

AGENDA ITEM MEMO

BOARD MEETING DATE: July 22, 2021

TO: Board Members

THROUGH: Jeff Walker, Executive Administrator
Ashley Harden, General Counsel
Jessica Peña, Deputy Executive Administrator

FROM: T. Clay Schultz, Ph.D., Director Regional Water Project
Development
Dain Larsen, Manager, Regional Water Project Development

SUBJECT: Amendment to the Alliance Regional Water Authority's Closing
Schedule

ACTION REQUESTED

Amend by resolution previously adopted Texas Water Development Board Resolutions No. 17-079 and No. 17-086, as amended by No. 19-077 and further amended by No. 20-067 to modify the Alliance Regional Water Authority's (Hays, Caldwell, Guadalupe, Comal, Bexar Counties) State Water Implementation Revenue Fund for Texas annual loan closing schedule and extend the commitment period.

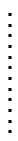
BACKGROUND

In 2017, the Texas Water Development Board (TWDB), through Resolutions No. 17-079 and No. 17-086, approved a \$213,410,000 multi-year commitment to the Alliance Regional Water Authority (Authority) from the State Water Implementation Revenue Fund for Texas (SWIRFT) with anticipated closings through 2021.

On July 22, 2019, the TWDB, through Resolution No. 19-077, approved reallocating existing funds moving \$59,070,000 in Low-Interest funds from a 2021 closing to 2020 and moving all Board Participation funding in the amount of \$69,015,000 to Low-Interest funds to be closed in 2019 and 2020. This reallocation allowed the Authority's project participants to pay principal payments earlier and resulting higher near-term debt service payments for lower future debt service payments and a reduced total interest cost of the project. On July 23, 2020 the TWDB, through resolution 20-067, approved an additional \$65,000,000 commitment from the SWIRFT for higher than originally estimated construction costs. This

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Board Members

Brooke T. Paup, Chairwoman | Kathleen Jackson, Board Member
Jeff Walker, Executive Administrator

commitment resulted in additional anticipated closings of \$27,000,000 in 2020 and \$38,000,000 in 2021.

The proposed project includes development of a wellfield and construction of a water treatment plant and distribution system to benefit four participants, the cities of San Marcos, Kyle, Buda, and the Canyon Regional Water Authority. The Authority reached an agreement in July 2018 with the Guadalupe Blanco River Authority (GBRA) to cooperatively construct and operate facilities needed for the regional water supply project, including a water treatment plant and shared delivery system.

KEY ISSUES

The Authority is requesting to modify its annual loan closing schedule to move its anticipated 2021 closing to 2022. The Authority requests the proposed change to align available financing with requirements and timing of the joint construction project with GBRA.

The requested change to the Annual Loan Closing Schedule is shown below. The attached resolution details each bond series, based on the Authority's participant's obligations.

Low-Interest

Year	Amounts per prior resolutions	Proposed Revised Amount
2017	\$31,935,000	\$31,935,000
2019	\$85,900,000	\$85,900,000
2020	\$122,575,000	\$122,575,000
2021	\$38,000,000	\$0
2022	\$0	\$38,000,000
Total	\$278,410,000	\$278,410,000

RECOMMENDATION

The requested amendment does not change the total amount of financing to the Authority. In order to meet the Authority's financing needs, better align available financing with the project schedule, and provide additional financial savings to the Authority and its participants, the Executive Administrator recommends that TWDB Resolution 20-067 be amended to extend the commitment period and reflect the annual loan closing schedule described above.

Attachments:

1. Proposed TWDB Resolution (21-)
2. TWDB Resolution (20-067)
3. TWDB Resolution (19-077)
4. TWDB Resolution (17-079)
5. TWDB Resolution (17-086)
6. Authority's 2021 response to annual loan closing schedule

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 17-079,
AS AMENDED BY TEXAS WATER DEVELOPMENT BOARD RESOLUTION 19-077, AND
AMENDED BY TEXAS WATER DEVELOPMENT BOARD RESOLUTION 20-067
PROVIDING FINANCIAL ASSISTANCE TO THE
ALLIANCE REGIONAL WATER AUTHORITY

(21-)

WHEREAS, at its meeting on July 20, 2017, the Texas Water Development Board (TWDB), by TWDB Resolution No. 17-079, made a multi-year commitment to the Hays Caldwell Public Utility Agency (Agency), and its successors or assigns, for financial assistance in the amount of \$144,395,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), through the purchase of \$144,395,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds, Proposed Series 2017A through 2017D; 2019A through 2019D; and 2021A through 2021D, all as is more specifically set forth in the TWDB's Resolution No. 17-079, as amended, and accompanying documentation, to which documents express reference is made; and

WHEREAS, by Senate Bill No. 1198, Acts of the 85th Texas Legislature, effective June 15, 2017, the Agency formally converted to a conservation and reclamation district known as the Alliance Regional Water Authority, located in Bexar, Comal, Guadalupe, and Hays Counties, to accomplish the purposes of Article XVI, Section 59, Texas Constitution, and by operation of law pursuant to the Acts of the 85th Texas Legislature, the Alliance Regional Water Authority (Authority) assumed all assets, liabilities, bonds, notes, and other obligations of the Hays Caldwell Public Utility Agency;

WHEREAS, the Authority has requested that the TWDB amend TWDB Resolution 17-079, as amended by TWDB Resolutions No. 19-077 and No. 20-067, to modify the Authority's Annual Loan Closing Schedule for a proposed series of bonds in 2021, requesting instead to receive a distribution of those proceeds in 2022, and to extend the TWDB's commitment an additional 12 months; and

WHEREAS, the Authority indicates that this change is needed in order to align financing more closely with the requirements and timing of the project; and

WHEREAS, the TWDB hereby finds that the proposed amendment to TWDB Resolution No. 17-079, as amended by TWDB Resolutions No. 19-077 and 20-067, as requested by the Authority, is reasonable, within the public interest, and will serve a public purpose; and

WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law.

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

1. The commitment made through TWDB Resolution No. 17-079, as amended by TWDB Resolution No. 19-077 and No. 20-067, to the Alliance Regional Water Authority, a successor to the Hays Caldwell Public Utility Agency, is amended, and shall be evidenced by the TWDB's proposed purchase of Alliance Regional Water Authority Contract Revenue Bonds as follows:
 - a. The proposed 2021A through 2021D scheduled distribution is amended as follows:
 - i. \$11,740,000 Alliance Regional Water Authority Contract Revenue Bonds (Canyon Regional Water Authority), Proposed Series 2022A.
 - ii. \$10,705,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Kyle, Texas), Proposed Series 2022B.
 - iii. \$13,625,000 Alliance Regional Water Authority Contract Revenue Bonds (City of San Marcos, Texas), Proposed Series 2022C.
 - iv. \$1,930,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Buda, Texas), Proposed Series 2022D.
 - b. The commitments in subsection (a) will expire on December 31, 2022.
2. All other terms and conditions of TWDB Resolution No. 17-079, as amended by TWDB Resolutions No. 19-077 and No. 20-067, shall remain in full force and effect.

APPROVED and ordered of record this the 22nd day of July 2021.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 17-079,
AS AMENDED BY TEXAS WATER DEVELOPMENT BOARD RESOLUTION 19-077,
PROVIDING FINANCIAL ASSISTANCE TO THE
ALLIANCE REGIONAL WATER AUTHORITY**

(20-067)

WHEREAS, at its July 20, 2017 meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 17-079, made a multi-year commitment to the Hays Caldwell Public Utility Agency (Agency), and its successors or assigns, for financial assistance in the amount of \$144,395,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), through the purchase of \$144,395,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds, Proposed Series 2017A through 2017D; and 2019A through 2019D; and 2021A through 2021D, all as is more specifically set forth in the TWDB's Resolution No. 17-079, as amended, and accompanying documentation, to which documents express reference is made; and

WHEREAS, by Senate Bill No. 1198, Acts of the 85th Texas Legislature, effective June 15, 2017, the Agency formally converted to a conservation and reclamation district known as the Alliance Regional Water Authority, located in Bexar, Comal, Guadalupe, and Hays Counties, to accomplish the purposes of Article XVI, Section 59, Texas Constitution, and by operation of law pursuant to the Acts of the 85th Texas Legislature, the Alliance Regional Water Authority (Authority) assumed all assets, liabilities, bonds, notes, and other obligations of the Hays Caldwell Public Utility Agency;

WHEREAS, the Authority requests that the TWDB amend TWDB Resolution 17-079, as amended by TWDB Resolution No. 19-077, requesting additional financial assistance from the SWIRFT for funding cycles in 2020 and 2021; and

WHEREAS, the reasons the Authority requests additional financial assistance from the SWIFT in funding cycles 2020 and 2021 are related to preliminary estimates of increased construction costs, as determined by its engineers; and

WHEREAS, the TWDB hereby finds that the proposed amendment increasing financial assistance to the Authority from the SWIFT as requested is reasonable and within the public interest and will serve a public purpose; and

WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law;

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

1. The commitment made through TWDB Resolution No. 17-079, as amended by TWDB Resolution No. 19-077, to the Alliance Regional Water Authority, a successor

to the Hays Caldwell Public Utility Agency, for financial assistance from the State Water Implementation Revenue Fund for Texas is further amended to increase the multi-year commitment reflecting a new principal amount not to exceed \$278,410,000, and shall be evidenced by the TWDB's proposed purchase of Alliance Regional Water Authority Contract Revenue Bonds in SWIFT 2020 and 2021 funding cycles as follows:

- a. The proposed 2020A through 2020D scheduled distribution is amended as proposed below:
 - i. \$37,865,000 Alliance Regional Water Authority Contract Revenue Bonds (Canyon Regional Water Authority), Proposed Series 2020A.
 - ii. \$34,530,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Kyle, Texas), Proposed Series 2020B.
 - iii. \$43,955,000 Alliance Regional Water Authority Contract Revenue Bonds (City of San Marcos, Texas), Proposed Series 2020C.
 - iv. \$6,225,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Buda, Texas), Proposed Series 2020D.
 - b. The commitments in subsection (a) will expire on December 31, 2020.
 - c. The proposed 2021A through 2021D scheduled distribution is amended as follows:
 - i. \$11,740,000 Alliance Regional Water Authority Contract Revenue Bonds (Canyon Regional Water Authority), Proposed Series 2021A.
 - ii. \$10,705,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Kyle, Texas), Proposed Series 2021B.
 - iii. \$13,625,000 Alliance Regional Water Authority Contract Revenue Bonds (City of San Marcos, Texas), Proposed Series 2021C.
 - iv. \$1,930,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Buda, Texas), Proposed Series 2021D.
 - d. The commitments in subsection (c) will expire on December 31, 2021.
2. All other terms and conditions of TWDB Resolution No. 17-079, as amended by TWDB Resolution No. 19-077, shall remain in full force and effect.

APPROVED and ordered of record this the 23rd day of July, 2020.



TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake, Chairman

DATE SIGNED: 7/23/20

ATTEST:

Jeff Walker, Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
AMENDING TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 17-079
AND RESCINDING TEXAS WATER DEVELOPMENT BOARD RESOLUTION NO. 17-086
PROVIDING FINANCIAL ASSISTANCE TO THE
ALLIANCE REGIONAL WATER AUTHORITY**

(19-077)

WHEREAS, at its July 20, 2017 meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 17-079, made a multi-year commitment to the Hays Caldwell Public Utility Agency (Agency), and its successors or assigns, for financial assistance in the amount of \$144,395,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), through the purchase of \$144,395,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds, Proposed Series 2017A through 2017D; and 2019A through 2019D; and 2021A through 2021D, all as is more specifically set forth in the TWDB's Resolution No. 17-079 and accompanying documentation, to which documents express reference is made; and

WHEREAS, at the same TWDB meeting referenced in the first recital of this authorizing resolution, the TWDB by Resolution No. 17-086 made a multi-year commitment to the Agency from the Board Participation Account of the SWIRFT to acquire an ownership interest in Project No. 51044 in an amount not to exceed \$69,015,000; and

WHEREAS, by Senate Bill No. 1198, Acts of the 85th Texas Legislature, effective June 15, 2017, the Agency formally converted to a conservation and reclamation district known as the Alliance Regional Water Authority, located in Bexar, Comal, Guadalupe, and Hays Counties, to accomplish the purposes of Article XVI, Section 59, Texas Constitution, and by operation of law pursuant to the Acts of the 85th Texas Legislature, the Alliance Regional Water Authority (Authority) assumed all assets, liabilities, bonds, notes, and other obligations of the Hays Caldwell Public Utility Agency;

WHEREAS, the TWDB and the Authority mutually closed on a distribution of financial assistance from the SWIRFT for a 2017 series of bonds in the amount of \$31,935,000; and

WHEREAS, by letter received by the TWDB in February 2019, the Authority requests that the TWDB amend TWDB Resolution 17-079 to modify the Authority's Annual Loan Closing Schedule for a proposed series of bonds in 2021, requesting instead to receive a distribution of those proceeds in 2020; and

WHEREAS, by subsequent letter dated June 5, 2019, the Authority stated its intention to no longer seek any financing by the TWDB from the Board Participation Account of the SWIRFT and instead to shift those commitment of funds to low-interest financing from the SWIRFT; and

WHEREAS, the TWDB hereby finds that the proposed amendment to TWDB Resolutions No. 17-079 and No. 17-086, as requested by the Authority, are reasonable and within the public interest and will serve a public purpose; and

WHEREAS, in accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law;

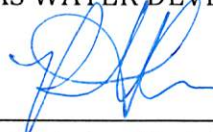
NOW, THEREFORE, based on these considerations and findings, the TWDB resolves as follows:

1. The commitment made through TWDB Resolution No. 17-079 to the Alliance Regional Water Authority, a successor to the Hays Caldwell Public Utility Agency, for financial assistance from the State Water Implementation Revenue Fund for Texas is amended, and shall be evidenced by the TWDB's proposed purchase of Alliance Regional Water Authority Contract Revenue Bonds as follows:
 - a. The proposed 2019 loan closing schedule for Series 2019A through 2019D is amended as proposed below:
 - i. \$26,530,000 Alliance Regional Water Authority Contract Revenue Bonds (Canyon Regional Water Authority), Proposed Series 2019A, set to expire December 31, 2019.
 - ii. \$24,200,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Kyle, Texas), Proposed Series 2019B, set to expire December 31, 2019.
 - iii. \$30,800,000 Alliance Regional Water Authority Contract Revenue Bonds (City of San Marcos, Texas), Proposed Series 2019C, set to expire December 31, 2019.
 - iv. \$4,370,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Buda, Texas), Proposed Series 2019D, set to expire December 31, 2019.
 - b. The proposed 2021A through 2021D scheduled distribution is amended in accordance with an annual loan closing schedule in 2020 as proposed below:
 - i. \$29,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Canyon Regional Water Authority), Proposed Series 2020A, set to expire December 31, 2020.
 - ii. \$26,925,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Kyle, Texas), Proposed Series 2020B, set to expire December 31, 2020.
 - iii. \$34,270,000 Alliance Regional Water Authority Contract Revenue Bonds (City of San Marcos, Texas), Proposed Series 2020C, set to expire December 31, 2020.
 - iv. \$4,860,000 Alliance Regional Water Authority Contract Revenue Bonds (City of Buda, Texas), Proposed Series 2020D, set to expire December 31, 2020.

2. The commitment made through TWDB Resolution No. 17-086 to the Alliance Regional Water Authority for financial assistance from Board Participation Account of the State Water Implementation Revenue Fund for Texas is rescinded, and financing committed in TWDB Resolution No. 17-086 will be provided to the Authority pursuant to the terms of Resolution No. 17-079, as requested by the Authority on June 5, 2019.
3. All other terms and conditions of TWDB Resolution No. 17-079 shall remain in full force and effect.

APPROVED and ordered of record this the 22nd day of July, 2019.

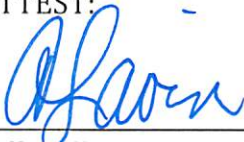
TEXAS WATER DEVELOPMENT BOARD



Peter M. Lake, Chairman

DATE SIGNED: 7/22/19

ATTEST:



Jeff Walker, Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE
HAYS CALDWELL PUBLIC UTILITY AGENCY
IN THE FORM OF A MULTI-YEAR COMMITMENT
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$144,395,000 HAYS CALDWELL PUBLIC UTILITY AGENCY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2017A, 2017B, 2017C, AND 2017D;
PROPOSED SERIES 2019A, 2019B, 2019C, AND 2019D; AND
PROPOSED SERIES 2021A, 2021B, 2021C, AND 2021D**

(17-079)

WHEREAS, the Hays Caldwell Public Utility Agency, and its successors and assigns (Public Utility Agency), located in Hays County, Texas, has filed an application for financial assistance in the amount of \$144,395,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of certain water supply project(s) through low interest financing identified as Project No. 51044 (Project); and

WHEREAS, the Public Utility Agency seeks financial assistance from the Texas Water Development Board (TWDB) in the form of a multi-year commitment through the TWDB's proposed purchase of \$144,395,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds, Proposed Series 2017A through 2017D; 2019A through 2019D; and 2021A through 2021D (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the Public Utility Agency has offered a pledge of wholesale water supply contract revenues from the sponsoring public entities of Canyon Regional Water Authority and the Cities of Buda, Kyle, and San Marcos, Texas 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 § 363.1307;

WHEREAS, interest rate subsidies are available to the Public Utility Agency at the following levels: 35% for a term of 20 years, 25% for a term of 21 to 25 years, and 20% for a term of 26 to 30 years. The interest rate subsidy applicable to each proposed series will be set through each financing agreement executed between the TWDB and the Public Utility Agency, pursuant to this Resolution; and

WHEREAS, these interest rate subsidies given above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance, and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. that the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that the Public Utility Agency is exempt from requirements to adopt a water conservation program because the Public Utility Agency is not a holder of a water right under Texas Water Code § 11.1271;
4. that the Public Utility Agency satisfactorily completed all requests by the Executive Administrator or a regional planning group for information relevant to the Project, including a water infrastructure financing survey under Texas Water Code § 16.053(q), in accordance with 31 TAC § 363.1309(b)(2); and
5. that the Public Utility Agency has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

A commitment is made by the TWDB to Hays Caldwell Public Utility Agency, and its successors and assigns, for financial assistance in the amount of \$144,395,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of Hays Caldwell Public Utility Agency Contract Revenue Bonds in one or more series as follows:

The Proposed Series 2017

- a) \$9,865,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Canyon Regional Water Authority) Proposed Series 2017A, to expire on December 31, 2017;
- b) \$8,995,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of Kyle, Texas) Proposed Series 2017B, to expire on December 31, 2017;
- c) \$11,450,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of San Marcos, Texas) Proposed Series 2017C to expire on December 31, 2017;
- d) \$1,625,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of Buda, Texas) Proposed Series 2017D, to expire on December 31, 2017;

The Proposed Series 2019

- e) \$16,490,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Canyon Regional Water Authority) Proposed Series 2019A, to expire on December 31, 2019;
- f) \$15,040,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of Kyle, Texas) Proposed Series 2019B, to expire on December 31, 2019;
- g) \$19,145,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of San Marcos, Texas) Proposed Series 2019C to expire on December 31, 2019;
- h) \$2,715,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of Buda, Texas) Proposed Series 2019D, to expire on December 31, 2019;

The Proposed Series 2021

- i) \$18,245,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Canyon Regional Water Authority) Proposed Series 2021A, to expire on December 31, 2021;
- j) \$16,640,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of Kyle, Texas) Proposed Series 2021B, to expire on December 31, 2021;
- k) \$21,180,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of San Marcos, Texas) Proposed Series 2021C to expire on December 31, 2021;
- l) \$3,005,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (City of Buda, Texas) Proposed Series 2021D, to expire on December 31, 2021.

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 Public Utility Agency 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 Public Utility Agency;
3. this commitment is contingent upon the Public Utility Agency'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;
4. this commitment is contingent upon the Public Utility Agency executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;

5. the Public Utility Agency shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee;

The Following Conditions Must Be Included in the Obligations:

6. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, on any date beginning on or after the first interest payment date that 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;
7. the Obligations must include a provision wherein the Public Utility Agency, 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 Public Utility Agency'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 Public Utility Agency's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Public Utility Agency is an obligated person with respect to such bonds under SEC Rule 15c2-12;
8. the Obligations must include a provision requiring the Public Utility Agency to use any loan proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project for the following purposes as approved by the Executive Administrator: (1) deposit into the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Obligations owned by the TWDB; or (2) eligible costs for the Project as authorized by the Executive Administrator;
9. 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;
10. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;

11. loan proceeds shall not be used by the Public Utility Agency 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 Public Utility Agency 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 Public Utility Agency, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
12. the Obligations must include a provision stating that the Public Utility Agency shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
13. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry form in accordance with 31 TAC § 363.42(c)(1);
14. the Obligations must include a provision prohibiting the Public Utility Agency from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
15. 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 that 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;

16. the Obligations must include a provision requiring the Public Utility Agency 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 Public Utility Agency 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 Public Utility Agency may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the Public Utility Agency, provided that the Public Utility Agency 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 Public Utility Agency 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;
17. the Obligations must include a provision prohibiting the Public Utility Agency from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
18. the Obligations must provide that the Public Utility Agency 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 provide that neither the Public Utility Agency 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 Public Utility Agency by the TWDB;

Pledge Conditions:

20. the Obligations must contain a provision requiring that, upon request by the Executive Administrator, the Public Utility Agency shall submit annual audits of contracting parties for the Executive Administrator's review;
21. the Obligations must contain a provision requiring the Public Utility Agency to establish, fix, and maintain rates and charges to its customers to produce contract revenues paid to the Public Utility Agency sufficient to meet the debt service requirements of the Public Utility Agency's Obligations, including the existing Hays Caldwell Public Utility Agency Contract Revenue Bonds, (Regional Water Supply Contract Project, Canyon Regional Water Authority) Series 2015A and (Regional Water Supply Contract Project, City of Kyle, Texas) Series 2015B (collectively, "the Hays Caldwell Public Utility Agency Contract Revenue Bonds, Series 2015");
22. the Obligations shall be on parity with existing the Hays Caldwell Public Utility Agency Contract Revenue Bonds, Series 2015, and must contain a provision that the pledged contract revenues from the Public Utility Agency may not be pledged to the payment of any additional parity obligations of the Public Utility Agency secured by a pledge of the same contract revenues unless: (1) the Public Utility Agency is not in default; (2) the sponsoring entities in the contract for pledge revenues approve the resolution(s) authorizing the issuance of additional bonds; (3) said resolutions(s) provide for deposits to be made to the debt service fund in amounts sufficient to pay the principal of and interest on such additional parity obligations, and; (4) the legal counsel of the Public Utility Agency delivers an opinion that valid contracts are then in effect on the participating entities to the contract for pledged revenues in such amounts that will be sufficient to provide to the Public Utility Agency the necessary funds to pay all principal and interest due on all bonds and additional parity obligations then outstanding after the issuance of proposed additional parity obligations;

Conditions to Close or for Release of Funds:

23. prior to closing, if not previously provided with the application, the Public Utility Agency 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;

24. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Public Utility Agency 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;
25. prior to closing, the Public Utility Agency must submit executed contracts between the Public Utility Agency and the contracting parties regarding the contract revenues pledged to the payment of the Public Utility Agency's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Public Utility Agency's debt service obligations and additional parity obligations;
26. prior to closing, the Public Utility Agency'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 Public Utility Agency when rendering this opinion;
27. prior to closing, the Public Utility Agency'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 Public Utility Agency when rendering this opinion;
28. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Public Utility Agency's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
29. the transcript must include evidence that the information reporting requirements of § 149(e) of the Internal Revenue 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;

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

Special Conditions:

30. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Public Utility Agency 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 such a finding will be made before the release of funds for construction; and

31. prior to the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Public Utility Agency has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this, the 20th day of July, 2017.

TEXAS WATER DEVELOPMENT BOARD



Bech K. Bruun

Bech K. Bruun, Chairman

DATE SIGNED: 7-20-17

ATTEST:

Jeff Walker

Jeff Walker
Executive Administrator

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FROM THE
HAYS CALDWELL PUBLIC UTILITY AGENCY
FOR THE TEXAS WATER DEVELOPMENT BOARD'S
ACQUISITION AND SALE OF AN INTEREST IN
HAYS CALDWELL PUBLIC UTILITY AGENCY PHASE 1B PROJECT
WITH FUNDS FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS

(17-086)

WHEREAS, the Texas Water Development Board (TWDB), under the authority of Chapter 15, Subchapter H of the Texas Water Code, is authorized to use the Board Participation Account of the State Water Implementation Revenue Fund for Texas (SWIRFT) to encourage optimum regional development of projects through the acquisition of an interest in new water supply project facilities and the sale, transfer, or lease of its interest in those facilities; and

WHEREAS, the Hays Caldwell Public Utility Agency, and its successors and assigns (Public Utility Agency), has filed an application with the TWDB requesting that the TWDB acquire an interest in the Hays Caldwell Public Utility Agency Phase 1B Project, Project No. 51044 (Project), not to exceed eighty percent (80%) of the total Project cost, in order to enable the acquisition of excess capacity for the optimum regional development of the Project, using the Board Participation Account of the SWIRFT; and

WHEREAS, the Public Utility Agency will finance at least twenty percent (20%) of the total Project costs from sources other than the Board Participation Account of the SWIRFT, pursuant to 31 TAC § 363.1308; and

WHEREAS, the Public Utility Agency is financing \$144,395,000 in low interest financing from the TWDB, which is sufficient to satisfy the Public Utility Agency's equity percentage on the TWDB's Board Participation Account Loan; and

WHEREAS, by separate request, the TWDB is considering an application from the Public Utility Agency for the TWDB to provide financial assistance, in the form of a multi-year, low interest commitment, through the TWDB's proposed purchase of \$144,395,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds, Proposed Series 2017, 2019, and 2021, in one or more series; and

WHEREAS, the Project is expected to cost \$213,410,000 of which the TWDB's share pursuant to this commitment, will not exceed \$69,015,000; and

WHEREAS, the Public Utility Agency will purchase the TWDB's interest in the Project from the proceeds of a future bond issue, other revenues, or other lawful sources of funds in accordance with a Master Agreement to be executed between the Public Utility Agency, or its successors and assigns, and the TWDB; and

WHEREAS, the Public Utility Agency has offered a pledge of wholesale water supply contract revenues from the sponsoring public entities of Canyon Regional Water Authority and the Cities of Buda, Kyle, and San Marcos as sufficient security for its obligation to purchase the TWDB's interest in the Project; and

WHEREAS, the TWDB has considered the long-term needs of the area, the costs of the Project, and the feasibility of the Project; and

WHEREAS, the Project will aid in addressing the long-term needs of up to 35,690 acre-feet per year in the service areas of the sponsoring public entities; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. it is reasonable to expect that the TWDB will recover its investment in the Project because the revenue to be generated by the projected number of customers served by the Project will be sufficient to purchase the excess capacity owned by the TWDB in accordance with 31 TAC § 363.1308(c)(1);
3. the cost of the Project exceeds the current financing capabilities of the area to be served by the Project, in accordance with 31 TAC § 363.1308(c)(2);
4. the optimum regional development cannot be reasonably financed by local interest based on an assessment of the estimated cost to construct the Project and the revenue to be generated by the projected number of customers of the facility, in accordance with 31 TAC § 363.1308(c)(3);
5. the public interest will be served by the TWDB's acquisition of an interest in the Project because the cost of the Project to the public will be reduced by the Board's participation in the Project, in accordance with 31 TAC § 363.1308(c)(4);
6. the Project contemplates the optimum regional development that is reasonably required under all existing circumstances of the site because the design capacity of the components of the Project are sufficient to meet the foreseeable needs of the area, in accordance with 31 TAC § 363.1308(c)(5);
7. the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
8. the Public Utility Agency satisfactorily completed all requests by the Executive Administrator or a regional planning group for information relevant to the Project, including a water infrastructure financing survey under Texas Water Code §

16.053(q) in accordance with Texas Water Code § 15.435(g)(2) and 31 TAC § 363.1309(b)(2); and

9. that the Public Utility Agency has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises, and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

A commitment is made by the TWDB to the Hays Caldwell Public Utility Agency, and its successors and assigns, to acquire and sell an ownership interest in the Hays Caldwell Public Utility Agency Phase 1B Project, not to exceed eighty percent (80%) of the total Project cost based on an application filed by Hays Caldwell Public Utility Agency, in an amount not to exceed the projected schedule of \$69,015,000 from the Board Participation Account of the State Water Implementation Revenue Fund for Texas, to be evidenced as follows:

- a) \$32,510,000, to expire on December 31, 2019; and
- b) \$36,505,000 to expire on December 31, 2021.

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 Public Utility Agency'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 circumstance, or any other legal requirement;
3. this commitment is contingent upon the Public Utility Agency executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;

Pledge Conditions:

4. the Master Agreement must contain a provision requiring that, upon request by the Executive Administrator, the Public Utility Agency shall submit annual audits of contracting parties to the Project for the Executive Administrator's review;

5. the Master Agreement must contain a provision requiring the Public Utility Agency to maintain that the pledged contract revenues from the Public Utility Agency may not be pledged to the payment of any additional parity obligations of the Public Utility Agency secured by a pledge of the same contract revenues unless: (1) the Public Utility Agency is not in default; (2) the sponsoring entities in the contract for pledge revenues approve the resolution(s) authorizing the issuance of additional bonds; (3) said resolutions(s) provide for deposits to be made to the debt service fund in amounts sufficient to pay the principal of and interest on such additional parity obligations, and; (4) the legal counsel of the Public Utility Agency delivers an opinion that valid contracts are then in effect on the participating entities to the contract for pledged revenues in such amounts that will be sufficient to provide to the Public Utility Agency the necessary funds to pay all principal and interest due on all bonds and additional parity obligations then outstanding after the issuance of proposed additional parity obligations;

The Following Conditions Must Be Included in the Master Agreement:

6. the Master Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Master Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
7. loan proceeds are public funds and, as such, the Master Agreement 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;
8. loan proceeds shall not be used by the Public Utility Agency when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Master Agreement shall include an environmental indemnification provision wherein the Public Utility Agency 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 sewer sludge, contaminated sediments, and/or contaminated media that may be generated by the Public Utility Agency, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
9. the Master Agreement must include a provision stating that the Public Utility Agency shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
10. the Public Utility Agency agrees to take such actions as are necessary to assure, or to refrain from such actions as would materially adversely affect, the excludability

from gross income for Federal income tax purposes of interest payable on such obligations as are issued by the TWDB to finance its acquisition of an interest in the Project;

11. the Master Agreement must include a provision stating that the Public Utility Agency shall have the right to make an early purchase of all or a portion of the TWDB's ownership interest in the Project, on or after the specified Call Date that is on or after the first interest payment date 10 years from the dated date by making principal payments in excess of the scheduled principal payments. Such early purchases may be made no more than once a year, unless otherwise allowed by the Executive Administrator;

Conditions to Close or for Release of Funds:

12. prior to closing, the Board must approve the terms of the TWDB's ownership interest in the Project, incorporated into a proposed Master Agreement setting forth the responsibilities, duties, and liabilities of each party in accordance with 31 TAC § 363.1308;
13. prior to closing, the Board must delegate authority to the Executive Administrator, authorizing him or his successors to negotiate and execute a Master Agreement that will set forth the duties, responsibilities, and liabilities of the TWDB and the Public Utility Agency.
14. prior to closing, the Public Utility Agency and the TWDB will execute a Master Agreement that will set forth the responsibilities, duties, and liabilities of each party;
15. prior to closing, the Public Utility Agency will provide an attorney's opinion that is satisfactory and acceptable to the Executive Administrator as to any impact of the Project on the tax-exempt status of any bonds issued by the TWDB to fund its acquisition of an interest in the Project;
16. prior to closing, the Public Utility Agency must submit executed contracts between the Public Utility Agency and the contracting parties to the Project regarding the contract revenues pledged to the payment of the Public Utility Agency's obligation to purchase the TWDB's interest in the Project, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges, and maintenance of revenues sufficient to meet the Public Utility Agency's obligations arising from the Project;
17. prior to closing, if not previously provided with the application, the Public Utility Agency shall submit executed contracts for engineering, and, if applicable, financial advisor and legal 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;

18. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Public Utility Agency 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;

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

Special Conditions:

19. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Public Utility Agency 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 such a finding will be made before the release of funds for construction;
20. prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Public Utility Agency has the right to use the water that the Project financed by the TWDB will provide; and
21. the Public Utility Agency shall provide the TWDB with (a) monthly financial statement, to be submitted within ten (10) days after the close of each month, unless or until such requirement is waived in writing by the Executive Administrator or paid in full, whichever comes first, and (b) annual reports, to be submitted without charge within 120 days of the close of each fiscal year.

APPROVED and ordered of record this the 20th day of July, 2017.


TEXAS WATER DEVELOPMENT BOARD



Bech K. Bruun, Chairman

DATE SIGNED: 7-20-17

ATTEST:


Jeff Walker
Executive Administrator



Multi-Year Commitment Annual Loan Closing Schedule

Alliance Regional Water Authority

Project# 51044

Hays/Caldwell PUA Project

Annual Loan Closing Schedule

Year	Amount per Resolution No. 17-079, 17-086, 19-077, and 20-067	Proposed Revised Amount (If Applicable)
Prior Years Total	\$240,410,000	
2021	\$38,000,000	Ø
2022	\$0	\$38,000,000
2023	\$0	
2024	\$0	
2025	\$0	
2026	\$0	
2027	\$0	
2028	\$0	
2029	\$0	
2030	\$0	
TOTAL	\$278,410,000	\$ 278,410,000

NOTE: The overall structure and approach are intended to allow applicants to achieve savings while maintaining the integrity of the SWIFT program and includes subsidies based on level-debt service schedules for all low-interest obligations. Interest rate subsidies for non-level debt service are subject to modification.

Contact Information

Please provide the best point of contact for TWDB staff to discuss your anticipated closing schedule.

GRAHAM MOORE, Executive Director

Contact Name and Title

512-294-3214

Phone Number

gmoore@alliancewater.org

Email Address



PROJECT FUNDING REQUEST

BOARD DATE: July 27, 2022

Team Manager: Dain Larsen

ACTION REQUESTED

Approve by resolution a request from the Alliance Regional Water Authority (Hays, Caldwell, Guadalupe, Comal, Bexar Counties) for \$10,000,000 in financial assistance from the State Water Implementation Revenue Fund for Texas for the construction of water system improvements.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The Alliance Regional Water Authority (Authority) was created in 2007 by the cities of San Marcos, Kyle, and Buda, and Canyon Regional Water Authority (Sponsors) to develop their long-term water supply. The combined population served of approximately 193,000 is projected to expand to approximately 315,000 within 18 years.

PROJECT NEED AND DESCRIPTION

By 2033, each of the Sponsors will not be able to meet their water demand with currently available water sources. These communities are expanding rapidly with the continued growth of the dynamic San Antonio and Austin regions to the south and north. In 2018, the Authority and Guadalupe Blanco River Authority agreed to jointly develop their water supply projects, adding the cities of New Braunfels and Lockhart, along with the Goforth Special Utility District which serves an area just east of the City of Buda.

To meet the projected supply shortfall by 2033 the Authority has developed a project to connect the Sponsors to a wellfield with an initial combined capacity of 15,000 acre-feet per year and treatment facilities in eastern Caldwell County. The Authority's first project phase connected the cities of Buda and Kyle. The second phase, currently under construction, is to jointly construct with the Guadalupe Blanco River Authority (GBRA) a wellfield in eastern Caldwell County, a 33.5 million gallons per day water treatment plant nearby, a raw water line to the water treatment plant, a transmission line to a booster pump station (BPS) approximately six miles east of San Marcos, and two transmission lines from the BPS with eight connection points to connect the participating communities. Both phases were funded by the State Water Implementation Fund for Texas in 2017 and 2020.

COMMITMENT PERIOD: FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2022

The Authority is requesting additional funding for the portion of the existing project that includes the segment of transmission line from the BPS to delivery points in and near Kyle approximately 10 miles to the north of the BPS.

Task	Schedule Date
Closing	November 16, 2022
Engineering Feasibility Report Completion(End of Planning Phase)	December 9, 2022
Design Phase	December 20, 2022
Start of Construction	February 21, 2023
Construction Completion	December 31, 2024

KEY ISSUES

Each Sponsor is responsible to repay debt service for its allocated amount, which is based on the amount of water each of them receive from the Authority. Each Sponsor will be required to pay its allocated share of debt service regardless of whether the projected amount of water is received.

The Authority plans to close prior year project commitments in the current year. The Financial Review section (Attachment No. 1) includes the amount committed in 2021. Shown below is the pro rata allocation between the Sponsors for debt service payments, outstanding balances for prior multi-year commitments, and the currently requested commitments.

Sponsor	Allocated Debt Service	2021 Commitment	Current Request	Total Amount
City of San Marcos	35.86	\$13,625,000	\$3,585,000	\$17,210,000
City of Kyle	28.17	\$10,705,000	\$2,815,000	\$13,520,000
City of Buda	5.08	\$1,930,000	\$510,000	\$2,440,000
Canyon Regional Water Authority	30.89	\$11,740,000	\$3,090,000	\$14,830,000
Total		\$38,000,000	\$10,000,000	\$48,000,000

LEGAL

Special Conditions

- None

Attachments:

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

Financial Review

Alliance Regional Water Authority

Attachment 1

Risk Score: CRWA – 2B

Audit Reviewed: FY 2021

Kyle – 2A

San Marcos – 2A

Buda – 2A

Key Indicators

Indicator	CRWA	Kyle	San Marcos	Buda	Benchmark
Population Growth, Average Annual 2010-2020	County: 3.47%	City: 5.01%	City: 4.17%	City: 7.55%	State: 1.49%
Top 10 Customers % of Total Revenue	99.36%	21.66%	10.80%	0.559%	10-15%
Median Household Income as % of State	106%	128%	65%	145%	100%
Days of Cash on Hand (3-year Average)	337 days	796 days	2,548 days	2,864 days	30-149 days
Net Fixed Assets/ Annual Depreciation	35 years	53 years	18 years	46 years	12-24 years
Debt Service Coverage Ratio	0.95x	2.28x	4.81x	0.81x	1.0x
Debt-to-Operating Revenues	7.96x	3.71x	2.07x	5.38x	4.00-5.99x
Unemployment Rate (April 2022)	County: 2.87%	City: 2.60%	City: 3.00%	County: 2.60%	State: 3.70%
Working Capital Ratio	0.77	6.29	4.98	8.00	> 1.0

Key Risk Score Strengths

- Current water system revenues for Kyle and San Marcos are adequate to maintain coverage of all existing and proposed debt.
- A high working capital ratio provides the cities of Kyle, San Marcos, and Buda with ample resources to cover short-term liabilities and shows a strong liquidity position.
- The days of cash on hand for Canyon Regional Water Authority, Kyle, San Marcos, and Buda are above the benchmark, indicating they can pay operating expenses with the cash available.

Key Risk Score Concerns

- Canyon Regional Water Authority's top ten customers total 100 percent due to being a wholesaler with 13 members and a service area that spans from the counties of Atascosa to Hays and Caldwell. The Authority charges its members based on usage and projects funded for the update or expansion of the member's systems.
- The City of Buda and Canyon Regional Water Authority are projected to require rate increases. Staff projections indicate the City of Buda would need an \$18.00 rate increase in 2025 and Canyon Regional Water Authority will need a rate increase of approximately \$2.18 per 1,000 gallons by 2028 for the repayment of the proposed obligation.
- While the City of Kyle's top ten total customers as a percentage of revenues is over 20 percent, the biggest client of the City is less than four percent of total water revenues.

PLEDGE

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

RATES AND CHARGES-Kyle

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	2,325	\$83.75	\$83.75	1.98	1.98
WASTEWATER	3,133	\$47.05	\$47.05		

RATES AND CHARGES-San Marcos

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	2,325	\$58.05	\$58.05	3.09	3.09
WASTEWATER	3,133	\$46.26	\$46.26		

RATES AND CHARGES-Buda

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (Year 2025)	Current Household Cost Factor	Projected Household Cost Factor
WATER	2,325	\$49.17	\$58.18	1.49	1.73
WASTEWATER	3,133	\$62.18	\$71.18		

Cost Savings

Based on a 30-year maturity schedule and current interest rates, Canyon Regional Water Authority could save approximately \$2,320,899 and the City of Kyle could save approximately \$1,177,465 over the life of the financing.

Based on a 20-year maturity schedule and current interest rates, the City of San Marcos could save approximately \$2,114,766 and the City of Buda could save approximately \$203,025 over the life of the financing.

Project Data Summary

Responsible Authority	Alliance Regional Water Authority
Program	SWIFT
Commitment Number	L1001536, L1001543, L1001544, L1001545
Project Number	51044
List Year	2022
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$3,090,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A, \$2,815,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of Kyle, Texas), Series 2022B, \$3,585,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of San Marcos, Texas), Series 2022C, \$510,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of Buda, Texas), Series 2022D
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low-Interest
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score - CRWA	2B
Overall Risk Score - Kyle	2A
Overall Risk Score - San Marcos	2A
Overall Risk Score - Buda	2A

PROJECT TEAM

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

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Alliance Regional Water Authority

\$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A*

Dated Date:	11/16/2022	Source:	SWIFT-LOW-30YR
Delivery Date:	11/16/2022	Rate:	3.36%
First Interest:	8/15/2023	IUP Year:	2022
First Principal:	8/15/2024	Case:	Contract Revenue
Last Principal:	8/15/2052	Admin.Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$14,830,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2023	\$16,764,669	\$16,419,077	\$0	-	\$345,592	\$345,592	\$16,764,669	1.00
2024	17,242,480	16,434,978	345,000	1.87%	462,503	807,503	17,242,480	1.00
2025	17,242,480	15,935,453	350,000	1.99%	456,051	806,051	16,741,504	1.03
2026	17,242,480	15,954,194	355,000	2.05%	449,086	804,086	16,758,280	1.03
2027	17,242,480	15,959,249	365,000	2.13%	441,809	806,809	16,766,057	1.03
2028	17,242,480	15,974,735	370,000	2.23%	434,034	804,034	16,778,769	1.03
2029	17,242,480	12,192,254	380,000	2.35%	425,783	805,783	12,998,037	1.33
2030	17,242,480	11,876,140	390,000	2.42%	416,853	806,853	12,682,993	1.36
2031	17,242,480	11,889,874	400,000	2.49%	407,415	807,415	12,697,289	1.36
2032	17,242,480	11,903,034	410,000	2.54%	397,455	807,455	12,710,489	1.36
2033	17,242,480	9,017,092	420,000	2.71%	387,041	807,041	9,824,133	1.76
2034	17,242,480	9,017,275	430,000	2.86%	375,659	805,659	9,822,934	1.76
2035	17,242,480	9,020,831	440,000	2.97%	363,361	803,361	9,824,192	1.76
2036	17,242,480	5,522,432	455,000	3.07%	350,293	805,293	6,327,725	2.72
2037	17,242,480	5,521,557	470,000	3.14%	336,325	806,325	6,327,881	2.72
2038	17,242,480	5,158,383	485,000	3.22%	321,567	806,567	5,964,950	2.89
2039	17,242,480	4,990,457	500,000	3.28%	305,950	805,950	5,796,407	2.97
2040	17,242,480	5,000,480	515,000	3.34%	289,550	804,550	5,805,030	2.97
2041	17,242,480	5,002,187	535,000	3.38%	272,349	807,349	5,809,536	2.97
2042	17,242,480	4,229,634	550,000	3.42%	254,266	804,266	5,033,899	3.43
2043	17,242,480	4,220,940	570,000	3.37%	235,456	805,456	5,026,396	3.43
2044	17,242,480	4,214,860	590,000	3.37%	216,247	806,247	5,021,106	3.43
2045	17,242,480	4,206,613	610,000	3.37%	196,364	806,364	5,012,977	3.44
2046	17,242,480	3,485,291	630,000	3.37%	175,807	805,807	4,291,098	4.02
2047	17,242,480	3,477,402	650,000	3.37%	154,576	804,576	4,281,978	4.03
2048	17,242,480	2,982,527	670,000	3.67%	132,671	802,671	3,785,198	4.56
2049	17,242,480	2,975,615	695,000	3.67%	108,082	803,082	3,778,697	4.56
2050	17,242,480	1,737,036	725,000	3.67%	82,575	807,575	2,544,611	6.78
2051	17,242,480	-	750,000	3.67%	55,968	805,968	805,968	21.39
2052	17,242,480	-	775,000	3.67%	28,443	803,443	803,443	21.46
		\$234,319,599	\$14,830,000		\$8,879,123	\$23,709,123	\$258,028,722	

*Includes prior year SWIFT commitment LM221443 for \$11,740,000 the authority plans to close in the current year.

AVERAGE (MATURITY) LIFE	17.83 YEARS
NET INTEREST RATE	3.358%
COST SAVINGS	\$2,320,899
AVERAGE ANNUAL REQUIREMENT	\$790,304

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ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Alliance Regional Water Authority

\$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of Kyle, Texas), Series 2022B*

Dated Date:	11/16/2022	Source:	SWIFT-LOW-30YR
Delivery Date:	11/16/2022	Rate:	3.36%
First Interest:	8/15/2023	IUP Year:	2022
First Principal:	8/15/2024	Case:	Contract Revenue
Last Principal:	8/15/2052	Admin.Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$13,520,000 ISSUE				TOTAL DEBT	
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	SERVICE	COVERAGE
2023	\$13,983,420	\$5,238,878	-	-	\$315,105	\$315,105	\$5,553,984	2.52
2024	13,983,420	5,401,976	\$315,000	1.87%	421,703	736,703	6,138,678	2.28
2025	13,983,420	5,462,036	320,000	1.99%	415,812	735,812	6,197,848	2.26
2026	13,983,420	5,458,267	325,000	2.05%	409,444	734,444	6,192,711	2.26
2027	13,983,420	5,439,933	330,000	2.13%	402,782	732,782	6,172,715	2.27
2028	13,983,420	5,357,192	340,000	2.23%	395,753	735,753	6,092,944	2.30
2029	13,983,420	5,121,849	345,000	2.35%	388,171	733,171	5,855,020	2.39
2030	13,983,420	5,148,732	355,000	2.42%	380,063	735,063	5,883,795	2.38
2031	13,983,420	5,111,653	365,000	2.49%	371,472	736,472	5,848,125	2.39
2032	13,983,420	5,159,726	370,000	2.54%	362,384	732,384	5,892,110	2.37
2033	13,983,420	5,149,617	380,000	2.71%	352,986	732,986	5,882,602	2.38
2034	13,983,420	5,115,907	390,000	2.86%	342,688	732,688	5,848,594	2.39
2035	13,983,420	5,111,182	405,000	2.97%	331,534	736,534	5,847,716	2.39
2036	13,983,420	5,040,789	415,000	3.07%	319,505	734,505	5,775,294	2.42
2037	13,983,420	5,047,590	430,000	3.14%	306,765	736,765	5,784,355	2.42
2038	13,983,420	5,040,460	440,000	3.22%	293,263	733,263	5,773,722	2.42
2039	13,983,420	5,044,728	455,000	3.28%	279,095	734,095	5,778,822	2.42
2040	13,983,420	5,046,120	470,000	3.34%	264,171	734,171	5,780,291	2.42
2041	13,983,420	5,050,808	485,000	3.38%	248,473	733,473	5,784,280	2.42
2042	13,983,420	5,051,418	500,000	3.42%	232,080	732,080	5,783,498	2.42
2043	13,983,420	5,038,411	520,000	3.37%	214,980	734,980	5,773,390	2.42
2044	13,983,420	5,041,709	535,000	3.37%	197,456	732,456	5,774,164	2.42
2045	13,983,420	5,035,982	555,000	3.37%	179,426	734,426	5,770,408	2.42
2046	13,983,420	4,850,625	575,000	3.37%	160,723	735,723	5,586,348	2.50
2047	13,983,420	4,835,081	595,000	3.37%	141,345	736,345	5,571,426	2.51
2048	13,983,420	4,380,745	615,000	3.67%	121,294	736,294	5,117,039	2.73
2049	13,983,420	4,381,064	635,000	3.67%	98,723	733,723	5,114,787	2.73
2050	13,983,420	3,247,316	660,000	3.67%	75,419	735,419	3,982,735	3.51
2051	13,983,420	-	685,000	3.67%	51,197	736,197	736,197	18.99
2052	13,983,420	-	710,000	3.67%	26,057	736,057	736,057	19.00
		\$140,409,792	\$13,520,000		\$8,099,859	\$21,619,859	\$162,029,651	

*Includes prior year SWIFT commitment LM221444 for \$10,705,000 the authority plans to close in the current year.

AVERAGE (MATURITY) LIFE	17.84 YEARS
NET INTEREST RATE	3.359%
COST SAVINGS	\$1,177,465
AVERAGE ANNUAL REQUIREMENT	\$720,662

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ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Alliance Regional Water Authority

\$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of San Marcos, Texas), Series 2022C*

Dated Date:	11/16/2022	Source:	SWIFT-LOW-20YR
Delivery Date:	11/16/2022	Rate:	2.63%
First Interest:	8/15/2023	IUP Year:	2022
First Principal:	8/15/2024	Case:	Contract Revenue
Last Principal:	8/15/2042	Admin.Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$17,210,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2023	\$28,345,126	\$5,575,754	\$0	-	\$311,703	\$311,703	\$5,887,457	4.81
2024	28,345,126	5,574,536	745,000	1.64%	417,149	1,162,149	6,736,685	4.21
2025	28,345,126	5,576,315	755,000	1.74%	404,931	1,159,931	6,736,246	4.21
2026	28,345,126	5,580,490	770,000	1.79%	391,794	1,161,794	6,742,284	4.20
2027	28,345,126	5,532,071	785,000	1.86%	378,011	1,163,011	6,695,082	4.23
2028	28,345,126	5,525,029	800,000	1.95%	363,410	1,163,410	6,688,439	4.24
2029	28,345,126	5,528,806	815,000	2.06%	347,810	1,162,810	6,691,616	4.24
2030	28,345,126	5,518,936	830,000	2.12%	331,021	1,161,021	6,679,957	4.24
2031	28,345,126	5,519,720	850,000	2.18%	313,425	1,163,425	6,683,145	4.24
2032	28,345,126	5,520,165	870,000	2.22%	294,895	1,164,895	6,685,060	4.24
2033	28,345,126	5,516,094	885,000	2.37%	275,581	1,160,581	6,676,675	4.25
2034	28,345,126	5,514,216	910,000	2.50%	254,607	1,164,607	6,678,823	4.24
2035	28,345,126	5,514,437	930,000	2.60%	231,857	1,161,857	6,676,294	4.25
2036	28,345,126	5,520,847	955,000	2.68%	207,677	1,162,677	6,683,524	4.24
2037	28,345,126	5,518,075	980,000	2.75%	182,083	1,162,083	6,680,158	4.24
2038	28,345,126	5,520,451	1,005,000	2.81%	155,133	1,160,133	6,680,583	4.24
2039	28,345,126	4,469,104	1,035,000	2.87%	126,892	1,161,892	5,630,996	5.03
2040	28,345,126	4,472,180	1,065,000	2.92%	97,188	1,162,188	5,634,367	5.03
2041	28,345,126	2,625,068	1,095,000	2.95%	66,090	1,161,090	3,786,157	7.49
2042	28,345,126	-	1,130,000	2.99%	33,787	1,163,787	1,163,787	24.36
		\$100,122,290	\$17,210,000		\$5,185,041	\$22,395,041	\$122,517,330	

*Includes prior year SWIFT commitment LM221445 for \$13,625,000 the authority plans to close in the current year.

AVERAGE (MATURITY) LIFE	11.45 YEARS
NET INTEREST RATE	2.632%
COST SAVINGS	\$2,114,766
AVERAGE ANNUAL REQUIREMENT	\$1,119,752

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ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Alliance Regional Water Authority

\$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of Buda, Texas), Series 2022D*

Dated Date: 11/16/2022 Delivery Date: 11/16/2022 First Interest: 8/15/2023 First Principal: 8/15/2024 Last Principal: 8/15/2042 Fiscal Year End: 09/30 Required Coverage: 1.0	Source: SWIFT-LOW-20YR Rate: 2.63% IUP Year: 2022 Case: Contract Revenue Admin.Fee: \$0 Admin. Fee Payment Date: N/A
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FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$2,440,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2023	\$4,603,468	\$4,559,275	-	-	\$44,193	\$44,193	\$4,603,468	1.00
2024	4,718,590	4,554,446	\$105,000	1.64%	59,144	164,144	4,718,590	1.00
2025	4,722,744	4,560,323	105,000	1.74%	57,422	162,422	4,722,744	1.00
2026	3,840,106	3,627,969	110,000	1.79%	55,595	165,595	3,793,564	1.01
2027	3,840,106	3,617,085	110,000	1.86%	53,626	163,626	3,780,710	1.02
2028	3,840,106	3,624,931	115,000	1.95%	51,580	166,580	3,791,510	1.01
2029	3,840,106	3,618,807	115,000	2.06%	49,337	164,337	3,783,144	1.02
2030	3,840,106	3,392,900	120,000	2.12%	46,968	166,968	3,559,868	1.08
2031	3,840,106	3,163,778	120,000	2.18%	44,424	164,424	3,328,202	1.15
2032	3,840,106	3,063,073	125,000	2.22%	41,808	166,808	3,229,881	1.19
2033	3,840,106	3,066,651	125,000	2.37%	39,033	164,033	3,230,684	1.19
2034	3,840,106	3,069,306	130,000	2.50%	36,071	166,071	3,235,376	1.19
2035	3,840,106	3,057,072	130,000	2.60%	32,821	162,821	3,219,893	1.19
2036	3,840,106	3,067,144	135,000	2.68%	29,441	164,441	3,231,584	1.19
2037	3,840,106	3,068,493	140,000	2.75%	25,823	165,823	3,234,316	1.19
2038	3,840,106	2,963,809	145,000	2.81%	21,973	166,973	3,130,781	1.23
2039	3,840,106	2,968,479	145,000	2.87%	17,898	162,898	3,131,377	1.23
2040	3,840,106	2,701,342	150,000	2.92%	13,737	163,737	2,865,079	1.34
2041	3,840,106	2,331,589	155,000	2.95%	9,357	164,357	2,495,945	1.54
2042	3,840,106	1,722,605	160,000	2.99%	4,784	164,784	1,887,389	2.03
		\$65,799,077	\$2,440,000		\$735,029	\$3,175,029	\$68,974,106	

*Includes prior year SWIFT commitment LM221446 for \$1,930,000 the authority plans to close in the current year.

AVERAGE (MATURITY) LIFE	11.45 YEARS
NET INTEREST RATE	2.632%
COST SAVINGS	\$203,025
AVERAGE ANNUAL REQUIREMENT	\$158,751

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Project Budget Summary
Alliance Regional Water Authority
51044 - Phase 1B

Budget Items	Description	TWDB Project 51006 (L15007/L15036)	Previous Commitments	This Commitment	Local and Other Funds	Total
Construction						
Construction		\$5,960,440.94	\$216,500,506.46	\$8,831,691.00	\$65,820.49	\$231,358,458.90
Subtotal for Construction		\$5,960,440.94	\$216,500,506.46	\$8,831,691.00	\$65,820.49	\$231,358,458.90
Basic Engineering Services						
Construction Engineering		\$95,759.00	\$2,310,751.22	\$0.00	\$0.00	\$2,406,510.22
Design		\$409,657.00	\$12,001,983.62	\$0.00	\$0.00	\$12,411,640.62
Planning		\$44,517.00	\$10,286,398.78	\$0.00	\$0.00	\$10,330,915.78
Subtotal for Basic Engineering Services		\$549,933.00	\$24,599,133.62	\$0.00	\$0.00	\$25,149,066.62
Special Services						
Environmental		\$27,593.00	\$890,000.00	\$0.00	\$0.00	\$917,593.00
Geotechnical		\$30,789.00	\$885,000.00	\$0.00	\$0.00	\$915,789.00
Inspection		\$0.00	\$3,000,000.00	\$0.00	\$0.00	\$3,000,000.00
O&M Manual		\$0.00	\$60,000.00	\$0.00	\$0.00	\$60,000.00
Permits		\$0.00	\$150,000.00	\$0.00	\$0.00	\$150,000.00
Project Management (by engineer)		\$0.00	\$1,885,000.00	\$0.00	\$0.00	\$1,885,000.00
Surveying		\$54,322.00	\$1,205,000.00	\$0.00	\$0.00	\$1,259,322.00
Testing		\$0.00	\$1,500,000.00	\$0.00	\$0.00	\$1,500,000.00
Subtotal for Special Services		\$112,704.00	\$9,575,000.00	\$0.00	\$0.00	\$9,687,704.00
Fiscal Services						
Bond Counsel		\$185,500.00	\$1,564,085.00	\$73,805.00	\$0.00	\$1,822,890.00
Financial Advisor		\$169,151.00	\$1,983,991.26	\$73,805.00	\$0.00	\$2,226,947.26
Issuance Costs		\$7,490.00	\$75,345.00	\$39,400.00	\$0.00	\$122,235.00
Subtotal for Fiscal Services		\$362,141.00	\$3,623,421.26	\$187,010.00	\$0.00	\$4,172,572.26
Other						
Land/Easements Acquisition		\$458,955.00	\$6,994,954.02	\$0.00	\$0.00	\$7,453,909.02
Other (Describe)	GBRA (51055) Shared Contract CID 05; GBRA (51055) Shared Contract CID 03; Electric Utility Service 46%	\$0.00	\$2,206,984.14	\$0.00	\$0.00	\$2,206,984.14
Subtotal for Other		\$458,955.00	\$9,201,938.16	\$0.00	\$0.00	\$9,660,893.16
Contingency						
Contingency		\$45,826.06	\$14,910,000.50	\$981,299.00	\$0.00	\$15,937,125.56
Subtotal for Contingency		\$45,826.06	\$14,910,000.50	\$981,299.00	\$0.00	\$15,937,125.56
Total		\$7,490,000.00	\$278,410,000.00	\$10,000,000.00	\$65,820.49	\$295,965,820.50

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$10,000,000 TO ALLIANCE REGIONAL WATER AUTHORITY
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE, IN ONE OR MORE SERIES, OF
\$10,000,000 ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS

(22-)

WHEREAS, the Alliance Regional Water Authority (Authority) has filed an application for financial assistance in the amount of \$10,000,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the construction of certain water supply project(s) identified as Project No. 51044 (Project); and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase, in one or more series, of \$10,000,000 Alliance Regional Water Authority Contract Revenue Bonds (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the Authority has offered a pledge of contract revenues from the sponsoring public entities of Canyon Regional Water Authority and the Cities of Buda, Kyle, and San Marcos, Texas as sufficient security for the repayment of the Obligations; and

WHEREAS, subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority for State Fiscal Year 2022 at up to the following levels: 25% for financial assistance for a term of 20 years, 18% for financial assistance for a term of 21 to 25 years, and 14% for financial assistance for a term of 26 to 30 years; and

WHEREAS, the interest rate subsidies provided above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. that the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that the Authority, a wholesale supplier of water, and all other contracting parties

have submitted and implemented a water conservation plan in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1);

4. that the Authority has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

a commitment is made by the TWDB to Alliance Regional Water Authority for financial assistance in the amount of \$10,000,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase, in one or more series, of Alliance Regional Authority Contract Revenue Bonds as follows:

- a. \$3,090,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Proposed Series 2022A, to expire on December 31, 2022;
- b. \$2,815,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Proposed Series 2022B, to expire on December 31, 2022;
- c. \$3,585,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Proposed Series 2022C, to expire on December 31, 2022; and
- d. \$510,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Proposed Series 2022D, to expire on December 31, 2022.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued, that said Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that said Obligations are valid and binding obligations of the Authority;

3. this commitment is contingent upon the Authority's 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;
4. this commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;
5. interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator;
6. the Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee;

The Following Conditions Must Be Included in the Obligations:

7. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that 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;
8. the Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
9. the Obligations must provide that the Authority 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;
10. the Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project;
11. the Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, 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 Authority's Obligations, if the TWDB sells

or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;

12. the Obligations must include a provision requiring the Authority to use any proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator;
13. 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;
14. 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;
15. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
16. the Obligations must include a provision stating that the Authority shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
17. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1);
18. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

19. the Obligations must provide that no portion of the proceeds of the financial assistance 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 that 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 financial assistance (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 Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:
 - a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;

- c. as additional consideration for providing financial assistance, and in order to induce providing financial assistance 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 Authority 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 Authority 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 Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of § 149(d) of the Code (related to "advance refundings");
- 24. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;
- 25. the Obligations must contain a provision requiring that, upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
- 26. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system;
- 27. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations;

Conditions to Close or for Release of Funds:

28. prior to closing, if not previously provided with the application, the Authority 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;
29. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
30. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
31. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
32. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations;
33. the transcript must include evidence that the information reporting requirements of § 149(e) of the Internal Revenue 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
34. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

APPROVED and ordered of record this, the 27th day of July 2022.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

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

Retail population:

Connections per mile:

(gal/connection/day):

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.

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.

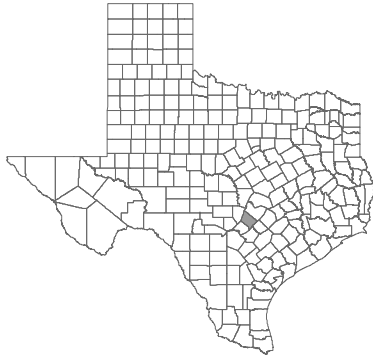
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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.



Alliance Regional Water Authority Hays County

