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## AGENDA ITEM MEMO

**BOARD MEETING DATE:** July 24, 2025

**TO:** Board Members

**THROUGH:** Bryan McMath, Executive Administrator  
Ashley Harden, General Counsel  
Jessica Peña, Deputy Executive Administrator, Water Supply and Infrastructure  
Georgia Sanchez, CFO, Development Fund Manager, Interim Financial  
Compliance Director

**FROM:** T. Clay Schultz, Ph.D., Director, Regional Water Project Development  
David Duran, Director, Debt & Portfolio Management

**SUBJECT:** Amendment to the Guadalupe-Blanco River Authority Closing Source

### **ACTION REQUESTED**

Amend by resolution the previously adopted Texas Water Development Board Resolution No. 24-062, to modify the Guadalupe-Blanco River Authority's State Water Implementation Revenue Fund for Texas closing source account.

### **BACKGROUND**

In July 2024, the Texas Water Development Board (TWDB), approved a \$87,705,000 multi-year commitment to the Guadalupe-Blanco River Authority (Authority) from the State Water Implementation Revenue Fund for Texas (SWIRFT) for the Carrizo Groundwater Supply project, Project No. 51055.

### **KEY ISSUES**

The closing source account identified at the time of commitment and approval of the TWDB Resolution No. 24-062 has changed. For the 2025 SWIFT Program funding cycle, the TWDB will incorporate the use of general obligation bonds as a part of the plan of finance to purchase each political subdivision obligation.

The multi-year commitment for this project was pledged and previously closed under the State Water Implementation Revenue Fund for Texas. For this and future funding cycles, the project will be financed from proceeds from the general obligation bonds issued for the Financial Assistance Account of the Texas Water Development Fund II.

#### **Our Mission**

Leading the state's efforts  
in ensuring a secure  
water future for Texas

#### **Board Members**

L'Oreal Stepney, P.E., Chairwoman | Tonya R. Miller, Board Member  
Bryan McMath, Executive Administrator

**RECOMMENDATION**

The requested amendment does not change the total amount of financing, the financing timeline, or the financing terms. The Executive Administrator recommends that TWDB Resolution No. 24-062 be amended to reflect the change in closing source account.

Attachments:

1. Proposed Resolution (25- )
2. Resolution (24-062)

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
AMENDING TEXAS WATER DEVELOPMENT BOARD  
RESOLUTION NO. 24-062  
TO PROVIDE FINANCIAL ASSISTANCE  
TO THE GUADALUPE-BLANCO RIVER AUTHORITY  
IN THE AMOUNT OF \$47,705,000

(25 - )

Recitals:

At its July 23, 2024 meeting, the Texas Water Development Board (TWDB), by TWDB Resolution No. 24-062, made a multi-year commitment to the Authority for financial assistance in the amount of \$87,705,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT), through the purchase of \$87,705,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2024 and 2025, all as is more specifically set forth in the TWDB's Resolution No. 24-062 (Resolution) and accompanying documentation, to which documents express reference is made; and

On November 12, 2024 the Authority closed on Guadalupe-Blanco River Authority Contract Revenue Bonds Series 2024 in the amount of \$40,000,000.

To extend the financing options for the Authority, the TWDB intends to amend the Resolution to allow the Authority to close on the 2025 series of its multi-year commitment through the Financial Assistance Account of the Texas Water Development Fund II.

Subject to the Authority's use of an approved debt service structure, the interest rate subsidy applicable to each subsequent proposed series may be different than the interest rate subsidy available for State Fiscal Year 2025 and will be set through each financing agreement executed between the TWDB and the Authority.

In accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans.
2. And the availability of revenue to the Authority, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

Findings:

1. 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; or the requirements of Chapter 17, Subchapters D, E, and L, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.

2. 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. The public interest requires state assistance in the financing of this project, in accordance with Texas Water Code § 17.125(a)(1).
4. The proposed amendment to TWDB Resolution No. 24-062 is reasonable and will serve a public purpose.
5. In accordance with the Texas Water Code, the TWDB has carefully considered all matters required by law.

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

1. The commitment made through the Resolution to the Guadalupe-Blanco River Authority for financial assistance from the State Water Implementation Revenue Fund for Texas is amended and shall be evidenced by the TWDB's proposed purchase of the \$47,705,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2025 from the Financial Assistance Account of the Texas Water Development Fund II.
2. Before closing, the Authority shall submit to the escrow agent a closing memo signed by the Executive Administrator.
3. All other terms and conditions of TWDB Resolution No. 24-062 shall remain in full force and effect.

APPROVED and ordered of record this the 24th day of July, 2025.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
L'Oreal Stepney, Chairwoman

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

ATTEST:

\_\_\_\_\_  
Bryan McMath, Executive Administrator

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  
\$87,705,000 GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS,  
PROPOSED SERIES 2024 AND PROPOSED SERIES 2025

(24-062)

Recitals:

The Guadalupe-Blanco River Authority (Authority) has filed an application for financial assistance in the amount of \$87,705,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of a water supply project identified as Project No. 51055 (Project).

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 \$87,705,000 Guadalupe-Blanco River Authority Contract Revenue Bonds, Proposed Series 2024 and Proposed Series 2025, (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.

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.

Subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority for State Fiscal Year 2024 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 2024 and will be set through each financing agreement executed between the TWDB and the Authority.

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.

Findings:

1. 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. 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. The Authority has submitted and implemented a water conservation plan in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
4. The Authority has completed its current water audit and filed it with the TWDB in accordance with Texas Water Code § 16.0121 and 31 TAC § 358.6.
5. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related 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 commits to the following:

The TWDB will provide financial assistance to the Guadalupe-Blanco River Authority in the amount of \$87,705,000 from the State Water Implementation Revenue Fund for Texas to be evidenced by the TWDB's proposed purchase of Guadalupe-Blanco River Authority Contract Revenue Bonds as follows:

- a. \$40,000,000 Proposed Series 2024, to expire on December 31, 2024; and
- b. \$47,705,000 Proposed Series 2025, to expire on December 31, 2025

The commitment is subject to the following:

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 the Obligations were issued, 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 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 the executed agreement to the TWDB consistent with the terms and conditions described in it.

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.

Required Obligation Conditions:

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 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 SEC rule 15c2-12, the 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 the Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to the 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 or media at the Project site. The Obligations shall include a provision that states the Authority is solely responsible for liability resulting from acts or omissions of the Authority, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the 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 Authority must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
19. The Obligations must provide that the Authority will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

**Tax-Exempt Conditions:**

20. 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 section 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).

21. 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 section 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 issued to provide 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 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 lesser 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.
22. The Obligations must include a provision that the Authority must take all necessary steps to comply with the requirement that amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of section 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 the 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 the Gross Proceeds and the obligations acquired with the Gross Proceeds;
  - 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 section 148(f) of the Code, section 1.148-3 of the Regulations, and the associated rulings. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
  - c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date 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 of TWDB's Bonds for federal income tax purposes;

- d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly 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.
- 23. 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.
  - 24. 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 section 149(b) of the Code.
  - 25. 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 the borrower's obligations in contravention of section 149(d) of the Code (related to "advance refundings").
  - 26. The Obligations must provide that neither the Authority nor a party related to it 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.

**Pledge Conditions:**

- 27. 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.
- 28. 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.
- 29. 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:

30. Before 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.
31. Before 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.
32. Before closing, the Authority shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
33. Before 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.
34. Before 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.
35. 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.
36. The transcript must include evidence that the information reporting requirements of section 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 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.
37. Before 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. The 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.

Special Condition:

38. Before 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 23rd day of July 2024.

TEXAS WATER DEVELOPMENT BOARD

  
Brooke T. Paup  
Brooke T. Paup, Chairwoman

DATE SIGNED: July 25, 2024

ATTEST:

Bryan McMath  
Bryan McMath, Interim Executive Administrator