



## PROJECT FUNDING REQUEST

**BOARD DATE:** July 23, 2024

**Team Manager:** Joe Koen

### ACTION REQUESTED

Consider approving by resolution a request from the City of Fort Worth (Tarrant County) for \$125,000,000 in financing from the State Water Implementation Revenue Fund for construction of a water supply project.

### STAFF RECOMMENDATION

☒ Approve ☐ No Action

### BACKGROUND

The City of Fort Worth (City) is the fifth largest city in the state of Texas and the county seat of Tarrant County. The City provides water and wastewater services to approximately 284,057 water and 272,052 wastewater connections.

### PROJECT NEED AND DESCRIPTION

The City provides potable treated water to service area population of approximately 1,400,000 people and is a wholesale water provider to several neighboring communities. Currently the Eagle Mountain Water Treatment Plant (EMWTP) is limited to 105 million gallons per day (MGD) capacity. The projected water demand at EMWTP is expected to be 140MGD by 2028. The City needs to expand the capacity of EMWTP to meet this projected demand.

The City proposes to construct an expansion to EMWTP. This expansion includes the addition of a raw water ozone system, flocculation and sedimentation basins, biological filtration, membrane filtration, and disinfection as well as other improvements to EMWTP. This project will expand the capacity of EMWTP by 35 MGD, with the ability to expand capacity to 50 MGD to meet future demand. This project will allow the City to meet projected water needs as well as provide redundancy and flexibility within the system to address future needs.

### PROJECT SCHEDULE

Task	Schedule Date
Closing	November 10, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	November 28, 2024
Design Phase Completion	January 30, 2025
Start of Construction	June 1, 2025
Construction Completion	June 1, 2028

**COMMITMENT PERIOD:** FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2024

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (24- )
4. Water Conservation Review
5. Location Map

# Financial Review

## City of Fort Worth

Risk Score: 2A

Audit Reviewed: FY 2023

### Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 2.17%	State: 1.49%
Top 10 Customers % of Total Revenue	3%	10-15%
Median Household Income as % of State	101%	100%
Days of Cash on Hand (3-year Average)	213 days	30-149 days
Net Fixed Assets/ Annual Depreciation	33 years	12-24 years
Debt Service Coverage Ratio	2.09x	1.0x
Debt-to-Operating Revenues	2.58x	4.00-5.99x
Unemployment Rate (April, 2024)	City: 3.60%	State: 3.50%
Working Capital Ratio	3.44	> 1.0

### Key Risk Score Strengths

- Water and sewer system revenues are high enough to cover both the existing and proposed debt. The lowest coverage within the first 10 years of the proposed financing is 2.08x coverage in 2025, with the highest being 3.27x coverage in 2035.
- A high Working Capital Ratio provides the District with ample resources to cover short-term liabilities and shows a strong liquidity position.
- Projected household cost factor is 1.41%, indicating that utility rates are not projected to create burden on the City's customers.

### PLEDGE

Legal Pledge Name	Water and Sewer System Revenues
Type of Pledge	<input type="checkbox"/> Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input 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

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	7,638	\$40.38	\$40.38	1.41	1.41
WASTEWATER	4,444	\$32.83	\$32.83		

**TAXES**

	2023 Tax Year Rate	Max Projected Tax Rate	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.5250	\$0.5250	\$1.90	97%	\$116,882,970,467
Interest & Sinking	\$0.1475	\$0.1475			
Total Tax Rate	\$0.6725	\$0.6725			

**Cost Savings**

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$11,208,232 over the life of the financing.

Responsible Authority	City of Fort Worth
Program	SWIFT
Commitment Number	L1001828
Project Number	51092
List Year	2024
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$125,000,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds Series 2024
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM				
Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Kyle DuQuesnay	Jason Asbury	Kylie Beard	Marshall Walters

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
City of Fort Worth

**\$125,000,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds Series 2024**

<b>Dated Date:</b>	<b>11/10/2024</b>	<b>Source:</b>	<b>SWIFT-LOW-30YR</b>
<b>Delivery Date:</b>	<b>11/10/2024</b>	<b>Rate:</b>	<b>4.00%</b>
<b>First Interest:</b>	<b>2/15/2025</b>	<b>IUP Year:</b>	<b>2024</b>
<b>First Principal:</b>	<b>2/15/2025</b>	<b>Case:</b>	<b>Senior Lien Revenues</b>
<b>Last Principal:</b>	<b>2/15/2054</b>	<b>Admin. Fee</b>	<b>\$0</b>
<b>Fiscal Year End:</b>	<b>09/30</b>	<b>Payment Date:</b>	<b>N/A</b>
<b>Required Coverage:</b>	<b>1.0</b>		

PROJECTED		CURRENT	<u>\$125,000,000 ISSUE</u>				PROPOSED LSLR FINANCING		
FISCAL YEAR	NET SYSTEM REVENUES	DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	PID 63050	TOTAL DEBT SERVICE	COVERAGE
2025	\$242,550,000	\$109,545,190	\$2,915,000	3.27%	\$3,581,376	\$6,496,376	\$267,231	\$116,308,797	2.09
2026	242,550,000	105,636,315	2,475,000	3.24%	4,615,323	7,090,323	317,858	\$113,044,495	2.15
2027	242,550,000	103,658,050	2,555,000	3.14%	4,535,115	7,090,115	319,512	\$111,067,676	2.18
2028	242,550,000	92,833,823	2,635,000	3.13%	4,453,763	7,088,763	316,184	\$100,238,769	2.42
2029	242,550,000	92,854,191	2,720,000	3.13%	4,369,958	7,089,958	317,836	\$100,261,985	2.42
2030	242,550,000	90,812,095	2,805,000	3.13%	4,283,491	7,088,491	319,403	\$98,219,989	2.47
2031	242,550,000	81,865,310	2,895,000	3.14%	4,194,142	7,089,142	315,918	\$89,270,369	2.72
2032	242,550,000	81,876,117	2,990,000	3.16%	4,101,448	7,091,448	317,381	\$89,284,946	2.72
2033	242,550,000	77,163,922	3,085,000	3.18%	4,005,155	7,090,155	318,734	\$84,572,810	2.87
2034	242,550,000	77,164,209	3,185,000	3.19%	3,905,302	7,090,302	319,965	\$84,574,476	2.87
2035	242,550,000	66,693,175	3,290,000	3.28%	3,800,546	7,090,546	316,052	\$74,099,773	3.27
2036	242,550,000	61,008,490	3,400,000	3.38%	3,689,130	7,089,130	316,907	\$68,414,527	3.55
2037	242,550,000	57,216,970	3,520,000	3.49%	3,570,246	7,090,246	317,449	\$64,624,664	3.75
2038	242,550,000	57,267,068	3,645,000	3.62%	3,442,847	7,087,847	317,689	\$64,672,603	3.75
2039	242,550,000	57,311,217	3,780,000	3.69%	3,307,132	7,087,132	317,656	\$64,716,004	3.75
2040	242,550,000	57,401,239	3,925,000	3.73%	3,164,189	7,089,189	317,343	\$64,807,771	3.74
2041	242,550,000	54,185,022	4,075,000	3.81%	3,013,359	7,088,359	316,742	\$61,590,123	3.94
2042	242,550,000	54,292,830	4,235,000	3.86%	2,853,995	7,088,995	315,891	\$61,697,716	3.93
2043	242,550,000	54,455,333	4,405,000	3.90%	2,686,362	7,091,362	314,805	\$61,861,500	3.92
2044	242,550,000	54,549,184	4,580,000	3.94%	2,510,239	7,090,239	318,422	\$61,957,844	3.91
2045	242,550,000	54,849,095	4,770,000	4.12%	2,321,751	7,091,751	316,760	\$62,257,605	3.90
2046	242,550,000	54,658,073	4,970,000	4.12%	2,121,107	7,091,107	314,897	\$62,064,076	3.91
2047	242,550,000	52,114,964	5,175,000	4.12%	1,912,120	7,087,120	317,758	\$59,519,842	4.08
2048	242,550,000	46,158,994	5,395,000	4.12%	1,694,378	7,089,378	315,342	\$53,563,713	4.53
2049	242,550,000	43,474,369	5,620,000	4.12%	1,467,469	7,087,469	317,643	\$50,879,480	4.77
2050	242,550,000	38,496,056	5,860,000	4.23%	1,227,758	7,087,758	314,672	\$45,898,486	5.28
2051	242,550,000	33,942,756	6,115,000	4.23%	974,486	7,089,486	316,454	\$41,348,697	5.87
2052	242,550,000	30,673,119	6,380,000	4.23%	710,217	7,090,217	317,899	\$38,081,234	6.37
2053	242,550,000	22,179,038	6,655,000	4.23%	434,527	7,089,527	314,093	\$29,582,657	8.20
2054	242,550,000	11,751,256	6,945,000	4.23%	146,887	7,091,887	329,826	\$19,172,969	12.65
		\$1,876,087,467	\$125,000,000		\$87,093,811.60	\$212,093,812		\$2,097,655,595	

<b>AVERAGE (MATURITY) LIFE</b>	<b>17.43 YEARS</b>
<b>NET INTEREST RATE</b>	<b>3.998%</b>
<b>COST SAVINGS</b>	<b>\$11,208,232</b>
<b>AVERAGE ANNUAL REQUIREMENT</b>	<b>\$7,069,794</b>

*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.*



## Project Budget Summary

Fort Worth

51092 - Eagle Mountain Water Treatment Plant -  
35 MGD Expansion

Budget Items	This Commitment	Local and Other Funds	Total
<b>Construction</b>			
Construction	\$119,609,688.00	\$0.00	\$119,609,688.00
<b>Subtotal for Construction</b>	<b>\$119,609,688.00</b>	<b>\$0.00</b>	<b>\$119,609,688.00</b>
<b>Basic Engineering Services</b>			
Design	\$0.00	\$9,939,000.00	\$9,939,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$0.00</b>	<b>\$9,939,000.00</b>	<b>\$9,939,000.00</b>
<b>Special Services</b>			
Environmental	\$0.00	\$61,000.00	\$61,000.00
<b>Subtotal for Special Services</b>	<b>\$0.00</b>	<b>\$61,000.00</b>	<b>\$61,000.00</b>
<b>Fiscal Services</b>			
Bond Reserve Fund	\$3,249,584.00	\$0.00	\$3,249,584.00
Fiscal/Legal	\$10,000.00	\$0.00	\$10,000.00
Issuance Costs	\$6,000.00	\$0.00	\$6,000.00
<b>Subtotal for Fiscal Services</b>	<b>\$3,265,584.00</b>	<b>\$0.00</b>	<b>\$3,265,584.00</b>
<b>Contingency</b>			
Contingency	\$2,124,728.00	\$0.00	\$2,124,728.00
<b>Subtotal for Contingency</b>	<b>\$2,124,728.00</b>	<b>\$0.00</b>	<b>\$2,124,728.00</b>
<b>Total</b>	<b>\$125,000,000.00</b>	<b>\$10,000,000.00</b>	<b>\$135,000,000.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE  
IN THE AMOUNT OF \$125,000,000 TO CITY OF FORT WORTH  
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS  
THROUGH THE PROPOSED PURCHASE OF \$125,000,000 CITY OF FORT WORTH,  
TEXAS WATER AND SEWER SYSTEM REVENUE BONDS,  
PROPOSED SERIES 2024

(24- )

Recitals:

The City of Fort Worth (City), located in Tarrant County, has filed an application for financial assistance in the amount of \$125,000,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the construction of a water supply project identified as Project No. 51092 (Project).

The City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$125,000,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2024, (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.

The City has offered a pledge of a senior lien on the water and sewer system revenues as sufficient security for the repayment of the Obligations.

Subject to the City's use of an approved debt service structure, interest rate subsidies are available to the City for State Fiscal Year 2024 at up to the following levels: 25% for financial assistance for a term of 20 years, 18% for financial assistance for a term of 21 to 25 years, and 14% for financial assistance for a term of 26 to 30 years.

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

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The City has submitted and implemented a water conservation plan in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).

4. The City has completed its current water audit and filed it with the TWDB in accordance with Texas Water Code § 16.0121 and 31 TAC § 358.6.
5. The City acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

NOW THEREFORE, based on these findings, the TWDB commits to the following:

The TWDB will provide financial assistance to City of Fort Worth in the amount of \$125,000,000 from the State Water Implementation Revenue Fund for Texas to be evidenced by the TWDB's proposed purchase of \$125,000,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2024. This commitment will expire on December 31, 2024.

The commitment is subject to the following:

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 City has complied with all of the requirements of the laws under which the Obligations were issued, that the Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that the 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.
4. This commitment is contingent upon the City executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting the executed agreement to the TWDB consistent with the terms and conditions described in it.
5. Interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator.
6. The City shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2) and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee.

Required Obligation Conditions:

7. 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 that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption.
8. The Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
9. 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.
10. The Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
11. 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 the 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 SEC rule 15c2-12, the 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 the Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to the bonds under SEC Rule 15c2-12.
12. The Obligations must contain a provision requiring the City to levy a tax 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.
13. The Obligations must include a provision requiring the City to use any proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
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 or media at the Project site. The Obligations shall include a provision that states the City is solely responsible for liability resulting from acts or omissions of the City, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments 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 include a provision stating that the City shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.
18. The Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1).
19. 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 and Texas Water Code § 17.183.
20. The City must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
21. The Obligations must provide that the City will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
22. The Obligations must include a provision that if the collateral or credit pledged by the City securing the Obligations is rated by a nationally-recognized statistical rating agency, the City, or other obligated person, will not discontinue the rating issued by a nationally-recognized statistical rating agency until the underlying Obligations are retired or no longer held by TWDB.

#### Tax-Exempt Conditions:

23. The Obligations must include a provision prohibiting the City from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue

Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).

24. The Obligations must provide that no portion of the proceeds of the financial assistance 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 that were used, directly or indirectly, to acquire Nonpurpose Investments, as defined in the Code and Regulations, that produce a yield materially higher than the yield on the TWDB’s bonds issued to provide the financial assistance (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 the 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 the amounts do not exceed the lesser 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 that the City must take all necessary steps to comply with the requirement that 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 City 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 the accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the City, provided that the City separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with the Gross Proceeds;
  - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, 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 associated rulings. The City shall maintain a copy of the calculations for at least six years after the final Computation Date;

- c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date as additional consideration for providing financial assistance and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners of TWDB's Bonds for federal income tax purposes;
  - d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time, 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 City 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 City 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 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 the borrower's obligations in contravention of section 149(d) of the Code (related to "advance refundings").
  - 29. The Obligations must provide that neither the City nor a party related to it 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 City by the TWDB.

Pledge Conditions:

- 30. The Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations.
- 31. The Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over twenty-four (24) months following the expiration of the deferral period.
- 32. If the City has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after the term of any financial assistance provided by the TWDB pursuant to this commitment, the Obligations must contain a provision providing that the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing the outstanding obligations.

33. 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.

Conditions To Close Or For Release Of Funds:

34. Before 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.
35. Before closing, 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.
36. Before 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.
37. Before closing, the City shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
38. Before closing, the City'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 City when rendering this opinion.
39. Before closing, the City's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the City when rendering this opinion.
40. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
41. The transcript must include evidence that the information reporting requirements of section 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of 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.

APPROVED and ordered of record this, the 23rd day of July 2024.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Brooke T. Paup, Chairwoman

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

ATTEST:

\_\_\_\_\_  
Bryan McMath, Interim Executive Administrator

Review Date:

Project ID:

Water

Wastewater

Other

**WATER CONSERVATION REVIEW**

Entity:

Other entity:

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

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

**WATER LOSS AUDIT YEAR:**

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI:

Real Loss GMD:

**WATER LOSS THRESHOLDS**

Water Loss Project:

Waiver Requested:

Wholesale Adjusted:

Threshold Type:

<b>Apparent Loss GCD</b>		<b>Real Loss GCD</b>	
<b>Reported</b>	<b>Threshold</b>	<b>Reported</b>	<b>Threshold</b>

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 losses** are paper losses that occur when the water reaches a customer, but the volume is not accurately measured and/or recorded due to unauthorized consumption, customer meter inaccuracy, or billing system and collection data errors.

**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.

**GCD** means gallons per connection per day.

**GMD** means gallons per mile 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 3,000 connections and a connection density of more than 16 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 bench marking 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.

**Real losses** are the physical losses, largely leakage, from the infrastructure: mains, valves, and storage tank overflows. Real loss constitutes background leakage (unreported and difficult to detect), unreported leakage (leaks that do not surface but could be detected), and reported leakage (leaks that often surface and those that are detected by the utility through leak detection).

**Residential GPCD** is the amount of residential water use (single and multi-family customer use) divided by the residential population divided by 365.

**Total GPCD** is the amount of total system input volume divided by the retail population 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 GPCD** is the amount of water loss divided by the retail population divided by 365.

**Water Loss per Connection per Day** Calculated as the water loss volume divided by the number service connections divided by 365. This indicator allows for reliable performance tracking in the water utility's efforts to reduce water losses. It replaces water loss percentage.

**Water Loss Thresholds** are levels of real and apparent water loss determined by the 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.

**Wholesale Adjusted** represents that some utilities provide large volumes of wholesale water to other providers that travel through the general distribution system, so a calculation has been established to adjust for that volume of wholesale water. These adjustments are only applicable for use in determining whether a utility meets or exceeds water loss thresholds in review of their application for financial assistance. These adjustments should not be used for performance tracking or benchmarking.



## City of Fort Worth Tarrant County

