

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niermann, *Commissioner*  
Richard A. Hyde, P.E., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

January 13, 2016

Mr. Clif W. Drummond, President  
Travis County WCID No. 10  
5450 Bee Cave Road, Suite 2-A  
Austin, Texas 78746

Re: Issuance of bonds by Travis County Water Control and Improvement District No. 10 (the "District") in the amount of \$45,970,000 at a maximum net effective interest rate of 5.08%.

Dear Mr. Drummond:

Enclosed are certified copies of an order of the Texas Commission on Environmental Quality (TCEQ) approving your district's project and the issuance of bonds in the amount of \$45,970,000 at a maximum net effective interest rate of 5.08% to finance the District's projects, all being more fully set out in the order.

Your attention is directed to Texas Water Code Section 51.433, which reads as follows:

"At the time bonds are voted, the board annually shall levy a tax on all property inside the District in a sufficient amount to redeem and discharge the bonds at maturity."

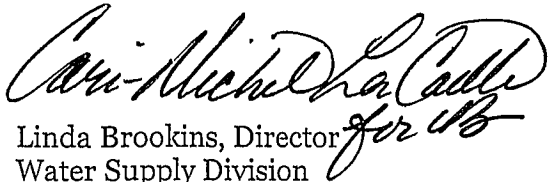
Based on the projected taxable assessed valuation discussed in the TCEQ memorandum associated with the District's application, we have concluded that initially a tax of at least \$0.128 per \$100 valuation should be levied to pay interest, principal, and the cost of assessing and collecting such taxes. Application of the recommended tax rate should provide sufficient funds to satisfy the average annual debt service requirement of \$3,302,410.

You should read the enclosed order carefully. This action is taken under authority delegated by the Executive Director of the TCEQ. Please take particular note of the provision that no substantial alterations in the approved plans and specifications shall be made without prior TCEQ approval. This is a requirement of Texas Water Code Section 49.182.

Mr. Clif W. Drummond, President  
Page 2

A copy of the TCEQ's order and this letter are being sent to the Attorney General's Office, Public Finance Division, Austin, Texas. Additional copies are being provided to your attorney, engineer, and fiscal agent of record.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Brookins", with a stylized flourish at the end.

Linda Brookins, Director  
Water Supply Division  
Texas Commission on Environmental Quality

LB/dh

Enclosures

cc: Mr. Randall Wilburn – Gilbert Wilburn PLLC – 7000 N. Mopac Expressway, Suite 200 – Austin, Texas 78731

Mr. Thomas Arndt, P.E. – Dannenbaum Engineering Corporation – 3409 Executive Center Drive, Suite 129 – Austin, Texas 78731-1672

Mr. Gary Kimball – Specialized Public Finance, Inc. – 248 Addie Roy Road, Suite B103 – Austin, Texas 78746-4110

Attorney General's Office – Public Finance Division – P.O. Box 12548 – Capitol Station – Austin, Texas 78711-2548

JAN 13 2016

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



OF THE COMMISSION, GIVEN UNDER MY HAND AND THE  
SEAL OF OFFICE ON  
*Bridget C. Bohac*  
BRIDGET C. BOHAC, CHIEF CLERK  
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

AN ORDER APPROVING AN ENGINEERING PROJECT  
AND THE ISSUANCE OF \$45,970,000 IN UNLIMITED TAX BONDS  
FOR TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10

An application by Travis County Water Control and Improvement District No. 10 (the "District") was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval pursuant to TEXAS WATER CODE §§ 5.122 and 49.181. The District requests approval of an engineering project and the issuance of \$45,970,000 in bonds to finance: water lines along Bee Cave Road, Buckeye Lane, Red Bud Trail, Flintridge Road, Yaupon Valley Road, Wild Cat Hollow/Boca Chica, Cousteau Lane, Eanes School Road, St. John Nuemann/Westlake Shopping Center; Skyline Drive/Nob Hill Circle water line and pump station; Circle Ridge Drive water line and pump station; Old Stone Hedge water line and pump station; Hedge Lane water line and Rob Roy Pump Station; SCADA control system; Flintridge Road 2,000 gpm pump station; McConnell Pump Station No. 2; Red Bud Trail pump station; and land acquisition costs. The TCEQ has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation.

FINDINGS OF FACT

1. The District filed an application with the TCEQ on August 20, 2015 for approval of a proposed engineering project and the issuance of \$45,970,000 in bonds.
2. The Executive Director has investigated the District.
3. The application and accompanying documents have been examined. A memorandum was prepared on the project dated December 18, 2015, a copy of which is attached and made a part hereof.
4. The District's project and issuance of \$45,790,000 in bonds at a maximum net effective interest rate of 5.08% to finance the project should be approved.
5. The District should be directed not to expend \$30,069,251 as follows:
  - a. \$2,944,976 (\$2,560,876 for construction and \$384,100 contingencies) for Bee Cave Road Water Line from Bulian Lane to Buckeye Trail;
  - b. \$2,478,102 (\$2,154,902 for construction and \$323,200 contingencies) for Bee Cave Road Water Line from Buckeye Trail to Red Bud Trail;
  - c. \$1,137,268 (\$988,968 for construction and \$148,300 contingencies) for Buckeye Lane Water Line;

d. \$1,563,354 (\$1,359,454 for construction and \$203,900 contingencies) for Red Bud Trail Water Line;

e. \$471,039 (\$409,639 for construction and \$61,400 contingencies) for Flintridge Road Water Line;

f. \$960,898 (\$835,598 for construction and \$125,300 contingencies) for Yaupon Valley Road Water Line;

g. \$1,201,964 (\$1,045,164 for construction and \$156,800 contingencies) for Skyline Drive/Nob Hill Circle Water Line & Pump Station;

h. \$801,888 (\$697,288 for construction and \$104,600 contingencies) for Circle Ridge Drive Water Line & Pump Station;

i. \$1,541,876 (\$1,340,776 for construction and \$201,100 contingencies) for Wild Cat Hollow/Boca Chica 2,000 gpm Water Line;

j. \$336,644 (\$292,744 for construction and \$43,900 contingencies) for Old Stone Hedge Water Line & Pump Station;

k. \$471,752 (\$410,252 for construction and \$61,500 contingencies) for Cousteau Lane 2,000 gpm Water Line;

l. \$1,236,103 (\$1,074,903 for construction and \$161,200 contingencies) for Eanes School Road 2,000 gpm Water Line;

m. \$305,406 (\$265,606 for construction and \$39,800 contingencies) for 5524 Bee Cave Road 2,000 gpm Water Line;

n. \$872,368 (\$758,568 for construction and \$113,800 contingencies) for Hedge Lane Water Line & Rob Roy Pump Station;

o. \$1,321,000 (\$1,148,700 for construction and \$172,300 contingencies) for the SCADA Control System;

p. \$5,013,868 (\$4,359,868 for construction and \$654,000 contingencies) for Flintridge Road 2,000 gpm Pump Station;

q. \$6,622,900 (\$5,759,000 for construction and \$863,900 contingencies) for McConnell Pump Station No. 2 & Standby Generator;

r. \$633,900 (\$551,200 for construction and \$82,700 contingencies) for Red Bud Trail Pump Station & Standby Generator; and

s. \$153,945 (\$133,845 for construction and \$20,100 contingencies) for St. John Nuemann to Westlake Shopping Center Water Line

until the District's board of directors has received construction documentation and plans and specifications approved by all authorities with jurisdiction, as necessary.

6. The District should be advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report.

7. The District should be directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds.

### CONCLUSIONS OF LAW

1. The TCEQ has jurisdiction to consider the engineering report and bond application pursuant to TEXAS WATER CODE § 49.181.

2. The Executive Director has investigated the District, and the TCEQ has found it legally organized and feasible.

3. The Districts Section's memorandum dated December 18, 2015, on this engineering project and bond issue should be adopted as the written TCEQ project report in compliance with TEXAS WATER CODE § 49.181(d).

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the Districts Section's memorandum dated December 18, 2015 on this engineering project and bond issue is adopted as the written TCEQ project report. Pursuant to TEXAS WATER CODE § 49.181, the engineering project for Travis County Water Control and Improvement District No. 10 is hereby approved together with the issuance of \$45,970,000 in bonds at a maximum net effective interest rate of 5.08%. The District is directed not to expend \$30,069,251 of the bond issue proceeds approved herein for the following: a. \$2,944,976 (\$2,560,876 for construction and \$384,100 contingencies) for Bee Cave Road Water Line from Bulian Lane to Buckeye Trail; b. \$2,478,102 (\$2,154,902 for construction and \$323,200 contingencies) for Bee Cave Road Water Line from Buckeye Trail to Red Bud Trail; c. \$1,137,268 (\$988,968 for construction and \$148,300 contingencies) for Buckeye Lane Water Line; d. \$1,563,354 (\$1,359,454 for construction and \$203,900 contingencies) for Red Bud Trail Water Line; e. \$471,039 (\$409,639 for construction and \$61,400 contingencies) for Flint Ridge Road Water Line; f. \$960,898 (\$835,598 for construction and \$125,300 contingencies) for Yaupon Valley Road Water Line; g. \$1,201,964 (\$1,045,164 for construction and \$156,800 contingencies) for Skyline Drive/Nob Hill Circle Water Line & Pump Station; h. \$801,888 (\$697,288 for construction and \$104,600 contingencies) for Circle Ridge Drive Water Line & Pump Station; i. \$1,541,876 (\$1,340,776 for construction and \$201,100 contingencies) for Wild Cat Hollow/Boca Chica 2,000 gpm Water Line; j. \$336,644 (\$292,744 for construction and \$43,900 contingencies) for Old Stone Hedge Water Line & Pump Station; k. \$471,752 (\$410,252 for construction and \$61,500 contingencies) for Cousteau Lane 2,000 gpm Water Line; l. \$1,236,103 (\$1,074,903 for construction and \$161,200 contingencies) for Eanes School Road 2,000 gpm Water Line; m. \$305,406 (\$265,606 for construction and \$39,800 contingencies) for 5524 Bee Cave Road 2,000 gpm Water Line; n. \$872,368 (\$758,568 for construction and \$113,800 contingencies) for Hedge Lane Water Line & Rob Roy Pump Station; o. \$1,321,000 (\$1,148,700 for construction and \$172,300 contingencies) for the SCADA Control System; p. \$5,013,868 (\$4,359,868 for construction and \$654,000 contingencies) for Flintridge Road 2,000 gpm Pump Station; q. \$6,622,900 (\$5,759,000 for construction and \$863,900 contingencies) for McConnell Pump Station No. 2 & Standby Generator; r. \$633,900 (\$551,200 for construction and \$82,700 contingencies) for Red

Bud Trail Pump Station & Standby Generator and s. \$153,945 (\$133,845 for construction and \$20,100 contingencies) for St. John Nuemann to Westlake Shopping Center Water Line pending District board of directors receipt of construction documentation and plans and specifications approved by all authorities with jurisdiction. The District is advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report. The District is directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds. The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization from the TCEQ.

BE IT FURTHER ORDERED that pursuant to TEXAS WATER CODE § 5.701, the District shall pay to the TCEQ 0.25% of the principal amount of bonds actually issued not later than the seventh (7th) business day after receipt of the bond proceeds. The fees shall be paid by check payable to the Texas Commission on Environmental Quality.

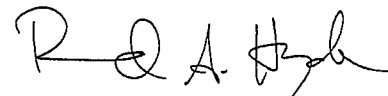
BE IT FURTHER ORDERED that to enable the TCEQ to carry out the responsibilities imposed by TEXAS WATER CODE §§ 49.181–182, the District shall (1) furnish the Districts Section copies of all bond issue project construction documentation outlined under 30 TEXAS ADMIN. CODE § 293.62, including detailed progress reports and as-built plans required by TEXAS WATER CODE § 49.277(b), that has not already been submitted; (2) notify the Districts Section and obtain approval of the TCEQ for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by TEXAS WATER CODE § 49.277(b), that all construction financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

BE IT FURTHER ORDERED that failure of said District to comply with all applicable laws and with provisions of this Order shall subject the District and its directors to all penalties that are provided by law and shall further be considered by the TCEQ as grounds for refusal to approve other bonds of the District.

The Chief Clerk of the TCEQ is directed to forward the District a copy of this Order.

If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: **January 11, 2016**



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For the Commission

# Texas Commission on Environmental Quality

## TECHNICAL MEMORANDUM

**To:** Justin P. Taack, Manager *JPT*  
Districts Section *11/5/2016*

**Thru:** Tom Glab, P.E., Leader *TG*  
Districts Bond Review Team *11/5/2016*

**From:** Daniel Harrison *DH*  
Districts Bond Review Team *11/5/16*

**Subject:** Travis County Water Control and Improvement District No. 10; Application for Approval of \$45,970,000 Unlimited Tax Bonds, Fourth Issue, 5.08% Net Effective Interest Rate, Series 2016; Pursuant to Texas Water Code Section 49.181. TCEQ Internal Control No. D-08202015-028 (TC)  
CN: 600739825 RN: 101427474

### A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received an application from Travis County Water Control and Improvement District No. 10 (District) requesting approval for the issuance of \$45,970,000 in unlimited tax bonds to finance the District's share of the following projects:

1. Bee Cave Road water lines;
2. Buckeye Trail water line;
3. Red Bud Trail water line;
4. Flint Ridge Road water line;
5. Yaupon Valley Road water line;
6. Skyline Drive/Nob Hill Circle water line & pump station;
7. Circle Ridge Drive water line & pump station;
8. Wild Cat Hollow/Boca Chica 2,000 gpm water line;
9. Old Stone Hedge water line & pump station;
10. Cousteau Lane 2,000 gpm water line;
11. Eanes School Road 2,000 gpm water line;
12. 5524 Bee Cave Road 2,000 gpm water line;
13. Hedge Lane water line & Rob Roy pump station;
14. SCADA control system;
15. Flintridge Road pump station & standby generator
16. McConnell Pump Station No. 2 & standby generator;
17. Red Bud Trail pump station & standby generator;
18. St. John Nuemann-Westlake Shopping Center water line; and
19. Land costs.

The District's previous bond issues and use of surplus funds funded utilities to serve 2,300 ESFCs on 4,800 acres. According to information in the engineering report, the District is completely built out, the District currently serves 4,801 ESFCs and the current District area is 4,867.9 acres.

## **B. ECONOMIC ANALYSIS**

### **Tax Rate Analysis**

The feasibility of this bond issue is based on the existing 4,801 ESFCs as of September 2015 and no-growth to the certified taxable assessed valuation (AV) of \$3,337,168,075 as of January 1, 2015. A market study has not been provided, and is not required since the feasibility of the proposed bond issue is based on no-growth.

According to a Travis Central Appraisal District certificate, the District's January 1, 2015 certified taxable AV is \$3,337,168,075. The annual debt service requirement for the proposed bond amount of \$45,970,000 averages \$3,302,410 for the 25-year life of the District's bond debt. The District levied a maintenance tax of \$0.0297 in 2014 and, according to the engineering report, is projecting to levy a maintenance tax of \$0.0295 in the future.

The District's financial advisor submitted a cash flow schedule considering the requested \$45,970,000 bond issue, no-growth to the January 1, 2014 certified taxable AV no capitalized interest, a 4.9% bond interest rate, a 3% bond discount, a 99% collection rate, and a projected tax rate of \$0.1275 per \$100 assessed valuation. A TCEQ Districts Section's financial analyst has reviewed the financial information submitted and concluded that the following level debt service tax rate would be sufficient.

	<u>Projected Tax Rate</u>
District	
Debt Service	\$0.128 (1)(2)
Maintenance	<u>\$0.124</u> (3)
Total District Taxes	\$0.252 (4)

- Notes:
- (1) Based on a net effective interest rate of 5.08%, a 98% collection rate, no-growth to a taxable assessed valuation of \$3,337,168,075, no capitalized interest and at least a 25% ending debt service fund balance.
  - (2) The term "commission-approved tax rate" in 30 Texas Administrative Code (30 TAC) Section 293.85 refers to an initial ad valorem debt service tax of at most \$0.1275 per \$100 assessed valuation.
  - (3) Represents maintenance tax required to balance the revised 2015 operating budget assuming no growth-related revenues or expenses, no developer advances, and no-growth to the January 1, 2015 certified taxable assessed valuation.
  - (4) Represents the combined projected tax rate as defined by 30 TAC Section 293.59(f).

### **Additional Financial Comments**

The District is exempt from the 75% and 25% build-out requirements of 30 TAC Sections 293.59(l)(4) and 293.59(k)(7), respectively, based on its combined no-growth tax rate of \$0.252 being less than \$1.20 pursuant to 30 TAC Sections 293.59(l) and 293.59(k)(11)(C).



### **C. ENGINEERING ANALYSIS**

#### **Water Supply**

Water supply for the District is provided by the City of Austin (City) pursuant to a wholesale service contract. Based on review of the contract, the TCEQ has previously stated that there are no contract limitations to the amount of water being supplied to the District by the City.

The District is proposing to fund construction of water supply system improvements with this bond issue, including several water lines, several pump stations with standby generators and a Supervisory Control and Data Acquisition (SCADA) Control System.

The following table summarizes the existing and proposed water supply facilities that serve the District along with the ESFC capacity of each component based on criteria stated in 30 TAC Section 290.45:

<u>Facility</u>	<u>Minimum Requirements</u>	<u>Existing Capacity</u>	<u>Proposed Capacity</u>	<u>Total Capacity (ESFCs)</u>
Standpipe Storage	200 gal/ESFC	2,522,242 gal.	0	2,522,242 gal. (12,611 ESFCs)
Booster Pumps	2 gpm/ESFC or 1,000 gpm max.	15,080 gpm	2,640 gpm <sup>(1)</sup>	17,720 (8,860 ESFCs)

Notes: (1) According to material provided, the District currently has three 1,760 gpm pumps, which will be retired due to age and replaced with three 2,640 gpm pumps for a net increase of 2,640 gpm.

The District has two emergency interconnects with the City.

The District's existing and proposed water supply capacity appears to be adequate to serve the 4,801 ESFCs upon which the feasibility of this bond issue is based.

#### **Wastewater Treatment**

The District does not provide wastewater treatment, and the majority of District residents operate with individual septic systems and commercial properties are served by the City.

#### **Storm Water Drainage**

The District does not maintain storm water drainage facilities. Storm water within the District flows into Bee Creek, Barton Creek and the Colorado River.

#### **Purchase of Existing Facilities / Assumption of Contracts**

None.

Facilities to be Constructed

<u>Project</u>	<u>Estimated Cost</u>	<u>Amount Subject to District Contribution</u>
Bee Cave Road Water Line from Bulian Lane to Buckeye Trail	\$3,415,776	\$3,415,776
Bee Cave Road Water Line from Buckeye Trail to Red Bud Trail	\$2,940,102	\$2,940,102
Buckeye Lane Water Line	\$1,392,768	\$1,392,768
Red Bud Trail Water Line	\$1,898,754	\$1,898,754
Flintridge Road Water Line	\$ 578,439	\$ 578,439
Yaupon Valley Road Water Line	\$1,179,798	\$1,179,798
Skyline Drive/Nob Hill Circle Water Line & Pump Station	\$1,459,964	\$1,459,964
Circle Ridge Drive Water Line & Pump Station	\$ 984,088	\$ 984,088
Wild Cat Hollow/Boca Chica 2,000 GPM Water Line	\$1,884,376	\$1,884,376
Old Stone Hedge Water Line & Pump Station	\$ 418,144	\$ 418,144
Cousteau Lane 2,000 GPM Water Line	\$ 582,552	\$ 582,552
Eanes School Road 2,000 GPM Water Line	\$1,513,603	\$1,513,603
5524 Bee Cave Road 2,000 GPM Water Line	\$ 379,406	\$ 379,406
Hedge Lane Water Line & Rob Roy Pump Station	\$1,044,268	\$1,044,268
SCADA Control System	\$1,854,600	\$1,854,600
Flint Ridge Road 2,000 GPM Pump Station	\$6,346,168	\$6,346,168
McConnell Pump Station No. 2 & Standby Generator	\$8,572,900	\$8,572,900
Red Bud Trail Pump Station & Standby Generator	\$ 797,100	\$ 797,100
St. John Nuemann to Westlake Shopping Center Water Line	\$ 192,445	\$ 192,445

Itemized cost estimates and approved plans and specifications have not been provided for these projects.

**D. SUMMARY OF COSTS**

<u>CONSTRUCTION COSTS</u>	District's <u>Share<sup>(1)</sup></u>
Developer Contribution Items	\$ 0
District Items	
A. Bee Cave Road Water Line from Bulian Lane to Buckeye Trail	\$ 2,560,876
B. Bee Cave Road Water Line from Buckeye Trail to Red Bud Trail	2,154,902
C. Buckeye Lane Water Line	988,968
D. Red Bud Trail Water Line	1,359,454
E. Flintridge Road Water Line	409,639
F. Yaupon Valley Road Water Line	835,598
G. Skyline Drive/Nob Hill Circle Water Line & Pump Station	1,045,164
H. Circle Ridge Drive Water Line & Pump Station	697,288
I. Wild Cat Hollow/Boca Chica 2,000 GPM Water Line	1,340,776
J. Old Stone Hedge Water Line & Pump Station	292,744
K. Cousteau Lane 2,000 GPM Water Line	410,252
L. Eanes School Road 2,000 GPM Water Line	1,074,903
M. 5524 Bee Cave Road 2,000 GPM Water Line	265,606
N. Hedge Lane Water Line & Rob Roy Pump Station	758,568
O. SCADA Control System	1,148,700
P. Flintridge Road 2,000 GPM Pump Station	4,359,868
Q. McConnell Pump Station No. 2 & Standby Generator	5,759,000
R. Red Bud Trail Pump Station & Standby Generator	551,200
S. St. John Nuemann to Westlake Shopping Center Water Line	133,845
T. Engineering/Geotech/Materials Testing/Miscellaneous for Items A-S	11,287,900
U. Contingencies for Items A-S (9.5%)	3,921,900
V. Inflation Adjustment for Items A-S (3% per year for 5 years)	6,635,645
W. Land Acquisition Costs for Items I, M, P & S	<u>304,650</u> <sup>(1)</sup>
Total District Items	\$48,297,446
 TOTAL CONSTRUCTION COSTS	 \$48,297,446
Less District Cash Contribution	<u>(\$5,000,000)</u> <sup>(2)</sup>
NET TOTAL CONSTRUCTION COSTS (94.2% of BIR)	\$43,297,446

### NONCONSTRUCTION COSTS

A. Legal Fees (1.0%)	\$ 467,200 <sup>(3)</sup>
B. Fiscal Agent Fees (1.25%)	574,625 <sup>(4)</sup>
C. Bond Discount (3%)	1,379,100
D. Bond Issuance Expenses	77,204
E. Bond Application Report Costs	50,000
F. Attorney General Fee (0.10% or \$9,500 max.)	9,500
G. TCEQ Bond Issuance Fee (0.25%)	<u>114,925</u>

TOTAL NONCONSTRUCTION COSTS \$ 2,672,554

**TOTAL BOND ISSUE REQUIREMENT \$45,970,000**

- Notes: (1) Includes \$48,750 for Wild Cat Hollow parcel based on 9,750 square feet (sq.ft.) at \$5.00/sq.ft. (estimated based on 2014 land value for the property from the Travis Central Appraisal District(TCAD)); \$39,000 for 5524 Bee Cave Road parcel based on 3,000 sq.ft. at \$13.00/sq.ft. (estimated based on 2015 land value from the TCAD); \$200,000 for Flintridge Road parcel based on 40,000 sq.ft. at \$5.00/sq.ft. (estimated based on 2012 land value from the TCAD); and \$16,900 for St. John Nuemann parcel based on approximately 2,250 sq.ft. at \$7.50/sq.ft. (estimated based on 2014 land value from the TCAD) according to the material provided.
- (2) The District has provided a letter dated September 14, 2015 from the District Financial Advisor verifying that the \$5,000,000 cash contribution for this bond issue request represents District operating reserves.
- (3) According to the contract provided, the bond counsel's fee is 1.25% of the first \$3,000,000 in the amount of bonds issued and 1.0% of the amount of bonds in excess of \$3,000,000.
- (4) According to the contract provided, the fiscal agent's fee is 1.0% of the bond amount up to \$25,000,000 plus 0.75% of the bond amount thereafter, and multiply that fee amount by a factor of 1.25 for bonds submitted to a federal or state government agency. However, according to material provided, the District proposes to estimate the fee at 1.25% of the bond amount to provide a contingency for selling the bonds in two separate series resulting in additional fiscal agent fees.

### **E. SPECIAL CONSIDERATIONS**

#### **1. District Cash Contribution**

The District has included a cash contribution to finance a portion of the projects. A September 14, 2015 letter from the District's financial advisor has been received stating that the proposed cash contribution represents District accumulated operating reserves.

#### **2. Delayed Funding**

The cost summary includes funds for District projects and/or facilities which are incomplete or proposed and for which plans and specifications are not available. Therefore, the District should be directed not to expend these funds until the District's board has received contract documents and plans and specifications approved by all authorities with jurisdiction.

## **F. CONCLUSIONS**

1. Based on \$53,270,000 in water system bonds approved by voters and \$7,290,000 previously approved by the Commission and issued by the District, the District has sufficient voter-authorized bonds (\$45,980,000) for the proposed bond issue.
2. Based on the review of the engineering report, plans, specifications, and supporting documents, the bond issue is considered feasible and meets the economic feasibility criteria established by 30 TAC Section 293.59.
3. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

## **G. RECOMMENDATIONS**

1. Approve the bond issue in the amount of \$45,970,000, in accordance with the recommended summary of costs, at a maximum net effective interest rate of 5.08%.
2. Direct the District not to expend \$30,069,251 as follows:
  - a. \$2,944,976 (\$2,560,876 for construction and \$384,100 contingencies) for Bee Cave Road Water Line from Bulian Lane to Buckeye Trail;
  - b. \$2,478,102 (\$2,154,902 for construction and \$323,200 contingencies) for Bee Cave Road Water Line from Buckeye Trail to Red Bud Trail;
  - c. \$1,137,268 (\$988,968 for construction and \$148,300 contingencies) for Buckeye Lane Water Line;
  - d. \$1,563,354 (\$1,359,454 for construction and \$203,900 contingencies) for Red Bud Trail Water Line;
  - e. \$471,039 (\$409,639 for construction and \$61,400 contingencies) for Flint Ridge Road Water Line;
  - f. \$960,898 (\$835,598 for construction and \$125,300 contingencies) for Yaupon Valley Road Water Line;
  - g. \$1,201,964 (\$1,045,164 for construction and \$156,800 contingencies) for Skyline Drive/Nob Hill Circle Water Line & Pump Station;
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- j. \$336,644 (\$292,744 for construction and \$43,900 contingencies) for Old Stone Hedge Water Line & Pump Station;
- k. \$471,752 (\$410,252 for construction and \$61,500 contingencies) for Cousteau Lane 2,000 gpm Water Line;
- l. \$1,236,103 (\$1,074,903 for construction and \$161,200 contingencies) for Eanes School Road 2,000 gpm Water Line;
- m. \$305,406 (\$265,606 for construction and \$39,800 contingencies) for 5524 Bee Cave Road 2,000 gpm Water Line;
- n. \$872,368 (\$758,568 for construction and \$113,800 contingencies) for Hedge Lane Water Line & Rob Roy Pump Station;
- o. \$1,321,000 (\$1,148,700 for construction and \$172,300 contingencies) for the SCADA Control System;
- p. \$5,013,868 (\$4,359,868 for construction and \$654,000 contingencies) for Flintridge Road 2,000 gpm Pump Station;
- q. \$6,622,900 (\$5,759,000 for construction and \$863,900 contingencies) for McConnell Pump Station No. 2 & Standby Generator;
- r. \$633,900 (\$551,200 for construction and \$82,700 contingencies) for Red Bud Trail Pump Station & Standby Generator; and
- s. \$153,945 (\$133,845 for construction and \$20,100 contingencies) for St. John Nuemann to Westlake Shopping Center Water Line

until the District's board of directors has received contract documents and plans and specifications approved by all authorities with jurisdiction, as necessary.

- 3. Standard recommendations regarding consultant fees, surplus proceeds, time of approval, and bond proceeds fee apply.