



RIVERBEND RESOLUTION NO. 20240925-07

**AUTHORIZING THE EXECUTIVE DIRECTOR/CEO TO SELECT A LENDER
FOR FUNDING FOR THE CONSTRUCTION OF A NEW INDUSTRIAL
WASTEWATER PLANT.**


WHEREAS, Riverbend Water Resources District (“Riverbend”), created in 2009, is a conservation and reclamation district created under and essential to accomplish the purpose of Section 59, Article XVI, Texas Constitution, as set forth in Title 6, Special District Local Laws Code, Subtitle L, Municipal Water Districts, Chapter 9601, and is comprised of member entities (collectively referred to as “the Member Entities”); and

WHEREAS, a feasibility study regarding the condition and functionality of the current industrial wastewater facility was completed in 2018 by AECOM. This study determined that the construction of a new industrial wastewater plant is the most cost effective plan for Riverbend and for its customers; and

WHEREAS, Hilltop Securities, Inc., the financial advisor for Riverbend, has compiled offers from two financial institutions consisting of loan rates and terms of repayment from Simmons Bank and Regions Bank.

NOW, THEREFORE, BE IT RESOLVED that the Riverbend Water Resources District authorizes the Executive Director/CEO to select Simmons Bank as the lender for funding for the construction of a new Industrial Wastewater Plant.

PASSED and APPROVED this 25th day of September 2024



Steve Mayo, President

ATTEST:


Tina Veal Gooch, Secretary



Attached: Rate Sheet Comparison
Simmons Bank Loan Term Document



Simmons Bank

Date: September 19, 2024

Simmons Bank (“Bank” or “Lender”) has received preliminary approval to offer Riverbend Water Resources District of Texarkana, Texas (“Borrower” or “District”) a proposal to purchase up to \$32,800,000 of its Industrial Wastewater Bonds, Series 2024. This document serves as an outline of the proposed terms and conditions of the transaction between Lender and Borrower and the Bond to be purchased, as contemplated herein (the “Loan” or “Bond”) and does not purport to summarize all the conditions, covenants, representations, warranties, and other provisions which would be contained in final legal documentation of the transaction.

The actual terms and conditions upon which the Lender extends credit to the Borrower are subject to further due diligence, satisfactory review of documentation, final credit approval, and such other conditions that may be determined by the Lender and its counsel.

Terms of Proposed Loan Facility

Borrower	Riverbend Water Resources District, Texarkana, Texas
Lender	Simmons Bank
Escrow Bank Account(s) Holder	Simmons Bank shall hold the transaction-related Debt Service Reserve Fund (DSRF) and Project Fund (bond proceeds) in fully collateralized, fully liquid, interest-bearing Public Funds accounts at a rate paid of Fed Funds minus 150 bps (currently 3.50%).
Paying Agent	Simmons Bank
Loan Amount	Up to \$32,800,000, evidenced by a single Bond Certificate issued to the Lender
Purpose	1) Industrial wastewater treatment facility for use by the Red River Army Depot, approved by the United States Government, per the 20-year Task Order dated 5/22/24, for construction and support of the new plant; 2) fund the DRSF at closing; and 3) payment of all issuing and borrowing costs
Structure	20-year taxable Facility with call and put options at 11/15/2034
Interest Rate & Default Rate	Taxable fixed interest rate of 6.80% per annum, calculated on a 30/360 basis. The Interest Rate includes the cost of holding the stated rate through the anticipated closing date of 11/15/2024. The stated rate also includes the cost of a 5-year lock-out period, making the Bonds callable at 101% of Par 11/15/29 through 11/15/34, and callable at 100% of Par thereafter.

The stated taxable rate of 6.80% is equivalent to the 10-year US Treasury Bond Yield (3.70%) at close of business on 9/18/2024 ([Resource Center | U.S. Department of the Treasury](#)) plus 310 basis points. Any repricing at 11/15/2034 or thereafter would be capped at a 310 basis point spread above the said index. Should closing be delayed beyond the anticipated closing date of 11/15/2024, the Bond will be repriced at the same 310 basis point spread above the said index.

Upon the occurrence of an Event of Default that continues to exist past any applicable cure period therefor, a Default Rate of interest (the "Default Rate") shall apply equal to the Interest Rate plus 4% per annum or maximum allowable under Texas statutes, if less, during the pendency of any such Event of Default.

Repayment

Semi-annual interest shall be payable on 5/15 and 11/15, beginning on 5/15/2025

Annual principal installments commencing on 11/15/2025, and payable at each anniversary thereafter through final maturity on November 15, 2044

Security/Repayment Source

The District covenants and agrees to an irrevocable pledge of all Net Revenues derived from the operation of the System (with the exception of those in excess of the amounts required to establish and maintain special Funds created for repayment and security of similarly secured Bonds) for repayment of principal and interest on the Facility, constituting a first lien on the Net Revenues of the System.

Defaults

Customary events of default, including, without limitation, (a) default in the payment of any principal or interest portion of the Bond when due; (b) any default under any financing documents related to the Bond, including failure to make any schedule payment when due or any payment within 60 days after notice, false representations or warranties, insolvency of the District, and cross-default with or breach of any other obligation to the Lender and continuance thereof past any applicable cure period therefor. Upon the occurrence of any Event of Default, the Interest Rate shall increase to the Default Rate of the loan.

Failure by the Borrower to make annual principal and interest payments under the Bond shall be reportable to the Municipal Securities Rulemaking Board's EMMA website, or any replacement disclosure vehicle of the MSRB, and to nationally recognized statistical rating agencies.

Acceleration

Events of Default shall trigger acceleration of all outstanding Principal and Interest payments.

Covenants

Debt Service Reserve Fund: 50% Maximum Annual Debt Service, springing to 100% should annual Debt Service Coverage Ratio fall below 1.10x for any fiscal year

Rate Covenant: District shall maintain sum-sufficient Annual Debt Service Coverage of 1.0x

Additional Bonds Test: 1.25x Average Annual Debt Service

Annual Reporting	Audited financial statements of the District within 7 months of fiscal year-end, or within 30 days of completion.
Negotiated Transaction	Both Borrower and Lender agree that any resulting Bond will be in the form of a privately negotiated bank loan between Lender and Borrower. The Borrower will not be required to obtain a separate bond rating by a municipal securities rating agency. The Bond will not be assigned a Standard & Poor's CUSIP number. The Bond will not be registered with the Depository Trust Company (DTC). The Lender does not require an Official Statement, Offering Memorandum, or any other offering document, and the District will not be entering into a continuing disclosure agreement to provide ongoing disclosure with respect to the Bond pursuant to SEC Rule 15c2-12. The Bond will not be registered with the Depository Trust Company or any other securities depository. The obligations represented by the Bond will be classified by the Lender as a privately placed loan.
Transferability	The Bond will not be registered under the 1933 Act or any applicable state securities law and the Bond may not be transferred unless, in the opinion of counsel to the Lender, such transfer will not cause a violation of the 1933 Act, or any applicable state securities law. The Lender will not sell, transfer, assign, or otherwise dispose of the Bond or any interests therein (1) unless (a) we obtain from the purchaser and deliver to the District a suitable purchase agreement or written acknowledgement that such purchaser is a "qualified institutional buyer" as defined in Rule 144A promulgated under the 1933 Act, and (2) except in compliance with the applicable provisions of the 1933 Act, the 1934 Act, any rules and regulations promulgated under either the 1933 Act or the 1934 Act, and the applicable securities laws of any other jurisdiction, and in connection therewith, the Lender will furnish to any purchaser of the Bond all information required by applicable law.
Disclaimer	Simmons Bank and its affiliates are not Registered Municipal Advisors. The Bond Purchaser/Lender is not providing advice, acting as an advisor, or making recommendations to municipal entities or obligated persons regarding municipal finance products or the issuance of municipal securities. Lender is acting on its own behalf and does not owe a fiduciary duty to any municipal entity or obligated person pursuant to Section 15B of the Exchange Act with respect to the information and material contained herein.
Fees	Borrower assumes responsibility for all fees, expenses, issuance and borrowing costs, including any MAC fees and bank counsel review fees. Bank counsel fees shall not exceed \$15,000.
Legal Opinion	Bond counsel shall provide a legal opinion that is satisfactory to the Lender that shall include, but not limited to: 1)) The Borrower has the authority under state of Texas law to issue this type of debt instrument; 2) related resolutions, ordinances and other loan documentation is valid and binding; and 3) All documents that the Borrower is party have been executed by authorized personnel.
Warranties and Representations	The usual representations and warranties in connection with the financing shall be included in the Bond and related financing documents, including but not limited to absence of material adverse change, absence of material litigation, absence of default or unmatured default, representations regarding environmental issues, priority of the Bank's liens, and compliance with all material requirements of law and contracts.

USA Patriot Act

The District represents and warrants to the Lender that it (including obligated persons, principals and/or affiliates) is not a Specially Designated National (SDN) or Blocked Person, as defined in Presidential Order 13224. The District (including principals, obligated persons and affiliates) further represents and warrants that it is not acting (directly or indirectly) on behalf of any person named as a SDN or Blocked Person.

Governing Law

Loan documents shall be governed by the laws of the State of Texas

We are most appreciative of the opportunity to work with Riverbend Water Resources District. Please let us know of your intent to move forward with the proposed terms by no later than September 27, 2024. We look forward to partnering with you on this transaction.

Sincerely,

Michael Bradford

Michael Bradford

Corporate Division President

Michael.bradford@simmonsbank.com

From: Marti Shew <marti.shew@hilltopsecurities.com>

Sent: Thursday, September 19, 2024 2:48 PM

To: Kyle Dooley <kyledooley@rwr.org>

Subject: FW: Riverbend Term Sheet Attached

Hi Kyle-

After further discussion with each bank and clarification of the proposed terms, in order to meet your objectives and get this project funded as quickly as possible, I'd recommend moving forward with the Simmons proposal. While the initial rate of the Regions proposal is lower, I think the following other provisions of their proposal are less flexible and present some insurmountable hurdles from a timing perspective. The main issues as I see them are as follows:

- Regions wants a fully executed and amended contract from the Army to match their proposal- I think the time delay would continue to push the project costs above where they are today thereby making the project more expensive (even at the lower rate)
- The district would lose flexibility in their banking relationships because Regions would require that they be the District's depository bank

While the Simmons bank proposal has a slightly higher initial rate, I do believe these other provisions provide ancillary benefit to the District to help offset that additional cost:

- Simmons is offering the District a reduced debt service reserve fund requirement which means the District can issue less overall debt to fund the project
- They're offering a prepayment option after a 5yr period at 101%. While the 101% does produce a "prepayment penalty" or cost, it offers additional flexibility should the District want or need to exercise the option
- The initial rate would be fixed for a 10yr period and then reset at the same index and spread as the initial rate, whereas the Regions proposal steps up to 12%. Under the Regions proposal, the District would have to negotiate or refinance the debt to ensure the overall debt service cost didn't rise as result of the higher rate. The Simmons reset at the same index provides some flexibility that if rates stay the same or go down, the District wouldn't have to refinance or renegotiate. This offers protection should there be market disruptions or extenuating circumstances in the future that prevented the District from refinancing the debt.

Please let me know if you have any questions or if you'd like to discuss these issues further

Thanks,

Marti

Marti Shew

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Managing Director | Investment Banker

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