

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: May 11, 2022

Team Manager: Joe Koen

ACTION REQUESTED

Approve by resolution a request from the North Hunt Special Utility District (Delta, Fannin, and Hunt counties) for \$3,275,000 in financing from the Texas Water Development Fund for planning, design, and construction of water system improvement projects.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The North Hunt Special Utility District (District) is in Hunt County approximately 63 miles northeast of the City of Dallas. The District provides drinking water services in Hunt, Fannin, and Delta Counties to approximately 4,333 residents through 1,494 water connections.

PROJECT NEED AND DESCRIPTION

The District's existing water system has been experiencing excessive water losses exceeding 25 percent in the last five years. In addition, moderate population growth has increased demand for water service causing pumping operations to approach 85 percent of capacity. The District is required to begin planning to acquire additional storage and pumping capacity to maintain compliance with Texas Commission on Environmental Quality (TCEQ) requirements.

The District intends to construct a new water well, pressure tank, and booster pump station, including a new disinfection and control building, and to upgrade approximately 46,000 linear feet of water lines and replacing 400 water meters with radio-read meters. Proposed improvements for existing distribution pipelines to alleviate water losses.

WATER PROJECT SCHEDULE

Task	Schedule Date
Closing	August 15, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	April 1, 2023
Design Phase Complete	June 1, 2023
Start of Construction	October 1, 2023
Construction Completion	October 1, 2024

COMMITMENT PERIOD: TWELVE (12) MONTHS TO EXPIRE MAY 31, 2023

KEY ISSUES

The District is requesting to fund the bond reserve fund with bond proceeds.

LEGALSpecial Conditions

- Water rights certification;
- Notification prior to altering legal status; and
- Conveyance and conversion.

Attachments:

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

Financial Review

North Hunt Special Utility District

Risk Score: 2C

Audit Reviewed: FY 2020

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 1.50%	State: 1.49%
Top 10 Customers % of Total Revenue	3%	10-15%
Median Household Income as % of State	89%	100%
Days of Cash on Hand (3-year Average)	27	30-149 days
Net Fixed Assets/ Annual Depreciation	13 years	12-24 years
Debt Service Coverage Ratio	0.41x	1.0x
Debt-to-Operating Revenues	4.49x	4.00-5.99x
Unemployment Rate (February, 2022)	Hunt Co.: 4.4%	State: 4.7%
Working Capital Ratio	2.35	> 1.0

Key Risk Score Strengths

- A high working capital ratio provides the District with ample resources to cover short-term liabilities and shows a strong liquidity position.
- The District's top ten customers only generate three percent of the revenues indicating that the District is not reliant on any one customer for water sales.

Key Risk Score Concerns

- The attached debt service schedule reflects 2020 audited financial statements and projected rate increases needed based on those figures. The District approved an \$8.00 rate increase in August 2021, which is not included in the net revenues used in the debt service schedule. With the August 2021 increase, the District is projected to need an additional rate increase of 81 cents by 2030 for repayment of the proposed obligation. The rates and charges table below reflects the District's current rates, including the 2021 increase, and the projected 81 cent increase in 2030.

PLEDGE

Legal Pledge Name	Water System Revenues
Type of Pledge	<input type="checkbox"/> Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (2030)	Current Household Cost Factor	Projected Household Cost Factor
WATER	2,500	\$50.50	\$51.31	2.10%	2.12%

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the District could save approximately \$37,848 over the life of the financing.

Project Data Summary

Responsible Authority	North Hunt SUD
Program	WDF
Commitment Number	L1001501
Project Number	21805
List Year	2021
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$3,275,000 North Hunt SUD Water System 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
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2C

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Rand Zeolla	David Dera	Chris Caran	Breann Hunter

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
North Hunt SUD

\$3,275,000 North Hunt SUD Water System Revenue Bonds Proposed Series 2022

Dated Date:	8/15/2022	Source:	WDF
Delivery Date:	8/15/2022	Rate:	3.54%
First Interest:	2/15/2023	IUP Year:	2021
First Principal:	8/15/2023	Case:	Revenue
Last Principal:	8/15/2052	Admin.Fee:	\$0
Fiscal Year End:	12/31	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES*	CURRENT DEBT SERVICE	\$3,275,000 ISSUE			TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT			
2023	\$234,714	\$94,932	\$35,000	1.03%	\$104,782	\$139,782	\$234,714	1.00
2024	235,949	86,528	45,000	1.31%	104,421	149,421	235,949	1.00
2025	244,140	85,308	55,000	1.46%	103,832	158,832	244,140	1.00
2026	253,337	85,308	65,000	1.59%	103,029	168,029	253,337	1.00
2027	253,337	85,308	65,000	1.67%	101,995	166,995	252,303	1.00
2028	253,337	85,308	65,000	1.74%	100,910	165,910	251,218	1.01
2029	253,337	85,308	65,000	1.82%	99,779	164,779	250,087	1.01
2030	253,904	85,308	70,000	1.89%	98,596	168,596	253,904	1.00
2031	253,904	85,308	70,000	1.95%	97,273	167,273	252,581	1.01
2032	253,904	85,308	70,000	2.01%	95,908	165,908	251,216	1.01
2033	253,904	85,308	70,000	2.28%	94,501	164,501	249,809	1.02
2034	253,904	85,308	75,000	2.49%	92,905	167,905	253,213	1.00
2035	253,904	85,308	75,000	2.67%	91,037	166,037	251,345	1.01
2036	253,904	85,308	75,000	2.83%	89,035	164,035	249,343	1.02
2037	253,904	85,308	80,000	2.98%	86,912	166,912	252,220	1.01
2038	253,904	83,930	80,000	3.10%	84,528	164,528	248,458	1.02
2039	253,904	55,824	110,000	3.20%	82,048	192,048	247,872	1.02
2040	253,904	55,824	115,000	3.30%	78,528	193,528	249,352	1.02
2041	253,904	55,824	120,000	3.38%	74,733	194,733	250,557	1.01
2042	253,904	53,551	125,000	3.46%	70,677	195,677	249,228	1.02
2043	253,904	52,584	130,000	3.56%	66,352	196,352	248,936	1.02
2044	253,904	52,584	130,000	3.63%	61,724	191,724	244,308	1.04
2045	253,904	52,584	135,000	3.69%	57,005	192,005	244,589	1.04
2046	253,904	52,584	140,000	3.73%	52,024	192,024	244,608	1.04
2047	253,904	52,584	145,000	3.77%	46,802	191,802	244,386	1.04
2048	253,904	21,802	185,000	3.81%	41,335	226,335	248,137	1.02
2049	253,904	-	210,000	3.85%	34,287	244,287	244,287	1.04
2050	253,904	-	215,000	3.88%	26,202	241,202	241,202	1.05
2051	253,904	-	225,000	3.91%	17,860	242,860	242,860	1.05
2052	253,904	-	230,000	3.94%	9,062	239,062	239,062	1.06
		\$1,880,139	\$3,275,000		\$2,268,074	\$5,543,074	\$7,423,213	

* Revenue increases shown include net revenues from the 2020 audited financial statements and projected rate increases.

AVERAGE (MATURITY) LIFE	19.58 YEARS
NET INTEREST RATE	3.538%
COST SAVINGS	\$37,848
AVERAGE ANNUAL REQUIREMENT	\$247,440

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

North Hunt SUD

21805 - North Hunt Water System Capital Improvements

Budget Items	This Commitment	Total
Construction		
Construction	\$2,332,000.00	\$2,332,000.00
Subtotal for Construction	\$2,332,000.00	\$2,332,000.00
Basic Engineering Services		
Construction Engineering	\$95,000.00	\$95,000.00
Design	\$88,048.00	\$88,048.00
Planning	\$20,000.00	\$20,000.00
Subtotal for Basic Engineering Services	\$203,048.00	\$203,048.00
Special Services		
Administrative	\$10,000.00	\$10,000.00
Environmental	\$40,000.00	\$40,000.00
Inspection	\$76,143.00	\$76,143.00
Testing	\$35,000.00	\$35,000.00
Subtotal for Special Services	\$161,143.00	\$161,143.00
Fiscal Services		
Bond Counsel	\$27,750.00	\$27,750.00
Bond Reserve Fund	\$184,769.00	\$184,769.00
Financial Advisor	\$46,750.00	\$46,750.00
Fiscal/Legal	\$9,805.00	\$9,805.00
Issuance Costs	\$9,447.00	\$9,447.00
Subtotal for Fiscal Services	\$278,521.00	\$278,521.00
Contingency		
Contingency	\$300,288.00	\$300,288.00
Subtotal for Contingency	\$300,288.00	\$300,288.00
Total	\$3,275,000.00	\$3,275,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$3,275,000 TO NORTH HUNT SPECIAL UTILITY DISTRICT
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$3,275,000 NORTH HUNT SPECIAL UTILITY DISTRICT WATER SYSTEM REVENUE
BONDS
PROPOSED SERIES 2022

(22-)

WHEREAS, the North Hunt Special Utility District (District), located in Delta, Hunt, and Fannin Counties, Texas, has filed an application for financial assistance in the amount of \$3,275,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance water system improvements, identified as Project No. 21805; and

WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$3,275,000 through the TWDB's purchase of \$3,275,000 North Hunt Special Utility District Water System 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 TWDB's staff; and

WHEREAS, the District has offered a pledge of water system revenues 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 § 363.16; and

WHEREAS, in accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. the needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans; and
2. the availability of revenue to the District, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

WHEREAS, the TWDB hereby finds:

1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code § 17.125(a)(1);

2. that in its opinion the tax and/or revenue pledged by the District will be sufficient to meet all the Obligations assumed by the District during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
3. that the District 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 application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A; and
5. 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).

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

A commitment is made by the TWDB to the North Hunt Special Utility District for financial assistance in the amount of \$3,275,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$3,275,000 North Hunt Special Utility District Water System Revenue Bonds, Proposed Series 2022. This commitment will expire on May 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 the District 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 District;
3. this commitment is contingent upon the District's compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;

4. the Obligations must provide that the Obligations can be called for early redemption (Early Redemption) only in inverse order of maturity, and 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;
5. the Obligations must include a provision wherein the District, 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 District's Obligations or obligated persons, will, at a minimum, 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 District's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the District is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must contain a provision requiring the District 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;
7. the Obligations must include a provision requiring the City to use any surplus loan proceeds from the Obligations remaining after completion of a final accounting in a manner as approved by the Executive Administrator; and
8. 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;
9. 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;
10. financial assistance proceeds shall not be used by the District 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 District 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 District, its contractors,

consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

11. prior to closing, the District 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;
12. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the District shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;
13. prior to closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the District 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;
14. the Executive Administrator may require that the District execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
15. the District 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 F and Texas Water Code § 17.183;

Conditions Related To Tax-Exempt Status:

16. prior to closing, the District'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 District when rendering this opinion;
17. prior to closing, the District'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 District when rendering this opinion;

18. the Obligations must include a provision prohibiting the District 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 of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
19. 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 § 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) that 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 § 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;
20. the Obligations must include a provision requiring the District 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 District 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 District may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the District, provided that the District 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 § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The District 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;
21. the Obligations must include a provision prohibiting the District from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 22. the Obligations must provide that the District will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
 23. the Obligations must contain a covenant that the District will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings");
 24. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the District's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
 25. the transcript must include evidence that the information reporting requirements of § 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 § 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;
 26. the Obligations must provide that neither the District 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 District by the TWDB;

Pledge Conditions For The Loan:

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 District 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
29. the Obligations must contain a provision providing that additional obligations (Additional First Lien Obligations) may only be incurred if a certificate is prepared and executed by a certified public accountant or professional engineer to the effect that, in the opinion of such officer, during either the next preceding Fiscal Year, or any twelve consecutive calendar month period ending not later than 90 days preceding the month in which the order authorizing the issuance of the then proposed Additional Bonds is passed, the Net Earnings of the System were at least 1.25 times the average annual principal and interest requirements after the delivery of the then proposed Additional Bonds. It is specifically provided, however, that in calculating the amount of Net Earnings for the purposes of this subparagraph (iii), if there has been any increase in the rates or charges for services of the System which is then in effect and which has been in effect for at least 60 days prior to the month in which the order authorizing the issuance of the proposed Additional Bonds is passed, but which was not in effect during all of the entire period for which the Net Earnings of the System are being calculated (hereinafter referred to as the "entire period") then the implementation of such Net Earnings may be incorporated into the Issuer's certification if a certified public accountant or professional engineer shall determine and certify the amount of Net Earnings as being the total of (i) the actual Net Earnings of the System for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

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

Special Conditions:

30. the District must notify the Executive Administrator in writing thirty (30) days prior to taking any actions to alter its legal status in any manner; and
31. the Obligations must include a provision requiring that the District notify the Executive Administrator in writing prior to any action by it to convey its Obligations

held by the TWDB to another entity; the conveyance and the assumption of the Obligations must be approved by the TWDB; and

32. 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 District 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; and

33. 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 District has the right to use the water that the project financed by the TWDB will provide.

APPROVED and ordered of record this, the 11th day of May, 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
Baseline				
5-year Goal				
10-year Goal				

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.

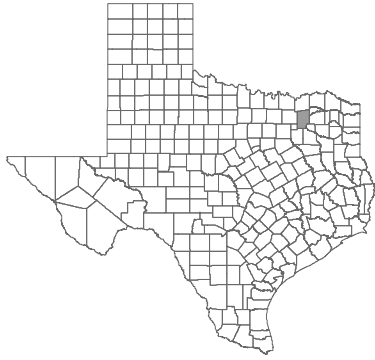
Residential GPCD is the amount of water per capita used solely for residential use and ideally includes both single and multi-family customer use.

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.



North Hunt SUD Hunt County

