



PROJECT FUNDING REQUEST

BOARD DATE: May 11, 2022

Team Manager: Joe Koen

ACTION REQUESTED

Approve by resolution a request from the Greater Texoma Utility Authority on behalf of the City of Pottsboro (Grayson County) for \$2,160,000 in financing from the Texas Water Development Fund for rehabilitation and expansion of a wastewater treatment plant.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The Greater Texoma Utility Authority (Authority) provides its member cities with assistance in financing and construction of water and wastewater facilities. The Authority may also be requested to provide operations services for water and wastewater facilities by member cities and others.

The City of Pottsboro (City) is located in Grayson County, approximately 75 miles north of the City of Dallas. The City provides wastewater services to approximately 2,500 residents.

PROJECT NEED AND DESCRIPTION

In 2019, the Texas Water Development Board (TWDB) approved a commitment to the Authority on behalf of the City for planning, design and construction to rehabilitate and expand the City’s wastewater treatment plant (WWTP). The Authority closed on this commitment in 2019 and has completed planning and design phases.

The Authority, working with its project engineer, determined that additional funding is needed for the construction phase due to cost increases.

The Authority has requested financing from the Texas Water Development Fund to supplement Clean Water State Revolving Fund construction financing to complete the WWTP rehabilitation and expansion from 0.35 to 0.9 million gallons per day.

PROJECT SCHEDULE

Task	Schedule Date
Closing	August 1, 2022
Engineering Feasibility Report Completion (End of Planning Phase) (CWSRF COMPLETED)	January 8, 2020
Design Phase Completion (CWSRF COMPLETED)	February 2, 2022
Start of Construction	January 1, 2023
Construction Completion	November 1, 2023

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

KEY ISSUES

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

LEGALSpecial Conditions

None.

Attachments:

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

Financial Review

Greater Texoma UA – City of Pottsboro

Risk Score: 2A

Audit Reviewed: FY 2020

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 1.42%	State: 1.49%
Top 10 Customers % of Total Water Revenue	26.67%	10-15%
Median Household Income as % of State	113%	100%
Days of Cash on Hand (3-year Average)	143 days	30-149 days
Net Fixed Assets/ Annual Depreciation	41 years	12-24 years
Debt Service Coverage Ratio	1.41x	1.0x
Debt-to-Operating Revenues	5.74	4.00-5.99x
Unemployment Rate (February 2022)	County: 4.00%	State: 4.70%
Working Capital Ratio	1.5	> 1.0

Key Risk Score Strengths

- Debt service coverage ratio of 1.41x indicates the City can cover the existing debt without the need for a system rate increase.
- Net fixed assets are above the state's benchmark demonstrating the City manages its fixed assets efficiently to generate long term income.

Key Risk Score Concerns

- The top customer of the utility system is Monarch, a private water company within the City, which accounts for 19.92 percent of the water system revenue. A stress test was performed to remove these revenues, which indicated the City would have to increase rates by approximately less than one dollar.

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

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	5,000	\$64.80	\$64.80	2.06	2.06
WASTEWATER	5,000	\$55.53	\$55.53		

Project Data Summary

Responsible Authority	Greater Texoma UA
Program	WDF
Commitment Number	L1001522
Project Number	73823
List Year	2022
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$2,160,000 Greater Texoma Utility Authority Contract Revenues Bonds, Proposed Series 2022 (City of Pottsboro Project)
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	Construction
Pre-Design	Yes
Project Consistent with State Water Plan	N/A
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Arnoldo Rubio	Dennis Newman	Kristin Miller	Breann Hunter

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Greater Texoma Utility Authority - City of Pottsboro

\$2,160,000 Greater Texoma Utility Authority Contract Revenues Bonds, Proposed Series 2022 (City of Pottsboro Project)

Dated Date: 8/1/2022	Source: WDF
Delivery Date: 8/1/2022	Rate: 3.44%
First Interest: 12/1/2022	IUP Year: 2022
First Principal: 6/1/2023	Case: Contract Revenue
Last Principal: 6/1/2052	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	\$2,160,000 ISSUE				TOTAL DEBT	
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	SERVICE	COVERAGE
2023	\$671,463	\$371,171	\$51,000	1.03%	\$54,172	\$105,172	\$476,343	1.41
2024	671,463	372,096	51,000	1.31%	64,481	115,481	487,577	1.38
2025	671,463	372,854	52,000	1.46%	63,812	115,812	488,666	1.37
2026	671,463	373,319	53,000	1.59%	63,053	116,053	489,372	1.37
2027	671,463	373,402	53,000	1.67%	62,211	115,211	488,613	1.37
2028	671,463	369,371	54,000	1.74%	61,325	115,325	484,696	1.39
2029	671,463	373,565	55,000	1.82%	60,386	115,386	488,951	1.37
2030	671,463	372,526	56,000	1.89%	59,385	115,385	487,910	1.38
2031	671,463	371,266	57,000	1.95%	58,326	115,326	486,592	1.38
2032	671,463	369,754	58,000	2.01%	57,215	115,215	484,968	1.38
2033	671,463	373,021	60,000	2.28%	56,049	116,049	489,070	1.37
2034	671,463	371,069	61,000	2.49%	54,681	115,681	486,750	1.38
2035	671,463	373,893	62,000	2.67%	53,162	115,162	489,055	1.37
2036	671,463	371,553	64,000	2.83%	51,507	115,507	487,060	1.38
2037	671,463	374,083	66,000	2.98%	49,696	115,696	489,779	1.37
2038	671,463	371,443	68,000	3.10%	47,729	115,729	487,172	1.38
2039	671,463	373,671	70,000	3.20%	45,621	115,621	489,292	1.37
2040	671,463	370,723	72,000	3.30%	43,381	115,381	486,104	1.38
2041	671,463	372,641	75,000	3.38%	41,005	116,005	488,646	1.37
2042	671,463	369,377	77,000	3.46%	38,470	115,470	484,847	1.38
2043	671,463	371,011	80,000	3.56%	35,806	115,806	486,817	1.38
2044	671,463	372,527	83,000	3.63%	32,958	115,958	488,484	1.37
2045	671,463	373,957	86,000	3.69%	29,945	115,945	489,901	1.37
2046	671,463	370,300	89,000	3.73%	26,771	115,771	486,071	1.38
2047	671,463	371,608	92,000	3.77%	23,452	115,452	487,060	1.38
2048	671,463	372,828	96,000	3.81%	19,983	115,983	488,811	1.37
2049	671,463	373,959	99,000	3.85%	16,326	115,326	489,285	1.37
2050	671,463	373,959	103,000	3.88%	12,514	115,514	489,473	1.37
2051	671,463	-	107,000	3.91%	8,518	115,518	115,518	5.81
2052	671,463	-	110,000	3.94%	4,334	114,334	114,334	5.87
	\$10,420,944	\$2,160,000			\$1,296,271	\$3,456,271	\$13,877,214	

AVERAGE (MATURITY) LIFE	17.44 YEARS
NET INTEREST RATE	3.441%
AVERAGE ANNUAL REQUIREMENT	\$462,574

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.

Budget Items	TWDB Funds (DFund) This Commitment	TWDB Funds (Previous Commitment)	Total
Construction			
Construction	\$1,739,550.00	\$6,240,000.00	\$7,979,550.00
Subtotal for Construction	\$1,739,550.00	\$6,240,000.00	\$6,240,000.00
Basic Engineering Services			
Construction Engineering	\$0.00	\$340,000.00	\$340,000.00
Design	\$0.00	\$680,000.00	\$680,000.00
Planning	\$0.00	\$131,000.00	\$131,000.00
Subtotal for Basic Engineering Services	\$0.00	\$1,151,000.00	\$1,151,000.00
Special Services			
Application	\$10,000.00	\$10,000.00	\$20,000.00
Environmental	\$0.00	\$5,000.00	\$5,000.00
Geotechnical	\$0.00	\$20,000.00	\$20,000.00
Inspection	\$0.00	\$120,000.00	\$120,000.00
Permits	\$0.00	\$10,000.00	\$10,000.00
Surveying	\$0.00	\$20,000.00	\$20,000.00
Testing	\$0.00	\$120,000.00	\$120,000.00
Water Conservation Plan	\$0.00	\$500.00	\$500.00
Subtotal for Special Services	\$10,000.00	\$305,500.00	\$315,500.00
Fiscal Services			
Bond Counsel	\$17,450.00	\$60,850.00	\$78,300.00
Financial Advisor	\$14,550.00	\$40,720.00	\$55,270.00
Fiscal/Legal	\$4,635.00	\$8,420.00	\$13,055.00
Issuance Costs	\$2,000.00	\$2,000.00	\$4,000.00
Bond Reserve Fund	\$106,000.00	\$0.00	\$106,000.00
Loan Origination Fee	\$0.00	\$144,816.00	\$144,816.00
Subtotal for Fiscal Services	\$144,635.00	\$256,806.00	\$401,441.00
Other			
Administration	\$4,000.00	\$7,000.00	\$11,000.00
Land/Easements Acquisition	\$0.00	\$3,000.00	\$3,000.00
Other (Agent Fee)	\$0.00	\$3,650.00	\$3,650.00
Project Legal Expenses	\$0.00	\$1,500.00	\$1,500.00
Subtotal for Other	\$4,000.00	\$15,150.00	\$19,150.00
Contingency			
Contingency	\$261,815.00	\$451,544.00	\$713,359.00
Subtotal for Contingency	\$261,815.00	\$451,544.00	\$713,359.00
Total	\$2,160,000.00	\$8,420,000.00	\$10,580,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,160,000 TO GREATER TEXOMA UTILITY AUTHORITY
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$2,160,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS
PROPOSED SERIES 2022 (CITY OF POTTSBORO PROJECT)

(22-)

WHEREAS, the Greater Texoma Utility Authority (Authority), located in Grayson County, Texas, has filed an application for financial assistance in the amount of \$2,160,000 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. 73823; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$2,160,000 through the TWDB's purchase of \$2,160,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Pottsboro Project) (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 Authority has requested financing from the Texas Water Development Funds (WDF) to supplement Clean Water State Revolving Funds (CWSRF) construction financing to complete the WWTP rehabilitation and expansion; 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 § 363.16; 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 Authority, 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 Authority will be sufficient to meet all the Obligations assumed by the Authority during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
3. that the Authority, a wholesale supplier of water, has adopted a resolution affirming that it will cooperate and coordinate with its retail providers to implement a water conservation program that will result in the more efficient use of water, that will meet reasonably anticipated local needs and conditions and that will incorporate those practices, techniques or technologies prescribed by the Texas Water Code and TWDB's rules;
4. that the 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;

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

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$2,160,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$2,160,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Pottsboro Project). 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 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 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 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, 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;
6. 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
7. 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;
8. 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;
9. 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 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;

10. prior to closing, the Authority 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;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Authority 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;
12. prior to closing, when any portion of financial assistance proceeds are 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;
13. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
14. 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 F and Texas Water Code § 17.183;

Conditions Related to Tax-Exempt Status:

15. 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;
16. 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;
17. 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 of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

18. 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;

19. 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 loan with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, not less frequently than each Computation Date, in accordance with rules set forth in § 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 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;
- 20. 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;
 - 21. 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;
 - 22. 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 section 149(d) of the Code (related to "advance refundings");
 - 23. 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;
 - 24. 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;
 - 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;

Pledge Conditions:

26. 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 and sewer 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;
29. 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 11th day of May, 2022

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Review Date:

Project ID:

WATER CONSERVATION REVIEW

- Water
- Wastewater
- Other

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

Retail population:

Connections per mile:

(gal/connection/day):

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.

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.



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