



**PROJECT FUNDING REQUEST**

**BOARD DATE:** July 27, 2022

**Team Manager:** Dain Larsen

**ACTION REQUESTED**

Approve by resolution a request from the Guadalupe Blanco River Authority (Guadalupe, Comal, Hays, Caldwell Counties) for \$112,335,000 in multi-year financing from the State Water Implementation Revenue Fund for Texas for planning, acquisition, design, and construction of water system improvements.

**STAFF RECOMMENDATION**

Approve                       No Action

**BACKGROUND**

The Guadalupe Blanco River Authority (Authority) was established in 1933 by the State of Texas to develop, conserve and protect the water resources of ten counties in the Guadalupe River Basin from Kendall County northwest of San Antonio to Refugio County along the Gulf Coast.

The Authority’s Carrizo Groundwater Supply Project currently includes three participants: New Braunfels Utilities, City of Lockhart, and Goforth Special Utility District. These communities continue to expand rapidly with the continued growth of the dynamic San Antonio and Austin regions to the south and north. To address projected long-term water supply shortages, in 2018 the Authority and Alliance Regional Water Authority (Alliance) agreed to a joint project to provide water to the Authority’s participants and the cities of San Marcos, Kyle, Buda, and Canyon Regional Water Authority. This initial project phase is designed to serve the growing populations of the participants are projected to grow to over 232,000 by 2032.

**PROJECT NEED AND DESCRIPTION**

The Authority is requesting additional financing to add seven wells in the existing well field and three nearby wells to produce an additional 9,000 acre-feet per year of groundwater. The Authority also proposes to construct new transmission lines to convey treated water from the Lockhart Water Treatment Plant site to a new ground storage tank and booster pump station northwest of Lockhart. Additional transmission lines will connect this station to existing participant Goforth Special Utility District and new participants County Line Special Utility District, Maxwell Special Utility District, and Camino Real Utility (Camino) to the east of Buda.

<b>Multi-Year Commitment</b>	<b>Expiration Date</b>
\$39,670,000 Proposed Series 2022	December 31, 2022
\$72,665,000 Proposed Series 2023	December 31, 2023

The final component of the expansion phase is to increase the current capacity of the water treatment plant by 10.3 MGD to 28.6 MGD. The planned capacity of the plant is 33.5 MGD. The proposed expansion project is planned to meet projected need through 2040.

The initial project phase is currently under construction and includes the 18.3 MGD initial capacity of the water treatment plant, well field with a capacity of 15,000 acre-feet per year of groundwater, and a booster pump station located approximately six miles east of the City of San Marcos, which also serves as the primary junction for transmission lines to customers to the north and south with eight connection points and elevated storage tanks.

<b>Task</b>	<b>Schedule Date</b>
Closing	December 8, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	November 30, 2022
Design Phase	March 31, 2024
Start of Construction	January 1, 2024
Construction Completion	December 31, 2025

#### **KEY ISSUES**

The proposed project does not include a funding contribution from Alliance but includes cost sharing between the initial phase participants and the three new participants for this expansion phase of the project.

Each participant is responsible to repay debt service and the additional contractual costs for its allocated amount, which is based on the amount of water provided by the Authority. Each participant will be required to pay its allocated share of debt service regardless of whether the projected amount of water is used. In addition, each participant pays annually an additional ten percent of the annual debt service. The allocation between the expansion phase participants for annual contractual payments is shown in the table below. Camino is a cash-only participant in the project, representing \$40.2 million of local funds in the attached project budget.

#### Expansion phase participants

<b>Participant</b>	<b>Financing Allocation</b>
Goforth SUD	38.2
Maxwell SUD	23.6
County Line SUD	38.2

The proposed expansion project will result in cost reductions to the initial phase customers for shared facilities required for expansion. However, the proportion of cost sharing between initial phase customers is unchanged and shown in the table below.

## Initial Phase Participants

<b>Participant</b>	<b>Financing Allocation</b>
City of New Braunfels	53.33
Goforth SUD	26.67
City of Lockhart	20.00

## **LEGAL**

### Special Conditions

- Water rights determination

### Attachments:

1. Financial Review
2. Project Budget
3. Resolution (22- )
4. Water Conservation Review
5. Location Map

# Financial Review

## GBRA Carrizo Groundwater Supply Project

Risk Score: Goforth SUD- 2C  
Maxwell SUD-2B  
County Line SUD- 2C

Audit Reviewed: FY 2021

### Key Indicators

Indicator	Goforth SUD	Maxwell SUD	County Line SUD	Benchmark
Population Growth, Average Annual 2010-2020	Counties: 2.61%	Counties: 3.93%	County: 4.38%	State: 1.49%
Top 10 Customers % of Total Revenue	36%	28%	8%	10-15%
Median Household Income as % of State	107%	99%	99%	100%
Days of Cash on Hand (3-year Average)	25 days	676 days	477 days	30-149 days
Net Fixed Assets/ Annual Depreciation	10 years	32 years	27 years	12-24 years
Debt Service Coverage Ratio	0.54x	0.44x	0.00x	1.0x
Debt-to-Operating Revenues	11.03	11.80	16.38	4.00-5.99x
Unemployment Rate (April 2022)	Counties: 2.73%	County: 2.70%	Counties: 2.85%	State: 3.70%
Working Capital Ratio	3.01	4.30	6.67	> 1.0

### Key Risk Score Strengths

- Member entities seeking financing this year, Goforth Special Utility District (SUD), County Line SUD, and Maxwell SUD all have a strong working capital ratio, indicating they have ample resources to cover short term liabilities and show a strong liquidity position.

### Key Risk Score Concerns

- Debt-to-operating revenues ratio is above benchmark due to system revenues supporting all outstanding debt. The Districts do not have taxing authority.
- Pledged revenues are derived from contract revenues of Goforth SUD, Maxwell SUD, County Line SUD according to their share of the project. In a no-growth scenario, County Line SUD's first projected rate increase would be in 2023, while Maxwell and Goforth SUD's would be in 2027. The maximum rate increase needed for each entity is projected to be \$52.82 for County Line SUD in 2029, \$35.75 for Maxwell SUD in 2028, and \$37.12 for Goforth SUD in 2048. However, each entity has a substantial amount of impact and installation fees, considered non-operating revenues, that were not factored into our risk score analysis. If used,

this additional revenue could offset a large percentage of the projected rate increase. In the previous fiscal year, the districts combined impact and installation fee revenue totaled \$7,839,944.

**PLEDGE**

Legal Pledge Name	Contract Revenues from County Line SUD, Goforth SUD and Maxwell SUD
Type of Pledge	<input type="checkbox"/> Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input checked="" type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

**RATES AND CHARGES- Goforth SUD**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (2048)	Current Household Cost Factor	Projected Household Cost Factor
WATER	10,000	\$70.00	\$107.12	2.27	2.94

**RATES AND CHARGES- Maxwell SUD**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (2028)	Current Household Cost Factor	Projected Household Cost Factor
WATER	8,689	\$95.80	\$131.55	2.87	3.57

**RATES AND CHARGES- County Line SUD**

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (2029)	Current Household Cost Factor	Projected Household Cost Factor
WATER	6,558	\$62.37	\$102.37	2.49	3.52
WASTEWATER	6,558	\$65.00	\$77.82		

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$6,950,814 over the life of the financing.

<b>Responsible Authority</b>	Guadalupe Blanco RA
<b>Program</b>	SWIFT
<b>Commitment Number</b>	LM221530, LM231530
<b>Project Number</b>	51055
<b>List Year</b>	2022
<b>Type of Pledge</b>	Contract Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$39,670,000 Guadalupe Blanco River Authority Contract Revenue Bonds, Series 2022 (Carrizo Groundwater Supply Project), \$72,665,000 Guadalupe Blanco River Authority Contract Revenue Bonds Series 2023 (Carrizo Groundwater Supply Project)
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	No
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay <> Escrow Release
<b>Qualifies as Disadvantaged</b>	No
<b>SWIFT Financing Type</b>	Low-Interest
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning, Acquisition, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Adopted
<b>Overall Risk Score- County Line SUD</b>	2C
<b>Overall Risk Score- Maxwell SUD</b>	2B
<b>Overall Risk Score- Goforth SUD</b>	2C

### PROJECT TEAM

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
Dain Larsen	Thomas Quick	Shubham Aggarwal	Kristin Miller	Marshall Walters

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
Guadalupe Blanco River Authority

**\$39,670,000 Guadalupe-Blanco River Authority Contract Revenue Bonds Series 2022 (Carrizo Groundwater Supply Expansion Project)**

Dated Date:	12/8/2022	Source:	SWIFT-LOW-30YR
Delivery Date:	12/8/2022	Rate:	3.37%
First Interest:	2/15/2023	IUP Year:	2022
First Principal:	8/15/2027	Case:	Contract Revenue
Last Principal:	8/15/2052	Admin.Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$39,670,000 ISSUE			\$72,655,000 Series 2023		TOTAL DEBT	
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PAYMENT	SERVICE	COVERAGE
2023	\$2,948,784	\$1,947,077	\$0	-	\$872,740	\$872,740		\$2,819,817	1.05
2024	5,720,630	2,822,094	-	-	1,272,009	1,272,009	1,626,527	\$5,720,630	1.00
2025	6,216,212	2,573,556	-	-	1,272,009	1,272,009	2,370,647	\$6,216,212	1.00
2026	6,328,926	2,686,271	-	-	1,272,009	1,272,009	2,370,647	\$6,328,926	1.00
2027	9,096,468	2,838,813	1,050,000	2.13%	1,272,009	2,322,009	3,935,647	\$9,096,468	1.00
2028	9,286,525	3,009,569	1,070,000	2.23%	1,249,644	2,319,644	3,957,312	\$9,286,525	1.00
2029	9,408,790	3,116,821	1,095,000	2.35%	1,225,783	2,320,783	3,971,186	\$9,408,790	1.00
2030	9,498,158	3,186,166	1,120,000	2.42%	1,200,051	2,320,051	3,991,941	\$9,498,158	1.00
2031	9,747,415	3,424,393	1,145,000	2.49%	1,172,947	2,317,947	4,005,075	\$9,747,415	1.00
2032	10,081,453	3,736,388	1,175,000	2.54%	1,144,436	2,319,436	4,025,629	\$10,081,453	1.00
2033	10,294,122	3,930,892	1,205,000	2.71%	1,114,591	2,319,591	4,043,639	\$10,294,122	1.00
2034	10,405,587	4,026,909	1,235,000	2.86%	1,081,936	2,316,936	4,061,742	\$10,405,587	1.00
2035	10,682,656	4,276,071	1,275,000	2.97%	1,046,615	2,321,615	4,084,971	\$10,682,656	1.00
2036	10,695,935	4,273,548	1,310,000	3.07%	1,008,747	2,318,747	4,103,641	\$10,695,935	1.00
2037	10,719,610	4,278,291	1,350,000	3.14%	968,530	2,318,530	4,122,789	\$10,719,610	1.00
2038	10,719,610	4,011,075	1,395,000	3.22%	926,140	2,321,140	4,142,767	\$10,474,982	1.02
2039	10,719,610	4,175,030	1,440,000	3.28%	881,221	2,321,221	4,168,063	\$10,664,314	1.01
2040	10,851,868	4,344,192	1,485,000	3.34%	833,989	2,318,989	4,188,687	\$10,851,868	1.00
2041	11,188,760	4,659,851	1,535,000	3.38%	784,390	2,319,390	4,209,519	\$11,188,760	1.00
2042	11,552,379	4,999,078	1,585,000	3.42%	732,507	2,317,507	4,235,794	\$11,552,379	1.00
2043	11,568,617	4,993,231	1,640,000	3.37%	678,300	2,318,300	4,257,086	\$11,568,617	1.00
2044	11,604,902	4,995,997	1,695,000	3.37%	623,032	2,318,032	4,290,873	\$11,604,902	1.00
2045	11,604,902	4,624,342	1,755,000	3.37%	565,911	2,320,911	4,320,278	\$11,265,531	1.03
2046	11,604,902	4,429,591	1,815,000	3.37%	506,767	2,321,767	4,355,303	\$11,106,661	1.04
2047	11,604,902	4,425,724	1,875,000	3.37%	445,602	2,320,602	4,390,609	\$11,136,935	1.04
2048	11,604,902	4,422,238	1,935,000	3.67%	382,414	2,317,414	4,426,029	\$11,165,681	1.04
2049	11,604,902	3,964,976	2,010,000	3.67%	311,400	2,321,400	4,455,744	\$10,742,120	1.08
2050	11,604,902	3,786,191	2,080,000	3.67%	237,633	2,317,633	4,489,587	\$10,593,411	1.10
2051	11,604,902	3,416,589	2,160,000	3.67%	161,297	2,321,297	4,522,191	\$10,260,077	1.13
2052	11,604,902	3,120,713	2,235,000	3.67%	82,025	2,317,025	4,558,373	\$9,996,110	1.16
		\$114,495,675	\$39,670,000		\$25,326,679	\$64,996,679		\$295,174,645	

AVERAGE (MATURITY) LIFE	18.92 YEARS
NET INTEREST RATE	3.374%
COST SAVINGS	\$6,950,814
AVERAGE ANNUAL REQUIREMENT	\$2,096,667

*Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be set.*

Budget Items	Description	Previous Commitments	This Commitment	TWDB Funds	Local and Other Funds	Total
<b>Construction</b>						
Construction		\$61,983,766.00	\$62,300,400.00	\$124,284,166.00	\$40,227,343.00	\$164,511,509.00
<b>Subtotal for Construction</b>		<b>\$61,983,766.00</b>	<b>\$62,300,400.00</b>	<b>\$124,284,166.00</b>	<b>\$40,227,343.00</b>	<b>\$164,511,509.00</b>
<b>Basic Engineering Services</b>						
Construction Engineering		\$6,799,738.00	\$2,758,900.00	\$9,558,638.00	\$1,172,000.00	\$10,730,638.00
Design		\$7,628,917.00	\$4,280,300.00	\$11,909,217.00	\$1,616,050.00	\$13,525,267.00
Planning		\$11,939,548.00	\$1,329,400.00	\$13,268,948.00	\$0.00	\$13,268,948.00
<b>Subtotal for Basic Engineering Services</b>		<b>\$26,368,203.00</b>	<b>\$8,368,600.00</b>	<b>\$34,736,803.00</b>	<b>\$2,788,050.00</b>	<b>\$37,524,853.00</b>
<b>Special Services</b>						
Environmental		\$1,611,454.00	\$644,600.00	\$2,256,054.00	\$0.00	\$2,256,054.00
Geotechnical		\$1,059,700.00	\$187,200.00	\$1,246,900.00	\$0.00	\$1,246,900.00
Permits		\$230,000.00	\$0.00	\$230,000.00	\$0.00	\$230,000.00
Special Service Other (Routing)		\$250,000.00	\$0.00	\$250,000.00	\$0.00	\$250,000.00
Surveying		\$1,693,679.00	\$950,200.00	\$2,643,879.00	\$0.00	\$2,643,879.00
<b>Subtotal for Special Services</b>		<b>\$4,844,833.00</b>	<b>\$1,782,000.00</b>	<b>\$6,626,833.00</b>	<b>\$0.00</b>	<b>\$6,626,833.00</b>
<b>Fiscal Services</b>						
Bond Counsel		\$615,910.00	\$282,100.00	\$898,010.00	\$0.00	\$898,010.00
Capitalized Interest		\$5,036,980.00	\$8,402,900.00	\$13,439,880.00	\$0.00	\$13,439,880.00
Financial Advisor		\$477,392.00	\$203,900.00	\$681,292.00	\$173,724.00	\$855,016.00
Fiscal/Legal		\$47,500.00	\$19,000.00	\$66,500.00	\$0.00	\$66,500.00
Issuance Costs		\$91,578.00	\$12,400.00	\$103,978.00	\$0.00	\$103,978.00
<b>Subtotal for Fiscal Services</b>		<b>\$6,269,360.00</b>	<b>\$8,920,300.00</b>	<b>\$15,189,660.00</b>	<b>\$173,724.00</b>	<b>\$15,363,384.00</b>
<b>Other</b>						
Land/Easements Acquisition		\$6,666,877.00	\$5,000,000.00	\$11,666,877.00	\$1,142,200.00	\$12,809,077.00
Other	Shared Contracts with ARWA (51044): CID 02, 03, 04 & 05; Lease Payments; District Fees; Legal; Electric Utility Service 54%;	\$78,212,736.00	\$3,165,500.00	\$81,378,236.00	\$2,303.51	\$81,380,539.51
Water Rights Purchase		\$28,609,225.00	\$0.00	\$28,609,225.00	\$1,990,775.00	\$30,600,000.00
<b>Subtotal for Other</b>		<b>\$113,488,838.00</b>	<b>\$8,165,500.00</b>	<b>\$121,654,338.00</b>	<b>\$3,135,278.51</b>	<b>\$124,789,616.51</b>
<b>Contingency</b>						
Contingency		\$0.00	\$22,798,200.00	\$22,798,200.00	\$7,642,050.00	\$30,440,250.00
<b>Subtotal for Contingency</b>		<b>\$0.00</b>	<b>\$22,798,200.00</b>	<b>\$22,798,200.00</b>	<b>\$7,642,050.00</b>	<b>\$30,440,250.00</b>
<b>Total</b>		<b>\$212,955,000.00</b>	<b>\$112,335,000.00</b>	<b>\$325,290,000.00</b>	<b>\$53,966,445.51</b>	<b>\$379,256,445.51</b>



A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO  
THE GUADALUPE-BLANCO RIVER AUTHORITY  
IN THE FORM OF A MULTI-YEAR COMMITMENT  
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS  
THROUGH THE PROPOSED PURCHASE OF  
\$112,335,000 GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS,  
PROPOSED SERIES 2022 AND PROPOSED SERIES 2023

(22- )

WHEREAS, the Guadalupe-Blanco River Authority (Authority) has filed an application for financial assistance in the amount of \$112,335,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of certain water supply project(s) identified as Project No. 51055 (Project); and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the form of a multi-year commitment through the TWDB's proposed purchase of \$112,335,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2022 and Proposed Series 2023, (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the Authority has offered a pledge of contract revenues from the treated water supply agreements between the Authority and County Line Special Utility District, Goforth Special Utility District, and Maxwell Special Utility District as sufficient security for the repayment of the Obligations; and

WHEREAS, subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority for State Fiscal Year 2022 at up to the following levels: 25% for financial assistance for a term of 20 years, 18% for financial assistance for a term of 21 to 25 years, and 14% for financial assistance for a term of 26 to 30 years. The interest rate subsidy applicable to each subsequent proposed series may be different than the interest rate subsidy available for State Fiscal Year 2022 and will be set through each financing agreement executed between the TWDB and the Authority; and

WHEREAS, the interest rate subsidies provided above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. that the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that a water conservation plan has been submitted and implemented in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1); and
4. that the Authority has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

a commitment is made by the TWDB to the Guadalupe-Blanco River Authority for financial assistance in the amount of \$112,335,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of \$112,335,000 Guadalupe-Blanco River Authority Contract Revenue Bonds as follows:

- a. \$39,670,000 Proposed Series 2022, to expire on December 31, 2022; and
- b. \$72,665,000 Proposed Series 2023, to expire on December 31, 2023.

Such 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;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued, that said Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that said Obligations are valid and binding obligations of the Authority;

3. this commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement;
4. this commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;
5. interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator;
6. the Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee;

The Following Conditions Must Be Included in the Obligations:

7. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date 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;
8. the Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
9. the Obligations must provide that the Authority 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;
10. the Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project;
11. the Obligations must include a provision wherein the Authority, 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 Authority'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 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 such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's

bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;

12. the Obligations must include a provision requiring the Authority to use any proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator;
13. 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;
14. financial assistance proceeds are public funds and, as such, 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;
15. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
16. the Obligations must include a provision stating that the Authority shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
17. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1);
18. the Obligations must include a provision prohibiting the Authority 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 § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

19. the Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be “arbitrage bonds” within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB’s bonds that are issued to provide financing for the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with:
  - a. proceeds of the TWDB’s Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
  - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
  - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such 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;
  
20. the Obligations must include a provision requiring the Authority 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 in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:
  - a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
  - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;

- c. as additional consideration for providing financial assistance, and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
  - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
21. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
  22. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
  23. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of § 149(d) of the Code (related to "advance refundings");
  24. the Obligations must provide that neither the Authority nor a related party thereto 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 Authority by the TWDB;
  25. the Obligations must contain a provision requiring that, upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
  26. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system;
  27. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations;

Conditions to Close or for Release of Funds:

28. prior to closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel, 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;
29. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
30. prior to closing, the Authority'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 Authority when rendering this opinion;
31. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
32. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations;
33. the transcript must include evidence that the information reporting requirements of § 149(e) of the Internal Revenue 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 § 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; and
34. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

35. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction; and
36. prior to the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this, the 27th day of July 2022.

TEXAS WATER DEVELOPMENT BOARD

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

DATE SIGNED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Jeff Walker, Executive Administrator



Review Date:

Project ID:

# WATER CONSERVATION REVIEW

- Water
- Wastewater
- Other

Entity:

Other entity:

**WATER CONSERVATION PLAN DATE:**

**Approvable**

**Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD
<b>Baseline</b>			
<b>5-year Goal</b>			
<b>10-year Goal</b>			

**WATER LOSS AUDIT YEAR:**

Service connections:  
Retail population:

Length of main lines (miles):  
Connections per mile:

Water Loss  
(gal/connection/day):  
Water Loss GPCD:  
ILI<sup>1</sup>:

*1 – Infrastructure Leakage Index only applicable if > 16 connections per mile and > 3,000 service connections*

**WATER LOSS THRESHOLDS**

Water Loss Project:

Wholesale Adjusted:

Threshold Type

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Loss Threshold Gallons per connection per day	Real Loss Threshold Gallons per mile per day	Real Loss Threshold Gallons per connection per day

Does the applicant meet Water Loss Threshold Requirements?

**Yes**

**No**

**NA**

**ADDITIONAL INFORMATION**

**STAFF NOTES AND RECOMMENDATIONS**

## DEFINITIONS

**Adopted** refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formally approved and adopted by the applicant's governing body.

**Apparent losses** are paper losses that occur when the water reaches a customer, but the volume is not accurately measured and/or recorded due to unauthorized consumption, customer meter inaccuracy, or billing system and collection data errors.

**Approvable** refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

**Best Management Practices** are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

**GPCD** means gallons per capita per day.

**Infrastructure Leakage Index (ILI)** is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 3,000 connections and a connection density of more than 16 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a bench marking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

**NA** means not applicable.

**Real losses** are the physical losses, largely leakage, from the infrastructure: mains, valves, and storage tank overflows. Real loss constitutes background leakage (unreported and difficult to detect), unreported leakage (leaks that do not surface but could be detected), and reported leakage (leaks that often surface and those that are detected by the utility through leak detection).

**Residential GPCD** is the amount of residential water use (single and multi-family customer use) divided by the residential population divided by 365.

**Total GPCD** is the amount of total system input volume divided by the retail population divided by 365.

**Total water loss** is the sum of the apparent and real water losses.

**Water loss** is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

**Water Loss GPCD** is the amount of water loss divided by the retail population divided by 365.

**Water Loss per Connection per Day** Calculated as the water loss volume divided by the number service connections divided by 365. This indicator allows for reliable performance tracking in the water utility's efforts to reduce water losses. It replaces water loss percentage.

**Water Loss Thresholds** are levels of real and apparent water loss determined by the size and connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

**Wholesale Adjusted** represents that some utilities provide large volumes of wholesale water to other providers that travel through the general distribution system, so a calculation has been established to adjust for that volume of wholesale water. These adjustments are only applicable for use in determining whether a utility meets or exceeds water loss thresholds in review of their application for financial assistance. These adjustments should not be used for performance tracking or benchmarking.



# Guadalupe Blanco RA (GBRA) Guadalupe County

