

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 22, 2021

Team Manager: Tom Barnett

ACTION REQUESTED

Approve by resolution a request from the Brushy Creek Regional Utility Authority (Travis and Williamson counties) for \$194,400,000 in multi-year financing from the State Water Implementation Revenue Fund for Texas for construction of a water treatment and distribution project.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The Brushy Creek Regional Utility Authority (Authority) is a regional partnership of the Cities of Cedar Park, Leander, and Round Rock (Cities) in Travis and Williamson counties. Together, the Cities provide water and wastewater service to approximately 316,000 residents and 88,000 active connections. The Authority is taking steps to ultimately serve as many as 573,000 residents in this rapidly growing region.

PROJECT NEED AND DESCRIPTION

This regional partnership was formed to withdraw, treat, and deliver water from Lake Travis to the Cities. A deeper raw water intake is needed to prevent vulnerability to prolonged drought conditions; additional raw water transmission capacity is needed to deliver the required volumes of raw water to the Cities' water treatment facilities; and additional regional water treatment capacity is needed in order to meet increasing water demands.

The Authority has requested additional financing for the construction of Phase 1D and Phase 2 of its regional water system that serves the Cities. The proposed Phase 1D expansion of the regional water treatment plant will increase its capacity from 32.5 million gallons per day (MGD) to approximately 42 MGD through the addition of a new treatment train. The proposed Phase 2 new deep water raw water intake and transmission delivery system will have an ultimate capacity of 145 MGD.

COMMITMENT PERIOD

Multi-Year Commitment	Expiration Date
\$115,310,000 Proposed Series 2021	December 31, 2021
\$40,000,000 Proposed Series 2022	December 31, 2022
\$39,090,000 Proposed Series 2023	December 31, 2023

PROJECT SCHEDULE

Task	Schedule Date
Design Phase Completion (from previous TWDB commitments)	August 31, 2021
Closing on Additional SWIFT funds	November 16, 2021
Start of Construction	April 30, 2022
Construction Completion	May 31, 2027

KEY ISSUES

The Authority has requested a single, low-interest commitment of \$75,310,000 for the City of Cedar Park and multi-year financing totaling \$119,090,000 for the City of Leander to be closed upon over the next three years. The City of Round Rock will be utilizing all local funds (\$77,404,000) for this portion of the regional project. The City of Cedar Park will also be utilizing \$4,360,000 in local funds.

The budget for environmental activities associated with this portion of the regional project is to address necessary coordination pertaining to the U.S. Army Corps of Engineers Nationwide Permit and to address potential tree mitigation costs should trees be removed during project construction.

The proposed project is a recommended water management strategy in the 2021 Brazos G Regional Water Plan and 2022 State Water Plan. The overall project would allocate and provide an additional water supply of 42,000 acre-feet per year from the Highland Lakes to the Cities.

The Authority has previously received eight financial assistance commitments from the TWDB for this project, including commitments from the Texas Water Development Fund in 2009 and from the SWIFT in 2017 and 2018. Together, these previous commitments provided \$214,755,000 for planning, acquisition, design, and construction for multiple phases of this regional project. The proposed 2021 SWIFT funding, along with local funds utilized by Cedar Park and Round Rock, would complete Phase 1D and Phase 2 of the project under four new commitments. The Authority also has plans for a Phase 3 of the project, which would further expand pumping and treatment capacity and is expected to begin in 2028.

LEGAL

Special Conditions

None.

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (21-)
4. Water Conservation Review
5. Location Map

Financial Review

Brushy Creek Regional Utility Authority

Risk Score: BCRUA 2A

Audit Reviewed: FY 2020

Risk Score: Cedar Park 2A

Risk Score: Leander 2A

Key Indicators

Indicator	BCRUA	Cedar Park	Leander	Benchmark
Population Growth, Average Annual 2010-2019	Authority: 5.15%	City: 5.53%	City: 10.01%	State: 1.24%
Median Household Income as % of State	155%	168%	165%	100%
Days of Cash on Hand (3-year Average)	536 days	355 days	371 days	30-149 days
Net Fixed Assets/ Annual Depreciation	32 years	25 years	43 years	12-24 years
Debt Service Coverage Ratio	1.00x	1.07x	1.17x	1.0x
Debt-to-Operating Revenues	26.82x	4.28x	7.01x	4.00-5.99x
Unemployment Rate (April)	Authority: 4.27%	City: 4.30%	City: 4.50%	State: 6.30%
Working Capital Ratio	0.8	2.4	7.1	> 1.0

Key Risk Score Strengths

- Pledged revenues are derived from contract revenues of the member cities (Cedar Park, Leander, Round Rock) according to their share of the project per the Master Agreement and provide sufficient coverage for debt service obligations.
- Financial management of the Authority is strong. The Authority is a previous borrower in good standing.
- Member cities seeking financing this year, Cedar Park & Leander, have had high population growth rates for the past decade as well as median household incomes all over 1.5 times the state benchmark indicating the project area has a strong socioeconomic base.
- Member cities seeking financing this year, Cedar Park & Leander, have over 300 days of cash on hand as well as high working capital ratios indicating the members have ample resources to cover short-term liabilities and a strong liquidity position.
- No rate increases are anticipated to be needed by the member cities to afford repayment of the proposed obligations.

Key Risk Score Concerns

- Debt to operating ratio for the Authority is high due to the inclusion of all outstanding debt. However, this does not take into account the future increases in contract revenues the Authority will receive for the proposed obligations.

PLEDGE

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

RATES AND CHARGES – CEDAR PARK

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	8,000	\$39.58	\$39.58	0.98	0.98
WASTEWATER	8,000	\$45.64	\$45.64		

RATES AND CHARGES – LEANDER

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (2020)	Current Household Cost Factor	Projected Household Cost Factor
WATER	8,000	\$76.63	\$76.63	1.34	1.34
WASTEWATER	8,000	\$37.30	\$37.30		

TAXES – CEDAR PARK

	2020 Tax Year Rate	Max Projected Tax Rate (2020)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.249	\$0.249	\$2.50	99.58%	\$10,622,385,503
Interest & Sinking	\$0.198	\$0.198			
Total Tax Rate	\$0.447	\$0.447			

TAXES – LEANDER

	2020 Tax Year Rate	Max Projected Tax Rate (2020)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.325	\$0.325	\$2.50	99.99%	\$7,134,074,730
Interest & Sinking	\$0.212	\$0.212			
Total Tax Rate	\$0.537	\$0.537			

Cost Savings – Cedar Park

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$8,233,993.77 over the life of the financing.

Cost Savings – Leander

Based on a 25-year maturity schedule and current interest rates, the City could save approximately \$3,561,486.27 over the life of the Series 2021 financing.

Project Data Summary

Responsible Authority	Brushy Creek Regional UA
Program	SWIFT
Commitment Number	L1001430, LM211430, LM221430, LM231430
Project Number	51049
List Year	2021
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$75,310,000 Brushy Creek Regional Utility Authority, Inc. City of Cedar Park, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2021, \$40,000,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2021, \$40,000,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2022, \$39,090,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2023
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No, Yes
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	N/A
Overall Risk Score	2A

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Tom Barnett	Lina Linehan	Connie Townsend	Chris Caran	Marshall Walters

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Brushy Creek Regional Utility Authority

**\$75,310,000 Brushy Creek Regional Utility Authority, Inc. City of Cedar Park, Texas Contract Revenue Bonds
(Brushy Creek Regional Water Treatment and Distribution Project), Series 2021**

Dated Date: 11/16/2021 Source: SWIFT-LOW-30YR
Delivery Date: 11/16/2021 IUP Year: 0
First Interest: 2/15/2022 Case: Contract Revenue
First Principal 8/15/2022 Admin.Fee: \$0
Last Principal: 8/15/2051 Admin. Fee Payment Date: N/A
Fiscal Year End: 09/30 Required Coverage: 1.0

**\$40,000,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water
Treatment and Distribution Project), Series 2021**

Dated Date: 11/16/2021 Source: SWIFT-LOW-25YR
Delivery Date: 11/16/2021 IUP Year 0
First Interest: 2/15/2022 Case: Contract Revenue
First Principal 8/15/2022 Admin.Fee: \$0
Last Principal: 8/15/2051 Admin. Fee Payment Date: N/A
Fiscal Year End: 9/30 Required Coverage: 1.0

											\$40,000,000 ISSUE SERIES 2022 \$39,090,000 ISSUE SERIES 2023				
FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$75,310,000 ISSUE				\$40,000,000 ISSUE				TOTAL PAYMENT	TOTAL DEBT SERVICE	ACTUAL COVERAGE		
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT					
2022	\$13,718,273	\$12,685,352	\$2,420,000	0.12%	\$992,561	\$3,412,561	\$1,565,000	0.11%	\$441,482	\$2,006,482	-	\$18,104,395	0.76		
2023	\$13,718,273	12,737,313	2,090,000	0.17%	1,325,431	3,415,431	1,415,000	0.16%	589,109	2,004,109	\$1,933,158	20,090,010	0.68		
2024	\$13,718,273	12,792,704	2,090,000	0.28%	1,321,878	3,411,878	1,420,000	0.27%	586,845	2,006,845	3,824,539	22,035,965	0.62		
2025	\$13,718,273	12,838,937	2,100,000	0.42%	1,316,026	3,416,026	1,420,000	0.40%	583,011	2,003,011	3,820,858	22,078,831	0.62		
2026	\$13,718,273	13,553,784	2,105,000	0.55%	1,307,206	3,412,206	1,425,000	0.52%	577,331	2,002,331	3,865,505	22,833,826	0.60		
2027	\$13,718,273	13,744,075	2,120,000	0.68%	1,295,628	3,415,628	1,435,000	0.65%	569,921	2,004,921	3,911,645	23,076,269	0.59		
2028	\$13,718,273	13,769,863	2,135,000	0.80%	1,281,212	3,416,212	1,445,000	0.76%	560,594	2,005,594	3,949,101	23,140,770	0.59		
2029	\$13,718,273	13,803,918	2,150,000	0.91%	1,264,132	3,414,132	1,455,000	0.87%	549,612	2,004,612	3,988,021	23,210,683	0.59		
2030	\$13,718,273	13,826,514	2,170,000	1.00%	1,244,567	3,414,567	1,470,000	0.96%	536,953	2,006,953	4,023,497	23,271,530	0.59		
2031	\$13,718,273	13,839,135	2,190,000	1.05%	1,222,867	3,412,867	1,480,000	1.00%	522,841	2,002,841	4,055,947	23,310,790	0.59		
2032	\$13,718,273	13,853,032	2,215,000	1.31%	1,199,872	3,414,872	1,495,000	1.25%	508,041	2,003,041	4,086,389	23,357,334	0.59		
2033	\$13,718,273	13,864,621	2,245,000	1.53%	1,170,856	3,415,856	1,515,000	1.46%	489,354	2,004,354	4,113,727	23,398,557	0.59		
2034	\$13,718,273	13,888,832	2,275,000	1.71%	1,136,507	3,411,507	1,535,000	1.63%	467,235	2,002,235	4,133,745	23,436,318	0.59		
2035	\$13,718,273	13,907,361	2,315,000	1.78%	1,097,605	3,412,605	1,560,000	1.70%	442,214	2,002,214	4,147,359	23,469,539	0.58		
2036	\$13,718,273	13,925,095	2,360,000	1.89%	1,056,398	3,416,398	1,590,000	1.80%	415,694	2,005,694	4,162,713	23,509,900	0.58		
2037	\$13,718,273	13,938,400	2,400,000	1.98%	1,011,794	3,411,794	1,615,000	1.89%	387,074	2,002,074	4,173,367	23,525,635	0.58		
2038	\$13,718,273	12,954,925	2,450,000	2.06%	964,274	3,414,274	1,650,000	1.97%	356,551	2,006,551	4,179,809	22,555,558	0.61		
2039	\$13,718,273	-	2,500,000	2.13%	913,804	3,413,804	1,680,000	2.03%	324,046	2,004,046	4,187,241	9,605,090	1.43		
2040	\$13,718,273	-	2,555,000	2.20%	860,554	3,415,554	1,715,000	2.10%	289,942	2,004,942	4,185,780	9,606,275	1.43		
2041	\$13,718,273	-	2,610,000	2.27%	804,344	3,414,344	1,750,000	2.16%	253,927	2,003,927	4,190,430	9,608,700	1.43		
2042	\$13,718,273	-	2,670,000	2.33%	745,097	3,415,097	1,790,000	2.22%	216,127	2,006,127	4,185,866	9,607,089	1.43		
2043	\$13,718,273	-	2,730,000	2.38%	682,886	3,412,886	1,830,000	2.27%	176,389	2,006,389	4,187,452	9,606,726	1.43		
2044	\$13,718,273	-	2,795,000	2.42%	617,912	3,412,912	1,870,000	2.31%	134,848	2,004,848	4,180,225	9,597,984	1.43		
2045	\$13,718,273	-	2,865,000	2.47%	550,273	3,415,273	1,915,000	2.35%	91,651	2,006,651	4,169,596	9,591,519	1.43		
2046	\$13,718,273	-	2,935,000	2.49%	479,507	3,414,507	1,960,000	2.38%	46,648	2,006,648	4,165,119	9,586,274	1.43		
2047	\$13,718,273	-	3,005,000	2.53%	406,426	3,411,426	-	-	-	-	4,152,635	7,564,061	1.81		
2048	\$13,718,273	-	3,085,000	2.54%	330,399	3,415,399	-	-	-	-	2,076,435	5,491,834	2.50		
2049	\$13,718,273	-	3,160,000	2.57%	252,040	3,412,040	-	-	-	-	-	3,412,040	4.02		
2050	\$13,718,273	-	3,245,000	2.59%	170,828	3,415,828	-	-	-	-	-	3,415,828	4.02		
2051	\$13,718,273	-	3,325,000	2.61%	86,783	3,411,783	-	-	-	-	-	3,411,783	4.02		
		\$229,923,858.00	\$75,310,000.00		\$27,109,658.06	\$102,419,658.06	\$40,000,000.00		\$10,117,433.68	\$50,117,433.68	\$102,050,154.75	\$484,511,104.49			

\$75,310,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	16.46 YEARS
NET INTEREST RATE	2.187%
COST SAVINGS	\$8,233,992.77
AVERAGE ANNUAL REQUIREMENT	\$3,413,989

\$40,000,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	13.44 YEARS
NET INTEREST RATE	1.882%
COST SAVINGS	\$ 3,561,486.27
AVERAGE ANNUAL REQUIREMENT	\$1,670,581

TOTAL AVERAGE ANNUAL REQUIREMENTS
\$16,150,370

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be set.



Project Budget Summary

Brushy Creek Regional Utility Authority

51049 - Brushy Creek RUA Water Treatment and Distribution Project

Budget Items	2021 SWIFT TWDB Funds	2021 Local Funds ¹	Previous SWIFT TWDB Funds	Previous DFund TWDB Funds	Total
Construction					
Construction	\$162,540,000.00	\$58,850,000.00	\$15,671,910.86	\$104,356,428.56	\$341,418,339.42
Subtotal for Construction	\$162,540,000.00	\$58,850,000.00	\$15,671,910.86	\$104,356,428.56	\$341,418,339.42
Basic Engineering Services					
Construction Engineering	\$9,790,000.00	\$5,430,000.00	\$1,191,623.00	\$5,415,093.00	\$21,826,716.00
Design	\$0.00	\$0.00	\$12,477,945.00	\$22,261,837.60	\$34,739,782.60
Planning	\$0.00	\$0.00	\$1,795,000.00	\$3,633,084.00	\$5,428,084.00
Subtotal for Basic Engineering Services	\$9,790,000.00	\$5,430,000.00	\$15,464,568.00	\$31,310,014.60	\$61,994,582.60
Special Services					
Environmental	\$125,000.00	\$0.00	\$0.00	\$2,192,976.00	\$2,317,976.00
Permits	\$150,000.00	\$0.00	\$0.00	\$120,000.00	\$270,000.00
Surveying	\$75,000.00	\$25,000.00	\$0.00	\$0.00	\$100,000.00
Geotechnical	\$400,000.00	\$100,000.00	\$0.00	\$0.00	\$500,000.00
Inspection	\$3,600,000.00	\$3,400,000.00	\$131,925.85	\$2,655,221.00	\$9,787,146.85
O&M Manual	\$100,000.00	\$50,000.00	\$0.00	\$0.00	\$150,000.00
Testing	\$600,000.00	\$100,000.00	\$42,106.00	\$0.00	\$742,106.00
Project Management (by engineer)	\$0.00	\$0.00	\$0.00	\$1,198,729.00	\$1,198,729.00
Subtotal for Special Services	\$5,050,000.00	\$3,675,000.00	\$174,031.85	\$6,166,926.00	\$15,065,957.85
Fiscal Services					
Bond Counsel	\$308,710.00	\$0.00	\$174,765.00	\$425,640.00	\$909,115.00
Bond Reserve Fund	\$0.00	\$0.00	\$0.00	\$6,187,300.00	\$6,187,300.00
Capitalized Interest	\$0.00	\$0.00	\$0.00	\$9,879,733.00	\$9,879,733.00
Financial Advisor	\$340,200.00	\$0.00	\$86,778.75	\$473,215.00	\$900,193.75
Fiscal/Legal	\$24,090.00	\$0.00	\$14,404.50	\$0.00	\$38,494.50
Issuance Costs	\$27,000.00	\$0.00	\$24,627.00	\$0.00	\$51,627.00
Subtotal for Fiscal Services	\$700,000.00	\$0.00	\$300,575.25	\$16,965,888.00	\$17,966,463.25
Other					
Other (Electric Utility Service Ph.2)	\$0.00	\$0.00	\$911,871.54	\$2,017,748.70	\$2,929,620.24
Land/Easements Acquisition	\$0.00	\$0.00	\$0.00	\$8,329,223.00	\$8,329,223.00
Subtotal for Other	\$0.00	\$0.00	\$911,871.54	\$10,346,971.70	\$11,258,843.24
Contingency					
Contingency	\$16,320,000.00	\$13,809,000.00	\$212,042.50	\$12,873,771.14	\$43,214,813.64
Subtotal for Contingency	\$16,320,000.00	\$13,809,000.00	\$212,042.50	\$12,873,771.14	\$43,214,813.64
Total	\$194,400,000.00	\$81,764,000.00	\$32,735,000.00	\$182,020,000.00	\$490,919,000.00

¹With this round of proposed funding, Cedar Park and Round Rock will be contributing local funds to this project - \$4,360,000 and \$77,404,000, respectively.

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$194,400,000 TO THE BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$75,310,000 BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.,
CITY OF CEDAR PARK, TEXAS CONTRACT REVENUE BONDS, PROPOSED SERIES 2021
(BRUSHY CREEK REGIONAL WATER TREATMENT AND DISTRIBUTION PROJECT) AND
IN THE FORM OF A MULTI-YEAR COMMITMENT
\$119,090,000 BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.,
CITY OF LEANDER, TEXAS CONTRACT REVENUE BONDS, PROPOSED SERIES 2021-2023
(BRUSHY CREEK REGIONAL WATER TREATMENT AND DISTRIBUTION PROJECT)

(21 -)

WHEREAS, the Brushy Creek Regional Utility Authority, Inc. (Authority) has filed an application for financial assistance in the amount of \$194,400,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the construction of certain water supply project(s) identified as Project No. 51049 (Project); and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$75,310,000 Brushy Creek Regional Utility Authority, Inc., City of Cedar Park, Texas Contract Revenue Bonds, Proposed Series 2021 (Brushy Creek Regional Water Treatment and Distribution Project), and in the form of a multi-year commitment the proposed purchase of \$119,090,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds, Proposed Series 2021-2023 (Brushy Creek Regional Water Treatment and Distribution Project), (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 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 2021 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. The interest rate subsidy applicable to each subsequent proposed series may be different than the interest rate subsidy available for State Fiscal Year 2021 and will be set through each financing agreement executed between the TWDB and the Authority; 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 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
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 the Brushy Creek Regional Utility Authority, Inc. for financial assistance in the amount of \$194,400,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of:

- a) \$75,310,000 Brushy Creek Regional Utility Authority, Inc., City of Cedar Park, Texas Contract Revenue Bonds, Proposed Series 2021 (Brushy Creek Regional Water Treatment and Distribution Project). This commitment will expire on December 31, 2021;
- b) \$40,000,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds, Proposed Series 2021 (Brushy Creek Regional Water Treatment and Distribution Project). This commitment will expire on December 31, 2021;
- c) \$40,000,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds, Proposed Series 2022 (Brushy Creek Regional Water Treatment and Distribution Project). This commitment will expire on December 31, 2022; and
- d) \$39,090,000 Brushy Creek Regional Utility Authority, Inc., City of Leander, Texas Contract Revenue Bonds, Proposed Series 2023 (Brushy Creek

Regional Water Treatment and Distribution Project). This commitment will expire on December 31, 2023.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's 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 form in accordance with 31 TAC § 363.42(c)(1);
18. the Obligations must contain a provision stating that the Authority shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183;
19. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
20. 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;
21. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal

government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:

- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its 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;
22. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
23. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
24. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings");

25. the 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;
26. 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;
27. 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;
28. 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:

29. 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;
30. 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;
31. 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;
32. 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;
33. 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;

34. 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
35. 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 22nd day of July 2021.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Water
Wastewater
Other

WATER CONSERVATION REVIEW

Entity: _____ Review date: _____

WATER CONSERVATION PLAN DATE: Approvable Adopted

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

WATER LOSS AUDIT YEAR:

Total water loss (GPCD): _____ Total water loss (percent): _____ Wholesale Water
Total no. of connections: _____ Length of mains (miles): _____ Connections per mile: _____
If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): _____

WATER LOSS THRESHOLDS:

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :			NA			NA
If population ≤ 10K, connections/mile ≥ 32 :		NA			NA	
If population > 10K :		NA			NA	
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 loss refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

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 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 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.

Produced water is the total amount of water purchased or produced by the utility.

Real loss comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

Residential GPCD is the amount of water per capita used solely for residential use and ideally includes both single and multi-family customer use.

Total baseline GPCD is the amount of all water purchased or produced by the utility divided by the service area population and then 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 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.



Brushy Creek Regional Utility Authority

