

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** May 11, 2022

**PRESENTED BY:** Bill Blaik

### ACTION REQUESTED

Approve by resolution a request from the City of Socorro (El Paso County) for \$10,097,281 in financial assistance consisting of \$6,664,000 in financing and \$3,433,281 in grant from the Flood Infrastructure Fund for planning, acquisition, design, and construction of a drainage improvement project.

### STAFF RECOMMENDATION

Approve       No Action

### PROJECT NAME AND NUMBER

City of Socorro Sparks Arroyo Drainage Project, Project Number 40186

### BACKGROUND

Passed by the 86th Texas Legislature and approved by voters through a constitutional amendment, the Flood Infrastructure Fund (FIF) was created to provide funding for flood mitigation projects. The purpose of the FIF, as outlined in Senate Bill 7, is to assist in financing drainage, flood mitigation, and flood control projects. FIF projects presented for consideration have been scored and ranked using prioritization criteria outlined in 31 Texas Administrative Code § 363.404 and further specified in the Flood Intended Use Plan. The prioritized list of projects was approved by the Board on September 17, 2020.

The City of Socorro (City) is located in El Paso County, approximately 15 miles southeast of downtown El Paso, Texas. The City is 21.97 square miles and has a population of approximately 34,370.

### PROJECT NEED AND DESCRIPTION

The portion of the Sparks Arroyo Watershed that contributes to flooding in the City is an area of approximately 2,288 acres, the majority of which lies outside the City to the northeast in unincorporated El Paso County and Horizon City. New residential and commercial developments in the drainage area have caused increased flooding downstream in the City limits in the area between the Mesa Drain Spur and Interstate 10. The City is in need of funding for additional flood control structures and channel improvements to prevent flooding.

The City is proposing new strategically placed drainage culverts, the concrete lining of the Sparks Arroyo drainage channel, the construction of the proposed Stockyard Detention Basin, and the expansion of the Onion Field Retention Basin. The proposed improvements will decrease flooding by more effectively channeling and holding run-off, help prevent erosion, and prevent the buildup of silt banks which also contributes to localized flooding in the City.

<b>COMMITMENT PERIOD:</b> SIX (6) MONTHS TO EXPIRE NOVEMBER 30, 2022
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## PROJECT SCHEDULE

Task	Schedule Date
Closing	August 15, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	November 15, 2022
Design Phase Completion	December 29, 2022
Start of Construction	January 23, 2023
Construction Completion	March 15, 2024

## KEY ISSUES

The City's project is eligible under Category 2 of the 2020 Flood Intended Use Plan. This category of funding was designed for planning, acquisition, design, and construction activities to implement flood mitigation projects. Category 2 projects are eligible to receive up to 70 percent in grant funding. Recipients of financial assistance may either use their own available funds or borrow FIF funds at zero percent for any portion of the required local share not provided through FIF grant funds.

The City qualified for a \$3,433,281 grant under the FIF equal to approximately 34 percent of the TWDB-eligible project cost of \$10,097,281. The City is also eligible to receive \$6,664,000 in FIF financing. In addition, the City plans to utilize \$1,000,00 in Federal Coronavirus State and Local Fiscal Recovery Funds and \$604 in Local Funds for the project.

## LEGAL

### Special Conditions

- Executed grant agreement
- Demonstration of local share

Attachments:

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

# Financial Review City of Socorro

Risk Score: 2B

Audit Reviewed: FY 2020

## Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 0.69%	State: 1.49%
Top 10 Taxpayers % of Total Assessed Valuation	8.11%	10-15%
Median Household Income as % of State	62%	100%
Days of Cash on Hand (3-year Average)	176 days	30-149 days
Total Assessed Valuation per capita	\$32,570	\$30,000-\$64,999
Debt Service Coverage Ratio	1.0x	1.0x
Debt-to-Operating Revenues	3.12x	4.00-5.99x
Unemployment Rate (February 2022)	City: 5.3%	State: 4.70%
Working Capital Ratio	9.34	> 1.0

### Key Risk Score Strengths

- The top ten taxpayers of the total assessed valuation percentage is less than the benchmark, indicating the City is not relying on one entity for assessed valuation.
- A high working capital ratio provides the City with ample resources to cover short-term liabilities and shows a strong liquidity position.

### Key Risk Score Concerns

- The City has pledged ad valorem taxes as security for the proposed debt. The City is projected to need an interest and sinking tax rate increase by approximately five cents by fiscal year 2033.

### PLEDGE

Legal Pledge Name	Ad valorem taxes
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

	2020 Tax Year Rate	Max Projected Tax Rate (Year 2033)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.658	\$0.658	\$1.50	97%	\$1,119,433,592
Interest & Sinking	\$0.179	\$0.223			
Total Tax Rate	\$0.837	\$0.881			

### Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$4,007,978 over the life of the financing. The City is also saving \$3,433,281 in grant funding.

<b>Responsible Authority</b>	Socorro
<b>Program</b>	FLOOD
<b>Commitment Number</b>	G1001487, L1001486
<b>Project Number</b>	40186
<b>List Year</b>	2020
<b>Type of Pledge</b>	Tax Pledge
<b>Pledge Level (if applicable)</b>	N/A
<b>Legal Description</b>	\$3,433,281 Grant Agreement, \$6,664,000 City of Socorro, Texas, Tax Revenue Bond Proposed Series 2022
<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>	N/A
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning, Acquisition, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	N/A
<b>Water Conservation Plan</b>	N/A
<b>Overall Risk Score</b>	2B

### PROJECT TEAM

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
Jeff Taylor	Arnoldo Rubio	Bill Blaik	Gayla Duaine	Breann Hunter

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
City of Socorro

**\$6,664,000 City of Socorro, Texas, Tax Revenue Bond Proposed Series 2022**

<b>Dated Date:</b>	8/15/2022	<b>Source:</b>	FIF
<b>Delivery Date:</b>	8/15/2022	<b>Rate:</b>	0.00%
<b>First Interest:</b>	9/1/2022	<b>IUP Year:</b>	2022
<b>First Principal:</b>	3/1/2023	<b>Case:</b>	Tax
<b>Last Principal:</b>	3/1/2052	<b>Admin.Fee:</b>	\$0
<b>Fiscal Year End:</b>	09/30	<b>Admin. Fee Payment Date:</b>	N/A
<b>Required Coverage:</b>	1.0	<b>Total Assessed Valuation:</b>	\$1,119,433,592

FISCAL YEAR	PROPOSED TAX RATE	TAX REVENUES WITH COLL. @ 97%	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$6,664,000 ISSUE			TOTAL DEBT		
					PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL SERVICE	COVERAGE	
2023	\$0.216	\$2,339,530	\$2,339,530	\$2,117,530	\$222,000	0.00%	-	\$222,000	\$2,339,530	1.00
2024	0.216	2,340,164	2,340,164	2,118,164	222,000	0.00%	-	222,000	2,340,164	1.00
2025	0.217	2,346,057	2,346,057	2,124,057	222,000	0.00%	-	222,000	2,346,057	1.00
2026	0.216	2,340,442	2,340,442	2,118,442	222,000	0.00%	-	222,000	2,340,442	1.00
2027	0.217	2,346,758	2,346,758	2,124,758	222,000	0.00%	-	222,000	2,346,758	1.00
2028	0.217	2,346,630	2,346,630	2,124,630	222,000	0.00%	-	222,000	2,346,630	1.00
2029	0.216	2,343,035	2,343,035	2,121,035	222,000	0.00%	-	222,000	2,343,035	1.00
2030	0.217	2,345,746	2,345,746	2,123,746	222,000	0.00%	-	222,000	2,345,746	1.00
2031	0.217	2,344,114	2,344,114	2,122,114	222,000	0.00%	-	222,000	2,344,114	1.00
2032	0.219	2,367,981	2,367,981	2,145,981	222,000	0.00%	-	222,000	2,367,981	1.00
2033	0.223	2,415,521	2,415,521	2,193,521	222,000	0.00%	-	222,000	2,415,521	1.00
2034	0.222	2,407,436	2,407,436	2,185,436	222,000	0.00%	-	222,000	2,407,436	1.00
2035	0.146	1,577,925	1,577,925	1,355,925	222,000	0.00%	-	222,000	1,577,925	1.00
2036	0.146	1,576,850	1,576,850	1,354,850	222,000	0.00%	-	222,000	1,576,850	1.00
2037	0.145	1,574,725	1,574,725	1,352,725	222,000	0.00%	-	222,000	1,574,725	1.00
2038	0.146	1,576,475	1,576,475	1,354,475	222,000	0.00%	-	222,000	1,576,475	1.00
2039	0.146	1,577,025	1,577,025	1,355,025	222,000	0.00%	-	222,000	1,577,025	1.00
2040	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2041	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2042	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2043	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2044	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2045	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2046	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2047	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2048	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2049	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2050	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2051	0.021	222,000	222,000	-	222,000	0.00%	-	222,000	222,000	1.00
2052	0.021	226,000	226,000	-	226,000	0.00%	-	226,000	226,000	1.00
				\$34,588,676	\$6,664,000			\$6,664,000	\$41,252,676	

<b>AVERAGE (MATURITY) LIFE</b>	<b>15.05 YEARS</b>
<b>NET INTEREST RATE</b>	<b>0.000%</b>
<b>COST SAVINGS</b>	<b>\$4,007,978</b>
<b>AVERAGE ANNUAL REQUIREMENT</b>	<b>\$1,330,731</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**  
**Socorro**  
**40186 - Sparks Arroyo Drainage Project**

Budget Items	TWDB Funds	Federal Funds	Local Funds	Total
<b>Construction</b>				
Construction	\$7,311,464.00	\$1,000,000.00	\$604.00	\$8,312,068.00
<b>Subtotal for Construction</b>	<b>\$7,311,464.00</b>	<b>\$1,000,000.00</b>	<b>\$604.00</b>	<b>\$8,312,068.00</b>
<b>Basic Engineering Services</b>				
Construction Engineering	\$166,229.00	\$0.00	\$0.00	\$166,229.00
Design	\$831,146.00	\$0.00	\$0.00	\$831,146.00
Planning	\$332,459.00	\$0.00	\$0.00	\$332,459.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$1,329,834.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,329,834.00</b>
<b>Special Services</b>				
Environmental	\$100,000.00	\$0.00	\$0.00	\$100,000.00
Geotechnical	\$83,115.00	\$0.00	\$0.00	\$83,115.00
Inspection	\$166,229.00	\$0.00	\$0.00	\$166,229.00
O&M Manual	\$85,000.00	\$0.00	\$0.00	\$85,000.00
Project Management (by engineer)	\$83,115.00	\$0.00	\$0.00	\$83,115.00
Surveying	\$166,229.00	\$0.00	\$0.00	\$166,229.00
Testing	\$124,672.00	\$0.00	\$0.00	\$124,672.00
<b>Subtotal for Special Services</b>	<b>\$808,360.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$808,360.00</b>
<b>Fiscal Services</b>				
Bond Counsel	\$46,826.00	\$0.00	\$0.00	\$46,826.00
Financial Advisor	\$39,327.00	\$0.00	\$0.00	\$39,327.00
Fiscal/Legal	\$9,500.00	\$0.00	\$0.00	\$9,500.00
Issuance Costs	\$3,800.00	\$0.00	\$0.00	\$3,800.00
<b>Subtotal for Fiscal Services</b>	<b>\$99,453.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$99,453.00</b>
<b>Other</b>				
Land/Easements Acquisition	\$87,750.00	\$0.00	\$0.00	\$87,750.00
<b>Subtotal for Other</b>	<b>\$87,750.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$87,750.00</b>
<b>Contingency</b>				
Contingency	\$460,420.00	\$0.00	\$0.00	\$460,420.00
<b>Subtotal for Contingency</b>	<b>\$460,420.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$460,420.00</b>
<b>Total</b>	<b>\$10,097,281.00</b>	<b>\$1,000,000.00</b>	<b>\$604.00</b>	<b>\$11,097,885.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$10,097,281 TO THE CITY OF SOCORRO  
FROM THE FLOOD INFRASTRUCTURE FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$6,664,000 CITY OF SOCORRO, TEXAS, TAX REVENUE BOND  
PROPOSED SERIES 2022  
AND  
THE EXECUTION OF A GRANT AGREEMENT IN THE AMOUNT OF \$3,433,281

(22 - )

WHEREAS, the City of Socorro (City), located in El Paso County, Texas, has filed an application for financial assistance from the Flood Infrastructure Fund (FIF) in accordance with Texas Water Code Chapter 15, Subchapter I, to finance the planning, acquisition, design, and construction of a flood project, identified as Project No. 40186; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$10,097,281 through the TWDB's proposed purchase of \$6,664,000 City of Socorro, Texas, Tax Revenue Bond, Proposed Series 2022 (together with all authorizing documents) and \$3,433,281 through execution of a Grant Agreement (Obligations), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the City has offered a pledge of ad valorem taxes as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 15, Subchapter I; 31 TAC Chapter 363, Subchapters A and D; and the State Fiscal Year 2020 Flood Intended Use Plan (FIUP);
2. the City has demonstrated a sufficient level of cooperation among eligible political subdivisions and has included all of the eligible political subdivisions substantially affected by the flood project in accordance with Texas Water Code § 15.536(2);
3. that in its opinion the taxes or revenues pledged by the City will be sufficient to meet all Obligations assumed by the City in accordance with Texas Water Code § 15.536(3);
4. that the City is eligible to receive grant funding in accordance with Texas Water Code § 15.534 and the FIUP;
5. that the City has demonstrated that the benefit-cost ratio of the Project meets the requirements of the FIUP;

6. that the request for financial assistance does not include redundant funding for activities already performed and/or funded through another source, in accordance with the FIUP;
7. that the City has demonstrated that the application meets the requirements of the FIUP related to the National Flood Insurance Program in the area to be served by the Project;
8. that the Project was developed using the best and most recent available data, in accordance with the FIUP;
9. that the City has documented that it has planned for operations and maintenance costs associated with the Project, in accordance with the FIUP; and
10. that the City has considered possible floodwater capture techniques that could be associated with the Project for water supply purposes, in accordance with the FIUP.

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

A commitment is made by the TWDB to City of Socorro for financial assistance in the amount of \$10,097,281 from the Flood Infrastructure Fund, to be evidenced by the TWDB's proposed purchase of \$6,664,000 City of Socorro, Texas, Tax Revenue Bond, Proposed Series 2022 and execution of a Grant Agreement in the amount of \$3,433,281. This commitment will expire on November 30, 2022; however, the Executive Administrator may, at his discretion, grant up to one extension for a maximum of three months.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on availability of TWDB 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 City 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 City;
3. this commitment is contingent upon the City's continued compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;



4. the City shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2);

The Following Conditions Must Be Included in the Obligations:

5. the Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
6. the Obligations must provide that the City 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;
7. the Obligations must provide that the City will not begin construction for a portion of the Project until the environmental finding has been issued for that portion of the Project;
8. the Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project;
9. the Obligations must include a provision wherein the City, 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 City'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 City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;
10. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges to produce revenues 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;
11. the Obligations must include a provision requiring a final accounting to be made of the total sources and authorized use of Project funds within 60 days of the completion of the Project;
12. the Obligations must include a provision requiring the City to deposit any bond proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting,

including any interest earned on the bond proceeds, into the Interest and Sinking Fund;

13. the Grant Agreement must include a provision stating that the City shall either return or deposit into the Interest and Sinking Fund any grant funds that are determined to be surplus funds remaining after completion of the Project and completion of a final accounting, including any interest earned on the grant funds;
14. 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;
15. 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;
16. financial assistance proceeds shall not be used by the City 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 City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law;
17. the Obligations must contain a provision stating that the City shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G;
18. the Obligations must provide that the City will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
19. the Obligations must contain a covenant that the City 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");
20. the Obligations must contain a provision requiring the City to submit quarterly status reports on the progress of the project that details information requested by the Executive Administrator. The Executive Administrator may withhold

authorization to release funds from escrow or adjust the amount of funds to be released from escrow based on the receipt of the quarterly status reports and the projected quarterly needs for the project;

21. the Obligations shall include a special covenant prohibiting the City 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 City 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 for the Loan

22. the Obligations must contain a provision that for each year the Obligations are outstanding, the City will levy a debt service tax rate, and collect taxes sufficient for the repayment of annual principal requirements on the Obligations;

Conditions to Close or for Release of Funds:

23. prior to closing, the City 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;
24. prior to release of funds for the relevant services, and if required under the TWDB's financial assistance program and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel, for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
25. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the City 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; and
26. prior to closing, the City's bond counsel must prepare a written, unqualified approving opinion acceptable to the executive administrator. Bond counsel may rely on covenants and representations of the City when rendering this opinion.

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

Special Conditions:

27. prior to closing, the City shall execute a Grant Agreement in a form and substance acceptable to the Executive Administrator; and
28. prior to release of funds for each Project phase or portion of a Project phase, the City must deposit into the City's construction account the City's share of funds, based on the Board-approved grant percentage, necessary to complete the upcoming phase(s) or portion of the phase of the Project, as approved by the Executive Administrator.

APPROVED and ordered of record this, the 11<sup>th</sup> Day of May, 2022.

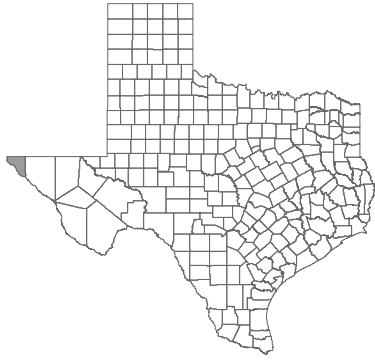
TEXAS WATER DEVELOPMENT BOARD

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

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

ATTEST:

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



# City of Socorro El Paso County

