



**PROJECT FUNDING REQUEST**

**BOARD DATE:** October 5, 2022

**Team Manager:** Dain Larsen

**ACTION REQUESTED**

Approve by resolution a request from the Mullin Independent School District (Mills County) for \$998,000 in financial assistance consisting of \$398,000 in financing and \$600,000 in principal forgiveness from the Drinking Water State Revolving Fund for the planning and design of water system improvements.

**STAFF RECOMMENDATION**

Approve       No Action

**BACKGROUND**

The Mullin Independent School District (ISD) is located in Mills County approximately 100 miles west of Waco. The ISD serves water to an area in and around the City of Mullin (City) with a population of 176. The City provides wastewater service only. The ISD serves 130 students.

**PROJECT NEED AND DESCRIPTION**

The ISD water well has an elevated nitrate level making the water unsafe and nonpotable. The community utilizes private wells and bottled water from a nearby town as their water sources. The ISD and surrounding community need a reliable, centralized water system.

The ISD plans to assess the viability of constructing reverse osmosis treatment for its existing water well, increasing the well capacity, and upgrading the existing water distribution system to connect into a larger system for the community. This phase also includes evaluating the costs and benefits of a new well. Subsequent construction activities would be undertaken by a non-profit water supply corporation or similar organization to be formed.

<b>Task</b>	<b>Schedule Date</b>
Closing	January 16, 2023
Engineering Feasibility Report Completion(End of Planning Phase)	December 31, 2022
Design Phase	April 3, 2023

**COMMITMENT PERIOD:** SIX (6) MONTHS TO EXPIRE APRIL 30, 2023

**KEY ISSUES**

The ISD qualified for principal forgiveness as a disadvantaged community and very small system. The ISD also qualified for a portion of the remaining financing to be zero interest as a disadvantaged small/rural community.

**LEGAL**

The special conditions for this item are:

- Executed Principal Forgiveness Agreement
- Return of Surplus Principal Forgiveness Funds

Attachments:

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

# Financial Review

## Mullin Independent School District

Risk Score: 2A

Audit Reviewed: FY 2021

### Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: -3.15%	State: 1.49%
Top 10 Taxpayers % of Total Assessed Valuation	0.99%	10-15%
Median Household Income as % of State	31%	100%
Days of Cash on Hand (3-year Average)	186 days	30-149 days
Overlapping and Direct Debt to TAV	1.311%	6.00-10.00%
Debt Service Coverage Ratio	1.0x	1.0x
Net Direct Debt to Total Assessed Valuation	0.26%	2.00-4.99%
Unemployment Rate (June, 2022)	Mills County: 4.10%	State: 4.30%
Working Capital Ratio	10.449	> 1.0

#### Key Risk Score Strengths

- A high working capital ratio provides the ISD with ample resources to cover short-term liabilities and shows a strong liquidity position.
- The top ten taxpayers as a percent of total assessed valuation is significantly below the benchmark, indicating that the ISD is not reliant on one taxpayer.

#### Key Risk Score Concerns

- The ISD is pledging maintenance and operations (M&O) tax which are projected to increase by approximately \$0.15.
- The population growth of the City of Mullin has declined over the past ten years; however, the State Water Plan projects the population of Mills County to increase by approximately 0.34 percent into the future. The ISD consists of one campus in the City and seven additional external campuses whose average daily attendance figures have increased by approximately five percent from the 2019 to the 2022 school year.

#### PLEDGE

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

**TAXES**

	2021 Tax Year Rate	Max Projected Tax Rate (Year 2025)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.9436	\$1.0932	\$1.50	94.26%	\$150,220,776
Interest & Sinking	\$0.0000	\$0.0000			
Total Tax Rate	\$0.9436	\$1.0932			

Cost Savings

Based on a 10-year maturity schedule and current interest rates, the ISD could save approximately \$58,390 over the life of the financing. The ISD is also saving \$600,000 in principal forgiveness.

## Project Data Summary

<b>Responsible Authority</b>	Mullin ISD
<b>Program</b>	DWSRF
<b>Commitment Number</b>	L1001559, LF1001560
<b>Project Number</b>	62920
<b>List Year</b>	2022
<b>Type of Pledge</b>	Tax Pledge
<b>Pledge Level (if applicable)</b>	N/A
<b>Legal Description</b>	\$398,000 Mullin Independent School District Maintenance Tax Notes, Proposed Series 2023, \$600,000 Principal Forgiveness Agreement
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	Yes
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	Yes
<b>Phases Funded</b>	Planning and Design
<b>Pre-Design</b>	No
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Exempt (\$500,000 or less)
<b>Overall Risk Score</b>	2A

### PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Dain Larsen	Arnoldo Rubio	David Firgens	Kristin Miller	Marshall Walters

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
Mullin ISD

**\$398,000 Mullin Independent School District Maintenance Tax Notes, Proposed Series 2023**

Dated Date: 1/16/2023  
 Delivery Date: 1/16/2023  
 First Interest: 8/1/2023  
 First Principal: 8/1/2023  
 Last Principal: 8/1/2032  
 Fiscal Year End: 09/30  
 Required Coverage: 1.0

Source: DWSRF-EQUIVALENCY  
 Rate: 0.00%  
 IUP Year: 2022  
 Case: Tax  
 Admin.Fee: \$7,804  
 Admin. Fee Payment Date: 1/16/2023  
 Total Assessed Valuation: \$150,220,776

FISCAL YEAR	*PROPOSED M&O TAX RATE	TAX REVENUES WITH COLL. @ 95%	PROJECTED		PROJECTED TOTAL EXPENSES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$398,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			STATE PROGRAM REVENUE	FEDERAL PROGRAM REVENUE				PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2023	\$1.0925	\$1,559,139	\$2,719,417	\$385,321	\$4,624,877	\$39,000	-	\$39,000	0.00%	-	\$39,000	\$39,000	1.00
2024	1.0925	1,559,139	2,719,417	385,321	4,624,877	39,000	-	39,000	0.00%	-	39,000	39,000	1.00
2025	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
2026	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
2027	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
2028	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
2029	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
2030	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
2031	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
2032	1.0932	1,560,139	2,719,417	385,321	4,624,877	40,000	-	40,000	0.00%	-	40,000	40,000	1.00
								\$398,000			\$398,000	\$398,000	

\*The proposed M&O tax rate is the amount needed to cover expenses and meet debt service coverage.

<b>AVERAGE (MATURITY) LIFE</b>	<b>5.06 YEARS</b>
<b>NET INTEREST RATE</b>	<b>0.000%</b>
<b>COST SAVINGS</b>	<b>\$58,390</b>
<b>AVERAGE ANNUAL REQUIREMENT</b>	<b>\$39,800</b>

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**  
 Mullin ISD  
 62920 - Greenfield WTP and distribution

Budget Items	This Commitment	Total TWDB Funds
<b>Basic Engineering Services</b>		
Design	\$204,000	\$204,000
Planning	\$32,500	\$32,500
<b>Subtotal for Basic Engineering Services</b>	<b>\$236,500</b>	<b>\$236,500</b>
<b>Special Services</b>		
Application	\$20,000	\$20,000
Environmental	\$40,000	\$40,000
Geotechnical	\$10,000	\$10,000
Pilot Testing	\$250,000	\$250,000
Project Management (by engineer)	\$20,000	\$20,000
Surveying	\$10,000	\$10,000
<b>Subtotal for Special Services</b>	<b>\$350,000</b>	<b>\$350,000</b>
<b>Fiscal Services</b>		
Bond Counsel	\$25,000	\$25,000
Financial Advisor	\$50,000	\$50,000
Fiscal/Legal	\$2,000	\$2,000
Issuance Costs	\$1,000	\$1,000
Loan Origination Fee	\$7,804	\$7,804
<b>Subtotal for Fiscal Services</b>	<b>\$85,804</b>	<b>\$85,804</b>
<b>Contingency</b>		
Contingency	\$325,696	\$325,696
<b>Subtotal for Contingency</b>	<b>\$325,696</b>	<b>\$325,696</b>
<b>Total</b>	<b>\$998,000</b>	<b>\$998,000</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$998,000 TO THE MULLIN INDEPENDENT SCHOOL DISTRICT  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$398,000 MULLIN INDEPENDENT SCHOOL DISTRICT  
MAINTENANCE TAX NOTES,  
PROPOSED SERIES 2023  
AND  
\$600,000 IN PRINCIPAL FORGIVENESS

(22 - )

WHEREAS, the Mullin Independent School District (ISD), located in Mills County, Texas, has filed an application for financial assistance in the amount of \$998,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning and design of certain water system improvements identified as Project No. 62920; and

WHEREAS, the ISD seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$398,000 Mullin Independent School District Maintenance Tax Notes, Proposed Series 2023 (together with all authorizing documents (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$600,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the ISD has offered a pledge of revenues, to include maintenance and operations tax revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that taxes pledged by the ISD will be sufficient to meet all the Obligations assumed by the ISD, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;
3. that the ISD is exempt from requirements to adopt a water conservation program pursuant to Texas Water Code § 16.4021(d) because the ISD has demonstrated, and it has been found that the implementation of a water conservation plan is not reasonably necessary for conservation;
4. 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);



5. that the ISD meets the definition of a “small” or “rural” disadvantaged community in the applicable IUP and is therefore eligible for principal forgiveness in the amount of \$300,000, and the ISD is eligible for funding with an interest rate of zero percent (0%) in an amount, including the origination fee, not to exceed \$398,000; and
6. that the ISD meets the definition of a very small system in accordance with the current Intended Use Plan and is therefore eligible for principal forgiveness in the amount of \$300,000.

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

A commitment is made by the TWDB to the Mullin Independent School District for financial assistance in the amount of \$998,000 from the Drinking Water State Revolving Fund through the TWDB’s proposed purchase of \$398,000 Mullin Independent School District Maintenance Tax Notes, Proposed Series 2023 and the execution of a Principal Forgiveness Agreement in the amount of \$600,000. This commitment will expire on April 30, 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 all of the requirements of the laws under which said Obligations were issued have been complied with; 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 ISD;
3. this commitment is contingent upon the ISD’s compliance with all applicable requirements contained in 31 TAC Chapter 371;
4. the Obligations must provide that the ISD agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
5. 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 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;
6. the ISD, 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 ISD’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 ISD's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the ISD is an obligated person with respect to such bonds under SEC Rule 15c2-12;

7. the Obligations must contain a provision requiring the ISD to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds 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;
8. the Obligations must include a provision requiring the ISD to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or, if no enhancements are authorized by the Executive Administrator, requiring the ISD to submit a final accounting and disposition of any unused funds;
9. the Obligations must include a provision requiring the ISD to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
10. 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;
11. loan 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;
12. loan proceeds shall not be used by the ISD 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 ISD 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 ISD, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

13. prior to closing, the ISD shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. prior to closing, and if not previously provided with the application, the ISD shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, 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;
15. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the ISD shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
16. the Executive Administrator may require that the ISD execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
17. the TWDB retains the option to purchase the Obligations in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator;
18. the Obligations must provide that the ISD will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
19. the Obligations must provide that the ISD 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;
20. the Obligations must contain a provision requiring the ISD to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

#### Conditions Related to Tax-Exempt Status:

21. the ISD'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 ISD when rendering this opinion;

22. the ISD's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the ISD when rendering this opinion;
23. the Obligations must include a provision prohibiting the ISD from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
24. 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 section 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) which 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 section 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;
25. the Obligations must include a provision requiring the ISD 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 section 148 of the Code. The Obligations must provide that the ISD 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 ISD may, however, to the extent permitted by law, commingle Gross Proceeds of its Loan with other money of the ISD, provided that the ISD 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 section 148(f) of the Code, section 1.148-3 of the Regulations, and the rulings thereunder. The ISD 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;
- 26. the Obligations must include a provision prohibiting the ISD from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
  - 27. the Obligations must provide that the ISD will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code;
  - 28. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the ISD's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations;
  - 29. the Obligations must contain a provision that the ISD will refrain from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);
  - 30. the transcript must include evidence that the information reporting requirements of section 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 section 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;

31. the Obligations must provide that neither the ISD 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 ISD by the TWDB;

State Revolving Fund Conditions:

32. the ISD shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
33. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The ISD, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;
34. the Obligations must include a provision stating that the ISD shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The ISD shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;
35. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the ISD will adhere to the approved project schedule;
36. Obligations and Principal Forgiveness Agreement must contain a covenant that the ISD will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions:

37. the ISD shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;
38. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive

Administrator, that the ISD has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;

39. prior to the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the ISD must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

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

Special Conditions:

51. prior to closing, the ISD shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator; and
52. the Principal Forgiveness Agreement must include a provision stating that the ISD shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.

APPROVED and ordered of record this 5th day of October 2022.

TEXAS WATER DEVELOPMENT BOARD

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

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

ATTEST:

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

Water  
 Wastewater  
 Other

## WATER CONSERVATION REVIEW

Entity: \_\_\_\_\_

Review date: \_\_\_\_\_

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

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

**WATER LOSS AUDIT YEAR:**

Total water loss (GPCD): \_\_\_\_\_      Total water loss (percent): \_\_\_\_\_      Wholesale Water  
 Total no. of connections: \_\_\_\_\_      Length of mains (miles): \_\_\_\_\_      Connections per mile: \_\_\_\_\_  
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): \_\_\_\_\_

**WATER LOSS THRESHOLDS:**

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :			NA			NA
If population ≤ 10K, connections/mile ≥ 32 :		NA			NA	
If population > 10K :		NA			NA	

Does the applicant meet Water Loss Threshold requirements?      Yes      No      NA

**ADDITIONAL INFORMATION:**

**STAFF NOTES AND RECOMMENDATIONS:**



## DEFINITIONS

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

**Apparent loss** refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

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

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

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

**Infrastructure Leakage Index (ILI)** is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a benchmarking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

**NA** means not applicable.

**Produced water** is the total amount of water purchased or produced by the utility.

**Real loss** comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

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

**Total baseline GPCD** is the amount of all water purchased or produced by the utility divided by the service area population and then divided by 365.

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

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

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



# Mullin ISD Mills County

