

Texas Water Development Board

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 City of Gainesville (Cooke County) for \$2,705,000 in financing from the State Water Implementation Revenue Fund for Texas for planning, design, and construction of a water conservation project and a waiver from the requirement to include funds to mitigate water loss as part of this project.

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 Gainesville (City) is located in Cooke County approximately 60 miles northwest of Dallas, Texas. The City provides water and wastewater services to a population of approximately 16,500 residents and 6,200 connections.

PROJECT NEED AND DESCRIPTION

The City has identified a segment of its water distribution system that has frequent failures due to age and material of the water line. The cast iron line is over 80 years old and runs along Foundry Road until it intersects with Interstate 35 Frontage Road. The City has estimated that the water line breaks have resulted in a loss of approximately 30 million gallons of water over the past five years.

The City intends to replace approximately 4,580 linear feet of the existing 14-inch cast iron line with polyvinyl chloride (PVC) pipe. The anticipated water savings is estimated to be six million gallons a year after replacing the 80-year-old cast iron lines.

COMMITMENT PERIOD: FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2022

PROJECT SCHEDULE

Task	Schedule Date
Closing	November 15, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	January 31, 2023
Design Phase	June 30, 2023
Start of Construction	November 30, 2023
Construction Completion	November 30, 2024

KEY ISSUES

The City is requesting a waiver from mitigating its apparent water loss (associated with meter inaccuracy) in order to focus on this water line replacement project that mitigates real water loss (resulting from physical losses from leakage, breaks, etc.). The City has recently replaced 3,500 customer water meters which is approximately 50 percent of the meters in its system over the last five years. The City's water conservation plan calls for the replacement of 500 water meters per year and the City has been replacing approximately 700 per year over the last five years as its budget has allowed. The City plans to continue these efforts each year going forward until all of its meters are replaced. These new meters will result in improved overall accuracy of customer meter readings and, when combined with the reduction in real water loss expected from the current project, will result in a decrease in water loss in future water loss audits.

LEGAL

Special Conditions

- None

Attachments:

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

Financial Review

GTUA City of Gainesville

Risk Score: 2A

Audit Reviewed: FY 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 0.84%	State: 1.49%
Top 10 Customers % of Total Revenue	5%	10-15%
Median Household Income as % of State	72%	100%
Days of Cash on Hand (3-year Average)	281 days	30-149 days
Net Fixed Assets/ Annual Depreciation	25 years	12-24 years
Debt Service Coverage Ratio	1.57x	1.0x
Debt-to-Operating Revenues	0.92x	4.00-5.99x
Unemployment Rate (April, 2022)	Cooke: 2.9%	State: 3.7%
Working Capital Ratio	2.94	> 1.0

Key Risk Score Strengths

- Debt service coverage ratio of 1.57x indicates the City is generating sufficient revenues to repay the proposed obligation.
- A high working capital ratio provides the City with ample resources to cover short-term liabilities and shows a strong liquidity position.
- With 281 days of cash on hand, the City has sufficient reserves to handle fiscal emergencies.
- The City's top ten water customers only account for five percent of the revenues generated by the water system indicating the City is not reliant on these customers for revenues.
- 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.

Key Risk Score Concerns

- The City's household cost factor is higher than the state benchmark due to the City having a median household income \$44,753 and a monthly water and sewer bill of \$94.62. The high household cost factor is mitigated by the City not requiring additional rate increases to repay the proposed obligation.

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	5,263	\$55.26	\$55.26	2.54	2.54
WASTEWATER	3,727	\$39.36	\$39.36		

Cost Savings

Based on a 20-year maturity schedule and current interest rates, the City could save approximately \$275,747 over the life of the financing.

Project Data Summary

Responsible Authority	Greater Texoma UA
Program	SWIFT
Commitment Number	L1001528
Project Number	51079
List Year	2022
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$2,705,000 Greater Texoma Utility Authority (City of Gainesville Project) Contract Revenue Bonds, Series 2022
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low-Interest
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	2A

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Jeff Taylor	Rand Zeolla	Cody Cockayne	Gayla Duaine	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
GTUA City of Gainesville

\$2,705,000 Greater Texoma Utility Authority (City of Gainesville Project) Contract Revenue Bonds, Series 2022

Dated Date:	11/15/2022	Source:	SWIFT-LOW-20YR
Delivery Date:	10/30/2022	Rate:	2.63%
First Interest:	4/1/2023	IUP Year:	2022
First Principal:	10/1/2023	Case:	Contract Revenue
Last Principal:	10/1/2042	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	\$2,705,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2023	\$3,914,773	\$2,501,670	\$0	-	\$24,512	\$24,512	\$2,526,182	1.55
2024	3,914,773	2,322,904	100,000	1.43%	64,171	164,171	2,487,075	1.57
2025	3,914,773	2,323,535	105,000	1.64%	62,595	167,595	2,491,130	1.57
2026	3,914,773	2,320,336	110,000	1.74%	60,777	170,777	2,491,113	1.57
2027	3,914,773	2,207,791	110,000	1.79%	58,836	168,836	2,376,626	1.65
2028	3,914,773	2,207,791	115,000	1.86%	56,782	171,782	2,379,572	1.65
2029	3,914,773	2,207,791	115,000	1.95%	54,591	169,591	2,377,382	1.65
2030	3,914,773	2,207,791	120,000	2.06%	52,234	172,234	2,380,024	1.64
2031	3,914,773	1,769,586	125,000	2.12%	49,673	174,673	1,944,259	2.01
2032	3,914,773	1,216,456	130,000	2.18%	46,931	176,931	1,393,387	2.81
2033	3,914,773	1,216,456	130,000	2.22%	44,071	174,071	1,390,527	2.82
2034	3,914,773	855,245	135,000	2.37%	41,028	176,028	1,031,273	3.80
2035	3,914,773	855,245	140,000	2.50%	37,678	177,678	1,032,923	3.79
2036	3,914,773	855,245	145,000	2.60%	34,043	179,043	1,034,288	3.78
2037	3,914,773	-	150,000	2.68%	30,148	180,148	180,148	21.73
2038	3,914,773	-	150,000	2.75%	26,076	176,076	176,076	22.23
2039	3,914,773	-	155,000	2.81%	21,835	176,835	176,835	22.14
2040	3,914,773	-	160,000	2.87%	17,362	177,362	177,362	22.07
2041	3,914,773	-	165,000	2.92%	12,657	177,657	177,657	22.04
2042	3,914,773	-	170,000	2.95%	7,740	177,740	177,740	22.03
2043	3,914,773	-	175,000	2.99%	2,616	177,616	177,616	22.04
		\$25,067,841	\$2,705,000		\$806,352	\$3,511,352	\$28,579,193	

AVERAGE (MATURITY) LIFE	11.32 YEARS
NET INTEREST RATE	2.633%
COST SAVINGS	\$275,747
AVERAGE ANNUAL REQUIREMENT	\$167,207

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
 51079 - GTUA/City of Gainesville Water
 Transmission Main Replacement
 Project

Budget Items	TWDB Funds	Total
Construction		
Construction	\$2,000,000.00	\$2,000,000.00
Subtotal for Construction	\$2,000,000.00	\$2,000,000.00
Basic Engineering Services		
Construction Engineering	\$20,000.00	\$20,000.00
Design	\$50,000.00	\$50,000.00
Planning	\$30,000.00	\$30,000.00
Subtotal for Basic Engineering Services	\$100,000.00	\$100,000.00
Special Services		
Application	\$11,000.00	\$11,000.00
Environmental	\$35,000.00	\$35,000.00
Subtotal for Special Services	\$46,000.00	\$46,000.00
Fiscal Services		
Bond Counsel	\$21,538.00	\$21,538.00
Financial Advisor	\$17,500.00	\$17,500.00
Fiscal/Legal	\$2,500.00	\$2,500.00
Issuance Costs	\$2,000.00	\$2,000.00
Subtotal for Fiscal Services	\$43,538.00	\$43,538.00
Other		
Administration	\$10,000.00	\$10,000.00
Project Legal Expenses	\$5,205.00	\$5,205.00
Subtotal for Other	\$15,205.00	\$15,205.00
Contingency		
Contingency	\$500,257.00	\$500,257.00
Subtotal for Contingency	\$500,257.00	\$500,257.00
Total	\$2,705,000.00	\$2,705,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,705,000 TO GREATER TEXOMA UTILITY AUTHORITY
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$2,705,000 GREATER TEXOMA UTILITY AUTHORITY (CITY OF GAINESVILLE PROJECT)
CONTRACT REVENUE BONDS
PROPOSED SERIES 2022

(22-)

WHEREAS, the Greater Texoma Utility Authority (Authority) has filed an application for financial assistance in the amount of \$2,705,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, design, and construction of certain water supply project(s) identified as Project No. 51079 (Project); and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$2,705,000 Greater Texoma Utility Authority (City of Gainesville Project) Contract Revenue Bonds Proposed Series 2022 (together with all authorizing documents, "Obligations"), all as is more specifically set forth in the application and in recommendations of the 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 Authority is requesting a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the City's system water loss because the City is currently undertaking a meter replacement project; 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);
4. that the current water audit has been completed by the Authority and filed with the TWDB in accordance with Texas Water Code § 16.0121 and 31 TAC § 358.6;
5. that, based on the City's ongoing meter replacement project, the City is satisfactorily addressing the City's system water loss, which supports a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the City's system water loss in accordance with Texas Water Code § 16.0121(g);
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:

1. for the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.0121(g); and
2. a commitment is made by the TWDB to Greater Texoma Utility Authority for financial assistance in the amount of \$2,705,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of \$2,705,000 Greater Texoma Utility Authority (City of Gainesville Project) Contract Revenue Bonds, Proposed Series 2022. 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
Baseline			
5-year Goal			
10-year Goal			

WATER LOSS AUDIT YEAR:

Service connections:
Retail population:

Length of main lines (miles):
Connections per mile:

Water Loss
(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.



GREATER TEXOMA UTILITY AUTHORITY

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June 8, 2022

Jeff Walker, Executive Administrator
Texas Water Development Board
Water Supply & Infrastructure - Regional Water Planning and Development
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Dear Mr. Walker:

We are writing to formally request a water loss waiver for our upcoming SWIFT bond issuance with the TWDB. The City of Gainesville is, and has been, working to decrease the apparent water loss in their water system.

First of all, the project that we are requesting to the TWDB to fund is to address real water loss caused by an 80+ year old water transmission main that the City has been experiencing significant leakage on over the past decade. While this does not address the apparent water loss, I thought that it was worth noting that this project would ultimately help conserve water.

Second, the City has recently replaced 3,500 customer water meters in their system which is approximately 50% of the meters in their system over the last five (5) years. The City's water conservation plan calls for the replacement of 500 water meters per year and the City has been replacing approximately 700 per year over the last five (5) years as their budget has allowed. The City has plans to continue these efforts each year going forward until all of their meters are replaced. The City is replacing the old meters with radio/cellular meters that are reporting back to City Hall in real time. The central software that is processing the meter data alerts the City to abnormalities with customer consumption that can alert the City/Customer of potential leaks on the customer side of the meter.

In summary, the City has been and will continue to be very proactive in addressing their real and apparent water loss. The City of Gainesville and the Greater Texoma Utility Authority greatly appreciate the TWDB's consideration of our waiver request and making water system projects possible for our residents. Please feel free to contact me if you have any questions regarding our request for a waiver.

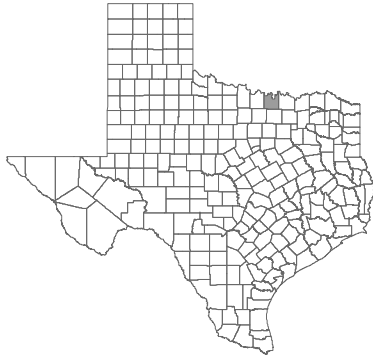
Sincerely,

A handwritten signature in blue ink, appearing to read "D. Satterwhite".

Drew Satterwhite, P.E.
General Manager
Greater Texoma Utility Authority

A handwritten signature in blue ink, appearing to read "R. Sellman".

Ron Sellman
Public Works Director
City of Gainesville



GTUA Gainesville Cooke County

