

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: March 9, 2023

Team Manager: Nancy Richards

ACTION REQUESTED

Consider approving by resolution a request from the Memorial Point Utility District (Polk County) for \$3,000,000 in financing from the Texas Water Development Fund for planning, design, and construction of water and wastewater system improvements.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

Memorial Point Utility District (District) is located in Polk County on the eastern shores of Lake Livingston approximately 45 miles east of Huntsville, Texas. The District provides water and wastewater services to a population of approximately 1,180 residents and 379 connections.

PROJECT NEED AND DESCRIPTION

The District's water distribution and sanitary sewer collection systems were built in the 1970s and are nearing the end of their useful service lives. Due to their age, the infrastructure is constantly in need of repairs. Rehabilitation of these systems is needed to prevent future failures and ensure serviceability.

The District proposes to replace approximately 8,000 linear feet of aging water line and install new gate valves, meters, and fire hydrants. The sanitary sewer rehabilitation will use trenchless construction to repair approximately 7,500 linear feet of sewer lines. Work includes cleaning and television inspection of the existing sewers, rehabilitation of manholes, and reconnection of sewer taps.

PROJECT SCHEDULE

Task	Schedule Date
Closing	October 1, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	November 15, 2023
Design Phase Completion	December 15, 2023
Start of Construction	January 2, 2024
Construction Completion	April 30, 2025

KEY ISSUES

None.

COMMITMENT PERIOD: SEVEN (7) MONTHS TO EXPIRE OCTOBER 31, 2023

LEGAL/SPECIAL CONDITIONS

- Notification of change to legal status
- Notification of conversion or conveyance

Attachments

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

Financial Review Memorial Point UD

Risk Score: 2B

Audit Reviewed: FY 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 0.99%	State: 1.49%
Top 10 Customers % of Total Revenue	19%	10-15%
Median Household Income as % of State	80%	100%
Days of Cash on Hand (3-year Average)	254 days	30-149 days
Net Fixed Assets/ Annual Depreciation	22 years	12-24 years
Debt Service Coverage Ratio	1.2x	1.0x
Debt-to-Operating Revenues	2.09x	4.00-5.99x
Unemployment Rate (December, 2022)	Polk County: 9.3%	State: 5.30%
Working Capital Ratio	5.45	> 1.0
Net direct debt/ Total Assessed Valuation	5.62%	2% - 4.99%

Key Risk Score Strengths

- The District has a strong working capital ratio, this provides them with sufficient resources to cover its short-term liabilities.
- The District also has a low debt to operating revenues at 2.09 due to the only outstanding debt of the District being a TWDB 2016 revenue bond.

Key Risk Score Concerns

- The top ten customers of the District's water system make up 19% of the total water revenue, so a stress test was done to remove the top ten water customers from the water revenues. This resulted in the District needing a maximum I&S tax rate of \$0.39 in 2036 to maintain their 1.0 coverage.
- Based on the County data, the District has a higher than average unemployment rate, however the unemployment rate has been trending downward for the last six months.

PLEDGE

Legal Pledge Name	Ad Valorem Tax and Utility System Revenues
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input checked="" 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 Year 2023	Current Household Cost Factor	Projected Household Cost Factor
Water	4,000	\$23.78	\$23.78	1.36	1.36
Wastewater	4,000	\$32.00	\$32.00		

TAXES

	2021 Tax Year Rate	Max Projected Tax Rate 2047	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.900	\$0.900	Unlimited	96.43%	\$53,373,456
Interest & Sinking	\$0.000	\$0.374			
Total Tax Rate	\$0.900	\$1.274			

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the district could save approximately \$143,753 over the life of the financing.

Project Data Summary

Responsible Authority	Memorial Point UD
Program	WDF
Commitment Number	L1001612
Project Number	21807
List Year	2022
Type of Pledge	Combo Tax and Revenue
Pledge Level (if applicable)	First Lien
Legal Description	\$3,000,000 Memorial Point Utility District Unlimited Tax and Revenue Bonds, Proposed Series 2023
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
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	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Nancy Richards	Jacob Berdoll	Lucia Loera	Britt Paredes	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Memorial Point UD

\$3,000,000 Memorial Point Utility District Unlimited Tax and Revenue Bonds, Proposed Series 2023

Dated Date: 10/1/2023
 Delivery Date: 10/1/2023
 First Interest: 4/1/2024
 First Principal: 4/1/2025
 Last Principal: 4/1/2053
 Fiscal Year End: 09/30
 Required Coverage: 1.0

Source: WDF
 Rate: 4.44%
 IUP Year: 2022
 Case: Tax and Revenue
 Admin.Fee: \$0
 Admin. Fee Payment Date: N/A
 Total Assessed Valuation: \$53,373,456

FISCAL YEAR	PROPOSED TAX RATE	TAX REVENUES WITH COLL. @ 96%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$3,000,000 ISSUE			TOTAL DEBT SERVICE	COVERAGE	
						PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT			
2024	\$0.1222	\$62,883	\$180,051	\$242,934	\$116,228	\$0	-	\$62,883	\$62,883	\$179,111	1.36
2025	0.3415	175,767	180,051	355,818	120,474	50,000	2.88%	125,767	175,767	296,240	1.20
2026	0.3484	179,327	180,051	359,378	119,607	55,000	2.92%	124,327	179,327	298,934	1.20
2027	0.3453	177,721	180,051	357,772	118,626	55,000	2.96%	122,721	177,721	296,346	1.21
2028	0.3519	181,093	180,051	361,144	122,523	60,000	3.00%	121,093	181,093	303,616	1.19
2029	0.3484	179,293	180,051	359,344	121,341	60,000	3.03%	119,293	179,293	300,633	1.20
2030	0.3545	182,475	180,051	362,526	125,074	65,000	3.06%	117,475	182,475	307,549	1.18
2031	0.3604	185,486	180,051	365,537	123,729	70,000	3.09%	115,486	185,486	309,214	1.18
2032	0.3562	183,323	180,051	363,374	122,332	70,000	3.11%	113,323	183,323	305,654	1.19
2033	0.3617	186,146	180,051	366,197	125,845	75,000	3.32%	111,146	186,146	311,990	1.17
2034	0.3568	183,656	180,051	363,707	124,267	75,000	3.54%	108,656	183,656	307,922	1.18
2035	0.3614	186,001	180,051	366,052	127,606	80,000	3.74%	106,001	186,001	313,607	1.17
2036	0.3653	188,009	180,051	368,060	125,875	85,000	3.91%	103,009	188,009	313,884	1.17
2037	0.3685	189,685	180,051	369,736	-	90,000	4.04%	99,685	189,685	189,685	1.95
2038	0.3712	191,049	180,051	371,100	-	95,000	4.14%	96,049	191,049	191,049	1.94
2039	0.3636	187,116	180,051	367,167	-	95,000	4.23%	92,116	187,116	187,116	1.96
2040	0.3655	188,098	180,051	368,149	-	100,000	4.29%	88,098	188,098	188,098	1.96
2041	0.3668	188,808	180,051	368,859	-	105,000	4.36%	83,808	188,808	188,808	1.95
2042	0.3677	189,230	180,051	369,281	-	110,000	4.41%	79,230	189,230	189,230	1.95
2043	0.3680	189,379	180,051	369,430	-	115,000	4.46%	74,379	189,379	189,379	1.95
2044	0.3677	189,250	180,051	369,301	-	120,000	4.50%	69,250	189,250	189,250	1.95
2045	0.3669	188,850	180,051	368,901	-	125,000	4.54%	63,850	188,850	188,850	1.95
2046	0.3656	188,175	180,051	368,226	-	130,000	4.58%	58,175	188,175	188,175	1.96
2047	0.3735	192,221	180,051	372,272	-	140,000	4.60%	52,221	192,221	192,221	1.94
2048	0.3707	190,781	180,051	370,832	-	145,000	4.65%	45,781	190,781	190,781	1.94
2049	0.3673	189,038	180,051	369,089	-	150,000	4.67%	39,038	189,038	189,038	1.95
2050	0.3731	192,033	180,051	372,084	-	160,000	4.69%	32,033	192,033	192,033	1.94
2051	0.3682	189,529	180,051	369,580	-	165,000	4.70%	24,529	189,529	189,529	1.95
2052	0.3726	191,774	180,051	371,825	-	175,000	4.72%	16,774	191,774	191,774	1.94
2053	0.3663	188,514	180,051	368,565	-	180,000	4.73%	8,514	188,514	188,514	1.96
					\$1,593,525	\$3,000,000		\$2,474,700	\$5,474,700	\$7,068,224	

AVERAGE (MATURITY) LIFE	18.56 YEARS
NET INTEREST RATE	4.445%
COST SAVINGS	\$ 143,753
AVERAGE ANNUAL REQUIREMENT	\$182,490

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
 Memorial Point UD
 21807 - Water Line and Sanitary Sewer
 Rehabilitation

Budget Items	TWDB Funds	Total
Construction		
Construction	\$2,200,000	\$2,200,000
Subtotal for Construction	\$2,200,000	\$2,200,000
Basic Engineering Services		
Construction Engineering	\$90,000	\$90,000
Design	\$210,000	\$210,000
Planning	\$35,000	\$35,000
Subtotal for Basic Engineering Services	\$335,000	\$335,000
Special Services		
Application	\$15,000	\$15,000
Environmental	\$10,000	\$10,000
Geotechnical	\$5,000	\$5,000
I/I Studies/Sewer Evaluation	\$53,500	\$53,500
Permits	\$1,500	\$1,500
Surveying	\$50,000	\$50,000
Testing	\$5,000	\$5,000
Water Conservation Plan	\$2,500	\$2,500
Subtotal for Special Services	\$142,500	\$142,500
Fiscal Services		
Bond Counsel	\$75,000	\$75,000
Capitalized Interest	\$127,500	\$127,500
Financial Advisor	\$60,000	\$60,000
Fiscal/Legal	\$5,000	\$5,000
Issuance Costs	\$10,000	\$10,000
Subtotal for Fiscal Services	\$277,500	\$277,500
Other		
Project Legal Expenses	\$25,000	\$25,000
Subtotal for Other	\$25,000	\$25,000
Contingency		
Contingency	\$20,000	\$20,000
Subtotal for Contingency	\$20,000	\$20,000
Total	\$3,000,000	\$3,000,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$3,000,000 TO MEMORIAL POINT UTILITY DISTRICT
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$3,000,000 MEMORIAL POINT UTILITY DISTRICT UNLIMITED TAX AND REVENUE
BONDS PROPOSED SERIES 2023

(23 -)

WHEREAS, the Memorial Point Utility District, located in Polk County, Texas (District), has filed an application for financial assistance in the amount of \$3,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance water and wastewater system improvements, identified as Project No. 21807; and

WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$3,000,000 through the TWDB's purchase of \$3,000,000 Memorial Point Utility District Unlimited Tax and Revenue Bonds, Proposed Series 2023 (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 unlimited tax and revenue 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 and 17.275, the TWDB has considered all matters required by law and in particular the following:

1. the water quality needs of the waters into which effluent from the treatment works will be discharged, the benefit of the treatment works to such water quality needs, the relationship of the treatment works to the overall, statewide water quality needs, and the relationship of the treatment works to water quality planning for the state;
2. 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

3. the availability of revenue to the District, from all sources, for the ultimate repayment of the cost of the treatment works and water supply project, including interest.
4. that the District has not been designated, pursuant to Texas Water Code § 26.082, to provide a regional system to serve all or part of the waste disposal needs of a defined area, the development of such systems being the declared policy of the legislature; and

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 the public interest will benefit from state assistance in the financing of this project, in accordance with Texas Water Code § 17.277(a);
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 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);
5. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 17, Subchapters D, E, F, and L, and 31 TAC Chapter 363, Subchapter A;
6. 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);
7. that the current water audit required by Texas Water Code § 16.0121 has been completed by the District and filed with the TWDB, in accordance with Texas Water Code § 16.053(j); and
8. that any treatment works to be financed under the application will consider cost-effective innovative, nonconventional methods of treatment such as rock reed, root zone, ponding, irrigation, or other methods that may have been developed by the National Aeronautics and Space Administration or the Tennessee Valley Authority, in accordance with Texas Water Code § 17.189.

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

A commitment is made by the TWDB to the Memorial Point Utility District for financial assistance in the amount of \$3,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$3,000,000 Memorial Point Utility District Unlimited Tax and Revenue Bonds, Proposed Series 2023. This commitment will expire on October 31, 2023.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that 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 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;
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;
16. the District must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition);

Conditions Related To Tax-Exempt Status:

17. 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;
18. 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;
19. 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);
20. 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;
21. 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;

22. 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;
23. 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;
24. 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”);
25. 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;
26. 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;
27. 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;
28. the District’s federal tax certificate shall provide that the weighted average maturity of the Obligations purchased by the TWDB does not exceed 120% of the weighted average reasonably expected economic life of the Project;

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

Special Conditions:

29. prior to closing, the District shall adopt and implement the water conservation program approved by the TWDB;
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.

APPROVED and ordered of record this, the 9th day of March, 2023.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Review Date:

Project ID:

Water
Wastewater
Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

WATER CONSERVATION PLAN DATE:

Approvable

Adopted

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

WATER LOSS AUDIT YEAR:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI¹:

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

WATER LOSS THRESHOLDS

Water Loss Project:

Wholesale Adjusted:

Threshold Type:

Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Loss Threshold Gallons per connection per day	Real Loss Threshold Gallons per mile per day	Real Loss Threshold Gallons per connection per day

Does the applicant meet Water Loss Threshold Requirements?

Yes

No

NA

ADDITIONAL INFORMATION**STAFF NOTES AND RECOMMENDATIONS**

DEFINITIONS

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

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

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

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

GPCD means gallons per capita per day.

GCD means gallons per connection per day.

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

NA means not applicable.

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

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

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

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

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

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

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

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

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



Memorial Point Utility District Polk County

