



PROJECT FUNDING REQUEST

BOARD DATE: June 25, 2025

Team Manager: William Alfaro

ACTION REQUESTED

Consider approving by resolution a request from the Agua Special Utility District (Hidalgo County) for \$6,060,000 in financing from the Drinking Water State Revolving Fund for planning, acquisition, and design of a water system improvements project.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The Agua Special Utility District (District) is located approximately 13 miles west of McAllen and serves the cities of Palmview, Peñitas, and Sullivan City, as well as the communities of Cuevitas and Los Ebanos. The District provides water and wastewater services to a population of approximately 64,633 residents and 17,576 connections. Its customer base includes residential and commercial in Hidalgo and Starr counties.

PROJECT NEED AND DESCRIPTION

The District currently maintains a total water supply capacity of 14.38 million gallons per day (MGD) through a combination of surface water treatment plants and groundwater wells. However, due to operational limitations, the effective production capacity is reduced to 13.50 MGD. Current system demands are exceeding 85 percent of this available capacity, placing significant strain on existing infrastructure. Projections indicate that average daily demand will increase to 19.13 MGD by the year 2042, resulting in a projected capacity shortfall of 5.63 MGD. To ensure reliable service, maintain compliance with state and federal standards, and meet future demand, the district must develop additional water sources.

The District proposes the construction of a new surface Water Treatment Plant (WTP) within its northeast service area, designated as Pressure Zone 1. The proposed WTP will have an initial treatment capacity of 5.0 MGD and will be designed for future expansion to 10.0 MGD as demand increases. The project includes construction of treatment infrastructure, site development, and associated components necessary to support the initial and future phases of operation.

PROJECT SCHEDULE

Task	Schedule Date
Closing	October 15, 2025
Engineering Feasibility Report Completion (End of Planning Phase)	February 1, 2026
Design Phase Completion	July 1, 2026
Start of Construction	November 1, 2025
Construction Completion	June 1, 2027

COMMITMENT PERIOD: TWELVE (12) MONTHS TO EXPIRE JUNE 30, 2026

LEGAL/SPECIAL CONDITIONS

- Notice of change in legal status
- Notice of conveyance
- Water rights reasonable expectation

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (25-)
4. Water Conservation Review
5. Location Map

Financial Review

Agua Special Utility District

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2023

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 1.18%	State: 1.49%
Top 10 Customers % of Total Revenue	6%	10-15%
Median Household Income as % of State	65%	100%
Days of Cash on Hand (3-year Average)	52 days	30-149 days
Net Fixed Assets/ Annual Depreciation	21 years	12-24 years
Debt Service Coverage Ratio	1.76x	1.0x
Debt-to-Operating Revenues	2.50x	4.00-5.99x
Unemployment Rate (March 2025)	County: 5.90%	State: 5.30%
Working Capital Ratio	0.7	> 1.0

Key Risk Score Strengths

- The District's net fixed assets to depreciation ratio reflects healthy asset management and reinvestment, indicating that a significant portion of its infrastructure remains in good condition.
- The District maintains a debt service coverage ratio that meets the required coverage, demonstrating sufficient revenue generation to cover debt obligations. This reflects sound financial management and a stable repayment capacity.

Key Risk Score Concerns

- The District maintains cash on hand close to the lower end of the benchmark; however, the District has improved their cash balance by approximately \$1.6 million over the past 3 years signaling gradual improvement in its liquidity and improving financial cushion.
- The District's currently working capital ratio of 0.7 is below the benchmark, indicating short-term liquidity constraints; however, the District has made improvements in its cash flow management to maintain financial stability.

PLEDGE

Legal Pledge Name	Utility System Revenues
Type of Pledge	☐ Tax ☒ Revenue ☐ Tax & Revenue ☐ Contract ☐ Other
Revenue Pledge Level	☒ First ☐ Second ☐ Third ☐ N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
Water	8,000	\$42.71	\$42.71	2.14	2.14
Wastewater	5,500	\$28.76	\$28.76		

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the District could save approximately \$1,699,563 over the life of the financing.

Project Data Summary

Responsible Authority	Agua Special Utility District
Program	DWSRF
Commitment Number	L1002193
Project Number	63012
List Year	2024
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$6,060,000 Agua Special Utility District Waterworks and Sewer System Revenue Bonds, Proposed Series 2025
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	No
State Revolving Fund Type	Equivalency
Financial Managerial & Technical Complete	Yes
Phases Funded	Planning, Acquisition, and Design
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
William Alfaro	Arnoldo Rubio	Zenaida Guerrero	Lauren Dill	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Agua SUD

\$6,060,000 Agua Special Utility District Waterworks and Sewer System Revenue Bonds, Proposed Series 2025

Dated Date:	10/15/2025	Source:	DWSRF-EQUIVALENCY
Delivery Date:	10/15/2025	Rate:	3.14%
First Interest:	2/1/2026	IUP Year:	2024
First Principal:	8/1/2026	Case:	System Revenue
Last Principal:	8/1/2055	Admin.Fee:	\$118,824
Fiscal Year End:	12/31	Admin. Fee Payment Date:	10/15/2025
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	\$6,060,000 ISSUE		TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
				INTEREST RATE	INTEREST PAYMENT			
2026	\$4,954,118	\$2,536,096	\$135,000	2.00%	\$141,651	\$276,651	\$2,812,747	1.76
2027	4,954,118	2,548,658	140,000	2.02%	175,602	315,602	2,864,259	1.73
2028	4,954,118	2,539,059	140,000	2.05%	172,774	312,774	2,851,833	1.74
2029	4,954,118	2,537,801	145,000	2.11%	169,904	314,904	2,852,704	1.74
2030	4,954,118	2,549,658	145,000	2.21%	166,844	311,844	2,861,502	1.73
2031	4,954,118	2,539,318	150,000	2.29%	163,640	313,640	2,852,958	1.74
2032	4,954,118	2,537,295	155,000	2.41%	160,205	315,205	2,852,500	1.74
2033	4,954,118	2,548,466	155,000	2.47%	156,469	311,469	2,859,935	1.73
2034	4,954,118	1,962,388	160,000	2.55%	152,641	312,641	2,275,029	2.18
2035	4,954,118	1,679,459	165,000	2.63%	148,561	313,561	1,993,019	2.49
2036	4,954,118	1,549,064	170,000	2.71%	144,221	314,221	1,863,285	2.66
2037	4,954,118	1,151,240	175,000	2.79%	139,614	314,614	1,465,854	3.38
2038	4,954,118	1,094,034	180,000	2.84%	134,732	314,732	1,408,765	3.52
2039	4,954,118	907,619	185,000	2.90%	129,620	314,620	1,222,239	4.05
2040	4,954,118	890,757	190,000	2.97%	124,255	314,255	1,205,011	4.11
2041	4,954,118	893,653	195,000	3.04%	118,612	313,612	1,207,264	4.10
2042	4,954,118	835,657	200,000	3.09%	112,684	312,684	1,148,341	4.31
2043	4,954,118	648,669	205,000	3.14%	106,504	311,504	960,173	5.16
2044	4,954,118	646,902	215,000	3.17%	100,067	315,067	961,968	5.15
2045	4,954,118	524,655	220,000	3.20%	93,251	313,251	837,906	5.91
2046	4,954,118	115,800	225,000	3.22%	86,211	311,211	427,011	11.60
2047	4,954,118	117,650	235,000	3.24%	78,966	313,966	431,616	11.48
2048	4,954,118	119,350	240,000	3.24%	71,352	311,352	430,702	11.50
2049	4,954,118	30,900	250,000	3.25%	63,576	313,576	344,476	14.38
2050	4,954,118	-	260,000	3.26%	55,451	315,451	315,451	15.70
2051	4,954,118	-	265,000	3.28%	46,975	311,975	311,975	15.88
2052	4,954,118	-	275,000	3.29%	38,283	313,283	313,283	15.81
2053	4,954,118	-	285,000	3.30%	29,236	314,236	314,236	15.77
2054	4,954,118	-	295,000	3.30%	19,831	314,831	314,831	15.74
2055	4,954,118	-	305,000	3.31%	10,096	315,096	315,096	15.72
		\$33,504,145	\$6,060,000		\$3,311,819	\$9,371,819	\$42,875,964	

AVERAGE (MATURITY) LIFE		17.42 YEARS
NET INTEREST RATE		3.137%
COST SAVINGS		\$1,699,563
AVERAGE ANNUAL REQUIREMENT		\$312,394

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.



Project Budget Summary
Agua SUD
63012 - Proposed Water Treatment Plant

Budget Items	TWDB Funds	Total
Basic Engineering Services		
Design	\$2,094,099.00	\$2,094,099.00
Planning	\$661,225.00	\$661,225.00
Subtotal for Basic Engineering Services	\$2,755,324.00	\$2,755,324.00
Special Services		
Application	\$10,000.00	\$10,000.00
Environmental	\$150,000.00	\$150,000.00
Geotechnical	\$120,000.00	\$120,000.00
Permits	\$50,000.00	\$50,000.00
Project Management (by engineer)	\$358,128.00	\$358,128.00
Surveying	\$280,000.00	\$280,000.00
Water Conservation Plan	\$50,000.00	\$50,000.00
Water Distribution Modeling	\$100,190.00	\$100,190.00
Subtotal for Special Services	\$1,118,318.00	\$1,118,318.00
Fiscal Services		
Bond Counsel	\$60,000.00	\$60,000.00
Bond Reserve Fund	\$320,000.00	\$320,000.00
Financial Advisor	\$60,000.00	\$60,000.00
Loan Origination Fee	\$118,824.00	\$118,824.00
Subtotal for Fiscal Services	\$558,824.00	\$558,824.00
Other		
Land/Easements Acquisition	\$693,534.00	\$693,534.00
Project Legal Expenses	\$25,000.00	\$25,000.00
Subtotal for Other	\$718,534.00	\$718,534.00
Contingency		
Contingency	\$909,000.00	\$909,000.00
Subtotal for Contingency	\$909,000.00	\$909,000.00
Total	\$6,060,000.00	\$6,060,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$6,060,000 TO THE AGUA SPECIAL UTILITY DISTRICT
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$6,060,000 AGUA SPECIAL UTILITY DISTRICT WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, PROPOSED SERIES 2025

(25 -)

Recitals:

The Agua Special Utility District (District), located in Hidalgo County, has applied for financial assistance in the amount of \$6,060,000 from the Drinking Water State Revolving Fund (DWSRF) planning, acquisition, and design of certain water system improvements identified as Project No. 63012.

The District seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$6,060,000 Agua Special Utility District Waterworks and Sewer System Revenue Bonds, Proposed Series 2025 (Obligations), (together with all authorizing documents), all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The District has offered a pledge of a first lien on the gross revenues of the District's waterworks and sewer system as sufficient security for the repayment of the Obligations.

Findings:

1. The revenue or taxes pledged by the District will be sufficient to meet all the Obligations assumed by the District, 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.*, as well as state law, in accordance with Texas Water Code § 15.607.
3. The District 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 TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j).

5. The District 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).

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

A commitment is made by the TWDB to the Agua Special Utility District for financial assistance in the amount of \$6,060,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$6,060,000 Agua Special Utility District Waterworks and Sewer System Revenue Bonds, Proposed Series 2025. This commitment will expire on June 30, 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 District.
3. This commitment is contingent upon the District's compliance with all applicable requirements contained in 31 TAC Chapter 371.
4. The Obligations must provide that the District agrees to comply with all the conditions set forth in the TWDB Resolution.
5. The Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date 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 District, 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 District'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 District's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the

beneficial owners of the TWDB's bonds if the District is an obligated person with respect to those bonds under SEC Rule 15c2-12.

7. The Obligations must contain a provision requiring the District to levy a tax or maintain and collect sufficient rates and charges, as applicable, to produce system funds in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations.
8. The Obligations must include a provision requiring the District 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 District to submit a final accounting and disposition of any unused funds.
9. The Obligations must include a provision requiring the District 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.
10. 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.
11. 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.
12. Proceeds of this commitment must not be used by the District when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Obligations must include an environmental indemnification provision wherein the District 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 District or its construction contractors, including their officials and employees, in connection with the project, to the extent permitted by law.
13. Before closing, the District 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.
14. Before closing, and if not previously provided with the application, the District 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.

15. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the District 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.
16. The Executive Administrator may require the District to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
17. 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.
18. The Obligations must provide that the District will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
19. The Obligations must provide that the District 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.
20. The Obligations must contain a provision requiring the District to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
21. The District 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).
22. The Obligations must provide that the District will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
23. Before closing, the District shall submit to the escrow agent a closing memo signed by the Executive Administrator.

Tax-Exempt Conditions:

24. The District'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 District when rendering this opinion.

25. The District'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 District when rendering this opinion.
26. The Obligations must include a provision prohibiting the District 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 District 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 District 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 District may, however, to the extent permitted by law, commingle Gross Proceeds of its financing with other money of the District, provided that the District 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 District 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 District 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 District 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 District's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations.
32. The Obligations must contain a provision that the District 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 District 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 District by the TWDB.
35. The District'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 District 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 District, 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 District 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 District 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 District will adhere to the approved project schedule.
40. The Obligations must contain a covenant that the District 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 must contain a covenant that the District shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.
42. The Obligations must contain a covenant that the District 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 District 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 District 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 District 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 shall be on parity with any existing obligations that are secured with the same pledge of security as the proposed Obligations. and
47. The Obligations shall be governed by the additional debt test and reserve requirement as provided in the outstanding \$8,150,000 Agua Special Utility District Waterworks and Sewer System Revenue Bonds, Series 2015.

Special Conditions:

48. Before the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the District 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 a finding will be made before the release of funds for construction.
49. The District must notify the Executive Administrator in writing, thirty (30) days before taking any actions to alter its legal status in any manner.
50. The Obligations must include a provision requiring that the District notify the Executive Administrator in writing before any action by it to convey its Obligations held by the TWDB to another entity. The conveyance and the assumption of the Obligations must be approved by the TWDB.

APPROVED and ordered of record this 25th day of June, 2025.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator

Review Date:

Project ID:

Water

Wastewater

Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

WATER CONSERVATION PLAN DATE:**Approvable****Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline			
5-year Goal			
10-year Goal			

WATER LOSS AUDIT YEAR:

Validation Required:

Validation Performed:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI:

Real Loss GMD:

WATER LOSS THRESHOLDS

Water Loss Project:

Waiver Requested:

Wholesale Adjusted:

Threshold Type:

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold

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.

GCD means gallons per connection per day.

GMD means gallons per mile 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 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.



Agua SUD Hidalgo County

