

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** January 6, 2022

**Team Manager:** Mireya Loewe

### ACTION REQUESTED

Approve by resolution a request from the City of Corpus Christi (Nueces County) for \$4,751,000 in financial assistance consisting of \$3,561,000 in financing and \$1,190,000 in principal forgiveness from the Clean Water State Revolving Fund for planning and design of a stormwater system improvements project.

### STAFF RECOMMENDATION

Approve       No Action

### BACKGROUND

The City of Corpus Christi (City) is located in Nueces County, approximately 130 miles southeast of San Antonio, Texas. The City provides water and wastewater services to a population of approximately 325,000 residents and 86,075 connections, including areas outside the city limits.

Oso Creek serves as the natural storm water conveyance for the region. It extends 24 miles through City's limits and extraterritorial jurisdiction (ETJ) and terminates on the Cayo del Oso. Approximately 123,300 people live in the service area of the proposed project. The creek has been subjected to severe flash floods, especially during tropical storm season, including the 2015 flooding event that received a disaster declaration.

The creek's major flood stage is 25 feet. In September 2010, May 2015, and September 2018, storm events caused localized flooding throughout the City and its ETJ. During the 2010 storm, the creek rose to 30.63 feet, the highest level ever recorded. A fatality occurred due to the flooding. Flood water reached one foot over the FM 665 bridge and four feet over FM 763, cutting off access to many homes. The water accumulated several feet deep over Highway 286 frontage roads and covered the bridge on FM 43. Flooding on the Staples Street bridge was 3 feet deep. Subsequent historic crests were 27.45 feet in 2015, and 25.41 ft. in 2018. During these events, flooding occurred in several neighborhoods, including the Lakes, Kings Crossing, Sun Valley Estates, Oso Parkway, and Cedar Ridge on the north side of the creek. Multiple flood rescues were undertaken. The proposed project is expected to have a noticeable positive effect on these neighborhoods.

### PROJECT NEED AND DESCRIPTION

The past decade has resulted in higher numbers of extreme storm events and an increase in tropical storm severity in the Corpus Christi area. Heavy rain events are expected to continue to fuel lowland flooding and flash flooding of the Oso Creek. Furthermore, additional future development in this fast-growing area will further contribute to urban water runoff. Thus, flood mitigation is necessary to not only reduce the flooding caused by storm events, but also to improve the water quality of urban runoff into Oso Creek and

<b>COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE JULY 31, 2022</b>
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Cayo del Oso, which are both designated as impaired by the Texas Commission on Environmental Quality, and reduce the risk of contamination at Oso Bay.

The project includes planning and design activities for a project to enhance a 12-mile section of the Oso Creek channel and several miles of earthen channels that convey stormwater to Oso Creek. The project is anticipated to improve the capacity of the stormwater system and reduce storm water pollution by preventing erosion and allowing runoff water to infiltrate into the soil with bank and outfall stabilization and revegetation.

The project is the first phase of a larger plan that in the future will also include improvements to Greenwood Treatment Plant to address the dissolved oxygen issue in Oso Creek.

### **PROJECT SCHEDULE**

<b>Task</b>	<b>Schedule Date</b>
Closing	March 30, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	October 31, 2023
Design Phase	June 1, 2025

### **KEY ISSUES**

The City is eligible for \$1,190,000 in principal forgiveness as the service area of the project qualifies as a disadvantaged community under the Clean Water State Revolving Fund.

### **LEGAL**

#### Special Conditions

- Execution of Principal Forgiveness Agreement.
- Return of surplus principal forgiveness funds.

#### Attachments:

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

# Financial Review

## City of Corpus Christi

Risk Score: 2A

Audit Reviewed: FY 2020

### Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2019	City: 0.75%	State: 1.24%
Top 10 Water Customers as % Total Revenue	27.82%	<15%
Median Household Income as % of State	91%	100%
Days of Cash on Hand (3-year Average)	390 days	30-149 days
Net Fixed Assets/ Annual Depreciation	28 years	12-24 years
Debt Service Coverage Ratio	1.77x	1.0x
Debt-to-Operating Revenues	3.73x	4.00-5.99x
Unemployment Rate (September)	City: 6%	State: 4.9%
Working Capital Ratio	2.14	> 1.0

### Key Risk Score Strengths

- A high working capital ratio and high days of cash on hand provide the City with ample resources to cover short-term liabilities while also showing a strong liquidity position.
- The City maintains sufficient rates and charges to meet existing and proposed debt service requirements without the need for any rate increases.

### Key Risk Score Concerns

- The City reports its top 10 water customers at 27.82 percent of total revenue; however, its largest customer, Valero Refining, generated about 6.8 percent of water system revenue.
- While the City is pledging junior lien revenues for the security of the commitment, it has closed out the senior lien debt and have refunded the remaining priority debt ensuring that the junior debt is the new priority lien.

### PLEDGE

Legal Pledge Name	Utility System Junior Lien 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 (2022)	Current Household Cost Factor	Projected Household Cost Factor
WATER	5,000	\$37.65	\$37.65	1.70	1.70
WASTEWATER	3,000	\$42.35	\$42.35		

**TAXES**

	2020 Tax Year Rate	Max Projected Tax Rate (2022)	Maximum Allowable Rate	3-Year Avg. Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.4268	\$0.4268	\$2.50	98.12%	\$22,316,283,439
Interest & Sinking	\$0.2195	\$0.2195			
Total Tax Rate	\$0.6463	\$0.6463			

**Cost Savings**

Based on a 20-year maturity schedule and current interest rates, the City could save approximately \$348,614 over the life of the financing. The City is also saving \$1,190,000 in principal forgiveness.

<b>Responsible Authority</b>	Corpus Christi
<b>Program</b>	CWSRF
<b>Commitment Number</b>	L1001466, LF1001467
<b>Project Number</b>	73907
<b>List Year</b>	2021
<b>Type of Pledge</b>	Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$3,561,000 City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Proposed New Series 2022, \$1,190,000 Principal Forgiveness Agreement
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	Yes
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning and Design
<b>Pre-Design</b>	No
<b>Project Consistent with State Water Plan</b>	N/A
<b>Water Conservation Plan</b>	Adopted
<b>Overall Risk Score</b>	2A

### PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Mireya Loewe	Arnoldo Rubio	Francia Harutunian	Lauren Dill	Michael Perez

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
City of Corpus Christi

**\$3,561,000 City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Proposed New Series 2022**

<b>Dated Date:</b>	<b>3/30/2022</b>	<b>Source:</b>	<b>CWSRF-EQUIVALENCY</b>
<b>Delivery Date:</b>	<b>3/30/2022</b>	<b>Rate:</b>	<b>1.13%</b>
<b>First Interest:</b>	<b>7/15/2022</b>	<b>IUP Year:</b>	<b>2021</b>
<b>First Principal:</b>	<b>7/15/2022</b>	<b>Case:</b>	<b>Junior Lien Revenue</b>
<b>Last Principal:</b>	<b>7/15/2041</b>	<b>Admin.Fee:</b>	<b>\$61,246</b>
<b>Fiscal Year End:</b>	<b>09/30</b>	<b>Admin. Fee Payment Date:</b>	<b>3/30/2022</b>
<b>Required Coverage:</b>	<b>1.0</b>		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$3,561,000 ISSUE				TOTAL DEBT SERVICE	TOTAL DEBT COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2022	\$128,950,053	\$72,601,550	\$93,000	1.10%	\$11,601	\$104,601	\$72,706,151	1.77
2023	128,950,053	64,939,483	152,000	1.10%	38,752	190,752	65,130,235	1.98
2024	128,950,053	62,549,567	155,000	1.10%	37,080	192,080	62,741,646	2.06
2025	128,950,053	62,553,617	158,000	1.10%	35,375	193,375	62,746,992	2.06
2026	128,950,053	62,548,307	161,000	1.10%	33,637	194,637	62,742,944	2.06
2027	128,950,053	57,910,530	164,000	1.10%	31,866	195,866	58,106,396	2.22
2028	128,950,053	57,881,893	168,000	1.10%	30,062	198,062	58,079,954	2.22
2029	128,950,053	57,863,235	171,000	1.10%	28,214	199,214	58,062,449	2.22
2030	128,950,053	53,583,142	174,000	1.10%	26,333	200,333	53,783,475	2.40
2031	128,950,053	53,577,899	178,000	1.10%	24,419	202,419	53,780,318	2.40
2032	128,950,053	49,710,487	182,000	1.10%	22,461	204,461	49,914,947	2.58
2033	128,950,053	49,703,257	185,000	1.10%	20,459	205,459	49,908,716	2.58
2034	128,950,053	49,704,211	189,000	1.10%	18,424	207,424	49,911,635	2.58
2035	128,950,053	49,693,209	193,000	1.10%	16,345	209,345	49,902,553	2.58
2036	128,950,053	49,706,103	196,000	1.10%	14,222	210,222	49,916,325	2.58
2037	128,950,053	49,676,094	200,000	1.10%	12,066	212,066	49,888,160	2.58
2038	128,950,053	49,691,995	204,000	1.10%	9,866	213,866	49,905,861	2.58
2039	128,950,053	49,676,168	208,000	1.10%	7,622	215,622	49,891,790	2.58
2040	128,950,053	44,100,112	213,000	1.20%	5,334	218,334	44,318,446	2.91
2041	128,950,053	39,789,075	217,000	1.28%	2,778	219,778	40,008,853	3.22
		\$1,087,459,936	\$3,561,000		\$426,908	\$3,987,908	\$1,091,447,844	

<b>AVERAGE (MATURITY) LIFE</b>	<b>10.61 YEARS</b>
<b>NET INTEREST RATE</b>	<b>1.130%</b>
<b>COST SAVINGS</b>	<b>\$1,823,248</b>
<b>AVERAGE ANNUAL REQUIREMENT</b>	<b>\$54,572,392</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**  
**Corpus Christi**  
**73907 - Oso Creek Channel Bottom**  
**Rectification Project**

Budget Items	TWDB Funds	Total
<b>Basic Engineering Services</b>		
Design	\$3,400,000.00	\$3,400,000.00
Planning	\$315,000.00	\$315,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$3,715,000.00</b>	<b>\$3,715,000.00</b>
<b>Special Services</b>		
Environmental	\$250,000.00	\$250,000.00
Permits	\$275,000.00	\$275,000.00
Surveying	\$100,000.00	\$100,000.00
<b>Subtotal for Special Services</b>	<b>\$625,000.00</b>	<b>\$625,000.00</b>
<b>Fiscal Services</b>		
Loan Origination Fee	\$61,246.00	\$61,246.00
<b>Subtotal for Fiscal Services</b>	<b>\$61,246.00</b>	<b>\$61,246.00</b>
<b>Other</b>		
Project Legal Expenses	\$5,000.00	\$5,000.00
<b>Subtotal for Other</b>	<b>\$5,000.00</b>	<b>\$5,000.00</b>
<b>Contingency</b>		
Contingency	\$344,754.00	\$344,754.00
<b>Subtotal for Contingency</b>	<b>\$344,754.00</b>	<b>\$344,754.00</b>
<b>Total</b>	<b>\$4,751,000.00</b>	<b>\$4,751,000.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
 APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
 \$4,751,000 TO THE CITY OF CORPUS CHRISTI  
 FROM THE CLEAN WATER STATE REVOLVING FUND  
 THROUGH THE PROPOSED PURCHASE OF  
 \$3,561,000 CITY OF CORPUS CHRISTI, TEXAS UTILITY SYSTEM JUNIOR LIEN REVENUE  
 IMPROVEMENT BONDS,  
 PROPOSED NEW SERIES 2022  
 AND  
 \$1,190,000 IN PRINCIPAL FORGIVENESS

(22 - )

WHEREAS, the City of Corpus Christi (City), located in Nueces County has filed an application for financial assistance in the amount of \$4,751,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning and design of certain stormwater system improvements identified as Project No. 73907; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$3,561,000 City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Proposed New Series 2022 (together with all authorizing documents, (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$1,190,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the City has offered a pledge of a junior lien on the net revenues of the City's utility system as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the City meets the definition of a "Disadvantaged Community" in 31 TAC § 375.1(23) and is therefore eligible for principal forgiveness in the amount of \$1,190,000.



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

A commitment is made by the TWDB to the City of Corpus Christi for financial assistance in the amount of \$4,751,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$3,561,000 City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Proposed New Series 2022 and the execution of a Principal Forgiveness Agreement in the amount of \$1,190,000. This commitment will expire on July 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 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 City;
3. this commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 375;
4. the Obligations must provide that the City 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 City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the City's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;

7. the Obligations must contain a provision requiring the City 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 City 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 City to submit a final accounting and disposition of any unused funds;
9. the Obligations must include a provision requiring the City 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 City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
13. prior to closing, the City 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 City 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 City 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 City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
17. the Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
18. 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;
19. the Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

Conditions Related to Tax-Exempt Status:

20. 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;
21. the City'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 City when rendering this opinion;
22. the Obligations must include a provision prohibiting the City 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);
23. 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;
24. the Obligations must include a provision requiring that the City 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 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 such 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 loan with other money of the City, provided that the City 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 City 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;
25. 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;
26. 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;
27. 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;
28. the Obligations must contain a provision that the City 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);
29. 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;
30. the Obligations must provide that neither the City 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 City by the TWDB;

State Revolving Fund Conditions:

31. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;

32. 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 City, 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;
33. the Obligations must include a provision stating that the City 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 City 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;
34. 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 City will adhere to the approved project schedule;
35. the Obligations and Principal Forgiveness Agreement must contain a covenant that the City 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 § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines;
36. the Obligations must contain language detailing compliance with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets;
37. the City shall submit, prior to the release of funds, a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average projected useful life of the project, as determined by the schedule;

Clean Water State Revolving Fund Conditions:

38. the City shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant 31 TAC Chapter 375;

39. at the TWDB's option, the TWDB may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution;
40. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City 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;
41. prior to release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)–(C), the City must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14).

Pledge Conditions for the Loan:

42. the Obligations shall be on parity with any existing obligations that are secured with the same pledge of security as the proposed Obligations; and
43. the Obligations shall be governed by the additional debt test and reserve requirement as provided in the outstanding \$2,750,000 City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2017 (L17070) and \$11,425,000 City of Corpus Christi, Texas Utility Junior Lien Revenue Improvement Bonds, New Series 2020C (LM201158).

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

Special Conditions:

44. prior to closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
45. the Principal Forgiveness Agreement must include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator;

APPROVED and ordered of record this 6th day of January 2022.

TEXAS WATER DEVELOPMENT BOARD

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

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

ATTEST:

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



Water  
 Wastewater  
 Other

## WATER CONSERVATION REVIEW

Entity: \_\_\_\_\_

Review date: \_\_\_\_\_

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

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

**WATER LOSS AUDIT YEAR:**

Total water loss (GPCD): \_\_\_\_\_      Total water loss (percent): \_\_\_\_\_      Wholesale Water  
 Total no. of connections: \_\_\_\_\_      Length of mains (miles): \_\_\_\_\_      Connections per mile: \_\_\_\_\_  
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): \_\_\_\_\_

**WATER LOSS THRESHOLDS:**

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :			NA			NA
If population ≤ 10K, connections/mile ≥ 32 :		NA			NA	
If population > 10K :		NA			NA	

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 loss** refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

**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 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 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 benchmarking 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.

**Produced water** is the total amount of water purchased or produced by the utility.

**Real loss** comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

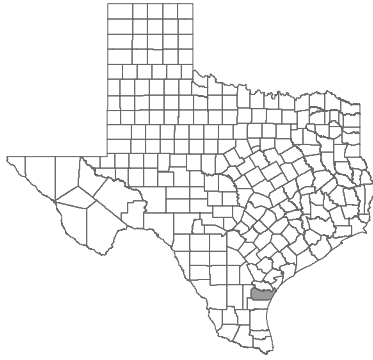
**Residential GPCD** is the amount of water per capita used solely for residential use and ideally includes both single and multi-family customer use.

**Total baseline GPCD** is the amount of all water purchased or produced by the utility divided by the service area population and then 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 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.



# City of Corpus Christi Nueces County

