

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 27, 2022

Team Manager: Jesse Milonovich

ACTION REQUESTED

Approve by resolution a request from the Greenbelt Municipal and Industrial Water Authority (Donley County) for \$18,110,000 in financing from the State Water Implementation Revenue Fund for Texas for planning, acquisition, design, and construction of a water supply project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The Greenbelt Municipal and Industrial Water Authority (Authority) provides treated wholesale water to a population of approximately 21,422 residents (7,311 connections) in Childress, Donley, Foard, Hall, Hardeman, and Wilbarger counties.

PROJECT NEED AND DESCRIPTION

Due to declining supply in its Greenbelt Reservoir, the Authority needs additional water supply to meet its wholesale customers current and future needs. As of December 2021, the Greenbelt Reservoir was operating at approximately 16.6 percent capacity.

The Authority proposes to construct three water wells, well field piping, electrical distribution equipment, and a 12-mile transmission line to transport the water to its existing water treatment plant.

PROJECT SCHEDULE

Task	Schedule Date
Closing	October 12, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	April 30, 2023
Design Phase Completion	July 30, 2023
Start of Construction	October 30, 2023
Construction Completion	October 30, 2024

KEY ISSUES

The Authority is a wholesale provider and will need to ensure that each of its wholesale customers submits or has submitted a water conservation plan at the time of contract renewal.

The Authority plans to enter supplemental contracts with each of its contracting parties (the Red River Authority and the cities of Childress, Clarendon, Crowell, Hedley, and

COMMITMENT PERIOD: FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2022

Quanah) as their rates will be dependent in part on the bonds proposed to be issued by the Authority.

The supplemental contracts require approval of the contracting parties' governing bodies when issuing improvement bonds. Copies of the contracts and evidence of approval of the governing bodies are requested from the Authority as the bond funds and repayment of the bonds in part will be due under the contracts as supplemented.

LEGAL

Special Conditions

- Reasonable expectation for groundwater development
- Water Rights Certification
- Each wholesale customer to submit a water conservation plan to the Authority
- Prior to closing, the Authority executes supplemental contracts with each contracting entity
- Prior to closing, the Authority submits evidence of the contracting entities' approval to issue Obligations

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (22-)
4. Water Conservation Review
5. Location Map

Financial Review

Greenbelt Municipal & Industrial Water Authority

Risk Score: 2B

Audit Reviewed: FY 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: -1.34%	State: 1.49%
Median Household Income as % of State	69%	100%
Days of Cash on Hand (3-year Average)	474 days	30-149 days
Net Fixed Assets/ Annual Depreciation	21 years	12-24 years
Debt Service Coverage Ratio	0.86x	1.00x
Debt-to-Operating Revenues	6.87x	4.00-5.99x
Unemployment Rate (April 2022)	Donley County: 2.70%	State: 3.70%
Working Capital Ratio	9.95	> 1.00

Key Risk Score Strengths

- Days of cash on hand is significantly higher than the benchmark, showing the Authority's ability to handle surges in short-term liabilities.
- A strong working capital ratio provides the Authority with ample resources to cover short-term obligations and shows a favorable liquidity position.

Key Risk Score Concerns

- In a no growth scenario, based on 2021 audited numbers, the Authority's maximum rate increase projected would be \$3.90; however, the Authority will provide \$825,000 from its cash on hand to offset the need for a rate increase. Despite providing the additional funds, the Authority would still have 344 days of cash on hand to cover any surges in short-term liabilities.
- Debt-to-operating revenues ratio is above the benchmark due to system revenues supporting all outstanding debt. The Authority does not have taxing authority.
- The population growth of the County has slightly declined over the past ten years, but the Authority is supported by six contracting parties in addition to fees and sales revenue that has been generating increased revenues over the past five years.

PLEDGE

Legal Pledge Name	Net 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

Wholesale Rate	Gallons/Month	Current Wholesale Rates (Per 1,000 Gallons)	Max Projected Wholesale Rates (Per 1,000 Gallons)
WATER	78,258	\$0.939	\$3.90

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$2,943,187 over the life of the financing.

Responsible Authority	Greenbelt MIWA
Program	SWIFT
Commitment Number	L1001529
Project Number	51074
List Year	2022
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$18,110,000 Greenbelt Municipal & Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2022
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low-Interest
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Jesse Milonovich	April Alcorn	Juan Moran-Lopez	Chris Caran	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Greenbelt Municipal and Industrial Water Authority

\$18,110,000 Greenbelt Municipal and Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2022

Dated Date:	10/12/2022	Source:	SWIFT-LOW-30YR
Delivery Date:	10/12/2022	Rate:	3.36%
First Interest:	7/10/2023	IUP Year:	2022
First Principal:	7/10/2023	Case:	Revenue
Last Principal:	7/10/2052	Admin. Fee:	\$0
Fiscal Year End:	06/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$18,110,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2024	\$1,941,386	\$982,708	\$265,000	1.64%	\$696,523	\$961,523	\$1,944,231	1.00
2025	1,941,386	983,898	410,000	1.87%	553,273	963,273	1,947,171	1.00
2026	1,941,386	984,855	415,000	1.99%	545,310	960,310	1,945,165	1.00
2027	1,666,386	349,050	425,000	2.05%	536,825	961,825	1,310,875	1.27
2028	1,666,386	127,500	435,000	2.13%	527,836	962,836	1,090,336	1.53
2029	1,666,386	-	445,000	2.23%	518,241	963,241	963,241	1.73
2030	1,666,386	-	455,000	2.35%	507,933	962,933	962,933	1.73
2031	1,666,386	-	465,000	2.42%	496,961	961,961	961,961	1.73
2032	1,666,386	-	475,000	2.49%	485,420	960,420	960,420	1.74
2033	1,666,386	-	490,000	2.54%	473,284	963,284	963,284	1.73
2034	1,666,386	-	500,000	2.71%	460,286	960,286	960,286	1.74
2035	1,666,386	-	515,000	2.86%	446,146	961,146	961,146	1.73
2036	1,666,386	-	530,000	2.97%	430,911	960,911	960,911	1.73
2037	1,666,386	-	545,000	3.07%	414,675	959,675	959,675	1.74
2038	1,666,386	-	565,000	3.14%	397,439	962,439	962,439	1.73
2039	1,666,386	-	580,000	3.22%	379,230	959,230	959,230	1.74
2040	1,666,386	-	600,000	3.28%	360,052	960,052	960,052	1.74
2041	1,666,386	-	620,000	3.34%	339,858	959,858	959,858	1.74
2042	1,666,386	-	640,000	3.38%	318,688	958,688	958,688	1.74
2043	1,666,386	-	665,000	3.42%	296,501	961,501	961,501	1.73
2044	1,666,386	-	690,000	3.37%	273,503	963,503	963,503	1.73
2045	1,666,386	-	710,000	3.37%	249,913	959,913	959,913	1.74
2046	1,666,386	-	735,000	3.37%	225,564	960,564	960,564	1.73
2047	1,666,386	-	760,000	3.37%	200,374	960,374	960,374	1.74
2048	1,666,386	-	785,000	3.37%	174,340	959,340	959,340	1.74
2049	1,666,386	-	815,000	3.67%	146,158	961,158	961,158	1.73
2050	1,666,386	-	845,000	3.67%	115,697	960,697	960,697	1.73
2051	1,666,386	-	875,000	3.67%	84,135	959,135	959,135	1.74
2052	1,666,386	-	910,000	3.67%	51,380	961,380	961,380	1.73
2053	1,666,386	-	945,000	3.67%	17,341	962,341	962,341	1.73
		\$3,428,010	\$18,110,000		\$10,723,793	\$28,833,793	\$32,261,803	

AVERAGE (MATURITY) LIFE	17.63 YEARS
NET INTEREST RATE	3.359%
COST SAVINGS	\$2,943,187
AVERAGE ANNUAL REQUIREMENT	\$961,126

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
Greenbelt MIWA
51074 - Develop Additional Water Supplies
from the Ogallala Aquifer

Budget Items	TWDB Funds	Total
Construction		
Construction	\$12,544,100.00	\$12,544,100.00
Subtotal for Construction	\$12,544,100.00	\$12,544,100.00
Basic Engineering Services		
Design	\$1,088,410.00	\$1,088,410.00
Subtotal for Basic Engineering Services	\$1,088,410.00	\$1,088,410.00
Special Services		
Environmental	\$100,000.00	\$100,000.00
Geotechnical	\$60,000.00	\$60,000.00
Inspection	\$300,000.00	\$300,000.00
O&M Manual	\$20,000.00	\$20,000.00
Permits	\$20,000.00	\$20,000.00
Pilot Testing	\$36,000.00	\$36,000.00
Project Management (by engineer)	\$100,000.00	\$100,000.00
Special Service Other (Describe)	\$620,888.00	\$620,888.00
Surveying	\$200,000.00	\$200,000.00
Testing	\$150,000.00	\$150,000.00
Subtotal for Special Services	\$1,606,888.00	\$1,606,888.00
Fiscal Services		
Bond Counsel	\$185,000.00	\$185,000.00
Financial Advisor	\$265,000.00	\$265,000.00
Fiscal/Legal	\$25,000.00	\$25,000.00
Subtotal for Fiscal Services	\$475,000.00	\$475,000.00
Other		
Land/Easements Acquisition	\$42,750.00	\$42,750.00
Subtotal for Other	\$42,750.00	\$42,750.00
Contingency		
Contingency	\$2,352,852.00	\$2,352,852.00
Subtotal for Contingency	\$2,352,852.00	\$2,352,852.00
Total	\$18,110,000.00	\$18,110,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$18,110,000 TO GREENBELT MUNICIPAL AND INDUSTRIAL WATER AUTHORITY
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$18,110,000 GREENBELT MUNICIPAL AND INDUSTRIAL WATER AUTHORITY FIRST LIEN
REVENUE BONDS,
PROPOSED SERIES 2022

(22-)

WHEREAS, the Greenbelt Municipal and Industrial Water Authority (the "Authority") has filed an application for financial assistance in the amount of \$18,110,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of certain water supply project(s) identified as Project No. 51074 (Project); and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$18,110,000 Greenbelt Municipal and Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2022, (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 Authority has offered a pledge of a first lien on the net revenues of the Authority's system as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.1307;

WHEREAS, subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority for State Fiscal Year 2022 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; and

WHEREAS, 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; and

WHEREAS, the TWDB hereby finds:

1. that 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. that 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. that a water conservation plan has been submitted and implemented in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1);
4. that the Authority furnishes water or wastewater services to another entity that in turn furnishes water or wastewater services to the ultimate consumer;
5. that the Authority has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating 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 resolves as follows:

a commitment is made by the TWDB to Greenbelt Municipal and Industrial Water Authority for financial assistance in the amount of \$18,110,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of \$18,110,000 Greenbelt Municipal and Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2022. This commitment will expire on December 31, 2022.

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 Authority 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 Authority;
3. this commitment is contingent upon the Authority'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 Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and

submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;

5. interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator;
6. the Authority 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;

The Following Conditions Must Be Included in the Obligations:

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 Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
9. the Obligations must provide that the Authority 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 Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project;
11. the Obligations must include a provision wherein the Authority, 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 Authority'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 Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;
12. the Obligations must contain a provision requiring the Authority to levy a tax and/or maintain and collect sufficient rates and charges to produce system revenues in an

amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;

13. the Obligations must include a provision requiring the Authority 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 Authority 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 Authority 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 Authority, 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 Authority 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 Authority 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 Obligations must include a provision prohibiting the Authority 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 § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

21. 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 § 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 that are issued to provide financing for 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 such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;
22. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:
 - a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a

copy of such calculations for at least six years after the final Computation Date;

- c. 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 thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
 - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
- 23. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 - 24. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
 - 25. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of § 149(d) of the Code (related to "advance refundings");
 - 26. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;
 - 27. 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;
 - 28. if the Authority 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 such outstanding obligations;

29. 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:

30. prior to closing, the Authority 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;
31. prior to closing, if not previously provided with the application, the Authority 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;
32. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority 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;
33. prior to closing, the Authority'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 Authority when rendering this opinion;
34. prior to closing, the Authority'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 Authority when rendering this opinion;
35. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations;
36. the transcript must include evidence that the information reporting requirements of § 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 § 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;

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

Special Conditions:

37. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
38. prior to the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide;
39. prior to closing, the Authority will submit to TWDB for review water conservation plans for its wholesale customers, if they exist; and the Authority must include in its contracts with its wholesale customers a requirement that its wholesale customers adopt a plan that complies with TWDB rules and submit the plan to TWDB. If this requirement is to be included in an existing water or wastewater service contract, it may be included at the earliest of the renewal or substantial amendment of that contract, or by other appropriate measures;
40. prior to closing, the Authority will submit executed supplemental contracts with the contracting parties, the form and substance of which is satisfactory to the Executive Administrator of the Board; and
41. prior to closing, the Authority will submit documentation from the contracting parties' governing bodies evidencing approval of the resolution authorizing issuance of the Obligations.

APPROVED and ordered of record this, the 27th day of July 2022.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Review Date:

Project ID:

Water
Wastewater
Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

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

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline			
5-year Goal			
10-year Goal			

WATER LOSS AUDIT YEAR:

Service connections:

Length of main lines (miles):

Water Loss

Retail population:

Connections per mile:

(gal/connection/day):

Water Loss GPCD:

ILI¹:

1 – Infrastructure Leakage Index only applicable if > 16 connections per mile and > 3,000 service connections

WATER LOSS THRESHOLDS

Water Loss Project:

Wholesale Adjusted:

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Loss Threshold Gallons per connection per day	Real Loss Threshold Gallons per mile per day	Real Loss Threshold Gallons per connection per day
<u>Threshold Type</u>						

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.

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 size and connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

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.



Greenbelt MIWA Donley County

