

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: April 6, 2023

Team Manager: Nancy Richards

ACTION REQUESTED

Consider approving by resolution a request from the City of Southside Place (Harris County) for \$7,500,000 in financing from the Texas Water Development Fund for planning, design, and construction of a drainage improvements project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The City of Southside Place (City) is located in Harris County approximately 7 miles southwest of downtown Houston. The City provides water and wastewater services to a population of approximately 1,826 residents and 535 water and 512 wastewater connections.

PROJECT NEED AND DESCRIPTION

The City of Southside Place (City) experiences frequent flooding due to inadequate stormwater drainage infrastructure. The existing storm sewer system is comprised of undersized corrugated metal pipe ranging in size from 12 to 30 inches in diameter that outfall to Poor Farm Ditch. These pipes have inadequate capacity for conveying even the most frequently occurring storm events resulting in extreme street ponding at multiple locations. The City has recently televised the storm sewers, and from visual inspections, the pipes are nearing the end of their service life.

The City will address frequent flooding by installing new storm water drainage infrastructure to increase capacity. The Edloe-Auden-Harper area is divided into two drainage areas: north and south. Currently both areas outfall to Poor Farm Ditch. The City proposes to construct new drainage systems for each. The drainage improvements for the north area will be comprised of reinforced concrete boxes along Auden Street, Harper Street, and Edloe Street with a new outfall to Poor Farm Ditch. The existing deteriorating corrugated metal pipe will be plugged and abandoned. The drainage improvements for the south area will include reinforced concrete pipe ranging in size from 30 to 60-inches in diameter and a new outfall to Bellaire Boulevard. The proposed project will protect against flooding by reducing ponding for the 10- and 100-year storm events.

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

PROJECT SCHEDULE

Task	Schedule Date
Closing	July 1, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	August 15, 2023
Design Phase Completion	September 15, 2023
Start of Construction	November 30, 2023
Construction Completion	December 31, 2024

KEY ISSUES

None.

LEGAL/SPECIAL CONDITIONS

- Water loss audit prior to closing

Attachments

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

Financial Review

City of Southside Place

Risk Score: 2B

Audit Reviewed: FY 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	0.68%	State: 1.49%
Top 10 Customers % of Total Revenue	16%	10-15%
Median Household Income as % of State	404%	100%
Days of Cash on Hand (3-year Average)	229 days	30-149 days
Net direct debt/Total Assessed Valuation	1.30%	2-4.99%
Cash Balance Ratio	-18.86%	0-9.99%
Total Assessed Valuation, per Capita	\$538,793	\$30,000-\$64,999
Debt Service Coverage Ratio	.82x	1.0x
Unemployment Rate (December 2022)	Houston: 3.8%	State: 3.6%
Working Capital Ratio	.90	> 1.0

Key Risk Score Strengths

- The City's days of cash on hand is higher than the benchmark, indicating sufficient cash reserves for operating expenses.
- A total assessed valuation per capita of \$538,793 is a strong tax base to provide revenues to service the existing and proposed debt.
- The past three-year average tax collection rates are 99%, which supports the City's intent to repay the proposed debt using taxes.

Key Risk Score Concerns

- The total debt per capita is higher than the benchmark but this is negated by high median household income.
- In a no growth scenario, a tax rate increase of \$.0308 per \$100 of assessed valuation will be needed by the year 2029.
- The cash balance ratio of -18.86% reflects a decrease in the amount of cash on hand in the General Fund from five years prior. However, the levels have remained stable for the past four years.
- The Water and Sewer Fund has historically been subsidized by the General Fund. The City has now completed a rate study and implemented rate increases for the water and sewer services.

PLEDGE

Legal Pledge Name	Ad Valorem Tax and Revenues
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input checked="" 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	13,000	\$85.93	\$85.93	.78	.78
Wastewater	13,000	\$75.86	\$75.86		

TAXES

	2021 Tax Year Rate	Max Projected Tax Rate Year 2029	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.2201	\$0.2201	\$1.50	99%	\$988,685,120
Interest & Sinking	\$0.0986	\$0.1294			
Total Tax Rate	\$0.3187	\$0.3495			

Responsible Authority	Southside Place
Program	WDF
Commitment Number	L1001609
Project Number	21811
List Year	2023
Type of Pledge	Combo Tax and Revenue
Pledge Level (if applicable)	First Lien
Legal Description	\$7,500,000 City of Southside Place, Texas Combination Tax & Revenue Certificates of Obligation, Proposed Series 2023
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	N/A
Water Conservation Plan	Exempt
Overall Risk Score	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Nancy Richards	Caaren Skrobarczyk	Lucia Loera	Britt Paredes	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Southside Place

\$7,500,000 City of Southside Place, Texas Combination Tax & Revenue Certificates of Obligation, Proposed Series 2023

Dated Date: 7/1/2023
 Delivery Date: 7/1/2023
 First Interest: 3/1/2024
 First Principal: 9/1/2024
 Last Principal: 9/1/2053
 Fiscal Year End: 09/30
 Required Coverage: 1.0

Source: WDF
 Rate: 4.15%
 IUP Year: N/A
 Case: Tax and Revenue
 Admin.Fee: \$0
 Admin. Fee Payment Date: N/A
 Total Assessed Valuation: \$988,685,120

FISCAL YEAR	PROPOSED TAX RATE	TAX REVENUES WITH COLL. @ 99%	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$7,500,000 ISSUE			TOTAL DEBT SERVICE	COVERAGE	
					PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT			
2024	\$0.1203	\$1,177,199	\$1,177,199	\$770,655	\$70,000	2.65%	\$336,544	\$406,544	\$1,177,199	1.00
2025	\$0.1157	1,132,040	1,132,040	770,429	75,000	2.54%	286,611	361,611	1,132,040	1.00
2026	\$0.1155	1,130,048	1,130,048	770,342	75,000	2.49%	284,706	359,706	1,130,048	1.00
2027	\$0.1173	1,148,105	1,148,105	770,266	95,000	2.45%	282,839	377,839	1,148,105	1.00
2028	\$0.1169	1,144,569	1,144,569	769,058	95,000	2.44%	280,511	375,511	1,144,569	1.00
2029	\$0.1294	1,266,696	1,266,696	768,503	220,000	2.48%	278,193	498,193	1,266,696	1.00
2030	\$0.0938	917,686	917,686	414,949	230,000	2.50%	272,737	502,737	917,686	1.00
2031	\$0.0929	909,065	909,065	412,078	230,000	2.53%	266,987	496,987	909,065	1.00
2032	\$0.0910	890,227	890,227	414,059	215,000	2.57%	261,168	476,168	890,227	1.00
2033	\$0.0486	475,643	475,643	-	220,000	2.66%	255,643	475,643	475,643	1.00
2034	\$0.0485	474,791	474,791	-	225,000	2.95%	249,791	474,791	474,791	1.00
2035	\$0.0483	473,153	473,153	-	230,000	3.23%	243,153	473,153	473,153	1.00
2036	\$0.0481	470,724	470,724	-	235,000	3.51%	235,724	470,724	470,724	1.00
2037	\$0.0478	467,476	467,476	-	240,000	3.70%	227,476	467,476	467,476	1.00
2038	\$0.0479	468,596	468,596	-	250,000	3.85%	218,596	468,596	468,596	1.00
2039	\$0.0474	463,971	463,971	-	255,000	3.95%	208,971	463,971	463,971	1.00
2040	\$0.0474	463,898	463,898	-	265,000	4.04%	198,898	463,898	463,898	1.00
2041	\$0.0468	458,192	458,192	-	270,000	4.11%	188,192	458,192	458,192	1.00
2042	\$0.0467	457,095	457,095	-	280,000	4.17%	177,095	457,095	457,095	1.00
2043	\$0.0465	455,419	455,419	-	290,000	4.22%	165,419	455,419	455,419	1.00
2044	\$0.0458	448,181	448,181	-	295,000	4.29%	153,181	448,181	448,181	1.00
2045	\$0.0455	445,526	445,526	-	305,000	4.33%	140,526	445,526	445,526	1.00
2046	\$0.0452	442,319	442,319	-	315,000	4.37%	127,319	442,319	442,319	1.00
2047	\$0.0448	438,554	438,554	-	325,000	4.42%	113,554	438,554	438,554	1.00
2048	\$0.0444	434,189	434,189	-	335,000	4.45%	99,189	434,189	434,189	1.00
2049	\$0.0444	434,281	434,281	-	350,000	4.49%	84,281	434,281	434,281	1.00
2050	\$0.0438	428,566	428,566	-	360,000	4.51%	68,566	428,566	428,566	1.00
2051	\$0.0431	422,330	422,330	-	370,000	4.53%	52,330	422,330	422,330	1.00
2052	\$0.0430	420,569	420,569	-	385,000	4.55%	35,569	420,569	420,569	1.00
2053	\$0.0422	413,052	413,052	-	395,000	4.57%	18,052	413,052	413,052	1.00
				\$5,860,339	\$7,500,000		\$5,811,816	\$13,311,816	\$19,172,155	

AVERAGE (MATURITY) LIFE	18.66 YEARS
NET INTEREST RATE	4.153%
COST SAVINGS	
AVERAGE ANNUAL REQUIREMENT	\$443,727

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
 Southside Place
 21811 - Edloe-Auden-Harper Drainage Improvement

Budget Items	TWDB Funds	Local and Other Funds	Total
Construction			
Construction	\$4,846,600.00	\$1,255,677.00	\$6,102,277.00
Subtotal for Construction	\$4,846,600.00	\$1,255,677.00	\$6,102,277.00
Basic Engineering Services			
Design	\$167,805.00	\$276,903.00	\$444,708.00
Planning	\$58,378.00	\$0.00	\$58,378.00
Subtotal for Basic Engineering Services	\$226,183.00	\$276,903.00	\$503,086.00
Special Services			
Application	\$17,431.00	\$0.00	\$17,431.00
Environmental	\$13,483.00	\$0.00	\$13,483.00
Geotechnical	\$32,991.00	\$0.00	\$32,991.00
Project Management (by engineer)	\$259,989.00	\$0.00	\$259,989.00
Surveying	\$102,024.00	\$0.00	\$102,024.00
Subtotal for Special Services	\$425,918.00	\$0.00	\$425,918.00
Fiscal Services			
Bond Counsel	\$25,000.00	\$0.00	\$25,000.00
Financial Advisor	\$25,781.00	\$0.00	\$25,781.00
Fiscal/Legal	\$11,219.00	\$0.00	\$11,219.00
Subtotal for Fiscal Services	\$62,000.00	\$0.00	\$62,000.00
Contingency			
Contingency	\$1,939,299.00	\$0.00	\$1,939,299.00
Subtotal for Contingency	\$1,939,299.00	\$0.00	\$1,939,299.00
Total	\$7,500,000.00	\$1,532,580.00	\$9,032,580.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$7,500,000 TO THE CITY OF SOUTHSIDE PLACE
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$7,500,000 CITY OF SOUTHSIDE PLACE, TEXAS COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION,
PROPOSED SERIES 2023

(23-)

WHEREAS, the City of Southside Place, located in Harris County, Texas (City), has filed an application for financial assistance in the amount of \$7,500,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance flood control improvements, identified as Project No. 21811; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$7,500,000 through the TWDB's purchase of \$7,500,000 City of Southside Place, Texas Combination Tax and Revenue Certificates of Obligation, Proposed Series 2023 (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 City has offered a pledge of ad valorem tax and system revenue as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.16; and

WHEREAS, in accordance with Texas Water Code § 17.774, 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 project and the benefit of the project to the area in relation to the needs of other areas requiring state assistance in any manner and the benefits of those projects to the other areas;
2. the availability of revenue to the political subdivision, from all sources, for the ultimate repayment of the cost of the project, including interest;
3. the capacity of the watershed to accommodate stormwater runoff;
4. the impact of the project on watershed capacity along the entire watershed and the degree to which that capacity was considered in planning the project;

5. whether the project will increase or decrease the volume or rate of stormwater runoff into any channel in the watershed;
6. the effect of the project on surface water elevations within the watershed and any downstream watershed;
7. the relationship of the project to any floodplain management plan for the watershed; and
8. whether adequate consideration was given to the effects of the project with regard to erosion and sediment control;

WHEREAS, the TWDB hereby finds:

1. that the public interest requires state participation in the project, in accordance with Texas Water Code § 17.776(1);
2. 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 § 17.776(2);
3. if the project would increase the volume or rate of stormwater runoff, that adequate consideration was given to alternative approaches that would decrease or hold constant the volume or rate of stormwater runoff, in accordance with Texas Water Code § 17.776(3);
4. that the project proposed in the application will not increase the peak water surface elevation of any portion of any stream within the watershed or within any downstream watershed, in accordance with Texas Water Code § 17.776(4);
5. that adequate consideration was given to the effects of the project with regard to erosion and sediment control, in accordance with Texas Water Code § 17.776(5);
6. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 17, Subchapters E, G, and L, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapters A and D.

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

A commitment is made by the TWDB to City of Southside Place for financial assistance in the amount of \$7,500,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$7,500,000 City of Southside Place, Texas Combination Tax and Revenue Certificates of Obligation, Proposed Series 2023. 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 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 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 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, 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 § Rule 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;
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
7. 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;

8. 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;
9. 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 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;
10. 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;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the City 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;
12. prior to closing, when any portion of financial assistance proceeds are 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;
13. the Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
14. 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 F and Texas Water Code § 17.183;

15. the City 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:

16. prior to closing, the City'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 City when rendering this opinion;
17. prior to closing, the City'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 City when rendering this opinion;
18. the Obligations must include a provision prohibiting the City 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);
19. 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;
20. the Obligations must include a provision requiring the City 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 City 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 City may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the City, provided that the City 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 City 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;
21. the Obligations must include a provision prohibiting the City from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 22. 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;
 23. 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");

24. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
25. 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; and
26. the Obligations must provide that neither the City 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 City by the TWDB;
27. the City's federal tax certificate shall provide that the weighted average maturity of the Obligations purchased by the TWDB does not exceed 120% of the weighted average reasonably expected economic life of the Project.

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

28. prior to closing, the City shall submit its 2022 water audit as required by Texas Water Code § 16.0121.

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.

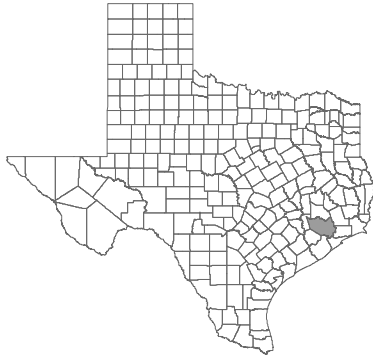
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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.



City of Southside Place Harris County

