceeds shall not be used by the City 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 City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law;
17. the Obligations must contain a provision stating that the City shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G;

18. the Obligations must provide that the City will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of § 149(b) of the Code;
19. the Obligations must contain a covenant that the City will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to “advance refundings”);
20. the Obligations must contain a provision requiring the City to submit quarterly status reports on the progress of the project that details information requested by the Executive Administrator. The Executive Administrator may withhold authorization to release funds from escrow or adjust the amount of funds to be released from escrow based on the receipt of the quarterly status reports and the projected quarterly needs for the project;
21. the Obligations shall include a special covenant prohibiting the City from encumbering, pledging, or otherwise impairing the revenues of the System in any manner with respect to the payment of any Obligations or with respect to any liability, except for the payment of the following: (1) maintenance and operating expenses payable within the current fiscal year with current revenues; and (2) additional debt, and that the City 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;

Conditions to Close or for Release of Funds:

22. prior to closing, the City 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;
23. prior to release of funds for the relevant services, and if required under the TWDB’s financial assistance program and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel, for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
24. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the City shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;

25. prior to closing, the City's bond counsel must prepare a written, unqualified approving opinion acceptable to the executive administrator. Bond counsel may rely on covenants and representations of the City when rendering this opinion; and
26. prior to release of funds for construction, the City must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the City has the legal authority necessary to complete the acquisitions.

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

Special Condition:

27. prior to closing, the City shall execute a Grant Agreement in a form and substance acceptable to the Executive Administrator.

APPROVED and ordered of record this, the 8th day of April 2021.

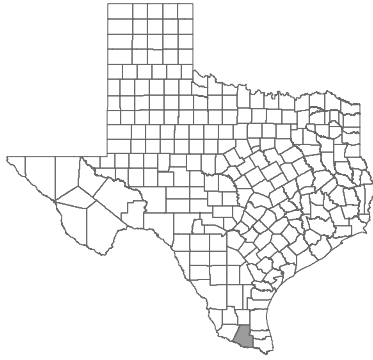
TEXAS WATER DEVELOPMENT BOARD

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

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

ATTEST:

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



## City of Pharr Hidalgo County

