

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: April 6, 2023

Team Manager: Jesse Milonovich

ACTION REQUESTED

Consider approving by resolution a request from the Greenbelt Municipal and Industrial Water Authority (Donley County) for \$18,110,000 in financial assistance consisting of \$8,110,000 in financing and \$10,000,000 in principal forgiveness from the Drinking Water State Fund 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 February 2023, the Greenbelt Reservoir was operating at approximately 11.7 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	August 31, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	December 29, 2023
Design Phase Completion	April 30, 2024
Start of Construction	May 31, 2024
Construction Completion	June 30, 2025

KEY ISSUES

The Authority qualifies for \$10,000,000 in principal forgiveness as a disadvantaged community.

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

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE OCTOBER 31, 2023

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 Quanah). 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.

LEGAL/SPECIAL CONDITIONS

- Each wholesale customer to submit a water conservation plan to the Authority
- Reasonable expectation for groundwater development
- Water Rights Certification
- Principal Forgiveness Agreement with provision to return surplus funds
- Prior to closing, the Authority executes supplemental contracts with each contracting entity

Attachments

1. Financial Review
2. Project Budget
3. Resolution (23-)
4. Water Conservation Review
5. Location Map

Financial Review

Greenbelt Municipal and Industrial Water Authority

Risk Score: 2B

Audit Reviewed: FY 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: -0.79%	State: 1.49%
Cash Balance Ratio	45.22%	0-9.99%
Median Household Income as % of State	66%	100%
Days of Cash on Hand (3-year Average)	539 days	30-149 days
Net Fixed Assets/ Annual Depreciation	17 years	12-24 years
Debt Service Coverage Ratio	1.12x	1.0x
Debt-to-Operating Revenues	3.96	4.00-5.99x
Unemployment Rate (December 2022)	Authority: 3.18%	State: 3.60%
Working Capital Ratio	2.753	> 1.0

Key Risk Score Strengths

- A high working capital ratio provides the Authority with ample resources to cover short-term liabilities and shows a strong liquidity position.
- The Authority's days of cash on hand is above the benchmark, indicating that they can pay operating expenses with the cash available.
- The Authority's positive cash balance ratio indicates an overall upward trend in funds.

Key Risk Score Concerns

- The median household income is lower than the state benchmark. However, the total debt per capita is low at \$576, indicating a low impact on the Authority's constituency.
- The population growth of the County has slightly declined over the past ten years. However, 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	First Lien Revenue Bonds
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 Wholesale Use	Gallons/Month	Current Consumption Charge Rate (Per Million gallons)	Maximum Projected Rate (Per Million gallons)
Water	144,547	\$0.9398	\$0.9398

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$2,446,802 over the life of the financing. In addition, the Authority is eligible for \$10,000,000 in principal forgiveness.

Responsible Authority	Greenbelt MIWA
Program	DWSRF
Commitment Number	L1001617, LF1001618
Project Number	62935
List Year	2023
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$8,110,000 Greenbelt Municipal and Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2023, \$10,000,000 Principal Forgiveness Agreement
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
State Revolving Fund Type	Equivalency
Financial Managerial & Technical Complete	Yes
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	Kyle DuQuesnay	Andrew Tilton	Chris Caran	Breann Hunter

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

\$8,110,000 Greenbelt Municipal and Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2023

Dated Date: 8/31/2023	Source: DWSRF-EQUIVALENCY
Delivery Date: 8/31/2023	Rate: 2.80%
First Interest: 3/15/2024	IUP Year: 2023
First Principal: 3/15/2025	Case: First Lien Revenues
Last Principal: 3/15/2054	Admin.Fee: \$159,020
Fiscal Year End: 06/30	Admin. Fee Payment Date: 8/31/2023
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$8,110,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2024	\$1,528,461	\$980,205	\$0	-	\$114,400	\$114,400	\$1,094,605	1.40
2025	1,528,461	982,708	170,000	1.73%	211,200	381,200	1,363,908	1.12
2026	1,528,461	983,898	175,000	1.69%	208,259	383,259	1,367,157	1.12
2027	1,528,461	984,855	180,000	1.68%	205,302	385,302	1,370,157	1.12
2028	1,528,461	349,050	185,000	1.70%	202,278	387,278	736,328	2.08
2029	1,528,461	127,500	190,000	1.76%	199,133	389,133	516,633	2.96
2030	1,528,461	-	195,000	1.85%	195,789	390,789	390,789	3.91
2031	1,528,461	-	205,000	1.87%	192,181	397,181	397,181	3.85
2032	1,528,461	-	210,000	1.92%	188,348	398,348	398,348	3.84
2033	1,528,461	-	215,000	2.01%	184,316	399,316	399,316	3.83
2034	1,528,461	-	220,000	2.16%	179,994	399,994	399,994	3.82
2035	1,528,461	-	230,000	2.31%	175,242	405,242	405,242	3.77
2036	1,528,461	-	235,000	2.47%	169,929	404,929	404,929	3.77
2037	1,528,461	-	245,000	2.57%	164,125	409,125	409,125	3.74
2038	1,528,461	-	250,000	2.66%	157,828	407,828	407,828	3.75
2039	1,528,461	-	255,000	2.70%	151,178	406,178	406,178	3.76
2040	1,528,461	-	265,000	2.74%	144,293	409,293	409,293	3.73
2041	1,528,461	-	275,000	2.77%	137,032	412,032	412,032	3.71
2042	1,528,461	-	280,000	2.81%	129,415	409,415	409,415	3.73
2043	1,528,461	-	290,000	2.84%	121,547	411,547	411,547	3.71
2044	1,528,461	-	300,000	2.87%	113,311	413,311	413,311	3.70
2045	1,528,461	-	310,000	2.89%	104,701	414,701	414,701	3.69
2046	1,528,461	-	320,000	2.91%	95,742	415,742	415,742	3.68
2047	1,528,461	-	325,000	2.93%	86,430	411,430	411,430	3.72
2048	1,528,461	-	335,000	2.95%	76,907	411,907	411,907	3.71
2049	1,528,461	-	345,000	2.96%	67,025	412,025	412,025	3.71
2050	1,528,461	-	360,000	2.97%	56,813	416,813	416,813	3.67
2051	1,528,461	-	370,000	2.98%	46,121	416,121	416,121	3.67
2052	1,528,461	-	380,000	2.98%	35,095	415,095	415,095	3.68
2053	1,528,461	-	390,000	2.99%	23,771	413,771	413,771	3.69
2054	1,528,461	-	405,000	2.99%	12,110	417,110	417,110	3.66
		\$4,408,215	\$8,110,000		\$4,149,806	\$12,259,806	\$16,668,021	

AVERAGE (MATURITY) LIFE	18.25 YEARS
NET INTEREST RATE	2.803%
COST SAVINGS	\$2,446,802
AVERAGE ANNUAL REQUIREMENT	\$395,478

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.



Current Budget Summary

Greenbelt MIWA

62935 - Develop Additional Water Supplies
from the Ogallala Aquifer

Budget Items	Description	TWDB Funds
Construction		
Construction		\$12,544,100.00
Subtotal for Construction		\$12,544,100.00
Basic Engineering Services		
Construction Engineering		\$75,000.00
Design		\$963,410.00
Planning		\$50,000.00
Subtotal for Basic Engineering Services		\$1,088,410.00
Special Services		
Environmental		\$100,000.00
Geotechnical		\$60,000.00
Inspection		\$300,000.00
O&M Manual		\$20,000.00
Permits		\$20,000.00
Pilot Testing		\$36,000.00
Project Management (by engineer)		\$100,000.00
Special Service Other	Electrical Distribution	\$620,888.00
Surveying		\$200,000.00
Testing		\$150,000.00
Subtotal for Special Services		\$1,606,888.00
Fiscal Services		
Bond Counsel		\$185,000.00
Financial Advisor		\$265,000.00
Fiscal/Legal		\$25,000.00
Loan Origination Fee		\$159,020.00
Subtotal for Fiscal Services		\$634,020.00
Other		
Land/Easements Acquisition		\$42,750.00
Subtotal for Other		\$42,750.00
Contingency		
Contingency		\$2,193,832.00
Subtotal for Contingency		\$2,193,832.00
Total		\$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 THE GREENBELT MUNICIPAL AND INDUSTRIAL WATER AUTHORITY
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$8,110,000 GREENBELT MUNICIPAL AND INDUSTRIAL WATER AUTHORITY FIRST LIEN
REVENUE BONDS, PROPOSED SERIES 2023
AND
\$10,000,000 IN PRINCIPAL FORGIVENESS

(23 -)

WHEREAS, the Greenbelt Municipal and Industrial Water Authority (Authority), located in Donley County, has filed an application for financial assistance in the amount of \$18,110,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, acquisition, design, and construction of certain water system improvements identified as Project No. 62935; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$8,110,000 Greenbelt Municipal and Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2023 (together with all authorizing documents (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$10,000,000, all as is more specifically set forth in the application and in recommendations of the TWDB'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 § 371.13; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;
3. that the Authority a wholesale supplier of water, has adopted a resolution affirming that it will cooperate and coordinate with its retail providers to implement a water conservation program that will result in the more efficient use of water, that will meet reasonably anticipated local needs and conditions and that will incorporate

those practices, techniques or technologies prescribed by the Texas Water Code and TWDB's rules;

4. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j); and
5. that the Authority meets the definition of "Disadvantaged Community" in 31 TAC § 371.1(23) and is therefore eligible for principal forgiveness in the amount of \$10,000,000.

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

A commitment is made by the TWDB to the Greenbelt Municipal and Industrial Water Authority for financial assistance in the amount of \$18,110,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$8,110,000 Greenbelt Municipal and Industrial Water Authority First Lien Revenue Bonds, Proposed Series 2023 and the execution of a Principal Forgiveness Agreement in the amount of \$10,000,000. This commitment will expire on October 31, 2023.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's compliance with all applicable requirements contained in 31 TAC Chapter 371;
4. the Obligations must provide that the Authority agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
5. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;

6. the 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;
7. the Obligations must contain a provision requiring the Authority to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
8. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or if no enhancements are authorized by the Executive Administrator, requiring the Authority to submit a final accounting and disposition of any unused funds;
9. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
10. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
11. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
12. loan proceeds shall not be used by the 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 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;

13. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. prior to closing, and if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
15. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
16. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
17. the TWDB retains the option to purchase the Obligations in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator;
18. the Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
19. 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;
20. the Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

21. the Authority must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition);
22. the Obligations must provide that the Authority will submit annually, an audit prepared by a certified public accountant in accordance with generally accepted auditing standards;

Conditions Related to Tax-Exempt Status:

23. 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;
24. the Authority's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
25. the Obligations must include a provision prohibiting the Authority from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
26. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

27. 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 section 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 Loan 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 Loan, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;
 - c. as additional consideration for the making of the Loan, and in order to induce the making of the Loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
 - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
28. 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;
29. 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 section 149(b) of the Code;

30. 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;
31. the Obligations must contain a provision that the Authority will refrain from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);
32. the transcript must include evidence that the information reporting requirements of section 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
33. 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;
34. the Authority's federal tax certificate shall provide that the weighted average maturity of the Obligations purchased by the TWDB does not exceed 120% of the weighted average reasonably expected economic life of the Project;

State Revolving Fund Conditions:

35. the Authority shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
36. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Authority, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;
37. the Obligations must include a provision stating that the Authority shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended

by Pub. L. 110-252. The Authority shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;

38. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the Authority will adhere to the approved project schedule;
39. the Obligations and Principal Forgiveness Agreement must contain a covenant that the Authority will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines;
40. the Obligations and Principal Forgiveness Agreement must contain a covenant that the Authority shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216;
41. the Obligations and Principal Forgiveness Agreement must contain a covenant that the Authority will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58;

Drinking Water State Revolving Fund Conditions:

42. the Authority shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;
43. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the Authority has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;
44. prior to the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Authority must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

Pledge Conditions for the Loan:

45. 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;

46. if the Authority has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations; and
47. 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 a) 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; or b) the Authority certifies that the Authority is expected to continue to meet or exceed the net system revenue test with a minimum coverage of 1.25 times the average annual debt service requirement. An authorized representative of the Authority must provide the calculations, identifying reasonable assumptions, in a manner and format that is acceptable to the Executive Administrator.

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

Special Conditions:

48. prior to closing the Authority must include in its contract with the Contracting Parties a requirement that the Contracting Parties have adopted and implemented or will adopt and implement a water conservation plan that complies with TWDB rules and is in accordance with 31 TAC § 363.42;
49. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the 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;
50. 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;
51. prior to closing, the Authority shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
52. the Principal Forgiveness Agreement must include a provision stating that the Authority shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator; and

53. 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.

APPROVED and ordered of record this 6th day of April 2023.

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 GCD:

Retail population:

Connections per mile:

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:

Threshold Type:

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

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.

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

