



City of Galveston

FINANCE DEPARTMENT

Michael W. Loftin, Assistant City Manager
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January 24, 2020

To: Brian Maxwell, City Manager
Hon. Mayor and City Council

From: Michael W. Loftin, Assistant City Manager - Finance

RE: Consider for action to request the Project Fund balance of the Series 2006 GCWA Chocolate Bayou Contract Note Payable to be refunded to the City.

I. Background

On November 16, 2006, the City entered into a contract with Gulf Coast Water Authority (GCWA) whereby GCWA issued \$6,970,000 of Gulf Coast Water Authority Contract Note Payable with Bank of America to be used to obtain water rights from the Brazos River and execute a purchase agreement with Chocolate Bayou Water Company.

II. Current Situation

The Assistant General Manager for the GCWA advised the City of an unaudited balance of the Project Fund of the Series 2006 GCWA Chocolate Bayou Contract Note Payable totaling approximately \$179,252.27 as of August 31, 2019. The note was for 10 years. The Project Fund balance represents the unused projects funds.

III. Issues

The note payable issue makes no reference regarding the application of unused Project Fund balances upon the maturity date. The GCWA representative has recommended that Project Fund balance of approximately \$179,252.72 to be refunded to the City.

IV. Recommendation

I am recommending that we request the Project Fund balance to be refunded to the City.



V. **Fiscal Impact Report**

Requested by:

Michael W. Loftin, Assistant City
Manager-Finance

Funding Source:

Series 2006 GCWA Chocolate Bayou Contract Note
Payable Project Fund balance held for the City; the City's
Waterworks Fund is the recipient of the FY20 note
obligation savings

Costs of implementation:

None.



Gulf Coast Water Authority
Purchase Chocolate Bayou
Bonds

Gallons Per Day	Interim Water Contracts		To INEOS		Adjusted		Refund Project Fund	% Allocation
	GPD	Bond	%	GPD	%	GPD		
Pearland	14,352,317	11,075,000	40.192%	-4,352,317.0	-30.325%	10,000,000.0	28.004%	
Texas City	12,416,564	9,680,000	34.771%	-3,765,303.2	-30.325%	8,651,260.8	24.227%	248,947.21
Galveston	8,940,818	6,970,000	25.038%	-2,711,288.8	-30.325%	6,229,529.2	17.445%	179,252.27
INEOS				10,828,909.0		10,828,909.0	30.325%	
Total	35,709,699	27,725,000	100.000%	0.0		35,709,699.0	100.000%	428,199.48

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INEOS Contract Term	August 31, 2057		Payments	GPD
	INEOS	Budget Operating Reserve		
11/21/2008	INEOS	Budget Operating Reserve	750,000.00	0
11/21/2008	INEOS	Permit CA 12-5322	3,324,574.00	4,352,317
6/30/2009	INEOS	Permit CA 12-5322	5,879,433.85	6,476,592
12/20/2012	INEOS	Permit CA 12-5322	0.00	4,171,091
12/20/2012	INEOS	Option	9,204,007.85	9,000,000
Total			9,204,007.85	24,000,000

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