



PROJECT FUNDING REQUEST

BOARD DATE: July 24, 2025

Team Manager: Nancy Richards

ACTION REQUESTED

Consider approving by resolution a request from the Brushy Creek Regional Utility Authority (Travis and Williamson counties) for \$72,480,000 in multi-year financing from the Texas Water Development Fund program for construction of a water treatment expansion project.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The Brushy Creek Regional Utility Authority (Authority) is a regional partnership of the cities of Cedar Park, Leander, and Round Rock (Cities). The partnership was formed in 2007 to withdraw, treat, and deliver water from Lake Travis to provide a long-term, reliable new source of supply to the fast-growing Cities. Together, the Cities provide water and wastewater service to approximately 350,000 residents.

PROJECT NEED AND DESCRIPTION

This financial assistance request is for additional funding for the construction of Phase 2 of the regional project. Specifically, Phase 2A is an expansion of the Brushy Creek Regional Water Treatment Plant to accommodate increased supply from the Phase 2 raw water delivery system and to meet increasing water demand from the three member cities that is anticipated exceed rated capacity of the water treatment plant by Summer 2028.

To address the current and near future water supply needs of the regional partnership cities, the Authority is requesting financial assistance for additional funds for Phase 2A to increase the water treatment plant capacity from 42 million gallons per day (MGD) to 64 MGD. The funding also includes related costs for construction engineering and project management. The current request will fund the City of Leander's portion of the Phase 2A project. The City of Round Rock has committed \$65,710,000 in local cash funds. The City of Cedar Park will not be participating in the Phase 2A project.

PROJECT SCHEDULE

Task	Schedule Date
Start of Construction	September 27, 2025
Closing	November 19, 2025
Construction Completion	July 20, 2028

Multi-year Commitment	Expiration
\$36,240,000 Proposed Series 2025	December 31, 2025
\$36,240,000 Proposed Series 2026	December 31, 2026

KEY ISSUES

This project has received several Texas Water Development Board funding commitments for planning, acquisition, design, and construction of previously completed and ongoing phases. Phase 2 is currently under construction.

LEGAL/SPECIAL CONDITIONS

- Water rights certification
- Notice of change in legal status
- Notice of conveyance

Attachments:

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

Financial Review

Brushy Creek UA (City of Leander)

Attachment 1

Risk Score: 1

Audit Reviewed: FY 2024

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 8.36%	State: 1.49%
Top 10 Customers % of Total Revenue	10%	10-15%
Median Household Income as % of State	178%	100%
Days of Cash on Hand (3-year Average)	490 days	30-149 days
Net Fixed Assets/ Annual Depreciation	46 years	12-24 years
Debt Service Coverage Ratio	1.80x	1.0x
Debt-to-Operating Revenues	2.85	4.00-5.99x
Unemployment Rate (April, 2025)	City: 3.1%	State: 3.7%
Working Capital Ratio	9.0	> 1.0

Key Risk Score Strengths

- Based on the 2024 annual financial report, the City maintains a high debt service coverage ratio, reflecting robust financial health and strong cash flow relative to its debt obligations. This indicates a well-managed budget, ample revenue streams, and a strong ability to meet debt payments without financial strain.
- The City's days of cash on hand is above the benchmark, indicating sufficient reserves for operating expenses.
- The City's working capital ratio indicates it has ample resources to cover short-term liabilities and shows a strong liquidity position.
- The City maintains a low debt to operating revenues ratio, indicating strong fiscal discipline and a sustainable debt burden. This prudent financial management enhances the city's creditworthiness, providing flexibility for future capital investments without over-reliance on borrowing.

PLEDGE

Legal Pledge Name	Contract Revenues
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 type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input checked="" type="checkbox"/> N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
Water	6,166	\$52.98	\$52.98	0.68	0.68
Wastewater	5,824	\$20.00	\$20.00		

TAXES

	2025 Tax Year Rate	Max Projected Tax Rate (Year 2025)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.27	\$0.27	\$1.50	99%	\$14,053,177,494
Interest & Sinking	\$0.14	\$0.14			
Total Tax Rate	\$0.42	\$0.42			

Cost Savings

Based on a 25-year maturity schedule and current interest rates, the City could save approximately \$3,410,450 over the life of the financing.

Project Data Summary

Responsible Authority	Brushy Creek Regional UA
Program	WDF
Commitment Number	LM2502232, LM2602232
Project Number	51049
List Year	2025
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	N/A
Legal Description	\$36,240,000 Brushy Creek Regional Utility Authority, Contract Revenue Bonds (Leander Project), Series 2025, \$36,240,000 Brushy Creek Regional Utility Authority, Contract Revenue Bonds (Leander Project), Series 2026
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low-Interest
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Exempt (\$500,000 or less)
Overall Risk Score	1

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Candice DeLello	Jacob Berdoll	Luther Medina	Carol Crapanzano	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Leander

\$36,240,000 Brushy Creek Regional Utility Authority, Contract Revenue Bonds (Leander Project), Series 2025

Dated Date: 11/19/2025	Source: SWIFT-LOW-25YR
Delivery Date: 11/19/2025	Rate: 3.95%
First Interest: 2/1/2026	IUP Year: 2025
First Principal: 8/1/2026	Case: Revenue
Last Principal: 8/1/2050	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	\$36,240,000 ISSUE				SERIES 2026	TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PAYMENT		
2026	\$20,631,893	\$7,151,608	\$1,345,000	2.68%	\$922,940	\$2,267,940	-	\$9,419,548	2.19
2027	20,631,893	7,146,838	990,000	2.65%	1,282,440	2,272,440	\$2,049,763	11,469,040	1.80
2028	20,631,893	5,283,467	1,015,000	2.65%	1,256,205	2,271,205	2,351,983	9,906,655	2.08
2029	20,631,893	5,290,859	1,040,000	2.67%	1,229,307	2,269,307	2,353,375	9,913,541	2.08
2030	20,631,893	5,284,320	1,070,000	2.72%	1,201,539	2,271,539	2,353,378	9,909,237	2.08
2031	20,631,893	5,283,088	1,100,000	2.79%	1,172,435	2,272,435	2,352,064	9,907,587	2.08
2032	20,631,893	5,282,085	1,130,000	2.85%	1,141,745	2,271,745	2,349,304	9,903,134	2.08
2033	20,631,893	5,290,799	1,160,000	2.91%	1,109,540	2,269,540	2,349,960	9,910,299	2.08
2034	20,631,893	5,287,449	1,195,000	3.02%	1,075,784	2,270,784	2,349,057	9,907,290	2.08
2035	20,631,893	4,553,803	1,230,000	3.11%	1,039,695	2,269,695	2,350,992	9,174,490	2.25
2036	20,631,893	4,559,191	1,270,000	3.30%	1,001,442	2,271,442	2,350,889	9,181,522	2.25
2037	20,631,893	3,689,750	1,310,000	3.41%	959,532	2,269,532	2,352,716	8,311,998	2.48
2038	20,631,893	3,690,150	1,355,000	3.52%	914,861	2,269,861	2,351,689	8,311,700	2.48
2039	20,631,893	3,691,500	1,405,000	3.62%	867,165	2,272,165	2,352,981	8,316,646	2.48
2040	20,631,893	3,688,650	1,455,000	3.72%	816,304	2,271,304	2,350,921	8,310,875	2.48
2041	20,631,893	2,276,600	1,510,000	3.83%	762,178	2,272,178	2,350,541	6,899,319	2.99
2042	20,631,893	2,272,400	1,565,000	3.93%	704,345	2,269,345	2,351,393	6,893,138	2.99
2043	20,631,893	-	1,630,000	4.03%	642,841	2,272,841	2,353,151	4,625,992	4.46
2044	20,631,893	-	1,695,000	4.09%	577,152	2,272,152	2,351,591	4,623,743	4.46
2045	20,631,893	-	1,760,000	4.17%	507,826	2,267,826	2,351,162	4,618,988	4.47
2046	20,631,893	-	1,835,000	4.34%	434,434	2,269,434	2,351,036	4,620,470	4.47
2047	20,631,893	-	1,915,000	4.34%	354,795	2,269,795	2,350,672	4,620,467	4.47
2048	20,631,893	-	2,000,000	4.34%	271,684	2,271,684	2,351,756	4,623,440	4.46
2049	20,631,893	-	2,085,000	4.34%	184,884	2,269,884	2,349,066	4,618,950	4.47
2050	20,631,893	-	2,175,000	4.34%	94,395	2,269,395	2,352,602	4,621,997	4.46
2051	20,631,893	-	-	-	-	-	2,341,920	2,341,920	8.81
		\$79,722,557	\$36,240,000		\$20,525,466	\$56,765,466		\$194,961,983	

AVERAGE (MATURITY) LIFE	14.33 YEARS
NET INTEREST RATE	3.953%
COST SAVINGS	\$3,410,450
AVERAGE ANNUAL REQUIREMENT	\$2,183,287

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
Brushy Creek Regional Utility Authority
51049 - Water Treatment and Distribution Project

Budget Items	Previous Commitments	This Commitment	Total TWDB Funds	Local Funds - Round Rock	Total
Construction					
Construction	\$ 270,268,734.62	\$60,000,000.00	\$330,268,734.62	\$55,725,000.00	\$385,993,734.62
Subtotal for Construction	\$270,268,734.62	\$60,000,000.00	\$330,268,734.62	\$55,725,000.00	\$385,993,734.62
Basic Engineering Services					
Planning	\$ 1,832,206.12		\$1,832,206.12		\$1,832,206.12
Design	\$ 11,182,727.82		\$11,182,727.82		\$11,182,727.82
Construction Engineering	\$ 28,373,968.00	\$4,000,000.00	\$32,373,968.00	\$2,000,000.00	\$34,373,968.00
Subtotal for Basic Engineering Services	\$41,388,901.94	\$4,000,000.00	\$45,388,901.94	\$2,000,000.00	\$47,388,901.94
Special Services					
Application	\$ 23,080.00	\$10,000.00	\$33,080.00		\$33,080.00
Environmental	\$ 83,750.00		\$83,750.00	\$25,000.00	\$108,750.00
Surveying	\$ 50,250.00		\$50,250.00	\$20,000.00	\$70,250.00
Geotechnical	\$ 268,000.00		\$268,000.00	\$150,000.00	\$418,000.00
Testing	\$ 605,658.00		\$605,658.00	\$150,000.00	\$755,658.00
Permit	\$ 187,792.19		\$187,792.19	\$20,000.00	\$207,792.19
Inspection	\$ 2,237,925.85		\$2,237,925.85	\$2,500,000.00	\$4,737,925.85
O&M Manual	\$ 58,500.00		\$58,500.00	\$100,000.00	\$158,500.00
Project Management (by engineer)	\$ 36,363.48	\$20,000.00	\$56,363.48	\$20,000.00	\$76,363.48
Special Services (Other)	\$ 803,632.68		\$803,632.68		\$803,632.68
Subtotal for Special Services	\$4,354,952.20	\$30,000.00	\$4,384,952.20	\$2,985,000.00	\$6,566,319.52
Fiscal Services					
Financial Advisor	\$ 651,154.26	\$168,000.00	\$819,154.26		\$819,154.26
Bond Counsel	\$ 841,661.00	\$227,000.00	\$1,068,661.00		\$1,068,661.00
Issuance Costs	\$ 40,490.00	\$15,000.00	\$55,490.00		\$55,490.00
Fiscal/Legal	\$ 40,110.50	\$40,000.00	\$80,110.50		\$80,110.50
Subtotal for Fiscal Services	\$1,573,415.76	\$450,000.00	\$2,023,415.76	\$0.00	\$2,023,415.76
Other					
Land/Easements Acquisition	\$ 437,985.67	\$0.00	\$437,985.67	\$0.00	\$437,985.67
Other	\$ 1,167,666.54		\$1,167,666.54		\$1,167,666.54
Project Legal Expenses	\$ 116,651.03		\$116,651.03		\$116,651.03
Subtotal for Contingency	\$1,722,303.24	\$0.00	\$1,722,303.24	\$0.00	\$1,722,303.24
Contingency					
Contingency	\$ 5,881,692.24	\$8,000,000.00	\$13,881,692.24	\$5,000,000.00	\$18,881,692.24
Subtotal for Contingency	\$5,881,692.24	\$8,000,000.00	\$13,881,692.24	\$5,000,000.00	\$18,881,692.24
Total	\$325,190,000.00	\$72,480,000.00	\$397,670,000.00	\$65,710,000.00	\$462,576,367.32

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.
IN THE FORM OF A MULTI-YEAR COMMITMENT
THROUGH THE PROPOSED PURCHASE OF \$72,480,000 BRUSHY CREEK REGIONAL
UTILITY AUTHORITY, INC. CITY OF LEANDER, TEXAS CONTRACT REVENUE BONDS
(BRUSHY CREEK REGIONAL WATER TREATMENT AND DISTRIBUTION PROJECT),
PROPOSED SERIES 2025 THROUGH PROPOSED SERIES 2026

(25-)

Recitals:

The Brushy Creek Regional Utility Authority, Inc. (Authority), located in Williamson and Travis Counties, has filed an application for financial assistance in the amount of \$72,480,000 to finance the construction of a water supply project identified as Project No. 51049 (Project).

The Authority qualifies for financial assistance from the Texas Water Development Board (TWDB) in the form of a multi-year commitment through the TWDB's proposed purchase of \$72,480,000 Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Proposed Series 2025 through Proposed Series 2026 (Obligations), together with all authorizing documents, 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 as sufficient security for the repayment of the Obligations.

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.

The interest rate subsidies as approved by the Board at its April 10, 2025 meeting, are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIFT Program. The subsidies will be available to the Authority without regard to the source of funds.

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 Authority's contracting parties have submitted and implemented a water conservation plan in accordance with Texas Water Code § 16.4021.
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:

1. The TWDB will provide financial assistance to Brushy Creek Regional Utility Authority, Inc. in the amount of \$72,480,000 from the Financial Assistance Account of the Texas Water Development Fund II to be evidenced by the TWDB's proposed purchase of one or more Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project) as follows.
 - a. \$36,240,000 Proposed Series 2025, to expire on December 31, 2025;
 - b. \$36,240,000 Proposed Series 2026, to expire on December 31, 2026;
2. The Executive Administrator is authorized to determine the source account, whether the State Water Implementation Revenue Fund for Texas or the Financial Assistance Account of the Texas Water Development Fund II for each subsequent series.

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 as determined by the TWDB.

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 conformance 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 require the Authority to use any surplus financial assistance proceeds from the Obligations remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
13. The Obligations must provide 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. Therefore, the Obligations must require that these proceeds 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 must provide that 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 require the Authority to 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 require the Authority to submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
20. The Obligations must include a provision that, if the collateral or credit pledged by the Authority securing the Obligations is rated by a nationally-recognized statistical rating agency, the Authority, or other obligated person, will not discontinue the rating issued by a nationally-recognized statistical rating agency until the underlying Obligations are retired or no longer held by TWDB.

Tax-Exempt Conditions:

21. The Obligations must prohibit 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).
22. 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.
23. The Obligations must require the Authority to 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.
- 24. 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.
 - 25. 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.
 - 26. 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").
 - 27. 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:

- 28. Upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review.

29. The Obligations must require 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.
30. The Obligations must provide 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.
31. 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 must 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.

Conditions To Close Or For Release Of Funds:

32. 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.
33. 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.
34. 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.
35. Before closing, the City shall submit to the escrow agent a closing memo signed by the Executive Administrator.
36. 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.
37. 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.

38. 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.
39. 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.
40. 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 Conditions:

41. 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.
42. The Authority must notify the Executive Administrator before taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility.
43. The Obligations must include a provision requiring that, before any action by the Authority 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, the 24th day of July 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.



Brushy Creek Regional Utility Authority

