



DATA SHEET Agenda Item No. 12.C.

Meeting Date: August 3, 2017

Agenda Item:

Consider approval of contract and financial matters related to construction of Phase I of Doe Branch Water Reclamation Plant.

C. Financial Matters:

- Resolution authorizing use of current funds for interim purposes and a loan from Regional Treated Water System Non-Bond Capital Reserve.
- Resolution to enable reimbursement of funds from future Bond proceeds.
- Budget Amendment for needed funds.

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:

- Resolution for Loan

At the March 7, 2013 meeting, the Board approved Task Order No. 4 with CDM Smith Inc. in the amount of \$1,660,000.00 for professional services related to design and construction of Phase I of Doe Branch Water Reclamation Plant. Additionally, at the March 6, 2014 meeting, the Board authorized award of Part II for a Construction Manager at Risk contract with CDM Constructors Inc. (CCI) for a guaranteed maximum amount of \$23,850,000.00 to proceed with construction of Phase I of Doe Branch Water Reclamation Plant.

Due to various issues related to weather, timelines and materials, the project was delayed and additional expenses were incurred. Task Order No. 4 to CDM Smith Inc. requires an additional \$39,011.00, bringing the total revised contract amount to \$1,699,011.00. A change order to the CMAR contract with CCI in the amount of \$377,195.00 brings the total revised contract amount to \$24,227,195.00.

To enable payment of these change orders, staff recommends an internal loan be used from the Regional Treated Water System Non-Bond Capital Reserves for the interim time period until bonds can be sold or other financing arranged to reimburse the funds. Specifically, staff recommends that current funds in the Regional Treated Water System Non-Bond Capital Reserve be invested internally. Interest would be paid to the Regional Treated Water System at a minimum authorized rate of 1.5%, which would adjust on a quarterly basis if TexPool's investment rate rises above 1%, subject to Board authorization.

- Resolution for Reimbursement

To provide for reimbursement from future bond proceeds, a reimbursement resolution is necessary. Such resolution is standard practice to authorize reimbursement of prior costs out of future bond proceeds, and expresses clear intent of the Board to make such reimbursements when project financing is complete.

- Budget Amendment

A Budget Amendment is necessary to pay for the additional charges incurred from services provided by CDM Smith Inc. and CCI.

Financial:

The proposed interim funding with an internal loan will provide better earnings on the reserve funds than can be earned in the market.

Recommendation:

That the Board adopt two Resolutions, authorizing: an interim use of funds (a loan) from the Regional Treated Water System Non-Bond Capital Reserve, authorizing the loan between funds; and reimbursement of prior costs out of future bond proceeds, and further to approve proposed Budget Amendment.

Enclosures:

1. Two Proposed Resolutions
2. Proposed Budget Amendment

Submitted By:



William A. Greenleaf, Director of Business Services

Date: July 28, 2017



RESOLUTION

RESOLUTION # 2017 - ____

A RESOLUTION OF THE BOARD OF DIRECTORS OF UPPER TRINITY REGIONAL WATER DISTRICT AUTHORIZING THE USE OF NON-BOND CAPITAL RESERVES OF THE REGIONAL TREATED WATER SYSTEM FOR PROVIDING INTERIM FUNDING FOR THE NORTHEAST REGIONAL WATER RECLAMATION SYSTEM DOE BRANCH PLANT PROJECT.

WHEREAS, Staff recommends that funds from the Non-Bond Capital Reserve for the Regional Treated Water System be authorized as an inter-fund loan of \$425,000 for such interim funding until revenue bonds are issued; and,

WHEREAS, Staff recommends that any funds so used for this purpose from the Non-Bond Capital Reserve be repaid from future bond proceeds or other financing; and,

WHEREAS, interest on the interim financing to be paid by benefitting Members and Customers will be subject to revision by the Board; at a minimum authorized rate of 1.5% which would adjust pro rata on a quarterly basis if TexPool's interest rates rise above 1%.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER TRINITY REGIONAL WATER DISTRICT THAT:

SECTION 1. That the Board of Directors does hereby authorize the use of funds from the Regional Treated Water System Non-Bond Capital Reserve as an inter-fund loan for interim financing for the Doe Branch Plant Project in the Northeast Regional Water Reclamation System.

SECTION 2. When the issuance of revenue bonds or other appropriate financing is authorized by the Board for the Northeast Regional Water Reclamation System, proceeds from such financing will be used to refund to the Non-Bond Capital Reserve of the Regional Treated Water System the principal so used.

SECTION 3. That this Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE UPPER TRINITY REGIONAL WATER DISTRICT THIS 3rd DAY OF AUGUST 2017.

Recommended: Thomas E. Taylor
Thomas E. Taylor, Executive Director

Executed: _____
Kevin Mercer, President

Attest: _____
Mike Fairfield, Secretary



RESOLUTION

RESOLUTION # 2017 - ____

RESOLUTION BY THE BOARD OF DIRECTORS OF UPPER TRINITY REGIONAL WATER DISTRICT AUTHORIZING AND EXPRESSING INTENT TO USE PROCEEDS FROM FUTURE BONDS TO REIMBURSE EXPENDITURES MADE FROM OTHER DISTRICT SOURCES FOR FEASIBILITY STUDIES, DESIGN ENGINEERING, PROJECT MANAGEMENT AND CONSTRUCTION FOR IMPROVEMENTS AND EXTENSIONS TO THE NORTHEAST REGIONAL WATER RECLAMATION SYSTEM -- DOE BRANCH PLANT.

WHEREAS, Upper Trinity Regional Water District (the "Issuer") 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 operates as a governmental agency of the State of Texas and a body politic and corporate; and

WHEREAS, the Issuer will make, or has made not more than 60 days prior to the date hereof, payments with respect to planning, engineering, construction, reconstruction or renovation of the property and facilities listed on Exhibit A attached hereto; and

WHEREAS, the Issuer has concluded that it will not currently issue obligations to finance the costs associated with the property and facilities listed on Exhibit A attached hereto; and

WHEREAS, the Issuer reasonably expects to issue obligations to reimburse itself for the costs associated with the property and facilities listed on Exhibit A attached hereto.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER TRINITY REGIONAL WATER DISTRICT:


SECTION 1. That all matters stated in the preamble are found to be true and correct and are incorporated into the body of the Resolution as if copied in their entirety.

SECTION 2. The Issuer reasonably expects to reimburse itself for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the construction, reconstruction or renovation of the property and facilities listed on Exhibit A from the proceeds of obligations to be issued subsequent to the date hereof.

SECTION 3. The Issuer reasonably expects that the maximum principal amount of obligations issued to reimburse the Issuer for the costs associated with the property and facilities listed on Exhibit A attached hereto will not exceed \$425,000.

SECTION 4. This Resolution shall become effective immediately from and after its passage.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE UPPER TRINITY REGIONAL WATER DISTRICT THIS 3rd DAY OF AUGUST 2017.

Recommended: 
Thomas E. Taylor, Executive Director

Executed: _____
Kevin Mercer, President

Attest: _____
Mike Fairfield, Secretary



EXHIBIT A

All Property and Facilities of the Northeast Regional Water Reclamation System – Doe Branch Plant

PURPOSE
Feasibility Studies, Design Engineering, Project Management, Property Acquisition and Construction Expenditures for improvements, expansion and extensions to the Northeast Regional Water Reclamation System – Doe Branch Plant.



Budget Amendment

Funds: 21-Regional Treated Water System **Date:** August 3, 2017

Funding Source

Account Number	Account Name	Amount
<u>21-102111</u>	<u>RTWS Non-Bond Capital Reserve</u>	<u>\$425,000</u>
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CIP Project:

Account Number	Account Name	Amount
<u>14-58S</u>	<u>Doe Branch Wastewater Plant Phase 1</u>	<u>\$425,000</u>
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Explanation:

An interim loan from the RTWS Non-Bond Capital Reserve is required in the amount of \$425,000 to provide
funding for construction and engineering costs until bonds can be sold to refund the RTWS Non-Bond Capital
Reserve fund.

Approved By: Board of Directors

Date: August 3, 2017