



PROJECT FUNDING REQUEST

BOARD DATE: April 11, 2024

Team Manager: Bill Blaik

ACTION REQUESTED

Consider approving by resolution a request from the Stryker Lake Water Supply Corporation (Cherokee County) for \$990,000 in financial assistance consisting of \$290,000 in financing and \$700,000 in principal forgiveness from the Drinking Water State Revolving Fund for planning, design, and construction of a water system project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The Stryker Lake Water Supply Corporation (Corporation) is located in Cherokee County approximately 30 miles south of Tyler. The Corporation has 334 water connections and a service population of 984.

PROJECT NEED AND DESCRIPTION

The project is needed to address Texas Commission on Environmental Quality (TCEQ) compliance issues for both treatment and minimum capacity. Well No. 3 is offline and needs to be placed back into service to meet capacity requirements. The well also requires the construction of a separate ground storage tank and disinfection system to treat trihalomethanes and haloacetic acids.

The proposed project includes the construction of a 50,000-gallon ground water storage tank, aeration system, and disinfection system for Well No. 3. This will allow for the safe use of Well No. 3 by the Corporation and meet TCEQ capacity requirements.

PROJECT SCHEDULE

Task	Schedule Date
Closing	August 15, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	October 1, 2024
Design Phase Completion	December 1, 2024
Start of Construction	February 1, 2025
Construction Completion	October 1, 2025

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE OCTOBER 31, 2024

KEY ISSUES

The project qualifies for principal forgiveness and zero-percent interest financing for being a disadvantaged community and very small system.

LEGAL/SPECIAL CONDITIONS

- Water Rights Certification
- Conveyance and conversion
- Adoption of Water Conservation Plan

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (24-)
4. Water Conservation Review
5. Location Map

Financial Review

Stryker Lake Water Supply Corporation

Risk Score: 2B

IRS Form 990 Reviewed: FY 2022

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: -0.09%	State: 1.49%
Top 10 Customers % of Total Revenue	75%	10-15%
Median Household Income as % of State	72%	100%
Days of Cash on Hand (3-year Average)	313 days	30-149 days
Net Fixed Assets/ Annual Depreciation	19 years	12-24 years
Debt Service Coverage Ratio	0.86x	1.0x
Debt-to-Operating Revenues	2.05x	4.00-5.99x
Unemployment Rate (December 2023)	County: 4.00%	State: 3.50%
Working Capital Ratio	8.83	> 1.0
Cash Balance Ratio	40.09%	0-9.99%

Key Risk Score Strengths

- The Corporation's days of cash on hand exceed the benchmark, indicating sufficient reserves for operating expenses.
- The Corporation's cash balance has grown from \$64,119 in 2017 to \$177,585 in 2022. With a cash balance ratio of 40.09%, the City demonstrates solid financial health and resilience.
- The Corporation's self-supporting debt-to-operating revenue ratio is below the benchmark indicating the Corporation has capacity for additional revenue debt.

Key Risk Score Concerns

- The Corporation's top 10 customers generate 75% of the revenue, with 25% coming from the power company Luminant. Stress tests were conducted by removing the top two customers; in that scenario rates would need to increase by \$5 per month beginning in 2025.
- The county's population has declined slightly over the past 10 years; however, the Corporation's connections have increased by 5% over the past 5 years.
- In a no-growth scenario based on the 2022 IRS Form 990 figures, the Corporation will need to increase rates by \$1.31 in 2025, \$1.21 in 2027 and \$0.09 in 2029.

PLEDGE

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

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (Year 2023)	Current Household Cost Factor	Projected Household Cost Factor
Water	4,000	\$45.00	\$47.61	2.11	2.18

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Corporation could save approximately \$306,650 over the life of the financing. The Corporation is also saving \$700,000 in principal forgiveness.

Project Data Summary

Responsible Authority	Stryker Lake WSC
Program	DWSRF
Commitment Number	L1001752, LF1001753
Project Number	62972
List Year	2021
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$290,000 Loan Agreement, \$700,000 Principal Forgiveness Agreement
Tax-exempt or Taxable	Taxable
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
State Revolving Fund Type	Equivalency
Financial Managerial & Technical Complete	Yes
Phases Funded	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Approvable
Overall Risk Score	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Bill Blaik	Rand Zeolla	Mazin AlAsadi	Gayla Duaine	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY Stryker Lake WSC

\$290,000 Stryker Lake Water Supply Corporation Loan Agreement

Dated Date:	8/15/2024	Source:	DWSRF-EQUIVALENCY
Delivery Date:	8/15/2024	Rate:	0.00%
First Interest:	3/1/2025	IUP Year:	2023
First Principal:	9/1/2025	Case:	Revenue
Last Principal:	9/1/2054	Admin.Fee:	\$5,686
Fiscal Year End:	09/30	Admin. Fee Payment Date:	8/15/2024
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$290,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2025	\$32,680	\$27,680	\$5,000	-	\$0	\$5,000	\$32,680	1.00
2026	\$32,680	27,560	5,000	-	-	5,000	32,560	1.00
2027	\$37,360	27,360	10,000	-	-	10,000	37,360	1.00
2028	\$37,360	27,080	10,000	-	-	10,000	37,080	1.01
2029	\$37,720	27,720	10,000	-	-	10,000	37,720	1.00
2030	\$37,720	27,200	10,000	-	-	10,000	37,200	1.01
2031	\$37,720	27,600	10,000	-	-	10,000	37,600	1.00
2032	\$37,720	26,840	10,000	-	-	10,000	36,840	1.02
2033	\$37,720	27,000	10,000	-	-	10,000	37,000	1.02
2034	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2035	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2036	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2037	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2038	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2039	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2040	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2041	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2042	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2043	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2044	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2045	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2046	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2047	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2048	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2049	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2050	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2051	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2052	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2053	\$37,720	-	10,000	-	-	10,000	10,000	3.77
2054	\$37,720	-	10,000	-	-	10,000	10,000	3.77
		\$246,040	\$290,000		\$0	\$290,000	\$536,040	

AVERAGE (MATURITY) LIFE	16.23 YEARS
NET INTEREST RATE	0.000%
COST SAVINGS	\$301,650
AVERAGE ANNUAL REQUIREMENT	\$9,667

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
 Stryker Lake WSC
 62972 - Water System Improvements

Budget Items	TWDB Funds	Total
Construction		
Construction	\$ 650,000	\$ 650,000
Subtotal for Construction	\$ 650,000	\$ 650,000
Basic Engineering Services		
Construction Engineering	\$ 50,000	\$ 50,000
Design	\$ 90,000	\$ 90,000
Planning	\$ 55,000	\$ 55,000
Subtotal for Basic Engineering Services	\$ 195,000	\$ 195,000
Fiscal Services		
Financial Advisor	\$ 33,500	\$ 33,500
Fiscal/Legal	\$ 6,000	\$ 6,000
Loan Origination Fee	\$ 5,686	\$ 5,686
Subtotal for Fiscal Services	\$ 45,186	\$ 45,186
Contingency		
Contingency	\$ 99,814	\$ 99,814
Subtotal for Contingency	\$ 99,814	\$ 99,814
Total	\$ 990,000	\$ 990,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF \$990,000
TO THE STRYKER LAKE WATER SUPPLY CORPORATION
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
A PROMISSORY NOTE IN THE AMOUNT OF \$290,000 AND
EXECUTION OF A LOAN AGREEMENT
AND
\$700,000 IN PRINCIPAL FORGIVENESS

(24 -)

Recitals:

The Stryker Lake Water Supply Corporation (Corporation), located in Cherokee County, has filed an application for financial assistance in the amount of \$990,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, design and construction of certain water system improvements identified as Project No. 62972.

The Corporation seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of a Promissory Note in the amount of \$290,000 and execution of a Loan Agreement (together with all authorizing documents (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$700,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The Corporation has offered a pledge of system revenues and a mortgaged deed of trust on the Corporation's system as sufficient security for the repayment of the Obligations.

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 § 371.13.

Findings:

1. The revenue or taxes pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation, in accordance with Texas Water Code § 15.607.
2. 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. The term of the Obligations does not exceed the expected useful life of the project proposed by the Corporation.
4. The Corporation has submitted a proposed program of water conservation for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules.
5. 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 consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j).
6. The Corporation has completed a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 and filed it with the TWDB in accordance with Texas Water Code § 16.053(j).
7. The Corporation meets the definition of a "small" or "rural" disadvantaged community in the applicable Intended Use Plan and is therefore eligible for principal forgiveness in the amount of \$400,000 and financial assistance with a reduced interest rate of zero percent. The Corporation meets the definition of a very small system in accordance with the applicable Intended Use Plan and is therefore eligible for principal forgiveness in the amount of \$300,000. The Corporation is therefore eligible for principal forgiveness through the DWSRF in a total amount not to exceed \$700,000 and financial assistance in the amount of \$290,000 with a reduced interest rate of zero percent.

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

A commitment is made by the TWDB to the Stryker Lake Water Supply Corporation for financial assistance in the amount of \$990,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of a Promissory Note in the amount of \$290,000 and the execution of a Loan Agreement and the execution of a Principal Forgiveness Agreement in the amount of \$700,000. This commitment will expire on October 31, 2024.

The 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 as determined by the TWDB. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the

designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution.

2. Before closing, the Corporation must submit to the Executive Administrator an attorney's opinion confirming the legal authority for the Corporation to incur the Obligations that is acceptable to the Executive Administrator.
3. This commitment is contingent upon the Corporation's compliance with all applicable requirements contained in 31 TAC Chapter 371.
4. The Obligations must provide that the Corporation agrees to comply with all the conditions set forth in the TWDB Resolution.
5. The Obligations must provide that the Corporation may prepay all or part of the amounts of principal and interest then due on the loan on any regularly scheduled payment date as specified in the Repayment Schedule, as revised, beginning no earlier than 10 years from the date of the first delivery of funds from the TWDB to the Corporation pursuant to this Agreement.
6. The Corporation, 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 Corporation'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 the 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 the rule, this continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Corporation's Obligations, if the TWDB sells or otherwise transfers the Obligations and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to those bonds under SEC Rule 15c2-12.
7. The Obligations must contain a provision requiring the Corporation to levy a tax 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 Corporation to use any financial assistance 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 explicitly approved by the Executive Administrator, or, if no enhancements are authorized by the

Executive Administrator, requiring the Corporation to submit a final accounting and disposition of any unused funds.

9. The Obligations must include a provision requiring the Corporation to use any financial assistance proceeds from the Obligations determined to be surplus funds in a manner approved by the Executive Administrator. Surplus funds are funds remaining after completion of the project and completion of a final accounting.
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 will be of no force and effect.
11. Proceeds of this commitment are public funds. Therefore, the Obligations must include a provision requiring that these proceeds will 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. Proceeds of this commitment must not be used by the Corporation when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Obligations must include a provision that states the Corporation is solely responsible for liability resulting from acts or omissions of the Corporation, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Corporation, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
13. Before closing, the Corporation must submit documentation evidencing the adoption and implementation of sufficient system rates and charges or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements.
14. Before closing, and if not previously provided with the application, the Corporation must 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.
15. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the Corporation must execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and must submit that executed agreement to the TWDB.

16. The Executive Administrator may require the Corporation to 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 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 Corporation will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
19. The Obligations must provide that the Corporation 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 Corporation to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
21. The Obligations must provide that the Corporation will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

State Revolving Fund Conditions;

22. The Corporation must submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.
23. The Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects will 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 Corporation, all contractors, and all sub-contractors must 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 the financial assistance made available must insert in full in any contract in excess of \$2,000 the contract clauses as provided by the TWDB.
24. The Obligations must include a provision stating that the Corporation must 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 Corporation must obtain a Unique Entity

Identification Number and must register with System for Award Management (SAM) and maintain current registration at all times during which the Obligations are outstanding.

25. The Obligations must provide that all financial assistance proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and must provide that the Corporation will adhere to the approved project schedule.
26. The Obligations and Principal Forgiveness Agreement must contain a covenant that the Corporation 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.
27. The Obligations and Principal Forgiveness Agreement must contain a covenant that the Corporation must abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

Drinking Water State Revolving Fund Conditions;

28. The Corporation must pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371.
29. Before 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 Corporation 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.
30. Before the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Corporation 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.

Water Supply Corporation Conditions:

31. The Corporation's indebtedness to the TWDB shall be evidenced by loans specifically secured by:
 - a. a first or parity lien on the gross revenues of the Corporation's water system (System); and
 - b. a first or parity lien mortgage on the System.

32. Upon closing or within 20 days after closing, the Corporation must file a Deed of Trust with the County Clerk of the county in which the property is located, as required by Business and Commerce Code, Chapter 9, or a Utility Security Instrument with the Secretary of State's Office and corresponding notice with the County Clerk, as required by Business and Commerce Code, Chapter 261, as evidence of the TWDB's security interest in the Corporation's System. Within thirty (30) days of the date of each filing, the Corporation shall submit a copy of the recorded instrument to the TWDB.
33. Upon closing or within 20 days after closing, the Corporation must file a security instrument with the Secretary of State's Office, as required by Business and Commerce Code, Chapter 9 or Chapter 261 to evidence the TWDB's security interest in any personal property directly related to water supply and/or sewer service, owned or to be acquired by the Corporation. A copy of the recorded security instrument shall be submitted by the Corporation to the TWDB within thirty (30) days of its filing with the Secretary of State's Office.
34. Before closing, the Corporation must obtain a commitment from a title insurance company in accordance with the standards established by the Texas Department of Insurance, resulting in the issuance of a mortgagee title insurance policy on the property owned in fee simple, upon which the TWDB will be given a first or parity lien mortgage. A copy of the mortgagee title insurance policy shall be submitted to the TWDB within thirty (30) days of its execution.
35. Before closing, the Corporation must cure any defects or liens upon the property listed in Schedule C of the title insurance company commitment that the Executive Administrator deems necessary.
36. Before the release of funds for construction, the Corporation must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the Corporation has the legal authority necessary to complete the acquisitions.
37. Before closing, the Corporation must submit to the Executive Administrator evidence that the Corporation's bylaws have been amended to include the following requirements:
 - a. as long as the Corporation is indebted for a loan or loans made by or through the TWDB, the bylaws shall not be altered, amended or repealed without the prior written consent of the Executive Administrator; and
 - b. the Corporation is a nonprofit Corporation; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers.

38. Before closing, if the Corporation is pledging a lien on real property that is to be on parity with a lien or liens on real property securing debt that will remain outstanding after closing the TWDB's loan, then the Corporation must execute a Parity Agreement with each entity that holds such debt that is acceptable in form and substance to the Executive Administrator.
39. The Obligations shall include a special covenant prohibiting the Corporation from encumbering, pledging or otherwise impairing the revenues of the System in any manner with respect to the payment of any Obligations or with respect to any liability, except for the payment of the following: (1) maintenance and operating expenses payable within the current fiscal year with current revenues; and (2) additional debt, and that the Corporation shall in no way encumber, pledge or otherwise impair its title to the land used by or for the System or any interests therein, including improvements and facilities of the System, without prior TWDB approval.

Pledge Conditions;

40. The Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements of the Obligations and the annual debt service requirement of all additional debt, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations.
41. If the Corporation has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any financial assistance made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB must be at least on a parity with lien or liens securing the outstanding obligations.
42. The Obligations must contain a provision providing that additional revenue obligations may only be incurred if net system revenues are at least 1.25 times the average annual debt service requirements of the Obligations and the annual debt service requirement of all additional debt after giving effect to the additional obligations when net revenues are a) determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant; or b) the Corporation certifies that the Corporation is expected to continue to meet or exceed the net system revenue test with a minimum coverage of 1.25 times the average annual debt service requirement. An authorized representative of the Corporation must provide the calculations, identifying reasonable assumptions, in a manner and format that is acceptable to the Executive Administrator.

Special Conditions:

43. Before closing, the Corporation must adopt and implement the water conservation program approved by the TWDB.
44. Before the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the Corporation has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that a finding will be made before the release of funds for construction.
45. Before the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must issue a written finding that the Corporation has the right to use the water that the project financed by the TWDB will provide.
46. The Corporation must notify the Executive Administrator in writing, thirty (30) days before taking any actions to alter its legal status in any manner.
47. The Obligations must include a provision requiring that the Corporation notify the Executive Administrator in writing before taking any action to convey its Obligations held by the TWDB to another entity. The conveyance and the assumption of the Obligations must be approved by the TWDB.
48. Before closing, the Corporation must execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
49. The Principal Forgiveness Agreement must include a provision stating that the Corporation must return any principal forgiveness funds that are determined to be surplus funds.

APPROVED and ordered of record this 11th day of April, 2024.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Interim Executive Administrator

<input checked="" type="checkbox"/>	Water
<input type="checkbox"/>	Wastewater
<input type="checkbox"/>	Other _____

WATER CONSERVATION REVIEWEntity: Stryker Lake Water Supply Corporation

Other entity: _____

WATER CONSERVATION PLAN DATE:

2023



Approvable



Adopted

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline	86	48	30
5-year Goal	86	48	21
10-year Goal	85	48	17

WATER LOSS AUDIT YEAR:

2023

Service connections: 323Length of main lines (miles): 44Water Loss GCD: 52Retail population: 808Connections per mile: 7Water Loss GPCD: 21ILI: NAReal Loss GMD: 370**WATER LOSS THRESHOLDS**Water Loss Project: Waiver Requested: Wholesale Adjusted:

Threshold Type:

Connection Density < 32 per mile

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold
2	9	50	57

Does the applicant meet Water Loss Threshold Requirements?

Yes No NA **ADDITIONAL INFORMATION**

In its draft water conservation plan, the corporation states that the plan has been developed for residential and commercial retail water customers. The purpose of the plan is to encourage a permanent reduction in the quantity of water used by customers through the implementation of efficient water supply and usage practices. Through the structured and systematic application of programs, the corporation anticipates a significant reduction in per capita water use over the next 10 years. To start, the corporation plans to have its master meters calibrated annually to ensure accurate measurement of the quantity of water going into the distribution system. The corporation also plans to provide preventative maintenance programs, including regular testing, repairs, and replacement, for water meters to meet industry standards. Additionally, the corporation will implement a program to observe system piping and meters for leaks daily. Areas known to have water loss issues or are at high risk will be the focus of these daily observations and the data will be recorded and reviewed monthly.

STAFF NOTES AND RECOMMENDATIONS

The corporation will need to provide proof of adoption of its water conservation plan prior to loan closing.

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.

GMD means gallons per mile 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 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.



Stryker Lake WSC Cherokee County

