



DATA SHEET
Agenda Item No. 10.

Meeting Date: October 4, 2018

Agenda Item:

Consider Bond Resolution authorizing the issuance and sale of Upper Trinity Regional Water District Regional Treated Water Supply System Revenue Bonds, Series 2018 in an Aggregate Principal Amount of \$7,590,000 related to financial assistance from the Texas Water Development Board (for Water System Parallel Pipeline Project).

Placement:	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Individual Consideration	<input type="checkbox"/> Executive Session
Vote:	<input type="checkbox"/> Non-Weighted	<input checked="" type="checkbox"/> Weighted Capital	
Recommending Department: Business			

Background:

At the September Board Meeting, the Financing Agreement with the Texas Water Development Board (TWDB) was approved, providing a \$7,590,000 low-interest loan from the State Water Infrastructure Fund for Texas (SWIFT) Program for a parallel pipeline from the Taylor Treatment Plant to the Stonehill Pump Station. The procedure is for the District to issue bonds in the stated amount – and for the TWDB to purchase the bonds on favorable terms. The proposed Bond Resolution will be an attachment to the already approved Financing Agreement with TWDB for the low-interest loans.

Key provisions of the SWIFT Program loan-interest loans include:

- TWDB issued their own bonds to enable the purchase of District bonds.
- In addition to receiving lower borrowing rates as a result of being allowed to use the State's superior credit, the District receives an additional 25% interest rate subsidy from the TWDB.
- The true interest cost of the SWIFT funding is expected to be 2.71%.
- Term of the bonds will be 25 years.

The Bond Resolution contains the key provisions outlined and reflects mutual agreement by TWDB, District Staff, Bond Counsel and the Financial Advisor.

Financial:

Upper Trinity's approval of the Bond Resolution will enable issuance of low-interest loans from the TWDB. Based on the repayment terms, there will be an FY 2019 financial impact of \$420,000, which is covered in the approved budget.

Recommendation:

Staff recommends that the Board approve the Bond Resolution as a companion document to the previously approved Financing Agreement, subject to any non-substantive changes mutually agreed prior to final execution.

Enclosures:

Enclosed are the Preamble, Sections 3.01 and 8.01 of the Bond Resolution for the Bonds. The other sections are primarily standard verbiage. A copy of the full resolution is available on the website; or you may contact Lester Harris or Bill Greenleaf for a copy.

Submitted By:


William A. Greenleaf, Director of Business Services

Date: September 28, 2018

BOND RESOLUTION AUTHORIZING THE ISSUANCE OF UPPER TRINITY REGIONAL WATER DISTRICT REGIONAL TREATED WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2018; PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; AWARDING THE SALE THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT, AND AN ESCROW AGREEMENT; APPROVING THE OFFICIAL STATEMENT WITH RESPECT TO THE BONDS; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, Upper Trinity Regional Water District (the "District") was duly created and is lawfully operating as a conservation and reclamation district created pursuant to Chapter 1053, Acts of the 71st Legislature of Texas, Regular Session, 1989, as amended (the "Act"), pursuant to Article XVI, Section 59 of the Constitution of the State of Texas; and the District operates as a subdivision of the State of Texas and a body politic and corporate. Capitalized terms used in the preambles of this Resolution shall have the meanings assigned thereto in Article I unless otherwise indicated; and

WHEREAS, pursuant to the Act, the District is authorized to plan, purchase, construct, acquire, own, operate, maintain, repair, and improve, inside or outside of its boundaries, any works, improvements, facilities, plants, equipment and appliances, that are necessary, helpful or incidental for supplying water for municipal, domestic and industrial uses, and is authorized to issue its revenue bonds for such purposes; and

WHEREAS, the District has entered into Treated Water Supply Contracts (as hereinafter defined) and has therein agreed to acquire and develop its regional treated water supply system (the "System"); and

WHEREAS, the District previously issued its Outstanding Parity Bonds and its Commercial Paper Notes; and

WHEREAS, the District has reserved the right and option to issue, under certain conditions, "Additional Bonds," payable from the "Pledged Revenues" and on a parity as to lien and right with any Outstanding Parity Bonds; and

WHEREAS, the conditions precedent to the issuance of Additional Bonds have occurred and are existing; and

WHEREAS, the District requested financial assistance from the Texas Water Development Board ("TWDB") through the TWDB's State Water Implementation Revenue Fund for Texas ("SWIRFT") to assist in the planning, permitting, design and land acquisition for approximately 3.3 miles of treated water transmission system pipeline from the District's Taylor Water Treatment Plant to the Stone Hill Pump Station for the System;

WHEREAS, the TWDB adopted Resolution 18-086 ("TWDB Resolution 18-086") on July 26, 2018 approving the application for financial assistance to the District in the form of a multi-year commitment from the SWIRFT through the proposed purchase by the TWDB of

\$42,070,000 Upper Trinity Regional Water District Regional Treated Water Supply System Revenue Bonds, Proposed Series 2018 through Proposed Series 2020; and

WHEREAS, the District's \$7,590,000 Regional Treated Water Supply System Revenue Bonds, Series 2018 are the first series of bonds to be issued pursuant to TWDB Resolution 18-086; and

WHEREAS, the Board hereby finds and determines that the bonds hereinafter authorized shall be secured by a lien on and pledge of the Pledged Revenues, equally and ratably with the Outstanding Parity Bonds and with any Additional Bonds; and

WHEREAS, the meeting at which this Resolution is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Section 551.041, Texas Government Code, as amended.

Section 3.01. Authorization.

The District's bonds to be designated the "Upper Trinity Regional Water District Regional Treated Water Supply System Revenue Bonds, Series 2018," are hereby authorized to be issued and delivered in accordance with the laws of the State of Texas, including particularly the Act, in the aggregate principal amount of \$7,590,000, for the purposes of (i) paying the costs of the Project and (ii) paying the costs and expenses of issuing the Bonds.

Section 8.01. Sale of Bonds; Official Statement.

(a) All officers of the District are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the terms of sale therefor. The appropriate officer of the District is hereby authorized and directed to issue a check of the District payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) \$9,500).

(b) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Bracewell LLP and Boyle & Lowry, L.L.P., Co-Bond Counsel, which opinion shall be dated and delivered on the Closing Date.