

RESOLUTION NO. 4197

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

THE STATE OF TEXAS	§
COUNTY OF GRAYSON	§
CITY OF DENISON	§

WHEREAS, the City of Denison, Texas (the "City") has received approval from the Texas Water Development Board ("TWDB") for financial assistance from TWDB to the City from the Drinking Water State Revolving Fund Lead Service Line Replacement Program in the amount of (i) \$4,306,122 (the "Inventory Loan"), consisting of the City's Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2025B, in the amount of \$2,110,000, and Principal Forgiveness in the amount of \$2,196,122, and (ii) \$5,693,878 (the "Non-Inventory Loan" and, together with the Inventory Loan, the "Loans"), consisting of the City's Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025C, in the amount of \$2,790,000, and Principal Forgiveness in the amount of \$2,903,878;

WHEREAS, TWDB has presented to the City a Principal Forgiveness Agreement (the "Principal Forgiveness Agreement") in connection with the Loans, in which the City agrees to certain conditions with respect to the Loans;

WHEREAS, 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 Loans to fund needed water system improvements within the City; and

WHEREAS, 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 DENISON, 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 or Mayor Pro-Tem of the City Council is hereby authorized and directed to execute and deliver the Principal Forgiveness Agreement. The Escrow Agreements 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 or Mayor Pro-Tem of the City Council is hereby authorized and directed to execute the Escrow Agreements on behalf of the City. The Escrow Agent named in the Escrow Agreements is hereby appointed as the Escrow Agent pursuant to such Escrow Agreements.

3. The Mayor, Mayor Pro-Tem, the City Manager, City Clerk and Finance Director 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.

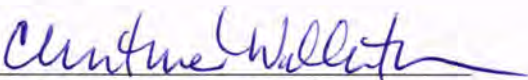
4. This Resolution shall become effective immediately upon adoption.

DULY PASSED AND APPROVED by the City Council of the City of Denison, Texas, on the 7th day of April 2025.



ROBERT CRAWLEY Mayor
City of Denison, Texas

ATTEST:



Christine Wallentine, City Clerk
City of Denison, Texas



Resolution Approving the Execution and Delivery of a
Principal Forgiveness Agreement Between the
Texas Water Development Board and the City of Denison, Texas



Principal Forgiveness Agreement Drinking Water State Revolving Fund

TEXAS WATER DEVELOPMENT BOARD

AND

CITY OF DENISON

GRAYSON COUNTY, TEXAS

TWDB COMMITMENT NOs. LF1001915 and LF1001917

TWDB PROJECT NO. 62984 (IUP FISCAL YEAR 2023)

TWDB RESOLUTION NO. 24-093

CFDA # 66.468

CITY OF DENISON
TWDB COMMITMENT NOS. LF1001915
and LF1001917

TWDB PROJECT NO. 62984
TWDB RESOLUTION NO. 24-093

PRINCIPAL FORGIVENESS AGREEMENT

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EXHIBITS

TWDB Resolution No. 24-093	EXHIBIT A
City of Denison's Resolution	EXHIBIT B
List of Federal Laws and Authorities (Cross-Cutters)	EXHIBIT C
Davis-Bacon Contract and Subcontract Provisions	EXHIBIT D
Project Schedule	EXHIBIT E
Project Budget	EXHIBIT F
Escrow Agreement	EXHIBIT G

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

TWDB Commitment No. LF1001915

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

WHEREAS, the City of Denison (City), located in Grayson County, filed an application with the Texas Water Development Board (TWDB) for financial assistance in the amount of \$10,000,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, design, and construction of certain water system improvements for the Project identified as Project No. 62984; and

WHEREAS, on October 17, 2024, the TWDB determined that the City qualifies for principal forgiveness as an eligible applicant based on the criteria set forth in the 2023 DWSRF Lead Service Line Replacement Intended Use Plan (IUP) and agreed, pursuant to the TWDB Resolution to provide financial assistance in the amount of \$10,000,000 to the City and further agreed that \$5,100,000 will be forgiven; and

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

NOW, THEREFORE, the Parties mutually agree 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.

ARTICLE I. DEFINITIONS

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 § 371.1(17) and required by the TWDB Resolution.

Disadvantaged Community means an area that meets the requirements of a disadvantaged community as defined in 31 TAC § 371.1(24) and the criteria identified in the 2023 DWSRF IUP.

DWSRF means the Drinking Water State Revolving Fund, a program of financial assistance administered by the TWDB for water projects pursuant to the Safe Drinking Water Act, 42 U.S.C. §§ 300f—300j-27; applicable federal regulations; Texas Water Code, Chapter 15, § 15.6041; and 31 TAC Chapter 371.

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

EPA means the United States 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 a designated representative.

Financial Assistance means funding made available to eligible Applicants as authorized in 40 CFR § 35.3525, 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, 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 2023, approved by the TWDB and the EPA in which the Project was prioritized for funding.

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

Obligations means the \$2,110,000 City of Denison, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025A and \$2,790,000 City of Denison, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025B together with all authorizing documents that evidence the portion of the financial assistance that is not forgiven, identified as L1001914 and L1001916.

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 LF1001915 and LF1001917, in an amount not to exceed \$5,100,000.

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. 62984.

State means the State of Texas.

TWDB Resolution means TWDB Resolution No. 24-093, dated October 17, 2024, approving the application for financial assistance filed by the City and authorizing the execution of this Agreement.

ARTICLE II. AUTHORITY AND RECITALS

2.01. AUTHORITY. This Agreement is authorized by the Safe Drinking Water Act, 42 U.S.C. §§ 300f—300j-27, and is also governed by terms of the IUP; Texas Water Code, Chapter 6; Texas Water Code; Chapter 15, § 15.6041; 31 TAC Chapter 371; 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 that the TWDB determines to be eligible.
- B. On October 17, 2024, the TWDB considered an Application filed by the City for financial assistance from the DWSRF 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 in an amount not to exceed \$10,000,000 for the planning, 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 \$5,100,000 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 as **EXHIBIT B**.

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

ARTICLE III. LEGAL REQUIREMENTS

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/or construct the Project in compliance with the following:

- A. the Safe Drinking Water Act, 42 U.S.C. §§ 300f—300j-27, and EPA regulations at 40 CFR Part 35;
- B. all federal laws and regulations identified on **EXHIBIT C**;
- C. Texas Water Code; Chapter 15, § 15.6041;
- D. 30 TAC Chapter 290; and
- E. 31 TAC Chapter 371.

3.02. LABOR STATUTES AND REGULATIONS. The City agrees to comply with the following statutes and regulations and must execute the related certifications required by the TWDB. Further, the City must ensure that each contract for work on the Project also contains 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 Safe Drinking Water Act, 42 U.S.C. §§ 300f—300j-27, 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 through this Agreement, must insert in full in any contract in excess of \$2,000 the contracts clauses as attached 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.

3.03. 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.

3.04. NO LOBBYING. The City must comply with 40 CFR Part 34, relating to New Restrictions on Lobbying. The City agrees that none of the Principal Forgiveness Funds provided under this Agreement may 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.

3.05. IRON AND STEEL. The City must 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 § 371.4, related EPA SRF Policy Guidelines, and the TWDB American Iron and Steel Guidance, unless the City has 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 an such agreement, then the City is under the obligation to determine its applicability and requirements and document the actions taken to comply for the TWDB.

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

3.06. 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 and
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 must comply with 40 CFR Part 33, relating to Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs.

3.07. FINANCIAL, MANAGERIAL AND TECHNICAL CAPABILITIES. The City must maintain its technical, financial, and managerial capability to ensure compliance with the Safe Drinking Water Act § 300-j12.

3.08. ASSURANCES RELATED TO STATE FUNDS.

- A. 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 shall immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f).
- B. The City certifies that it will not use state grant funds for expenditures related to lobbying activities under Texas Government Code § 556.0055.
- C. The City certifies that it is not prohibited from receiving state grant funds under Texas Local Government Code § 364.004 (related to public camping bans). The City also agrees that, during the term of this Agreement, the City shall immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Local Government Code § 363.003.

ARTICLE IV. PLANNING, DESIGN AND CONSTRUCTION

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

- A. Plans and Specifications. The City must construct the Project in accordance with the plans and specifications sealed by a State licensed engineer and approved by the Executive Administrator in compliance with 31 TAC §§ 371.60 – 371.63.
- B. Changes to Plans and Specifications. The City must not make 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 the Project budget appears not to 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 371, Subchapter E, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

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.

ARTICLE V. SPECIAL COVENANTS AND REPRESENTATIONS

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 conditions in the TWDB Resolution and 31 TAC § 371.73, relating to Disbursement of Funds, are met. Construction funds will not be released unless the City has complied with 31 TAC Chapter 371, Subchapter E, relating to Environmental Reviews and Determinations, and 31 TAC §§ 371.60 – 371.63, 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 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 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, 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. FINAL ACCOUNTING. Upon completion of the Project, the City must provide a final accounting of funds expended on the Project pursuant to 31 TAC § 371.86 and return any remaining Principal Forgiveness Funds in a manner determined by the Executive Administrator.

5.05. LEGAL STATUS. The City must notify the Executive Administrator before taking any action to alter its legal status in any manner.

5.06. 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.

5.07. 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 with the TWDB a water audit computing the City's most recent annual system water loss. The first water audit must be submitted by May 1st following the passage of one year after the effective date of this Agreement and then by May 1st every year during the term of this Agreement. The City agrees to comply with 31 TAC § 358.6 relating to water audits.

5.08. REGISTRATION. Under 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 in the System for Award Management (SAM) and maintain current registration at all times while the Obligations are outstanding.

5.09. 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 must be submitted to the TWDB no later than (180) days after the close of the City's fiscal year.

5.10. 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.

ARTICLE VI. NON-PERFORMANCE AND REMEDIES

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 will 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. Any costs for Eligible Expenses incurred prior to the receipt of the written notice by the City, however, will be payable from the funding provided pursuant to this Agreement. Within 30 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. 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 by their nature would be intended to be applicable following any termination or expiration.

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

ARTICLE VII. GENERAL TERMS AND CONDITIONS

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 to the extent permitted by law.
- C. Principal forgiveness proceeds must not be used by the City when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The City agrees that it 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.

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, design, and construction of the Project. The City must submit to the TWDB copies of all final licenses, permits, registrations and other authorizations issued by local, state, and federal agencies within 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, with Office of Management and Budget Uniform Guidance, and with 2 CFR Part 200 to ensure any audit is conducted with applicable OMB requirements.
 - 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 § 371.87, relating to Records Retention. The TWDB requires the City to retain all records related to this Agreement for a period of three years after the Obligations are paid in full.
- C. Public Records. The City agrees that all documents relating to this Agreement are subject to the Public Information Act, Texas Government Code, Chapter 552, and that these documents may not be withheld from public disclosure, except in accordance with law and with the rulings of the Texas Attorney General. The City must make any information created or exchanged pursuant to this Agreement available in a format that is accessible by the public at no additional charge unless otherwise excepted from disclosure under the Texas Public Information Act. The City must promptly respond to a request by the TWDB for copies of any of the City's records related to this Agreement.

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 under 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 related to the funds expended under this Agreement and 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, including all contracts and subcontracts, must be made available for audit, examination, excerpt, and transcription within a reasonable time after a request from the state of Texas, TWDB, or EPA. 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.
3. Failure to comply with applicable legal requirements and this Agreement may result in a default that results in a repayment of the assistance in advance of termination and final accounting.

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 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 extends 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 business days of the existence of *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 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 that under 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 are governed 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 agree that this Agreement is for the provision of financial assistance for the planning, design, and construction of the Project and that all or part of the performance of the terms and obligations of the Agreement will be performed in Grayson County, Texas. Notwithstanding the location of the Project, the Parties 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, the TWDB, or the City.

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 by United States certified mail, return receipt requested, postage prepaid, to the addresses of the Parties shown below. Notice will be effective when received by the Party to whom notice is sent.

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

City of Denison
Attn: Mayor
Physical and Mailing Address:
300 W. Main St.
Denison, Texas 75020

7.12. TERM. This Agreement is effective on the date signed by the Executive Administrator. The Agreement expires on the successful completion of the Project and Final Accounting in accordance with Section 5.04 of this Agreement.

[remainder of page left intentionally blank]

TEXAS WATER DEVELOPMENT BOARD

Bryan McMath
Executive Administrator

Date_____

CITY OF DENISON

Robert Crawley
Mayor

Date _____

EXHIBIT A
TWDB Resolution No. 24-093

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$10,000,000 TO THE CITY OF DENISON
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$2,110,000 CITY OF DENISON, TEXAS COMBINATION
TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION,
PROPOSED SERIES 2025A, FOR INVENTORY
AND
\$2,790,000 CITY OF DENISON, TEXAS COMBINATION
TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION,
PROPOSED SERIES 2025B, FOR NON-INVENTORY
AND
\$5,100,000 IN PRINCIPAL FORGIVENESS

(24-093)

Recitals:

The City of Denison (City), located in Grayson County, has filed an application for financial assistance in the amount of \$10,000,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, design, and construction of certain lead service lines inventory and replacement identified as Project No. 62984.

The City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase, in one or more series, of \$2,110,000 City of Denison, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025A and \$2,790,000 City of Denison, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025B (Obligations), (together with all authorizing documents), and the execution of one or more Principal Forgiveness Agreements in an amount of \$5,100,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

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 § 371.13.

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

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 Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* and Pub. L. 117-58, 135 Stat. 1400-1401, as well as state law, in accordance with Texas Water Code § 15.607.
3. 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.

4. The City has completed a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 and filed it with the TWDB in accordance with Texas Water Code § 16.053(j).
5. The City is eligible for principal forgiveness through the DWSRF in a total amount not to exceed \$5,100,000 and financial assistance in an amount not to exceed \$2,110,000 with a reduced interest rate of zero percent.

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

A commitment is made by the TWDB to the City of Denison for financial assistance in the amount of \$10,000,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase, in one or more series, of:

- a) \$2,110,000 City of Denison, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025A, to expire on October 31, 2025; and
- b) \$2,790,000 City of Denison, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025B, to expire on October 31, 2026.

And the execution of one or more Principal Forgiveness Agreements in the amount of:

- a) \$2,196,122 to expire on October 31, 2025; and
- b) \$2,903,878 to expire on October 31, 2026.

The commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand 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. This 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 were 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. This commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 371.
4. The Obligations must provide that the City agrees to comply with all the conditions set forth in the TWDB Resolution.
5. The Non-inventory Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations at a redemption price of par together with accrued interest to the date fixed for redemption.
6. The Inventory Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after ten years from the dated date of the Obligations at a redemption price of par.
7. 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, or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by 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, this 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 those bonds under SEC Rule 15c2-12.
8. The Obligations must contain a provision requiring 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.
9. The Obligations must include a provision requiring the City to use any financial assistance proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project 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.
10. The Obligations must include a provision requiring the City to use any financial assistance proceeds from the Obligations 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.
11. The Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

12. Proceeds of this commitment are public funds. Therefore, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
13. 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, except for an LSLR project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines. The Obligations must include an environmental indemnification provision wherein the City agrees, and agrees to cause its construction contractors, to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action, or damages arising from activities performed by the City or its construction contractors, including their officials and employees, in connection with the project, to the extent permitted by law.
14. Before closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements.
15. Before closing, and if not previously provided with the application, the City shall 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.
16. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the City shall 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.
17. The Executive Administrator may require the City to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
18. The TWDB retains the option to purchase the Obligations in separate lots or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator.
19. The Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
20. 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.

21. The Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
22. The City must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).
23. The Obligations must provide that the City will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

Tax-Exempt Conditions:

24. 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.
25. The City's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the City when rendering this opinion.
26. The Obligations must include a provision prohibiting the City from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated under section 141 (Regulations).
27. The Obligations must provide that no portion of the proceeds of this commitment 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 which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for this commitment (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 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.
- 28. The Obligations must include a provision requiring the City 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 (and 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 its financing 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 with them;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financing, 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 the rulings under these sections. The City shall 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 making of the commitment 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 including payment to the United States of any interest and any penalty required by the Regulations;
- 29. The Obligations must include a provision prohibiting 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.

30. 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.
31. 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.
32. The Obligations must contain a provision 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).
33. 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.
34. 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.
35. The City's federal tax certificate shall provide that the weighted average maturity of the Obligations purchased by the TWDB does not exceed 120% of the weighted average reasonably expected economic life of the Project.

State Revolving Fund Conditions:

36. The City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.
37. The Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall 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 shall 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 the financial assistance made available shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB.
38. The Obligations must include a provision stating 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.

39. The Obligations shall provide that all financial assistance proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and shall provide that the City will adhere to the approved project schedule.
40. The Obligations and Principal Forgiveness Agreement must contain a covenant 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 § 371.4 and related State Revolving Fund Policy Guidelines.
41. The Obligations and Principal Forgiveness Agreement must contain a covenant that the City shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.
42. The Obligations and Principal Forgiveness Agreement must contain a covenant that the City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58 and 2 CFR part 184.

Drinking Water State Revolving Fund Conditions:

43. The City shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371.
44. Before closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the City has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations.
45. Before the 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.

Pledge Conditions:

46. The Obligations must contain a provision that provides 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

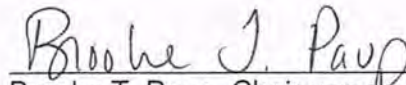
- b. if surplus revenues are based upon budgeted amounts:
- i. the Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest 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 include a requirement 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 include a requirement 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:

- 47. Before closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
- 48. The Principal Forgiveness Agreement must include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds.

APPROVED and ordered of record this 17th day of October 2024.

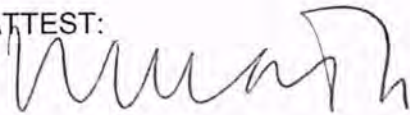
TEXAS WATER DEVELOPMENT BOARD



Brooke T. Paup, Chairwoman

DATE SIGNED: 10/17/24

ATTEST:



Bryan McMath, Executive Administrator

EXHIBIT B
City of Denison's Resolutions

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: http://water.epa.gov/grants_funding/dwsrf/xcuts.cfm. A handbook on the applicability of the cross-cutting federal authorities is available from EPA at <http://www.epa.gov/owm/cwfinance/cwsrf/enhance/DocFiles/Other%20Docs/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
- 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)
- 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

(a) GENERAL CONTRACT AND SUBCONTRACT PROVISIONS.

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 a public building or public work, or building or work 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 and the Consolidated Appropriations Act, 2016 (or subsequent federal law), 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, www.dol.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 State award official

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 State award official. The State award official 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 State award official or will notify the State award official 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 award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, 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 (Agency) 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 sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State 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 State or EPA if requested by EPA, the State, 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 State, 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 Federal agency or State 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), State, 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.

b. CONTRACT PROVISIONS FOR CONTRACTS IN EXCESS OF \$100,000.

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 (b)(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 (b)(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 (b)(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 (b)(2) of this section.

(4) Subcontracts.

The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(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 (b)(1) through (4) of this section.

(c) MAINTENANCE OF RECORDS.

In addition to the clauses contained in Section (a), 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 (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

(d) COMPLIANCE VERIFICATION.

(1) 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) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) 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.¹ 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.

(3) 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 thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(4) The subrecipient shall periodically review contractors and subcontractors 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.

(5) 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>.

¹ The provision that read "At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract" was issued a waiver in EPA Class Deviation memo dated November 16, 2012.

EXHIBIT E
Project Schedule

PROJECT SCHEDULE

Task	Schedule
Engineering Feasibility Report Completion (End of Planning Phase)	March 3, 2025
Design Phase Completion	May 31, 2025
Start of Construction	July 24, 2025
Construction Completion	July, 24,2025

EXHIBIT F
Project Budget



Project Budget Summary
 City of Denison
 62984 - City of Denison Lead Service Line
 Inventory and Replacement Program

Budget Items	TWDB Funds	Total
Construction		
Construction	\$4,803,921.00	\$4,803,921.00
Subtotal for Construction	\$4,803,921.00	\$4,803,921.00
Basic Engineering Services		
Basic Engineering Other (Inventory)	\$4,313,000.00	\$4,313,000.00
Construction Engineering	\$150,000.00	\$150,000.00
Design	\$500,000.00	\$500,000.00
Subtotal for Basic Engineering Services	\$4,963,000.00	\$4,963,000.00
Special Services		
Application	\$42,000.00	\$42,000.00
Subtotal for Special Services	\$42,000.00	\$42,000.00
Fiscal Services		
Bond Counsel	\$45,000.00	\$45,000.00
Financial Advisor	\$47,000.00	\$47,000.00
Fiscal/Legal	\$1,000.00	\$1,000.00
Issuance Costs	\$2,000.00	\$2,000.00
Loan Origination Fee	\$96,079.00	\$96,079.00
Subtotal for Fiscal Services	\$191,079.00	\$191,079.00
Total	\$10,000,000.00	\$10,000,000.00

EXHIBIT G
Escrow Agreements