



## PROJECT FUNDING REQUEST

**BOARD DATE:** July 27, 2022

**Team Manager:** Jeff Taylor

### ACTION REQUESTED

Approve by resolution a request from the Greater Texoma Utility Authority on behalf of the Collin-Grayson Municipal Alliance (Collin and Grayson County) for \$7,525,000 in financing from the State Water Implementation Revenue Fund for Texas for planning and construction of water system improvements.

### STAFF RECOMMENDATION

Approve       No Action

### BACKGROUND

The Greater Texoma Utility Authority (Authority) provides Collin-Grayson Municipal Alliance (CGMA) with assistance in financing and construction of water infrastructure. The Authority currently operates a 20-mile pipeline which delivers treated water purchased from North Texas Municipal Water District to the CGMA member cities.

The CGMA member cities are Melissa, Anna, Van Alstyne, and Howe. The cities of Melissa and Anna are located in Collin County and are 7 and 12 miles northwest of McKinney, Texas respectively. The cities of Van Alstyne and Howe are located in Grayson County and are 16 and 20 miles north of McKinney, Texas respectively. The Authority provides drinking water to approximately 57,000 residents.

### PROJECT NEED AND DESCRIPTION

The Authority's Bloomdale Pump Station is in need of capacity upgrades to meet the 2026 expected water demand of 9,600-gallon-per-minute of the CGMA member cities.

The Authority is proposing the addition of a fourth 450-horsepower vertical turbine pump and two additional stages for the existing three pumps to expand the capacity of the pumping station. The project also includes a 500,000-gallon ground storage tank, a backup generator, supervisory control and data acquisition upgrades, variable frequency drives, soft starters, and any required repairs to the existing pumps identified during construction.

<b>COMMITMENT PERIOD:</b> FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2022
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## **PROJECT SCHEDULE**

<b>Task</b>	<b>Schedule Date</b>
Closing	October 20, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	November 21, 2022
Design Phase Completion	December 21, 2022
Start of Construction	January 16, 2023
Construction Completion	May 22, 2024

## **KEY ISSUES**

The Authority, on behalf of the member cities, is requesting to fund the bond reserve fund with bond proceeds.

## **LEGAL**

### Special Conditions

- None

### Attachments:

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

# Financial Review

## GTUA Collin Grayson Municipal Alliance Project

Risk Score: 2A

Audit Reviewed: FY 2021

### Key Indicators

Indicator	Overall	City of Anna	City of Howe	City of Melissa	City of Van Alstyne	Benchmark
Risk Score	2A	2A	2B	2A	2A	None
Population Growth, Average Annual 2010-2020	Cities: 7.62%	City: 7.43%	City: 3.22%	City: 11.47%	City: 3.67%	State: 1.49%
Top 10 Customers % of Total Revenue	8%	1%	12%	12%	7%	10-15%
Median Household Income as % of State	136%	154%	91%	191%	110%	100%
Days of Cash on Hand (3-year Average)	387 days	187 days	0 days	767 days	309 days	30-149 days
Net Fixed Assets/ Annual Depreciation	27 years	23 years	18 years	38 years	35 years	12-24 years
Debt Service Coverage Ratio	3.25x	6.36x	0.78x	1.15x	4.35x	1.0x
Debt-to-Operating Revenues	1.61	0.97	1.83	2.95	1.36	4.00-5.99x
Unemployment Rate (April 2022)	Counties: 2.85%	County: 2.70%	County: 3.00%	County: 2.70%	Counties: 2.85%	State: 3.70%
Working Capital Ratio	2.84	2.15	0.54	4.30	1.67	> 1.0

### Key Risk Score Strengths

- According to the contract with GTUA, pledged revenues are derived from the member cities Anna, Howe, Melissa, and Van Alstyne. The proposed obligation is divided based on each City's share of the project debt service.
- Fiscal management of the Authority is strong. Based on the contract, the Authority will establish a reserve fund equaling the average annual principal and interest requirements of the proposed obligation. Additionally, the Authority is a previous borrower in good standing.
- Based on a no growth scenario, only one of the four Cities are projected to need a rate increase. City of Howe will need a max rate increase of \$3.60, \$3.21 rate increase in 2023 and an additional \$0.39 increase in 2028 to meet debt service coverage requirement for the proposed obligations.
- Debt-to-operating revenues ratio is below the benchmark, indicating that the Cities have ample capacity for additional debt. The Cities do have taxing authority.

**Key Risk Score Concerns**

- The City of Howe has 0 days of cash on hand in its water and sewer fund. However, they are only 6.5 percent of the project and the Authority will have a reserve fund in place to negate any risk to non-repayment.

**PLEDGE**

Legal Pledge Name	Contract Revenues
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input checked="" 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- CITY OF ANNA**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	5,100	\$54.00	\$51.58	1.25	1.25
WASTEWATER	5,100	\$51.50	\$47.80		

**RATES AND CHARGES- CITY OF HOWE**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	4,863	\$64.20	\$65.50	2.64	2.72
WASTEWATER	11,063	\$60.10	\$61.40		

**RATES AND CHARGES- CITY OF MELISSA**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	6,500	\$55.69	\$55.69	1.32	1.32
WASTEWATER	6,570	\$74.94	\$74.94		

**RATES AND CHARGES- CITY OF VAN ALSTYNE**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	5,561	\$72.08	\$72.08	2.32	2.32
WASTEWATER	5,561	\$59.10	\$59.10		

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$1,239,606 over the life of the financing.

<b>Responsible Authority</b>	Greater Texoma UA
<b>Program</b>	SWIFT
<b>Commitment Number</b>	L1001550
<b>Project Number</b>	51080
<b>List Year</b>	2022
<b>Type of Pledge</b>	Contract Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$7,525,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (Collin-Grayson Municipal Alliance Project)
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	No
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay <> Escrow Release
<b>Qualifies as Disadvantaged</b>	No
<b>SWIFT Financing Type</b>	Low-Interest
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Adopted
<b>Overall Risk Score</b>	2A

### PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Jeff Taylor	Thomas Quick	Bill Blaik	Gayla Duaine	Annette Mass

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
GTUA Collin/Grayson Municipal Alliance Project

**\$7,525,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (Collin-Grayson Municipal Alliance Project)**

Dated Date:	10/20/2022	Source:	SWIFT-LOW-30YR
Delivery Date:	10/20/2022	Rate:	3.36%
First Interest:	4/1/2023	IUP Year:	2022
First Principal:	10/1/2023	Case:	Contract Revenues
Last Principal:	10/1/2052	Admin. Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$7,525,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2023	\$21,857,708	\$6,448,014	\$0	-	\$104,402	\$104,402	\$6,552,416	3.34
2024	21,857,708	6,346,990	150,000	1.64%	232,215	382,215	6,729,205	3.25
2025	21,857,708	6,381,609	155,000	1.87%	229,535	384,535	6,766,144	3.23
2026	21,857,708	6,374,945	160,000	1.99%	226,494	386,494	6,761,439	3.23
2027	21,857,708	6,065,355	165,000	2.05%	223,211	388,211	6,453,566	3.39
2028	21,857,708	6,077,686	170,000	2.13%	219,709	389,709	6,467,395	3.38
2029	21,857,708	5,712,206	175,000	2.23%	215,947	390,947	6,103,153	3.58
2030	21,857,708	5,458,962	185,000	2.35%	211,822	396,822	5,855,784	3.73
2031	21,857,708	5,447,046	190,000	2.42%	207,350	397,350	5,844,396	3.74
2032	21,857,708	5,085,568	195,000	2.49%	202,623	397,623	5,483,191	3.99
2033	21,857,708	4,656,722	200,000	2.54%	197,655	397,655	5,054,377	4.32
2034	21,857,708	3,499,588	210,000	2.71%	192,270	402,270	3,901,858	5.60
2035	21,857,708	2,906,529	215,000	2.86%	186,350	401,350	3,307,879	6.61
2036	21,857,708	2,601,904	220,000	2.97%	180,008	400,008	3,001,912	7.28
2037	21,857,708	2,138,057	230,000	3.07%	173,211	403,211	2,541,268	8.60
2038	21,857,708	1,870,555	235,000	3.14%	165,991	400,991	2,271,546	9.62
2039	21,857,708	1,870,655	245,000	3.22%	158,357	403,357	2,274,012	9.61
2040	21,857,708	1,866,509	255,000	3.28%	150,230	405,230	2,271,739	9.62
2041	21,857,708	1,118,131	260,000	3.34%	141,706	401,706	1,519,837	14.38
2042	21,857,708	1,116,068	270,000	3.38%	132,801	402,801	1,518,869	14.39
2043	21,857,708	1,115,575	280,000	3.42%	123,450	403,450	1,519,025	14.39
2044	21,857,708	642,364	290,000	3.37%	113,776	403,776	1,046,140	20.89
2045	21,857,708	647,006	300,000	3.37%	103,834	403,834	1,050,840	20.80
2046	21,857,708	650,672	310,000	3.37%	93,556	403,556	1,054,228	20.73
2047	21,857,708	173,070	320,000	3.37%	82,940	402,940	576,010	37.95
2048	21,857,708	-	330,000	3.37%	71,988	401,988	401,988	54.37
2049	21,857,708	-	340,000	3.67%	60,188	400,188	400,188	54.62
2050	21,857,708	-	350,000	3.67%	47,527	397,527	397,527	54.98
2051	21,857,708	-	360,000	3.67%	34,498	394,498	394,498	55.41
2052	21,857,708	-	375,000	3.67%	21,011	396,011	396,011	55.19
2053	21,857,708	-	385,000	3.67%	7,065	392,065	392,065	55.75
		\$86,271,786	\$7,525,000		\$4,511,714	\$12,036,714	\$98,308,500	

AVERAGE (MATURITY) LIFE	17.86 YEARS
NET INTEREST RATE	3.357%
COST SAVINGS	\$1,239,606
AVERAGE ANNUAL REQUIREMENT	\$388,281

*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**  
 Greater Texoma UA  
 51080 - GTUA - Collin-Grayson Municipal Alliance  
 (CGMA) Bloomdale Pump Station Expansion

Budget Items	TWDB Funds	Local and Other Funds	Total
<b>Construction</b>			
Construction	\$5,644,800.00	\$0.00	\$5,644,800.00
<b>Subtotal for Construction</b>	<b>\$5,644,800.00</b>	<b>\$0.00</b>	<b>\$5,644,800.00</b>
<b>Basic Engineering Services</b>			
Design	\$0.00	\$246,600.00	\$246,600.00
Planning	\$0.00	\$100,000.00	\$100,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$0.00</b>	<b>\$346,600.00</b>	<b>\$346,600.00</b>
<b>Special Services</b>			
Application	\$10,000.00	\$0.00	\$10,000.00
Environmental	\$35,000.00	\$0.00	\$35,000.00
<b>Subtotal for Special Services</b>	<b>\$45,000.00</b>	<b>\$0.00</b>	<b>\$45,000.00</b>
<b>Fiscal Services</b>			
Bond Counsel	\$57,625.00	\$0.00	\$57,625.00
Bond Reserve Fund	\$303,860.00	\$0.00	\$303,860.00
Financial Advisor	\$37,588.00	\$0.00	\$37,588.00
Fiscal/Legal	\$12,525.00	\$0.00	\$12,525.00
Issuance Costs	\$2,000.00	\$0.00	\$2,000.00
<b>Subtotal for Fiscal Services</b>	<b>\$413,598.00</b>	<b>\$0.00</b>	<b>\$413,598.00</b>
<b>Other</b>			
Administration	\$10,000.00	\$0.00	\$10,000.00
<b>Subtotal for Other</b>	<b>\$10,000.00</b>	<b>\$0.00</b>	<b>\$10,000.00</b>
<b>Contingency</b>			
Contingency	\$1,411,602.00	\$0.00	\$1,411,602.00
<b>Subtotal for Contingency</b>	<b>\$1,411,602.00</b>	<b>\$0.00</b>	<b>\$1,411,602.00</b>
<b>Total</b>	<b>\$7,525,000.00</b>	<b>\$346,600.00</b>	<b>\$7,871,600.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$7,525,000 TO GREATER TEXOMA UTILITY AUTHORITY  
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS  
THROUGH THE PROPOSED PURCHASE OF \$7,525,000 GREATER TEXOMA UTILITY  
AUTHORITY CONTRACT REVENUE BONDS, PROPOSED SERIES 2022 (COLLIN-GRAYSON  
MUNICIPAL ALLIANCE PROJECT)

(22- )

WHEREAS, the Greater Texoma Utility Authority (Authority) has filed an application for financial assistance in the amount of \$7,525,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning and construction of certain water supply project(s) identified as Project No. 51080 (Project); and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$7,525,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (Collin-Grayson Municipal Alliance Project), (together with all authorizing documents "Obligations"), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the Authority has offered a pledge of contract 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 § 363.1307;

WHEREAS, subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority for State Fiscal Year 2022 at up to the following levels: 25% for financial assistance for a term of 20 years, 18% for financial assistance for a term of 21 to 25 years, and 14% for financial assistance for a term of 26 to 30 years; and

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

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;



2. that the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that a water conservation plan has been submitted and implemented in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1);
6. that the Authority has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

a commitment is made by the TWDB to Greater Texoma Utility Authority for financial assistance in the amount of \$7,525,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of \$7,525,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (Collin-Grayson Municipal Alliance Project). This commitment will expire on December 31, 2022.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued, that said Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that said Obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement;
4. this commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;

5. interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator;
6. the Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee;

The Following Conditions Must Be Included in the Obligations:

7. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
8. the Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
9. the Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;
10. the Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project;
11. the Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;
12. the Obligations must include a provision requiring the Authority to use any proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator;

13. 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;
14. 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;
15. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
16. the Obligations must include a provision stating that the Authority shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
17. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1);
18. the Obligations must contain a provision stating that the Authority shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183;
19. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
20. the Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or

indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with:

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

the United States the amount described in paragraph (b) above within 30 days after each Computation Date;

- d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
22. 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;
23. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of § 149(b) of the Code;
24. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of § 149(d) of the Code (related to “advance refundings”);
25. 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;
26. the Obligations must contain a provision requiring that, upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator’s review;
27. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority’s obligations arising from the operation of the water system;
28. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator’s satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations;

Conditions to Close or for Release of Funds:

29. prior to closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel, for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
30. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
31. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
32. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
33. 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;
34. the transcript must include evidence that the information reporting requirements of § 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
35. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

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

TEXAS WATER DEVELOPMENT BOARD

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

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

ATTEST:

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

Water  
Wastewater  
Other

# WATER CONSERVATION REVIEW

Review Date:  
Project ID:

Entity: Other entity:

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

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

**WATER LOSS AUDIT YEAR:**

Service connections:	Length of main lines (miles):	Water Loss
Retail population:	Connections per mile:	(gal/connection/day):
		Water Loss GPCD:
		ILI <sup>1</sup> :

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

**WATER LOSS THRESHOLDS** Water Loss Project:

	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
Wholesale Adjusted:						
<u>Threshold Type</u>						

Does the applicant meet Water Loss Threshold Requirements? **Yes** **No** **NA**

**ADDITIONAL INFORMATION**

**STAFF NOTES AND RECOMMENDATIONS**



## DEFINITIONS

**Adopted** refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formally approved and adopted by the applicant's governing body.

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

**Approvable** refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

**Best Management Practices** are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

**GPCD** means gallons per capita per day.

**Infrastructure Leakage Index (ILI)** is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 3,000 connections and a connection density of more than 16 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a bench marking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

**NA** means not applicable.

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

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

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

**Total water loss** is the sum of the apparent and real water losses.

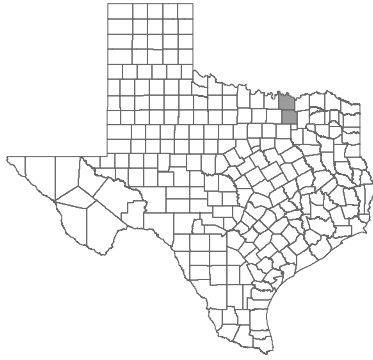
**Water loss** is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

**Water Loss GPCD** is the amount of water loss divided by the retail population divided by 365.

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

**Water Loss Thresholds** are levels of real and apparent water loss determined by the size and connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

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



# Greater Texoma Utility Authority Collin-Grayson Municipal Alliance Collin & Grayson County

