



# **Principal Forgiveness Agreement Clean Water State Revolving Fund**

**TEXAS WATER DEVELOPMENT BOARD**

**AND**

**CITY OF AUSTIN**

**TRAVIS COUNTY, TEXAS**

**TWDB COMMITMENT NO. LF1001808**

**TWDB PROJECT NO. 73953 (IUP FISCAL YEAR 2024)**

**TWDB RESOLUTION NO. (24-060)**

**CFDA No. 66.458**

CITY OF AUSTIN  
TWDB COMMITMENT NO. LF1001808  
TWDB PROJECT NO. 73953  
TWDB RESOLUTION NO. (24-060)

PRINCIPAL FORGIVENESS AGREEMENT

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THE STATE OF TEXAS §  
COUNTY OF TRAVIS §

TWDB Commitment No. LF1001808

**PRINCIPAL FORGIVENESS AGREEMENT  
BETWEEN THE  
TEXAS WATER DEVELOPMENT BOARD  
AND THE  
CITY OF AUSTIN**

WHEREAS, the City of Austin (City), located in Travis County, has filed an application with the Texas Water Development Board (TWDB) for financial assistance in the amount of \$22,160,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, acquisition, design, and construction of certain wastewater system improvements for the project identified as Project No. 73953; and

WHEREAS, on July 23, 2024, the TWDB determined that the City qualifies for principal forgiveness as a Disadvantaged Community, pursuant to 31 TAC Chapter 375 and the criteria set forth in the 2024 CWSRF Intended Use Plan (IUP), and agreed, pursuant to the TWDB Resolution, to provide financial assistance in the amount of \$22,160,000 to the City and further agreed that \$10,000,000 will be forgiven; and

WHEREAS, the TWDB and the City are the Parties to this Agreement;

NOW, THEREFORE, the Parties mutually agree to adhere to the terms of this Agreement and to administer the Principal Forgiveness Funds provided through this Agreement in conformance with all applicable state and federal laws and regulations, the TWDB Resolution, and all terms and conditions set forth in this Agreement.

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**ARTICLE I. DEFINITIONS**

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The following terms, as used in this Agreement, have the meanings assigned below:

Agreement means this Principal Forgiveness Agreement and the attached exhibits.

CFR means the Code of Federal Regulations.

Commitment means an offer by the TWDB to provide financial assistance to an Applicant as evidenced by a TWDB resolution.

Construction Account means an account dedicated to the payment of Project costs, as defined by 31 TAC § 375.1(16) and required by the TWDB Resolution.

CWSRF means the Clean Water State Revolving Fund, a program of financial assistance administered by the TWDB for wastewater projects pursuant to the Federal Water Pollution

Control Act, 33 U.S.C. §§ 1251--1389.; applicable federal regulations; Texas Water Code, Chapter 15, §§ 15.601–15.618; and 31 TAC Chapter 375.

Disadvantaged Community means an area that meets the requirements of a disadvantaged community as defined in 31 TAC § 375.1(24) and the criteria identified in the 2024 CWSRF IUP.

Eligible Expenses means the expenses allowed by TWDB program requirements and authorized by the TWDB in the approved Project Budget.

EPA means the U.S. Environmental Protection Agency.

Escrow Account means an account established by the City that will be used to manage the Principal Forgiveness Funds in accordance with an escrow agreement acceptable to the Executive Administrator and attached as **EXHIBIT G**, until the Executive Administrator authorizes the release of the Principal Forgiveness Funds to the Construction Account.

Executive Administrator means the Executive Administrator of the TWDB or designated representative.

Financial Assistance means funding made available to eligible Applicants, as authorized in 33 U.S.C. §1383(d), including principal forgiveness.

Force Majeure means acts of god, strikes, lockouts, or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, pipelines or canals, and any other incapacities of either party, whether similar to those enumerated or otherwise, and not within the control of the party claiming the inability that by the exercise of due diligence and care the party could not have avoided.

IUP means the Intended Use Plan, State Fiscal Year 2024, approved by the TWDB and the EPA in which the Project was prioritized for funding.

Obligations means the \$12,160,000 City of Austin, Texas Tax and Surplus Revenue Certificates of Obligation, Series 2025 together with all authorizing documents that evidence the portion of the financial assistance that is not forgiven, identified as L1001807.

Outlay Report means the TWDB form regarding the total amount of costs incurred by the City relating to the Project for the specified period.

Parties or Party means the TWDB and the City and their authorized successors and assignees.

Principal Forgiveness Funds means the portion of the Financial Assistance that is forgiven, identified as LF1001808, in an amount not to exceed \$10,000,000

Project means the project for which the TWDB is providing financial assistance under this Agreement and as further described in the TWDB Resolution and identified as Project No. 73953.

State means the State of Texas.

TWDB Resolution means TWDB Resolution No. 24-060, dated July 23, 2024, approving the application for financial assistance filed by the City and authorizing the execution of this Agreement.

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## ARTICLE II. AUTHORITY AND RECITALS

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**2.01. AUTHORITY.** This Agreement is authorized by the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 --1389., and is also governed by the terms of the IUP; Texas Water Code, Chapter 6; Texas Water Code; Chapter 15, §§ 15.601 – 15.618; 31 TAC Chapter 375; and the TWDB Resolution.

**2.02. RECITALS.** The Parties agree that the following representations are true and correct and form the basis of this Agreement.

- A. The TWDB may provide financial assistance in the form of additional subsidization, such as principal forgiveness, for all or a portion of the Project costs in an amount which the TWDB has determined to be eligible.
- B. On July 23, 2024, the TWDB considered an Application filed by the City for financial assistance from the CWSRF program. Based on the representations made by the City in that Application, the TWDB adopted the TWDB Resolution in which the TWDB:
  1. determined that the City is eligible for financial assistance and qualifies for principal forgiveness; and
  2. made a commitment to provide financial assistance through the purchase of bonds in an amount not to exceed \$22,160,000 for the planning, acquisition, design, or construction of the Project and to provide additional subsidization in the form of principal forgiveness to the City in an amount not to exceed \$10,000,000 as Principal Forgiveness Funds without the expectation of repayment.
- C. The TWDB and the City enter this Agreement to set forth the terms and conditions for the Principal Forgiveness Funds. The Executive Administrator is authorized to execute this Agreement on behalf of the TWDB under the TWDB Resolution attached to this Agreement as **EXHIBIT A**. The City is authorized to execute this Agreement through its authorized representative designated in a resolution duly adopted by the governing body of the City attached hereto as **EXHIBIT B**.

- D. Nothing in this Agreement affects any provisions of the Obligations relating to the Financial Assistance amount not forgiven.

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### ARTICLE III. LEGAL REQUIREMENTS

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**3.01. APPLICABLE LAWS.** In consideration of the performance of the mutual agreements set forth in this Agreement, the City, by and through its designated and authorized representatives, agrees to plan, design, and construct the Project in compliance with the following:

- A. the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 --1389., and EPA regulations at 40 CFR Part 35;
- B. all federal laws and regulations identified on **EXHIBIT C**;
- C. Texas Water Code, Chapter 15, §§ 15.601 – 15.618; and
- D. 31 TAC Chapter 375.

**3.02. LABOR STATUTES AND REGULATIONS.** The City agrees to comply with the following statutes, and regulations, and must execute the certifications required by the TWDB related to same. Further, the City must ensure that each contract for work on the Project also contain the following requirements.

- A. Equal Employment Opportunity. The City must comply with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and U.S. Department of Labor regulations at 41 CFR Chapter 60, relating to Office of Federal Contract Compliance, EEO. The City must include this provision in any contract or subcontract in excess of \$10,000 as required by 40 CFR § 31.36.
- B. Davis-Bacon Act Wage Rates. In accordance with the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 --1389., and the applicable IUP and TWDB Guidance on Davis-Bacon Wage Rate Requirements, the City, its contractors and its subcontractors, for the Project that is funded in whole or in part with Principal Forgiveness Funds, must pay all laborers and mechanics at rates not less than those prevailing on similar projects in the same locality, as determined by the U.S. Secretary of Labor’s Wage and Hour Division, in conformance with the Davis–Bacon Act, 40 U.S.C. §§ 3141 - 3148, 29 CFR Part 5, relating to Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction, and 29 CFR Part 3, relating to Contractors and Subcontractors on Public Work Financed in Whole or in Part by Loans or Grants from the United States. All contracts and subcontracts for the construction of the Project carried out in whole or in part with assistance made available as stated in this Agreement must insert in full in any contract in excess of \$2,000 the contracts clauses as attached hereto as **EXHIBIT D**.

- C. Contract Work Hours and Safety Standards Act. The City must ensure that its contractors and subcontractors comply with the Contract Work Hours and Safety Standards Act, 40 U.S.C. §§ 3701 - 3708 and 29 CFR Part 5.
- D. Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment. The City must abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

**3.03. NO LOBBYING.** The City agrees to comply with 40 CFR Part 34, relating to New Restrictions on Lobbying. The City understands and agrees that none of the Principal Forgiveness Funds provided under this Agreement must be expended to pay any person for influencing or attempting to influence an officer or employee of any federal entity, or a Member of Congress, with regard to the awarding of any federal contract, federal grant, federal loan, or the extension, continuation, renewal, amendment or modification of any federal contract, loan, or grant. The City must require that all contracts in excess of \$100,000 for work implementing the Project contain the following statement: IN ACCORDANCE WITH THE BYRD ANTI-LOBBYING AMENDMENT, ANY RECIPIENT WHO MAKES A PROHIBITED EXPENDITURE UNDER TITLE 40 CFR PART 34 OR FAILS TO FILE THE REQUIRED CERTIFICATION OR LOBBYING FORMS SHALL BE SUBJECT TO A CIVIL PENALTY OF NOT LESS THAN \$10,000 AND NOT MORE THAN \$100,000 FOR EACH EXPENDITURE.

**3.04. IRON AND STEEL.** The City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States as required by the Federal Water Pollution Control Act, 33 U.S.C. § 1388, related EPA SRF Policy Guidelines and the TWDB American Iron and Steel Guidance, unless the City has requested and obtained a waiver from EPA pertaining to the Project. This section applies in a manner consistent with United States obligations under international agreements. If the City is a signatory to such an agreement, then the City is under the obligation to determine its applicability and requirements and document the actions taken to comply for the TWDB.

**3.05. PROCUREMENT.** The City must comply with the following when procuring goods and services for work on the Project according to the requirements in this section.

- A. Debarred and Suspended Vendors. Prior to selecting any contractor, the City must ensure that the contractor is not listed on the federal Excluded Parties List System and is not suspended or disbarred by either the State or the federal government. See the following websites for lists of suspended and debarred federal and State vendors: [www.window.state.tx.us/procurement/prog/vendor\\_performance/debarred](http://www.window.state.tx.us/procurement/prog/vendor_performance/debarred) and [www.sam.gov](http://www.sam.gov).
- B. State Procurement Requirements. All purchases for goods, services, or commodities made with funds provided under this Agreement must comply with State and local procurement and contracting laws.

- C. Disadvantaged Business Enterprises. The City agrees to comply with 40 CFR Part 33, relating to Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs.
- D. Contracts for Architectural or Engineering Professional Services. The City agrees to comply with 33 U.S.C. § 1382(b)(14) (Section 602(b)(14) of the Federal Water Pollution Control Act), relating to Capitalization Grant Agreements and 40 U.S.C. §§ 1101 *et seq.*, relating to the Selection of Architects and Engineers.

**3.06. ASSURANCES RELATED TO STATE FUNDS**. The City certifies that it is not prohibited from receiving state funds under Texas Penal Code § 1.10(d) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition). The City also agrees that, during the term of this Agreement, the City will immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f).

**3.07. BUILD AMERICA BUY AMERICA**. The City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58.

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#### **ARTICLE IV. PLANNING, ACQUISITION, DESIGN, AND CONSTRUCTION**

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**4.01. PROJECT REQUIREMENTS**. The City must comply with the following:

- A. Plans and Specifications. The City must construct the Project in accordance with the plans and specifications as sealed by a State licensed engineer and as approved by the Executive Administrator in compliance with 31 TAC Chapter 375, Subchapter F.
- B. Changes to Plans and Specifications. The City must not make or implement any changes to the scope of the Executive Administrator's approved Project or to the specifications for the Project, including, but not limited to, changes to the Green Project Reserve portion of the Project, without the written approval of the Executive Administrator.
- C. Project Schedule. The City must adhere to the TWDB approved Project schedule, attached as **EXHIBIT E**, and must timely and expeditiously use funds and complete the Project. The City must not exceed or revise the Project schedule except upon written approval from the TWDB. The City must not delay the Project completion date except by Amendment to this Agreement.
- D. Project Budget. The City is solely responsible for all costs that exceed the TWDB approved Project budget, attached as **EXHIBIT F**. The City must notify the Executive Administrator immediately when it appears that the Project budget may not be sufficient to complete the Project. The City must not exceed the Project budget except by Amendment to this Agreement.



- E. Environmental Compliance. The City must comply with all environmental conditions and must implement environmental mitigation measures as required through TWDB environmental review under 31 TAC Chapter 375, Subchapter E.

**4.02. PROGRESS REPORTS.** The Executive Administrator may request reports on the progress of the Project at any time. The reports must contain information as directed by the Executive Administrator and must be submitted periodically as requested. The City must respond as requested and a failure to respond may result in withholding the release of funds from the Escrow Account.

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## ARTICLE V. SPECIAL COVENANTS AND REPRESENTATIONS

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**5.01. CONDITIONS FOR DISBURSEMENT OF PRINCIPAL FORGIVENESS FUNDS.** No Principal Forgiveness Funds will be deposited into the Escrow Account or released until the applicable requirements and conditions in the TWDB Resolution and 31 TAC § 375.93, relating to Disbursement of Funds, are met. Construction funds will not be released unless the City has complied with 31 TAC Chapter 375, Subchapter E, relating to Environmental Reviews and Determinations, and 31 TAC Chapter 375, Subchapter F, relating to Engineering Review and Approval. If other conditions affect the release of funds, the Parties agree to negotiate in good faith regarding any new or different terms or conditions that become applicable to the release of Principal Forgiveness Funds.

**5.02. DELIVERY OF PRINCIPAL FORGIVENESS FUNDS.** The TWDB will deposit the Principal Forgiveness Funds in an approved Escrow Account to be released to the City's Construction Account at the direction of the Executive Administrator.

- A. Outlay Reports and Invoices. The City must submit the following documentation:
1. TWDB Outlay Report forms identifying:
    - a. the total amount of expenses incurred by the City for the period covered by the Outlay Report; and
    - b. invoices, receipts or other documentation satisfactory in form and in substance to the TWDB sufficient to establish the requested amount as an eligible expense incurred by the City.
  2. Outlay Report forms are due to TWDB quarterly during the planning, acquisition and design phases and monthly during the construction phase of the Project until the completion of the Project.
- B. Release from Escrow Account. The Executive Administrator will authorize the release of Principal Forgiveness Funds from Escrow when Outlay Reports have been approved by the TWDB.

**5.03. INELIGIBLE EXPENSES.** The City must use Principal Forgiveness Funds for Eligible Expenses. The City must return any Principal Forgiveness Funds that are used for expenses that cannot be verified as eligible or that are ineligible. The amount of Principal Forgiveness Funds used for any ineligible or unverified expenses will be credited against verified Eligible Expenses. If the total amount of Eligible Expenses is insufficient to fully offset the amount of improperly expended Principal Forgiveness Funds, the City must use other funds to fully repay the TWDB.

**5.04. MAINTENANCE OF PROJECT ACCOUNTS.** The City must maintain all project accounts containing funds disbursed for the planning, acquisition, design, or construction of a project, as applicable, in compliance with generally accepted accounting principles (GAAP), including the reporting of underlying infrastructure assets.

**5.05. FINAL ACCOUNTING.** The City must provide a final accounting of funds expended on the Project pursuant to 31 TAC § 375.106 and return any remaining Principal Forgiveness Funds in a manner determined by the Executive Administrator.

**5.06. LEGAL STATUS.** The City must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility.

**5.07. WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN.** If applicable, the City must adopt and implement a water conservation and drought contingency plan that complies with Texas Water Code §§ 16.4021.

**5.08. WATER AUDIT.** If the City is a retail public utility as defined in Texas Water Code § 13.002 and the City provides potable water, then the City annually must perform and file a water audit computing the City's most recent annual system water loss with the TWDB. The first water audit must be submitted by May 1<sup>st</sup> following the passage of one year after the effective date of this Agreement and then by May 1<sup>st</sup> every year thereafter during the term of this Agreement. The City agrees to comply with 31 TAC § 358.6 relating to water audits.

**5.09. REGISTRATION REQUIREMENT.** Pursuant to the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252, the City must obtain a Unique Entity Identification Number and must maintain registration in the System for Award Management (SAM).

**5.10. ANNUAL FINANCIAL AUDIT.** During the Term of this Agreement, the City must submit an annual audit of the general purpose financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) by a certified public accountant or licensed public accountant. Audits will be submitted to the TWDB no later than 180 days after the close of the City's fiscal year.

**5.11. INVESTMENT AND COLLATERALIZATION OF PUBLIC FUNDS.** Financial Assistance funds are public funds and must 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.

**5.12. SPECIAL CONDITIONS.** The Principal Forgiveness Agreement must state that the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.

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## ARTICLE VI. NON-PERFORMANCE AND REMEDIES

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### 6.01. STOP WORK ORDERS.

- A. Stop Work Order (SWO). The Executive Administrator may issue a written SWO to the City at any time for failure to comply with any provision of this Agreement. The SWO will provide the City with notice of the facts supporting the determination to issue the SWO. The SWO may require cessation of work immediately or at a definite future date. The SWO will provide the City with a specified time to cure.
- B. City's Response. The City must provide a written response to the SWO and must provide the Executive Administrator with a detailed plan to address and cure the conditions causing the SWO. The City must provide the response within five business days from its receipt of the SWO.
- C. Executive Administrator's Reply. The Executive Administrator may accept, reject or amend the City's plan and must provide notice of the action to the City within five business days of receipt of the plan. The Executive Administrator may issue an amended SWO that allows resumption of work contingent upon the City's execution of the plan to cure. The Executive Administrator may modify the City's plan to cure only in a manner consistent with the terms and conditions of this Agreement.
- D. City's Option. The City must notify the Executive Administrator within five business days whether it accepts the amended plan. If the City does not accept the amended plan, the Executive Administrator may terminate this Agreement. Upon successful completion of the plan to cure the conditions causing the SWO, the City must continue work to complete all obligations under this Agreement.

**6.02. TERMINATION.** The TWDB may terminate this Agreement in writing at any time. Upon receipt of a notice of termination, the City must immediately discontinue all work in connection with the performance of this Agreement and must promptly cancel all existing orders or other financial commitments chargeable to funding provided pursuant to this Agreement, provided, however, that any costs for Eligible Expenses incurred prior to the receipt of the written notice by the City will be payable from the funding provided pursuant to this Agreement.

Within thirty days of the notice of termination, the City must submit a statement showing in detail the work performed, all payments received by the City, and all payments made by or

due from the City to any contractor prior to the date of termination.

**6.03. SURVIVAL OF TERMS AND CONDITIONS.**

- A. Termination or expiration of this Agreement for any reason will not release either Party from any liabilities or obligations set forth in this Agreement that:
  - 1. the Parties have expressly agreed will survive any such termination or expiration, if any; or
  - 2. by their nature, would be intended to be applicable following any such termination or expiration.
- B. The Parties expressly agree that the following terms and conditions survive the termination or expiration of this Agreement.
  - 1. Article V, Sections 5.03, 5.04, 5.05, 5.07, 5.08, and 5.09.
  - 2. Article VII, General Terms and Conditions.

**6.04. REAL ESTATE.** If the City purchases real estate for the Project with Principal Forgiveness Funds and any of the real estate or portion of the real estate is not used for the Project, the City must repay to the TWDB the full amount of the Principal Forgiveness Funds for purchase of the real estate that is not used for the Project. The amount will be due and payable within 90 days after termination or expiration of this Agreement.

**6.05. REMEDIES.**

- A. The City will have all remedies available in law or equity.
- B. The TWDB will have all remedies available in law or equity, including remedies available under Texas Water Code §§ 6.114 and 6.115.

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**ARTICLE VII. GENERAL TERMS AND CONDITIONS**

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**7.01. INSURANCE AND INDEMNIFICATION.**

- A. The City must at all times keep insured those portions of the Project as are customarily insured by political subdivisions in the State that operate like properties in similar locations under similar circumstances. The City must insure against risks, accidents, casualties, or loss in an amount that is customarily carried by municipalities and political subdivisions and is at least sufficient to protect the TWDB's interest in the Project.
- B. The City is solely responsible for liability resulting from acts or omissions of the City,

its employees, contractors, or agents. The City must indemnify and hold the TWDB and the State harmless to the extent that the City may do so in accordance with State law.

- C. Principal forgiveness proceeds must not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The City 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 and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.

**7.02. PERMITS.** The City is responsible for timely filing applications for all licenses, permits, registrations and other authorizations that the City has identified in the application for financial assistance as required for the planning, acquisition, design, and construction of the Project. The City must submit copies of all of these final licenses, permits, registrations and other authorizations issued by local, state and federal agencies to the TWDB within thirty (30) days of receipt from the issuing agency.

**7.03. RECORDS.** The City must comply with all terms and conditions relating to records of the Project as follows:

- A. Duty to Maintain Records. The City must maintain financial accounting records relating to the Project in accordance with Generally Accepted Accounting Principles. The City must also require its contractors to maintain financial accounting records consistent with Generally Accepted Accounting Principles and with State laws applicable to government accounting. All accounting and other financial documentation must be accurate, current, and must reflect recordation of the transactions at or about the time the transactions occurred;
1. Single Audit Act, 31 U.S.C. §§ 7501 – 7507. The City must comply with the Single Audit Act, and with Office of Management and Budget (OMB) Circular A-133 ensuring an audit is conducted in accordance with OMB Circulars.
  2. Green Projects. If all or part of the Project is designated as a Green Project, then the City must maintain separate tracking of the expenses related to that Project or portion of the Project that has been designated as an approved Green Project.
- B. Duty to Retain Records. The City must retain all financial records and supporting documents and any other documents pertinent to the Project in accordance with the requirements of 31 TAC § 375.107, relating to Records Retention. The TWDB requires the City to retain all records related to this Agreement for a period of three (3) years after the Obligations are paid in full.

- C. Public Records. The City understands and agrees that all documents relating to this Agreement are subject to the Public Information Act, Texas Government Code, Chapter 552, and that the documents may not be withheld from public disclosure, except in accordance with law and with the rulings of the Texas Attorney General. The City is required to make any information created or exchanged pursuant to this Agreement, and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge. The City must promptly respond to a request by the TWDB for copies of any of the City's records related to this Agreement; and
- D. Access to Records.
1. State Auditor. By executing this Agreement, the City accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all Principal Forgiveness Funds received pursuant to this Agreement. The City must comply with directives from the Texas State Auditor and must cooperate in any investigation or audit. The City agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The City also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with all Principal Forgiveness Funds received pursuant to the contract or subcontract.
  2. TWDB, EPA, and Comptroller General of the United States. The City agrees that the TWDB, the EPA, and the Comptroller General of the United States will have full access to any books, documents, papers, and records which are related to the funds expended under this Agreement and that further these federal entities may audit, examine, copy excerpts, and make transcriptions of any books, documents, papers, and records. The standards of administration, property management, audit procedures, procurement and financial management, and the records and facilities of the City and its contractors are subject to audit and inspection by the TWDB and by the EPA and by any other authorized state or federal entity. All books, documents, papers, and records of the City related to this Agreement must be made available for audit, examination, excerption, and transcription by the staff of the TWDB within a reasonable time after a request from the TWDB. The City understands and agrees that the EPA's Regional Administrator may, after a thirty day written notice, review any records the Regional Administrator deems necessary to determine compliance with all requirements concerning the Principal Forgiveness Funds provided under this Agreement.

**7.04. UPDATING INFORMATION.** The City must provide the TWDB with updated information, reports, statements and certifications as requested by the Executive Administrator relating to the financial condition of the City or the Project and the use of

Principal Forgiveness Funds. The City must promptly notify the TWDB of any material change in the activities, prospects or conditions of the City relating to the Project, or its ability to observe and perform its duties, covenants, obligations and agreements under this Principal Forgiveness Agreement.

**7.05. FORCE MAJEURE.** Unless otherwise provided, neither the City nor the TWDB nor any agency of the State will be liable to the other for any delay in or failure of performance of a requirement contained in this Agreement caused by *Force Majeure*. The existence of the causes of delay or failure will extend the period of performance until after the causes of delay or failure have been removed provided the non-performing Party exercises all reasonable due diligence to perform. Each Party must inform the other in writing with proof of receipt within five (5) business days of the existence of the *Force Majeure* or otherwise waive this right as a defense.

**7.06. NON-ASSIGNABILITY.** The terms and conditions of the financial assistance provided by this Agreement may not be assigned, transferred, or subcontracted in any manner without the express written consent of the TWDB.

**7.07. ENTIRE AGREEMENT AND AMENDMENT.** This Agreement, which incorporates all attached Exhibits, constitutes the entire agreement between the Parties. This Agreement may be amended only in writing signed by the Parties. The changes allowed under Section 4.01 do not require an amendment to this Agreement unless a change to the Project Schedule, **EXHIBIT E** or the Project Budget, **EXHIBIT F**, results in a different project completion date or total budget amount.

**7.08. NO WAIVER.** The failure of any Party to insist upon the strict performance of any of the terms, provisions, or conditions of this Agreement will not be construed as a waiver or relinquishment for the future of the strict performance of any other term, provision, or condition.

**7.09. NO DEBT CREATED.** Each Party agrees and understands that, by this Agreement, the State, acting through the TWDB, is not lending its credit or in any manner creating a debt on behalf of the State. To the extent that the City is not securing the Obligations with ad valorem taxes, each Party agrees and understands that, pursuant to this Agreement, the City is not lending its credit or in any other manner creating a debt on behalf of the City.

**7.10. LAW AND VENUE.** The validity, operation, and performance of this Agreement will be governed and controlled by the laws of the State of Texas and applicable federal regulations, and the terms and conditions of this Agreement will be construed and interpreted in accordance with the laws of the State. The Parties understand and agree that this Agreement is for the provision of financial assistance for the planning, design, acquisition, and construction of the Project and all or part of the performance of the terms and obligations of the Agreement will be performed in Travis County, Texas. Notwithstanding the location of the Project, the Parties understand and agree that any proceeding brought for any breach of this Agreement involving the TWDB must be in Travis County, Texas. This section does not waive the sovereign immunity of the State or the TWDB.

**7.11. NOTICES.** All notices, notifications, or requests required or permitted by this Agreement must be in writing and must be transmitted by personal delivery or transmitted by United States certified mail, return receipt requested, postage prepaid, to the addresses of the Parties shown below. Notice is effective when received by the Party to whom notice is sent.

Texas Water Development Board  
Attn: Executive Administrator  
Physical Address:  
1700 N. Congress Ave., 6<sup>th</sup> Floor  
Austin, Texas 78701-1496  
Mailing Address:  
P.O. Box 13231  
Austin, Texas 78711-3231

City of Austin  
Attn: Mayor  
Physical Address:  
505 Barton Springs Rd., 12<sup>th</sup> Floor  
Austin, Texas 78704-0000  
Mailing Address:  
P.O. Box 1088  
Austin, Texas 78767-1088

**7.12. TERM.** This Agreement is effective on the date signed by the Executive Administrator. The Agreement will expire upon the successful completion of the Project and Final Accounting in accordance with Section 5.05 of this Agreement.

[remainder of page left intentionally blank]

DRAFT



## TEXAS WATER DEVELOPMENT BOARD

---

Bryan McMath  
Executive Administrator

---

Date

DRAFT

**CITY OF AUSTIN**

---

Kirk Watson  
Mayor

---

Date

DRAFT

**EXHIBIT A**  
**TWDB Resolution No. (24-060)**

DRAFT

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$22,160,000 TO THE CITY OF AUSTIN  
FROM THE CLEAN WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$12,160,000 CITY OF AUSTIN, TEXAS  
TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION,  
PROPOSED SERIES 2024  
AND  
\$10,000,000 IN PRINCIPAL FORGIVENESS**

(24-060)

**Recitals:**

The City of Austin (City), located in Travis County has filed an application for financial assistance in the amount of \$22,160,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, acquisition, design, and construction of water quality improvements identified as Project No. 73953.

The City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$12,160,000 City of Austin, Texas Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2024 (together with all authorizing documents, (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$10,000,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The City has offered a pledge of ad valorem taxes and surplus revenue as sufficient security for the repayment of the Obligations.

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 § 375.14.

**Findings:**

1. The revenue or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607.
2. The application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*
3. The term of the Obligations does not exceed the expected useful life of the project proposed by the City.
4. The City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques, or technology prescribed by the Texas Water Code and TWDB's rules.

5. The benefitting project area within the City meets the definition of a “Disadvantaged Community” in 31 TAC § 375.1(23) and is therefore eligible for principal forgiveness in the amount of \$10,000,000.

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

A commitment is made by the TWDB to the City of Austin for financial assistance in the amount of \$22,160,000 from the Clean Water State Revolving Fund through the TWDB’s proposed purchase of \$12,160,000 City of Austin, Texas Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2024, and the execution of a Principal Forgiveness Agreement in the amount of \$10,000,000. This commitment will expire on January 31, 2025.

The commitment is conditioned as follows.

Standard Conditions:

1. The commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution.
2. The commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all the requirements of the laws under which the Obligations are issued have been complied with; that the Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that the Obligations are valid and binding obligations of the City.
3. The commitment is contingent upon the City’s compliance with all applicable requirements contained in 31 TAC Chapter 375.
4. The Obligations must provide that the City agrees to comply with all the conditions set forth in the TWDB Resolution.
5. 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 which 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.
6. The City, 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 City’s Obligations, at a minimum and regardless of the amount of the Obligations, must agree to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the 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 the rule, the continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City’s Obligations, if the TWDB sells or

- otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to the bonds under SEC Rule 15c2-12.
7. The Obligations must require the City to levy a tax or maintain and collect sufficient rates and charges, as applicable, to produce system funds in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations.
  8. The Obligations must require the City to use any proceeds from the Obligations that are determined to be remaining unused funds for enhancements to the original project that are explicitly approved by the Executive Administrator or, if no enhancements are authorized by the Executive Administrator, requiring the City to submit a final accounting and disposition of any unused funds. Remaining unused funds are those funds unspent after the original approved project is completed.
  9. The Obligations must require the City to use any proceeds from the Obligations that are determined to be surplus funds in a manner approved by the Executive Administrator. Surplus funds are funds remaining after completion of the project and completion of a final accounting.
  10. The Obligations must provide 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.
  11. Proceeds of this commitment are public funds. Therefore, the Obligations must require 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.
  12. Proceeds of this commitment must not be used by the City when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Obligations must provide that the City is solely responsible for liability resulting from acts or omissions of the City, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
  13. Before closing, the City must submit documentation evidencing the adoption and implementation of sufficient system rates and charges or the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements.
  14. Before closing, and if not previously provided with the application, the City must submit executed contracts for engineering, and, if applicable, financial advisor and bond counsel contracts, 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.

15. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the City must execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator and shall submit that executed agreement to the TWDB.
16. The Executive Administrator may require the City to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
17. The Obligations must provide that the City must comply with all applicable federal laws and TWDB laws and rules related to the use of the financial assistance.
18. The Obligations must provide that the City 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.
19. The Obligations must require the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
20. The City must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
21. The Obligations must provide that the City must submit annually, an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

**Tax-Exempt Conditions:**

22. The City'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 City when rendering this opinion.
23. The City's bond counsel opinion must state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the City when rendering this opinion.
24. The Obligations must prohibit the City from using the financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated under section 141 (Regulations).
25. The Obligations must provide that no portion of the proceeds of this financial assistance will be used, directly or indirectly, in a manner that would cause the

Obligations to be “arbitrage bonds” within the meaning of section 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 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 the proceeds are needed for the facilities to be financed;
- b. amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations; and
- c. amounts deposited in any reasonably required reserve or replacement fund to the extent the deposited 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.

26. The Obligations must require the City to 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 to satisfy the requirements of section 148 of the Code. The Obligations must provide that the City must:

- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments) on its books of account separately and apart from all other funds, including receipts, expenditures, and investments, and retain all records of the accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of this financial assistance with other money of the City, provided that the City separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired those proceeds;
- b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to this financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and related rulings. The City must maintain a copy of the calculations for at least six years after the final Computation Date;
- c. as additional consideration for the making of this commitment, and to induce the 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 for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date; and



- d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly to correct the error within a reasonable amount of time after including payment to the United States of any interest and any penalty required by the Regulations.
27. The Obligations must prohibit the City from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.
28. The Obligations must provide that the City will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of section 149(b) of the Code.
29. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City’s reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
30. The Obligations must provide that the City will refrain from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code, relating to advance refundings.
31. The transcript must include evidence that the information reporting requirements of section 149(e) of the 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 section 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.
32. The Obligations must provide that neither the City nor a related party 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 City by the TWDB.
33. Before closing, the City must provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.

State Revolving Fund Conditions:

34. The City must submit outlay reports on a quarterly or monthly basis with sufficient documentation on costs in accordance with TWDB outlay report guidelines.
35. The Obligations must provide that all laborers and mechanics employed by contractors and subcontractors for projects be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor’s implementing regulations.

The City, all contractors, and all sub-contractors must ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided must insert in full in any contract in excess of \$2,000 the contract clauses as provided by the TWDB.

36. The Obligations must provide that the City shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Unique Entity Identification Number and shall register with System for Award Management (SAM) and maintain current registration at all times during which the Obligations are outstanding.
37. The Obligations must provide that all proceeds of this financial assistance will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and must provide that the City will adhere to the approved project schedule.
38. The Obligations and Principal Forgiveness Agreement must provide that the City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines.
39. The Obligations and Principal Forgiveness Agreement must provide that the City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58.
40. The Obligations must provide that the City must comply with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets.
41. The Obligations and Principal Forgiveness Agreement must provide that the City shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

Clean Water State Revolving Fund Conditions:

42. The City must pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant 31 TAC Chapter 375.
43. Before release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program.
44. Before release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design,

engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)–(C), the City must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14).

**Pledge Conditions:**

45. the Obligations must provide as follows:
  - a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
  - b. if surplus revenues are based upon budgeted amounts:
    - i. the Obligations must require that the City transfer and deposit into the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;
    - ii. the Obligations must require that for each year the Obligations are outstanding, and before the time taxes are to be levied for that year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues or tax revenues or both, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination of these, into the Interest and Sinking Fund for the repayment of the Obligations; and
    - iii. the Obligations must require that the City shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of the Obligations, or the City shall provide documentation which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in


conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

Special Conditions:

46. Before closing, the City must execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
47. The Principal Forgiveness Agreement must state that the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.

APPROVED and ordered of record this 23rd day of July 2024.

TEXAS WATER DEVELOPMENT BOARD

  
*Brooke J. Paup*

\_\_\_\_\_  
Brooke T. Paup, Chairwoman

DATE SIGNED: *July 25, 2024*

ATTEST:

*Bryan McMath*

\_\_\_\_\_  
Bryan McMath, Interim Executive Administrator

**EXHIBIT B**  
**City of Austin's Resolution**

DRAFT

**RESOLUTION NO. 20241212-**

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A PRINCIPAL FORGIVENESS AGREEMENT FOR WATER AND WASTEWATER SYSTEM IMPROVEMENTS; AND RESOLVING OTHER MATTERS RELATING TO THE SUBJECT**

**THE STATE OF TEXAS   '**  
**COUNTIES OF TRAVIS, WILLIAMSON AND HAYS        '**  
**CITY OF AUSTIN   '**

The City of Austin, Texas (the “City”) has received approval from the Texas Water Development Board (“TWDB”) for financial assistance from TWDB to the City in the amount of \$22,160,000 (the “Loan”), consisting of the City’s Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2024, in the amount of \$12,160,000, and Principal forgiveness in the amount of \$10,000,000;

TWDB has presented to the City a Principal Forgiveness Agreement (the “Principal Forgiveness Agreement”) in connection with the Loan, in which the City agrees to certain conditions with respect to the Loan;

This City Council hereby finds and determines that it is a public benefit to and in the best interests of the City and its residents to enter into the Principal Forgiveness Agreement in order to obtain the Loan to fund needed sanitary sewer improvements within the City; and

It is officially found, determined and declared that the meeting at which this Resolution has been adopted was open to the public, and public notice of the date, hour, place and subject of said meeting, including this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code; Now, Therefore

**BE IT RESOLVED BY THE CITY COUNCIL OF CITY OF AUSTIN, TEXAS THAT:**

- 1.       The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.
- 2.       The Principal Forgiveness Agreement, in substantially the form presented at this meeting, is hereby approved and the Mayor, Mayor Pro-Tem, City Manager, Chief Financial Officer, City Treasurer and City Clerk of the City are hereby authorized and directed to execute and deliver the Principal Forgiveness Agreement. The Escrow Agreement relating to the Principal Forgiveness Agreement between the City and the escrow agent named therein (the “Escrow Agent”), substantially in the form and content presented at this meeting, is hereby approved and the Mayor, Mayor Pro-Tem, City Manager, Chief Financial Officer, City Treasurer and City Clerk of the City are hereby authorized and directed to execute the Escrow Agreement on behalf of the City. The Escrow Agent named in the Escrow Agreement is hereby appointed as the Escrow Agent pursuant to such Escrow Agreement.
- 3.       The Mayor, Mayor Pro-Tem, City Manager, Chief Financial Officer, City Treasurer and City Clerk of the City, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to take such actions and to execute and deliver in the name and on behalf of the City all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution.
- 4.       This Resolution shall become effective immediately upon adoption.

DULY PASSED AND APPROVED by the City Council of the City of Austin, Texas, on December 12, 2024.

\_\_\_\_\_  
Kirk Watson,  
Mayor, City of Austin, Texas

ATTEST:

\_\_\_\_\_  
Myrna Rios,  
City Clerk, City of Austin, Texas

[CITY SEAL]

APPROVED:

\_\_\_\_\_  
Deborah Thomas,  
City Attorney, City of Austin, Texas

DRAFT

## **EXHIBIT C**

### **List of Federal Laws and Authorities (Cross-Cutters)**

The basic rules for complying with cross-cutting federal authorities are set-out in the CWSRF regulations at 40 C.F.R. § 35.3145 and in the DWSRF regulations at 40 C.F.R. § 35.3575. A list of and link to these authorities is provided below and also available from the Environmental Protection Agency (EPA) at: <https://www.epa.gov/drinkingwatersrf>. A handbook on the applicability of the cross-cutting federal authorities is available from EPA at <https://www.epa.gov/sites/production/files/2015-08/documents/crosscutterhandbook.pdf>.

#### **Environmental Authorities**

- Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- Clean Air Act, Pub. L. 84-159, as amended
- Coastal Barrier Resources Act, Pub. L. 97-348
- Coastal Zone Management Act, Pub. L. 92-583, as amended
- Endangered Species Act, Pub. L. 93-205, as amended
- Environmental Justice, Executive Order 12898
- Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- Protection of Wetlands, Executive Order 11990
- Farmland Protection Policy Act, Pub. L. 97-98
- Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- National Historic Preservation Act of 1966, PL 89-665, as amended
- Safe Drinking Water Act, Pub. L. 93-523, as amended
- Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

#### **Economic and Miscellaneous Authorities**

- Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
- Procurement Requirements for Architectural and Engineering Services under 40 U.S.C. § 1101 and Section 602 of the Clean Water Act
- Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- Debarment and Suspension, Executive Order 12549

#### **Social Policy Authorities**

- Age Discrimination Act of 1975, Pub. L. 94-135
- Title VI of the Civil Rights Act of 1964, Pub. L. 88-352 (2)
- Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- Equal Employment Opportunity, Executive Order 11246
- Women's and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432
- Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

**The Civil Rights Act and related anti-discrimination statutes apply to all the operations of the SRF program.**



## **EXHIBIT D**

### **Davis-Bacon Contract and Subcontract Provisions**

#### **(3) CONTRACT AND SUBCONTRACT PROVISIONS.**

(a) The subrecipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of treatment work under the CWSRF or a construction project under the DWSRF financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in 29 CFR 5.1 the Water Resources Reform and Development Act of 2014, for a CWSRF-funded project or the Consolidated Appropriations Act, 2016 (or subsequent federal law) for a DWSRF-funded project the following clauses:

#### **(1) Minimum Wages**

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, <https://beta.sam.gov>.

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The TWDB shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient (s) to the TWDB. TWDB will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the TWDB or will notify the TWDB within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the TWDB shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of TWDB, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

## **(2) Withholding**

The subrecipient(s) shall, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the EPA may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

## **(3) Payrolls and basic records**

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or

her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the funds from the TWDB. Such documentation shall be available on request of the TWDB or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the TWDB indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the subrecipient(s) for transmission to the TWDB or EPA if requested by EPA, the TWDB, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the TWDB, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the EPA or TWDB may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

#### **(4) Apprentices and trainees**

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess

of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

#### **(5) Compliance with Copeland Act requirements**

The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

#### **(6) Subcontracts.**

The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

#### **(7) Contract termination; debarment.**

A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

#### **(8) Compliance with Davis-Bacon and Related Act requirements.**

All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

#### **(9) Disputes concerning labor standards.**

Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and subrecipient(s), TWDB, EPA, the U.S. Department of Labor, or the employees or their representatives.

#### **(10) Certification of eligibility.**

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

### **4. CONTRACT PROVISIONS FOR CONTRACTS IN EXCESS OF \$100,000**

(a) Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

### **(1) Overtime requirements**

No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

### **(2) Violation; liability for unpaid wages; liquidated damages.**

In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.

### **(3) Withholding for unpaid wages and liquidated damages**

The subrecipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (a)(2) of this section.

### **(4) Subcontracts**

The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this section.

(b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the EPA, TWDB and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

## **(5) COMPLIANCE VERIFICATION**

(a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) found in TWDB guidance document TWDB-0156 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are also available from EPA on request.

(b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.

(c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments there under by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA Region 6 DB Coordinator, TWDB, and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

**EXHIBIT E**  
**Project Schedule**

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### PROJECT SCHEDULE

<b>Task</b>	<b>Schedule Date</b>
Engineering Feasibility Report Completion (End of Planning Phase)	March 27, 2026
Design Phase	January 15, 2027
Start of Construction	January 21, 2028
Construction Completion	January 25, 2030

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**EXHIBIT F**  
**Project Budget**

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## Project Budget Summary

Austin

73953 - Austin Buttermilk Creek Water Quality Improvements  
Project

Budget Items	TWDB Funds	Local and Other Funds	Total
<b>Construction</b>			
Construction	\$16,080,000.00	\$5,000,000.00	\$21,080,000.00
<b>Subtotal for Construction</b>	<b>\$16,080,000.00</b>	<b>\$5,000,000.00</b>	<b>\$21,080,000.00</b>
<b>Basic Engineering Services</b>			
Construction Engineering	\$400,000.00	\$400,000.00	\$800,000.00
Design	\$2,400,000.00	\$1,000,000.00	\$3,400,000.00
Planning	\$500,000.00	\$1,000,000.00	\$1,500,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$3,300,000.00</b>	<b>\$2,400,000.00</b>	<b>\$5,700,000.00</b>
<b>Special Services</b>			
Application	\$0.00	\$42,000.00	\$42,000.00
Environmental	\$95,000.00	\$100,000.00	\$195,000.00
Geotechnical	\$170,000.00	\$0.00	\$170,000.00
Inspection	\$175,000.00	\$0.00	\$175,000.00
Permits	\$120,000.00	\$0.00	\$120,000.00
Project Management (by engineer)	\$400,000.00	\$0.00	\$400,000.00
Surveying	\$230,000.00	\$0.00	\$230,000.00
Testing	\$170,000.00	\$0.00	\$170,000.00
<b>Subtotal for Special Services</b>	<b>\$1,360,000.00</b>	<b>\$142,000.00</b>	<b>\$1,502,000.00</b>
<b>Fiscal Services</b>			
Bond Counsel	\$0.00	\$45,000.00	\$45,000.00
Financial Advisor	\$0.00	\$60,000.00	\$60,000.00
Fiscal/Legal	\$0.00	\$22,000.00	\$22,000.00
Loan Origination Fee	\$209,140.00	\$0.00	\$209,140.00
<b>Subtotal for Fiscal Services</b>	<b>\$209,140.00</b>	<b>\$127,000.00</b>	<b>\$336,140.00</b>
<b>Other</b>			
Land/Easements Acquisition	\$420,000.00	\$0.00	\$420,000.00
Project Legal Expenses	\$0.00	\$100,000.00	\$100,000.00
<b>Subtotal for Other</b>	<b>\$420,000.00</b>	<b>\$100,000.00</b>	<b>\$520,000.00</b>
<b>Contingency</b>			
Contingency	\$790,860.00	\$0.00	\$790,860.00
<b>Subtotal for Contingency</b>	<b>\$790,860.00</b>	<b>\$0.00</b>	<b>\$790,860.00</b>
<b>Total</b>	<b>\$22,160,000.00</b>	<b>\$7,769,000.00</b>	<b>\$29,929,000.00</b>

**EXHIBIT G**  
**Escrow Agreement**

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## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of January 1, 2025 is entered into by and between the City of Austin, Texas, a political subdivision of the State of Texas in Travis, Williamson and Hays Counties, Texas, (herein called the “City”), and [\_\_\_\_\_], as escrow agent (herein together with any successor in such capacity, called the “Escrow Agent”).

### W I T N E S S E T H:

WHEREAS, pursuant to a Resolution adopted on December 12, 2024 (Resolution), the City of Austin, Texas by authorizing execution of a Principal Forgiveness Agreement in the amount of \$10,000,000, the City accepts certain contractual obligations (the “Obligations”) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding water or wastewater system improvements (the “Project”); and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Obligations is the deposit of the proceeds of the Obligations (the “Proceeds”) in escrow subject to being withdrawn only with the approval of the Executive Administrator or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the City to the Escrow Agent, as set forth on **EXHIBIT A**, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNT(S).** Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Number LF1001808 shall be deposited to the credit of a special escrow account(s) or escrow subaccount (Escrow Account) maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account(s) shall be entitled “City of Austin, Texas, Principal Forgiveness Agreement, Texas Water Development Board Commitment LF1001808 Escrow Account” and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Obligations and solely upon written authorization from the Executive Administrator or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Account(s) bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account(s) and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of

America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds as directed in writing by the City in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (PFIA). It is the City's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy. In the absence of written investment direction from the City, the Proceeds and any interest or income earned thereon shall be held un-invested.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Account(s), or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or his/her designated representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Account(s) provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Account(s) after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Obligations. The City shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Obligations, that being the sole obligation of the City.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or willful misconduct. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations. In the event of a question regarding any disbursement or a disagreement between the undersigned or TWDB or any other person resulting in adverse claims being made upon the amounts in the Escrow Account, the Escrow Agent shall be protected and shall not be liable to the City or any other person if it follows the written direction of the Executive Administrator or of a final order or judgment of a court of competent jurisdiction. The City agrees to indemnify and save Escrow Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Escrow Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the negligence or willful misconduct of Escrow Agent. Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion and instructions of such counsel. The Escrow Agent may resign at any time by providing such termination notices in accordance with Section 11.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account, and investments of the Escrow Account and all proceeds thereof. The records shall be

available for inspection and copying at reasonable hours and under reasonable conditions by the City and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account(s) to the City.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

[NAME]  
[TITLE]  
[BANK]  
[ADDRESS]  
[CITY/STATE/ZIP]  
Office:  
Fax:  
[EMAIL]

[NAME]  
Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Account(s). No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit A, which compensation shall be paid by the City but may not be paid directly from the Escrow Account(s).

**SECTION 19: VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS.** The Escrow Agent makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate means an entity that controls, is controlled by, or is under common control with the Escrow Agent within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

- (a) Not a Sanctioned Company. The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (b) No Boycott of Israel. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing



verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

- (c) No Discrimination Against Firearm Entities. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- (d) No Boycott of Energy Companies. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.
- (e) Attorney General Standing Letter. The Escrow Agent represents that it has, or will have prior to the closing date, on file with the Texas Attorney General a standing letter addressing the representations and verifications contained in this section of this Agreement in a form accepted by the Texas Attorney General. In addition, the Escrow Agent or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such Agent receives or has received a letter from the Texas Comptroller of Public Accounts pursuant to Chapter 809, Texas Government Code seeking written verification that it does not boycott energy companies (a “Comptroller Request Letter”), the Agent shall promptly notify the Issuer and the Issuer’s bond counsel (if it has not already done so) and provide to the Issuer or the Issuer’s bond counsel, prior to the closing date and additionally upon request by the Issuer or the Issuer’s bond counsel, written verification to the effect that its standing letter described in the preceding sentence remains in effect and may be relied upon by the Issuer and the Texas Attorney General (the “Bringdown Verification”). The Bringdown Verification shall also confirm that the Agent (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Agent that received the Comptroller Request Letter) intends to timely respond or has timely responded to the Comptroller Request Letter. The Bringdown Verification may be in the form of an e-mail.

**SECTION 20: TAX MATTERS/PATRIOT ACT & BANK SECRECY ACT.** The City agrees that, for tax reporting purposes, all interest or other income, if any, attributable to the amounts held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the City. Tax reporting will be completed by the City. The City agrees to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. Persons) and other forms and documents that the Escrow Agent may reasonably request at the time of execution of this Agreement, and any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time or the Bank Secrecy Act, as amended from time to time. The City understands that if such documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

**SECTION 21: COUNTERPARTS/ELECTRONIC TRANSACTIONS.** The parties hereto agree that the transactions described herein may be conducted and related documents may be sent, received, and stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original

executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Execution Page Follows.]

DRAFT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective upon signature of both parties.

City of Austin, Texas

By: \_\_\_\_\_  
T.C. Broadnax, City Manager

Attest: \_\_\_\_\_  
Myrna Rios, City Clerk

Date: \_\_\_\_\_

(Seal)

Address: 301 West Second Street  
Austin, Texas 78701

DRAFT

[ \_\_\_\_\_ ]  
as Escrow Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Address:

(Bank Seal)

DRAFT

**EXHIBIT A**  
Fee Schedule

(See attached)

DRAFT