

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: April 6, 2023

Team Manager: Joe Koen

ACTION REQUESTED

Consider approving by resolution a request from the Greater Texoma Utility Authority on behalf of Gober Municipal Utility District (Fannin County) for \$505,000 in financing from the Texas Water Development Fund for construction of water system improvements.

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.

Gober Municipal Utility District (District) is located in southeast Fannin County approximately 79 miles northeast of Dallas. The District provides water services to a population of approximately 506 residents and 157 connections.

PROJECT NEED AND DESCRIPTION

The District has existing aged, undersized, and leaking water lines, which contribute to low water line pressure and additional maintenance costs to repair leaks. In addition, the water system needs electrical upgrades to the existing unreliable pump station and rehabilitation of the inside of the existing ground storage tank due to corrosion.

In November 2020, the Texas Water Development Board approved a \$830,000 commitment to the Authority on behalf of the District from the Drinking Water State Revolving Fund for planning, acquisition, design, and construction of a water system improvements project to address these issues. Project costs have exceeded the budget, and the District requires additional funds to complete construction of the project.

The District will replace approximately 11,000 linear feet of aging and undersized water lines, and install variable frequency drives at an existing well pump and at the high service pump station, also install a new backup generator for the well and pump station, including installation of a liner inside the existing ground storage tank.

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE OCTOBER 31, 2023

PROJECT SCHEDULE

Task	Schedule Date
Closing	August 15, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	September 11, 2023
Design Phase Completion	September 29, 2023
Start of Construction	December 29, 2023
Construction Completion	March 15, 2025

KEY ISSUES

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

LEGAL/SPECIAL CONDITIONS

- Water conservation plan

Attachments

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

Financial Review

GTUA/Gober Municipal Utility District

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 0.50%	State: 1.49%
Top 10 Customers % of Total Revenue	17%	10-15%
Median Household Income as % of State	73%	100%
Days of Cash on Hand (3-year Average)	356 days	30-149 days
Net Fixed Assets/ Annual Depreciation	4 years	12-24 years
Debt Service Coverage Ratio	1.33x	1.0x
Debt-to-Operating Revenues	10.36	4.00-5.99x
Unemployment Rate (December 2022)	{Fannin County}: 3.70%	State: 3.60%
Working Capital Ratio	2.907	> 1.0

Key Risk Score Strengths

- Water system revenues are sufficient to cover both the existing and proposed obligations. No rate increase is projected.
- A high working capital ratio provides the District with ample resources to cover short-term liabilities and shows a strong liquidity position.

Key Risk Score Concerns

- Debt-to-operating revenues ratio is above benchmark due to system revenues supporting all outstanding debt. The District does not have taxing authority.
- The household cost factor is above the benchmark. However, rates have been in place since February 2023 and no rate increase is projected.
- The top 10 customers of the water system are higher than the benchmark. However, the largest customer only accounts for 2.57 percent of total revenue.

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	5,516	\$73.92	\$73.92	2.95	2.95

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$24,501 over the life of the financing.

Project Data Summary

Responsible Authority	Greater Texoma UA
Program	WDF
Commitment Number	L1001616
Project Number	21815
List Year	2023
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$505,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023 (Gober MUD Project)
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Thomas Quick	Michael Brooks	Kylie Beard	Breann Hunter

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
GTUA/Gober MUD

\$505,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023 (Gober MUD Project)

Dated Date:	8/15/2023	Source:	WDF
Delivery Date:	8/15/2023	Rate:	4.18%
First Interest:	12/1/2023	IUP Year:	2023
First Principal:	6/1/2024	Case:	Contract Revenues
Last Principal:	6/1/2053	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	\$505,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2024	\$72,208	\$29,047	\$10,000	2.65%	\$15,378	\$25,378	\$54,425	1.33
2025	72,208	29,047	10,000	2.54%	19,092	29,092	58,139	1.24
2026	72,208	29,047	10,000	2.49%	18,838	28,838	57,885	1.25
2027	72,208	29,047	10,000	2.45%	18,589	28,589	57,636	1.25
2028	72,208	29,047	10,000	2.44%	18,344	28,344	57,391	1.26
2029	72,208	29,047	10,000	2.48%	18,100	28,100	57,147	1.26
2030	72,208	29,047	10,000	2.50%	17,852	27,852	56,899	1.27
2031	72,208	29,035	10,000	2.53%	17,602	27,602	56,637	1.27
2032	72,208	28,995	15,000	2.57%	17,349	32,349	61,344	1.18
2033	72,208	28,930	15,000	2.66%	16,964	31,964	60,893	1.19
2034	72,208	28,847	15,000	2.95%	16,565	31,565	60,412	1.20
2035	72,208	28,745	15,000	3.23%	16,122	31,122	59,867	1.21
2036	72,208	33,627	15,000	3.51%	15,638	30,638	64,265	1.12
2037	72,208	33,474	15,000	3.70%	15,111	30,111	63,585	1.14
2038	72,208	33,309	15,000	3.85%	14,556	29,556	62,865	1.15
2039	72,208	33,132	15,000	3.95%	13,979	28,979	62,111	1.16
2040	72,208	32,943	15,000	4.04%	13,386	28,386	61,329	1.18
2041	72,208	32,742	15,000	4.11%	12,780	27,780	60,522	1.19
2042	72,208	32,529	20,000	4.17%	12,164	32,164	64,693	1.12
2043	72,208	32,304	20,000	4.22%	11,330	31,330	63,634	1.13
2044	72,208	32,070	20,000	4.29%	10,486	30,486	62,556	1.15
2045	72,208	31,827	20,000	4.33%	9,628	29,628	61,455	1.17
2046	72,208	31,575	20,000	4.37%	8,762	28,762	60,337	1.20
2047	72,208	31,320	20,000	4.42%	7,888	27,888	59,208	1.22
2048	72,208	31,062	25,000	4.45%	7,004	32,004	63,066	1.14
2049	72,208	30,801	25,000	4.49%	5,891	30,891	61,692	1.17
2050	72,208	30,537	25,000	4.51%	4,769	29,769	60,306	1.20
2051	72,208	30,270	25,000	4.53%	3,641	28,641	58,911	1.23
2052	72,208	-	25,000	4.55%	2,509	27,509	57,509	2.62
2053	72,208	-	30,000	4.57%	1,371	31,371	56,137	2.30
		\$861,401	\$505,000		\$381,682	\$886,682	\$1,748,083	

AVERAGE (MATURITY) LIFE	18.09 YEARS
NET INTEREST RATE	4.178%
COST SAVINGS	\$24,501
AVERAGE ANNUAL REQUIREMENT	\$29,556

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.

Last Update: 2/28/2023

Budget Items	Previous TWDB Funds 62899 L1001205	Current TWDB Funds 21815 L1001616	Total Funding for GTUA/Gober
Construction			
Construction	\$522,712.00	\$320,000.00	\$842,712.00
Subtotal for Construction	\$522,712.00	\$320,000.00	\$842,712.00
Basic Engineering Services			
Construction Engineering	\$24,000.00	\$0.00	\$24,000.00
Design	\$52,000.00	\$0.00	\$52,000.00
Planning	\$15,000.00	\$0.00	\$15,000.00
Subtotal for Basic Engineering Services	\$91,000.00	\$0.00	\$91,000.00
Special Services			
Application	\$15,000.00	\$10,000.00	\$25,000.00
Environmental	\$13,000.00	\$0.00	\$13,000.00
Project Management (by engineer)	\$5,000.00	\$8,000.00	\$13,000.00
Special Services - Bid and Award - Hayter	\$2,000.00	\$0.00	\$2,000.00
Special Services - Record Drawings	\$1,500.00	\$0.00	\$1,500.00
Special Services - Warranty Review	\$1,000.00	\$0.00	\$1,000.00
Surveying	\$15,000.00	\$0.00	\$15,000.00
Subtotal for Special Services	\$52,500.00	\$18,000.00	\$70,500.00
Fiscal Services			
Bond Counsel	\$7,475.00	\$5,537.00	\$13,012.00
Bond Reserve Fund	\$37,110.00	\$23,988.00	\$61,098.00
Financial Advisor	\$7,475.00	\$5,538.00	\$13,013.00
Fiscal/Legal	\$830.00	\$2,500.00	\$3,330.00
Issuance Costs	\$2,000.00	\$2,000.00	\$4,000.00
Loan Origination Fee	\$16,275.00	\$0.00	\$16,275.00
Subtotal for Fiscal Services	\$71,165.00	\$39,563.00	\$110,728.00
Other			
Administration	\$12,000.00	\$10,000.00	\$22,000.00
GTUA Land/Easement Acquisition Assistance by Hayter	\$25,000.00	\$0.00	\$25,000.00
Paying Agent	\$2,500.00	\$0.00	\$2,500.00
Project Legal Expenses	\$875.00	\$1,750.00	\$2,625.00
Subtotal for Other	\$40,375.00	\$11,750.00	\$52,125.00
Contingency			
Contingency	\$52,248.00	\$115,687.00	\$167,935.00
Subtotal for Contingency	\$52,248.00	\$115,687.00	\$167,935.00
Total	\$830,000.00	\$505,000.00	\$1,335,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$505,000 TO GREATER TEXOMA UTILITY AUTHORITY
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$505,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS
PROPOSED SERIES 2023 (GOBER MUD PROJECT)

(23-)

WHEREAS, the Greater Texoma Utility Authority, located in Fannin County, Texas, Authority, has filed an application for financial assistance in the amount of \$505,000 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. 21815; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$505,000 through the TWDB's purchase of \$505,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023 (Gober MUD 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 offered a pledge of contract revenue as sufficient security for the repayment of the Obligations; 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;
5. 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); and
6. that the current water audit required by Texas Water Code § 16.0121 has been completed by the Gober Municipal Utility District and filed with the TWDB, in accordance with Texas Water Code § 16.053(j).

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 \$505,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$505,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2023 (Gober MUD Project). This commitment will expire on October 31, 2023.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the 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
8. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
9. financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256 and the Public Funds Collateral Act, Government Code, Chapter 2257;
10. financial assistance proceeds shall not be used by the 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;

11. 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;
12. 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;
13. 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;
14. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
15. 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;
16. the Authority must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition);

Conditions Related To Tax-Exempt Status:

17. prior to closing, the 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;
18. 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;
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 of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

20. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be “arbitrage bonds” within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB’s bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB’s Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

21. the Obligations must include a provision requiring the 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;
- 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 section 149(d) of the Code (related to "advance refundings");
 - 25. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
 - 26. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
 - 27. the Obligations must provide that neither the 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 For The Loan:

28. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
29. 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;
30. 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;
31. 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;

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

Special Condition:

32. prior to closing: (a) the Authority must adopt and implement the water conservation program approved by the TWDB; and (b) the Authority must include in its contract with the Contracting Parties a requirement that the Contracting Parties adopt a water conservation plan that complies with TWDB rules and that is approved by the Authority. If this requirement is to be included in an existing water or wastewater service contract, it may be included at the earliest of the renewal or substantial amendment of that contract, or by other appropriate measures.

APPROVED and ordered of record this, the 6th day of April 2023.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Review Date:

Project ID:

Water
Wastewater
Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

WATER CONSERVATION PLAN DATE:

Approvable

Adopted

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

WATER LOSS AUDIT YEAR:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI¹:

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

WATER LOSS THRESHOLDS

Water Loss Project:

Wholesale Adjusted:

Threshold Type:

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

Does the applicant meet Water Loss Threshold Requirements?

Yes

No

NA

ADDITIONAL INFORMATION**STAFF NOTES AND RECOMMENDATIONS**

DEFINITIONS

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

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

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

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

GPCD means gallons per capita per day.

GCD means gallons per connection per day.

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

NA means not applicable.

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

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

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

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

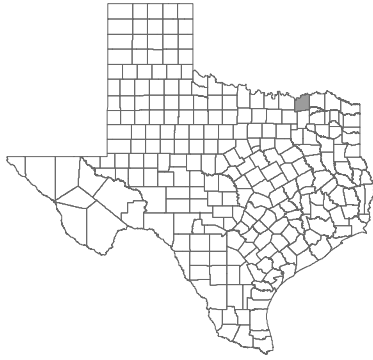
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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

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

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

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



Greater Texoma Utility Authority Gober Municipal Utility District Fannin County

